

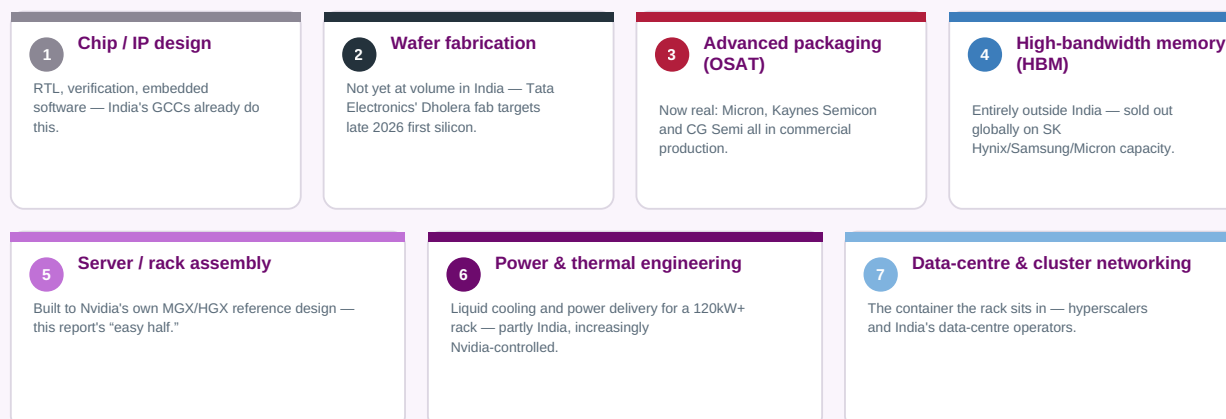


India's AI Compute Stack

A Ground-Up Primer on the chip-to-cluster value chain feeding the world's AI data centres — from silicon design to the liquid-cooled rack, and from the GPU-cloud sold on top of it to the telecom and conglomerate balance sheets funding it — and the fifteen listed companies building India's slice of it.

Anatomy of India's AI compute stack

One AI cluster, seven layers of supply — most of the margin sits where the chip itself is scarce



The box is the easy part. The chip allocation is the product.

CONTENTS

- Orientation — how to read this report
- 1 The vocabulary
- 2 The two problems
- 3 Why compute qualification is the hard problem
- 4 Reference-design build vs. custom engineering
- 5 Classes & the value ladder
- 6 The industry & demand drivers
- 7 The anchor buyers — Nvidia and the state
- 8 The parts the data misses
- 9 The companies
- 10 Synthesis
- 11 Ratings summary
- Fifteen company reports & disclaimers



ORIENTATION

How to read this report

This is a first-principles primer, not a broker initiation note with an industry preamble bolted on front. The order is deliberate: the physical and commercial reasons a chip becomes a working AI cluster come first; every fact that follows — margin, order book, valuation — is presented as a **consequence** of that difficulty, not as a separate story. If you finish Sections 1–4 and cannot explain why a company that bolts together an Nvidia-specified server rack earns a single-digit margin while Nvidia itself earns a 75% one, the primer has not done its job yet.

BEGINNER READS

§1–5

INVESTOR READS

§6–11 + reports

LISTED COMPANIES
COVERED

15

VALUE-CHAIN LAYERS

7

Three questions this report answers

- **Why can a company be a fully qualified, NVIDIA-certified manufacturing partner and still earn a worse margin than the chip supplier it is bolting together?** — answered in §2–4.
- **Why does the same rack of hardware command wildly different economics depending on who designed it and who is allowed to sell it?** — answered in §3 and §5.
- **Why are fifteen very differently-positioned Indian companies — from a pure-play AI server maker to a pure-play GPU-cloud operator to a telecom and conglomerate balance sheet with only a sliver of real exposure — all plausibly "AI stocks," and which of them actually sit closest to where the value is created?** — answered in §9–11 and in the individual company reports.

THE ONE IDEA TO CARRY THROUGH THIS REPORT

Bolting a GPU board into a chassis that Nvidia has already designed for you is a scaling problem: buy the rack, hire the technician, pass the burn-in test. **Making sure that chip, and 71 others like it in the same rack, actually keep computing under 130 kilowatts of sustained load without throttling or failing — and being allowed to buy the chips in the first place — is a different kind of problem entirely**, and it is the one almost no published statistic about "India's AI opportunity" actually measures. Every company report in this document is really answering one question: how much of this company's revenue sits on the scarce side of that line, versus the abundant side.

A note on sourcing: every figure in this report carries a source and a date next to it. Where published estimates disagree — and in this sector they disagree constantly — we show the disagreement rather than picking a number silently. Where we could not verify something, we say so. See the closing Notes section for the full methodology and data caveats.



SECTION 1

The vocabulary

Three terms decide almost everything about who can compete where in this industry, and what they are allowed to earn for it. Learn these three and the rest of the value chain organises itself.

1. Reference design vs. custom engineering

A **reference design** — Nvidia calls its own versions MGX and HGX — is a complete, prescriptive blueprint: chassis dimensions, power-delivery topology, cooling-loop layout and an approved component list, handed to a manufacturing partner to build almost exactly as specified. Nvidia's own documentation describes these as "prescriptive design patterns to ensure optimal performance when deployed in a cluster environment." The manufacturer's job shrinks to precision execution — sourcing, assembling, cabling and testing a design someone else has already engineered. **Custom engineering** is the opposite: a hyperscaler or systems house designs its own rack, cooling loop and network topology from first principles, owns the resulting intellectual property, and captures whatever performance edge that design delivers. It is a far smaller, far harder door — in practice, one only Nvidia itself, a handful of Taiwanese ODMs building to Nvidia's own next-generation specification, and the hyperscalers' in-house hardware teams (Google's TPU pods, Meta's own rack designs) have fully walked through.

2. NVIDIA-Certified Systems (the NVQual layer)

A generic ISO-grade quality certification says a factory runs a disciplined, repeatable process. It says nothing about whether a specific server design will actually keep 72 GPUs alive under sustained real-world load. That second, narrower gate is Nvidia's own **NVQual** stress-testing regime — covering "GPU stability under sustained compute and memory workloads, thermal performance and throttling behaviour under stress, power delivery and system stability, and PCIe link integrity and bandwidth" — which a system must pass before it can carry the NVIDIA-Certified Systems label. Passing it once is not enough: each new architecture generation (Hopper, then Blackwell, now Vera Rubin) requires its own re-certification cycle, on a roughly annual cadence set entirely by Nvidia's own product roadmap.

3. Allocation

A server is not sold once it is built correctly; it is sold once its builder has actually been allocated the chips to put inside it. Nvidia's own supply is the scarce input in this industry, not manufacturing capacity, and Nvidia is reported to be tightening its control over who gets to build with it: industry reporting describes the company "centralising" AI server assembly around a shrinking circle of select manufacturers, and raising the share of components marked "customisation not allowed" in its own reference designs from roughly 5-7% in earlier generations to 20-22% in newer ones — with its next-generation Vera Rubin racks reported to eliminate "ODM-designed" component line items entirely. Being NVQual-certified is necessary to compete for allocation; it is not sufficient to win it.



Term	What it actually certifies	Who typically holds it	What it does NOT tell you
Reference design compliance	The build follows Nvidia's own prescriptive chassis/power/cooling specification	Nearly every serious India-listed AI-server builder in this report	Whether the builder has actually secured chip supply, or added any differentiated engineering of its own
NVIDIA-Certified Systems (NVQual)	Thermal, power, signal-integrity and mechanical stress-testing of one specific system design	A smaller, named set of Nvidia partners — confirmed for Netweb in this report's own research; see its individual company report	Whether that certification, once won, guarantees ongoing chip allocation at scale
Allocation	Actual, contracted chip supply against a specific order	An even smaller, largely undisclosed set — Nvidia does not publish an allocation list	Whether an allocation this quarter implies one next quarter, as Nvidia's own component-customisation policy keeps tightening

Source: Dart Consultants, from [nvidia.com](https://www.nvidia.com) and docs.nvidia.com (NVIDIA-Certified Systems and NVQual programme descriptions), and Digitimes reporting on Nvidia's ODM-centralisation strategy (13 Nov 2025 and 15 May 2026) — see Notes for full citation list.

RULE OF THUMB

If a company's revenue comes from following Nvidia's reference design as written, assume the margin is thin and getting thinner, no matter how large the order book looks. If a company's revenue comes from something layered on top of or upstream of that design — chip-level IP, advanced packaging, or a genuinely scarce piece of engineering the reference design does not specify — assume that is where this report's attention should go, and where the moat, if any, actually sits.

SECTION 2

The two problems

Every good version of this kind of report is built on one real structural asymmetry inside the product. Here is the AI compute stack's.

The easy half: building the box

Taking a chassis, a set of GPU boards, power supplies and cabling, and assembling them into a server or rack according to Nvidia's own MGX or HGX specification, is a capital-and-process scaling problem. Buy the assembly line and the test bench; hire and train technicians; run the burn-in test the specification calls for. Any competent electronics-manufacturing-services (EMS) operation can, in principle, attempt this — the underlying skills are the same ones India built up over two decades of mobile-phone and consumer-electronics contract manufacturing, not invented for this report. Failure here is **visible and immediate**: a board either boots and passes burn-in, or it does not.

The hard half: making it actually compute, and being allowed to

The same rack, run at the 120-132 kilowatts a modern GB200 NVL72 configuration draws under sustained load, is a thermal, electrical and documentation problem with two layers India engages very differently. The first layer — the chip itself, fabricated on a leading-edge node and joined to its high-bandwidth memory through TSMC's CoWoS advanced-packaging process — sits almost entirely outside India today; that packaging capacity is reported "sold out through 2026" globally, regardless of anything an Indian company does. The second layer — the power-delivery network and liquid-cooling loop that keep the chips already inside the rack from throttling or failing — is one India's listed companies can and do engage with, but even here Nvidia's own reference designs are steadily narrowing the room for anyone else's engineering to matter (§1). Both layers share the same failure signature: **invisible and delayed**. A marginal power-delivery design does not fail on a bench test; it fails as GPU throttling or outright hardware failure after weeks of sustained real-world load, exactly when it is most expensive to discover.

	The easy half — the box	The hard half — the compute
What it is	Assembling a chassis, boards, PSUs and cabling to Nvidia's own reference design	The chip/package/memory layer (outside India) plus the power-and-thermal engineering that keeps a dense rack alive (partially inside India)
Certification gate	Passing burn-in against the reference-design test plan	NVQual system-level stress testing, repeated every architecture generation
How it fails	Visible immediately — the board does not boot or pass burn-in	Invisible and delayed — throttling or failure emerges only after sustained real-world load
Who can attempt it	Any well-capitalised EMS operation	A much smaller population with real thermal/power engineering depth, and it is Nvidia, not the market, that ultimately decides who gets the chips to try
Where the margin sits	Thin, and compressing further — see §9's margin data	Thick at the chip and memory layer (Nvidia, SK Hynix, Micron); thinner but real at the India-accessible packaging and design-services layers — see §5



COMMIT THIS TO MEMORY

The box is the easy part. The chip allocation, and the engineering that keeps the chip alive once it is in the box, is the product. Everything else in this report — the value ladder in §5, the margin data in §9, the ratings in §11 — is really a question of how much of a given company's revenue sits on the allocation-and-engineering side of this line, versus the box-building side.



SECTION 3

Why compute qualification is the hard problem

Three reasons the hard half does not scale the way the easy half does.

1. The test for success is a test you hope never happens

A newly assembled server's success criterion is a burn-in test you run today. A power-delivery or thermal design's success criterion is the absence of a failure that would only show up after weeks or months of sustained 100kW-plus load — a hot spot that shortens a GPU's working life, a coolant-loop design that cannot hold its target temperature once every rack in a hall is running flat out simultaneously. You cannot inspect your way to confidence here; only running the system hard, for a long time, tells you whether the engineering was actually sound.

2. Re-qualification, not one-time qualification

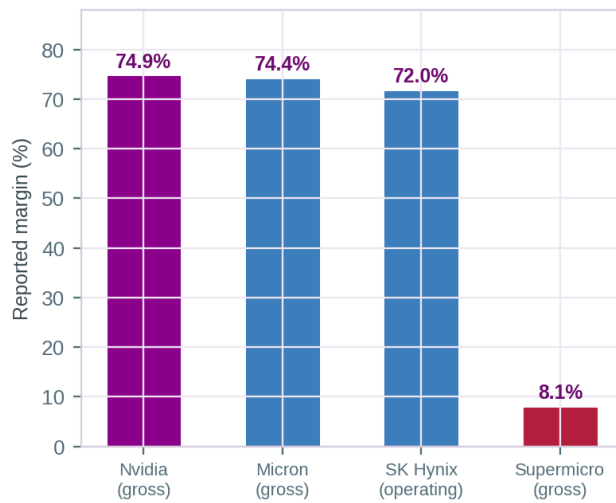
NVQual certification is not a one-time badge. Nvidia's architecture cadence — Hopper, then Blackwell, now Vera Rubin, roughly annually — means a manufacturing partner has to re-certify its system design against an entirely new reference specification on almost every cycle. There is no equivalent of "the line still builds the same rack it did two years ago" in this industry; each generation is close to a fresh qualification exercise, on a timetable set by Nvidia's own product roadmap, not the manufacturer's.

3. The gatekeeper is also the rationer

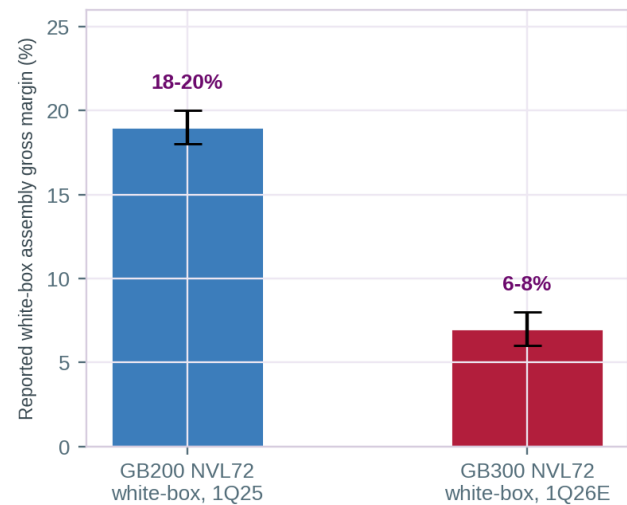
Unlike a conventional supplier-qualification programme, here the party that certifies your design is the same party that decides whether you get the chips to build with it at all — and that same party is reported to be actively narrowing the field. Nvidia's own shift toward "customisation not allowed" components (§1) and its reported move to centralise assembly of its newest rack designs among a smaller circle of manufacturers means the qualification bar and the allocation bar are rising together. A company that qualified successfully on one generation has no guarantee the next generation leaves it the same room to add value, independent of anything it does right.



The chip and memory makers post 70%+ margins; the box-builder does not



One generation later, the assembler's own margin has roughly halved



The chip and memory layer keeps the margin; the box-builder keeps the volume. Reported gross/operating margins, 2025-26 disclosures, and reported white-box assembly margin compression — see Notes for the individual sources behind each bar.



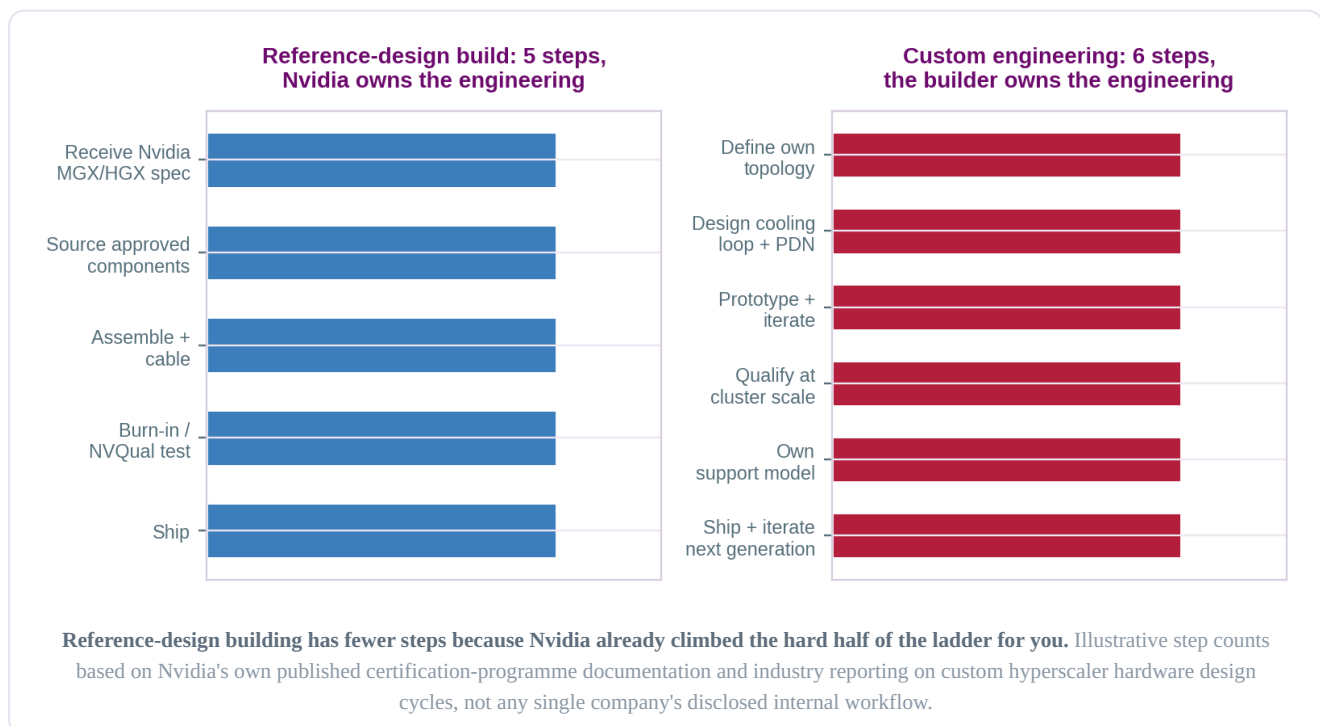
SECTION 4

Reference-design build vs. custom engineering

The "free input" reframe

If qualification is this demanding, why does a conventional EMS operation get any AI-server work at all? Because in a reference-design build, **Nvidia has already done the hard engineering for you**. It has picked the chassis geometry, defined the cooling-loop topology, specified the power-delivery components and carries the system-level qualification cost through its own NVQual programme. The manufacturer's job shrinks to precision execution — the "free input" here is Nvidia's own systems- engineering, handed over as a specification. This is why a commodity-grade EMS capability still finds a real market in AI hardware: someone else has already solved the hard half of this specific design, and is renting out the easy half.

The alternative — custom engineering — inverts this. A hyperscaler with its own hardware team designs its own rack, cooling loop and interconnect topology from scratch, owns the resulting intellectual property, and captures the performance edge that design delivers over an off-the-shelf reference build. It is a smaller, harder door, and — reading across this report's eight companies in §9 — **essentially none of India's listed AI-compute-stack universe has walked all the way through it yet**: every one of them sits, to varying degrees, on the reference-design side of this line. That is not a criticism of any individual company; it is a structural fact about where India's listed compute-stack industry currently stands, and it is the single most important qualifier to carry into every company report that follows.



WHAT THIS MEANS FOR READING THE REST OF THIS REPORT

When a company report later in this document describes a company as an "NVIDIA-certified AI server manufacturer," read that as: mostly reference-design building, margin will be thin and structurally under pressure from Nvidia's own component-integration strategy. When it says a company holds a scarce packaging capability or a chip-design-services practice with real client IP embedded in it, read that as closer to the hard half, and worth asking whether the valuation already assumes that scarcity persists.

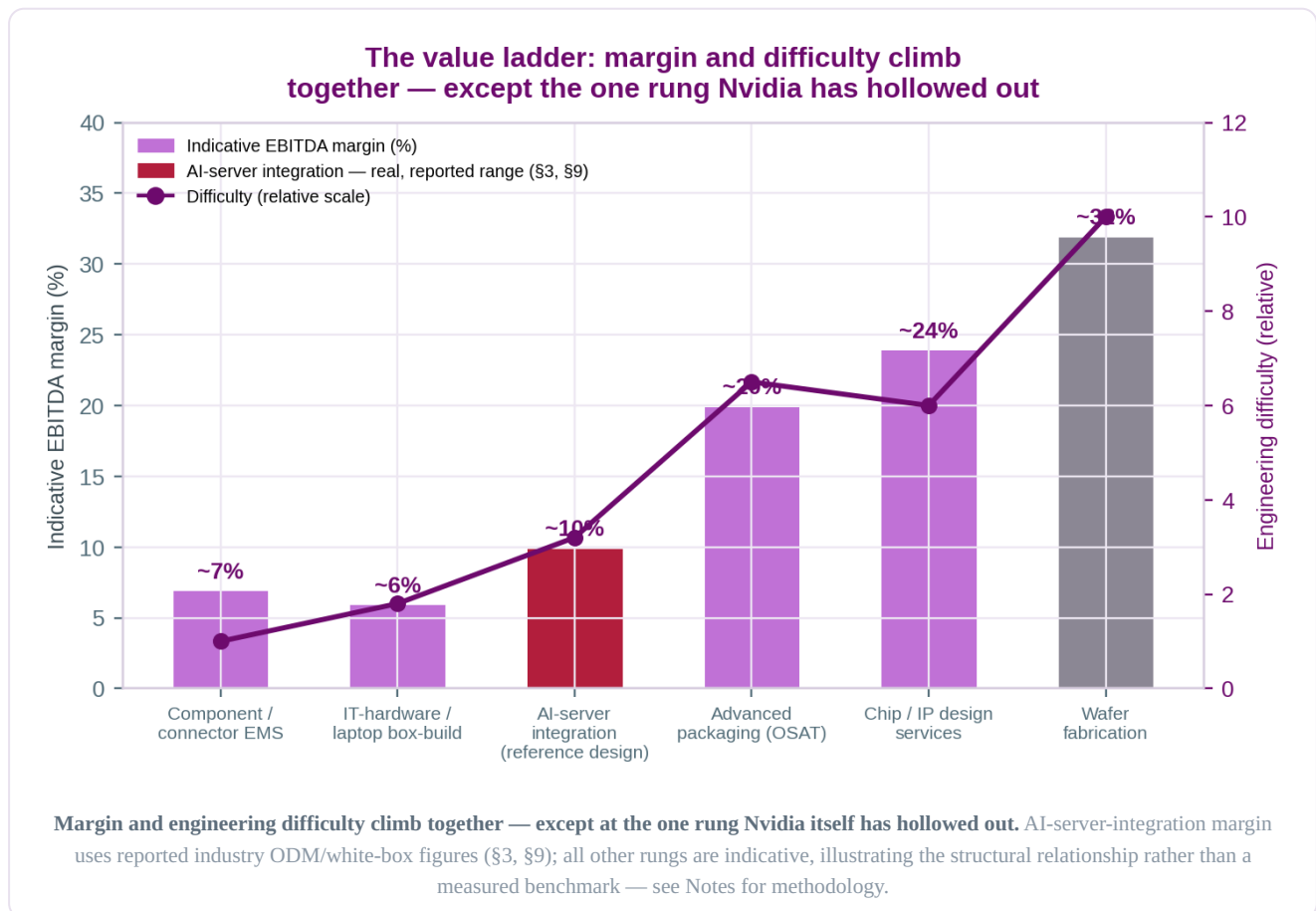


SECTION 5

Classes & the value ladder

Two naming systems, and where they disagree

The industry describes a company two different ways, and the two descriptions do not always point to the same conclusion. The first is **value-chain-layer classification** — assembly/EMS, advanced packaging (OSAT), chip/IP design services, or fabrication — which describes what a company physically does. The second is **reference-design-compliance classification** (§1, §4) — how much of what it sells is Nvidia's own specification executed faithfully, versus the company's own engineering or intellectual property — which describes what a company actually keeps versus rents out. A company can sit in the "assembly" layer by classification and still capture real, defensible margin if what it holds inside that layer is genuinely scarce; a company in a layer that sounds more sophisticated can still be doing thin, reference-design work if that is all its contracts actually specify.



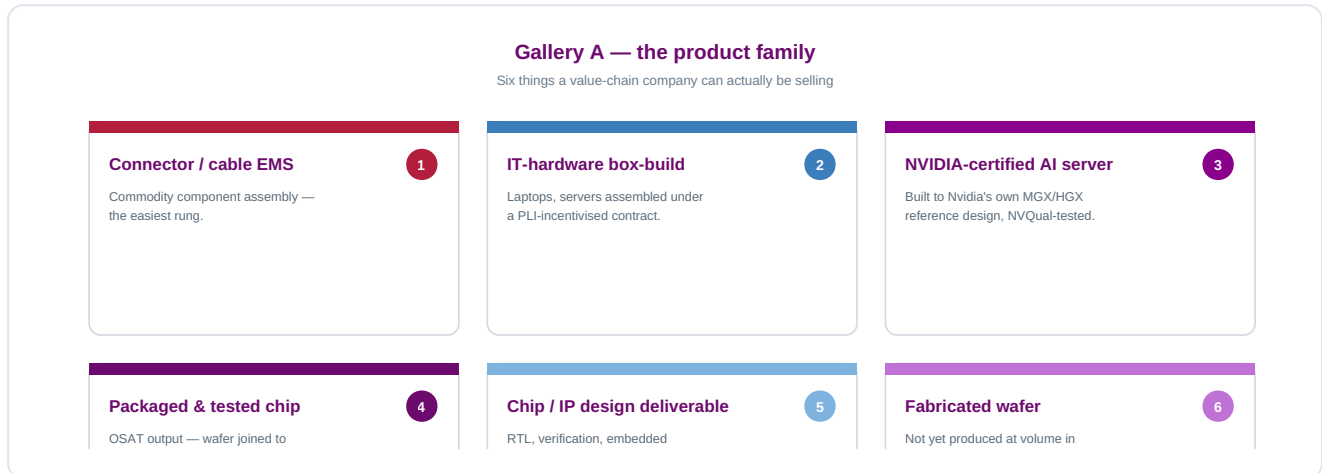
The exception that breaks the taxonomy

Advanced packaging is the clearest case. On a simple value-chain-layer reading, an OSAT (outsourced assembly and test) facility sits below a branded systems integrator — it never puts its own name on a finished server. Yet a company holding one of India's few operational semiconductor packaging lines can plausibly hold more durable pricing power than a much larger, more visible AI-server assembler, precisely because packaging capacity is a nationally scarce, government-incentivised asset today, while server assembly capacity is not. Brand visibility and revenue scale do not reliably predict where the real scarcity sits in this industry; keep this in mind through §9.



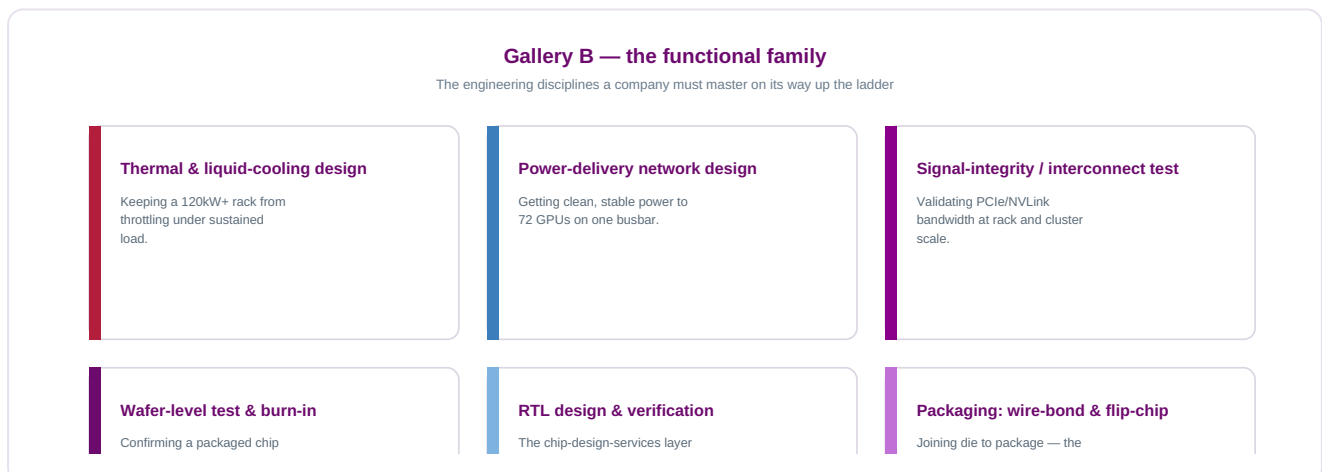
GALLERY A — THE PRODUCT FAMILY

What a value-chain company can actually be selling, arranged from commodity to engineered.



GALLERY B — THE FUNCTIONAL FAMILY

The engineering disciplines a company must actually master on its way up that ladder, whichever company happens to be holding the work at the time.





SECTION 6

The industry & demand drivers

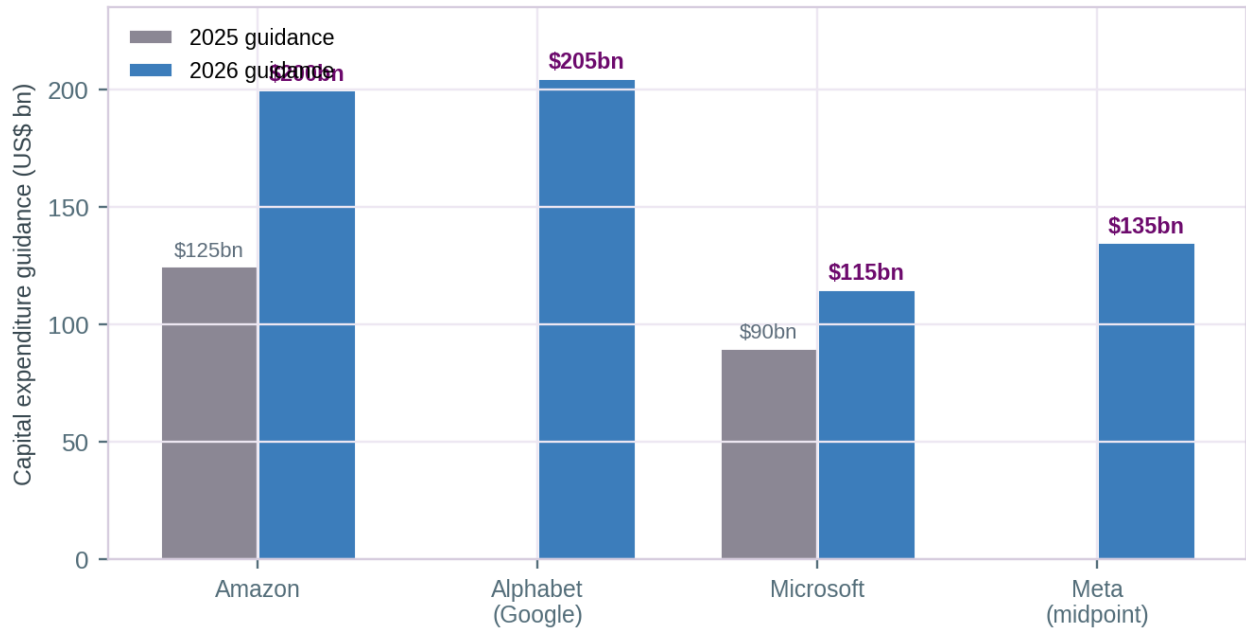
One enormous, well-documented global demand cycle is running underneath this entire report, and three India-specific policy cycles are running alongside it on independent timetables. Conflating "the AI opportunity" into one number — as most published India AI market-size estimates implicitly do — is the single easiest way to misread this sector.

Demand cycle	Anchor buyer	What is actually driving it
1. Global hyperscaler capex	Microsoft, Amazon, Google, Meta	Combined ~US\$725bn 2026 capex guidance, up ~77% from ~US\$410bn in 2025 (dated Feb-Aug 2026 disclosures) — the overwhelming majority earmarked for AI data centres, GPUs and power
2. GPU/HBM physical scarcity	TSMC, Nvidia, SK Hynix, Samsung, Micron	CoWoS advanced-packaging capacity reported "sold out through 2026"; HBM production reported sold out through 2026-27 under multi-year supply agreements
3. India semiconductor localisation	India Semiconductor Mission 2.0	\$13.5bn outlay (up from \$8bn in ISM 1.0), 12-13 approved projects, three OSAT/ATMP facilities operational as of this report's research date (19 Sep 2026)
4. Sovereign AI compute build-out	IndiaAI Mission	GPU access scaling from ~34,000 toward a 100,000-GPU public-access target by December 2026, at a subsidised ~₹65/GPU-hour
5. India IT-hardware manufacturing	IT Hardware PLI 2.0	₹17,000cr incentive outlay over six years, explicitly covering server manufacturing alongside laptops and tablets

Source: Dart Consultants, compiled from valueaddvc.com, cnbc.com, futuraumgroup.com (hyperscaler capex), digitimes.com, tomshardware.com (CoWoS/HBM), ism.gov.in-linked press coverage (ISM 2.0), indiaai.gov.in-linked coverage (IndiaAI Mission), and india-briefing.com/pib.gov.in (PLI 2.0) — see Notes for full citation list.



Four companies alone: ~\$725bn of 2026 capex guidance, up ~77% from ~\$410bn in 2025



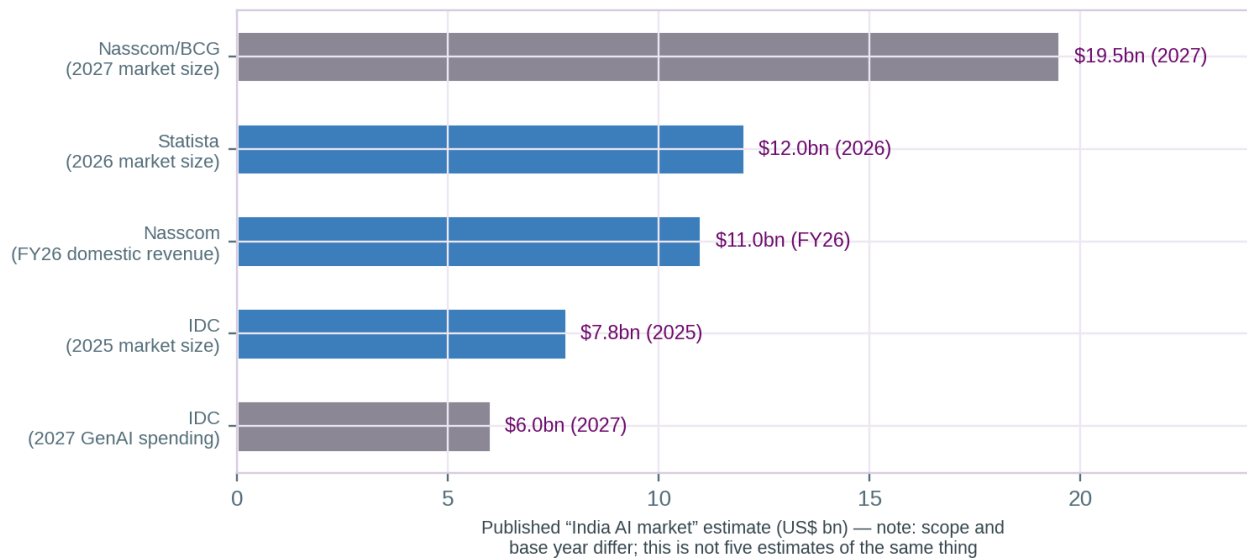
Four companies alone are guiding to roughly three-quarters of a trillion dollars of 2026 capital spending — and every one of them has said the constraint is supply, not appetite. Company capex guidance as disclosed through Q2 2026 earnings calls; figures move with each quarterly update.

TRAP TO AVOID

Every published "India AI market" figure in circulation uses a different scope, a different base year, and sometimes measures a different thing entirely — "market size," "spending," and "engineering R&D services revenue" are not interchangeable, yet headlines routinely swap between them. Five estimates for what is loosely called the same opportunity are shown below; they are not five estimates converging on one truth, and reporting only the largest or the newest without saying so would be exactly the failure mode this report exists to avoid.

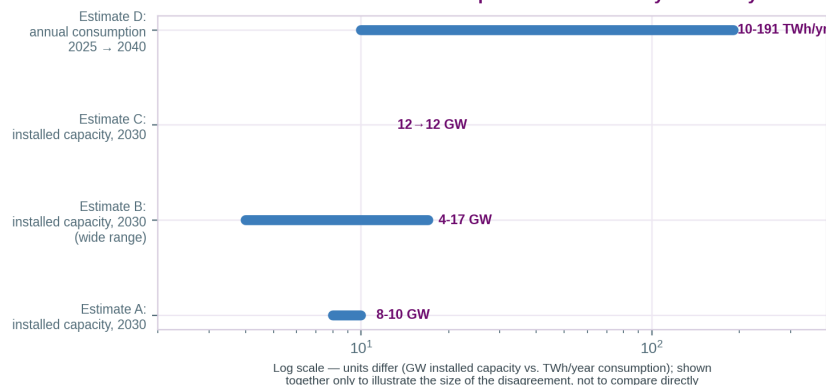


"The India AI market" is at least three differently-scoped things wearing one label



"The India AI market" is at least three differently-scoped things wearing one label. Base year, target year and definition all differ — do not read this as five estimates of the same number. Sources: IDC (via indiaai.gov.in, two separate releases), Statista, and Nasscom/BCG.

Even India's data-centre power demand — the physical anchor beneath this entire report — is sized wildly differently



Even India's data-centre power demand — the physical anchor beneath all of this — is sized four ways, spanning a 20-year horizon. Shown because the spread itself is the finding; treat no single bar as consensus.



SECTION 7

The anchor buyers — Nvidia and the state

This sector has an unusual dual anchor structure, and it is a tighter, more concentrated version of the dual structure seen in other India industrial primers. On one side, a single private company — Nvidia — sets the technical qualification bar, the architecture cadence, and, functionally, who is allowed to build with its chips at all; no Indian policy instrument can accelerate a certification cycle or a chip allocation decision made outside the country. On the other side, the Government of India runs three concurrent, largely independent instruments that between them shape almost everything domestic demand and domestic manufacturing capability look like. Both matter; neither substitutes for the other.

What Nvidia is actually doing

Nvidia's data-centre segment revenue reached \$75.2bn in the quarter ended 26 April 2026 (Q1 FY27), up 92% year-on-year, driven by the Blackwell architecture ramp — the clearest evidence available that demand for the chips themselves remains the binding constraint on this entire industry, not manufacturing capacity anywhere in the chain. At the same time, Nvidia is reported to be narrowing, not widening, the field of manufacturing partners who get to build its newest rack-scale systems, concentrating assembly of its upcoming Vera Rubin racks among a small set of established Taiwanese ODMs and raising the proportion of "customisation not allowed" components in its own reference designs generation over generation (§1). For an India-listed AI-server manufacturer, this means the qualification bar is not fixed — it is actively rising, on a timetable Nvidia alone controls.

Reading the government's instruments correctly

THREE SCHEMES, THREE DIFFERENT JOBS — DO NOT TREAT THEM AS ONE "AI POLICY"

India Semiconductor Mission 2.0 pays for capability, not demand. Its \$13.5bn outlay incentivises the construction of fabs, compound-semiconductor lines and OSAT/packaging facilities; it does not itself guarantee that global fabless chip designers route work through them, or that the chips those facilities package are the ones going into India's own AI servers. A reader who assumes ISM 2.0 capacity automatically becomes India's own AI-chip supply is reading the scheme more generously than it is designed.

The IndiaAI Mission pays for access, not ownership. Its GPU procurement subsidises compute access for startups, researchers and government users at a fixed hourly rate; it does not itself build India's server-manufacturing capability, though the servers it deploys may well be assembled by India-listed companies covered later in this report. Treat the 100,000-GPU 2026 target as a demand-side figure, not a supply-side one.

IT Hardware PLI 2.0 pays for output, not R&D. Its 5%-of-incremental-sales incentive rewards manufacturing volume of in-scope hardware, including servers, made in India — it says nothing about whether that hardware embeds any India-developed intellectual property, which is a separate, harder question this report returns to in §8.

Taken together, the three schemes are complementary but not additive: ISM 2.0 builds packaging and fabrication capability, IndiaAI Mission creates a captive pool of domestic GPU demand, and PLI 2.0 subsidises the assembly step in between — but no single instrument, and no simple sum of the three, tells a reader how much real, IP-bearing value India is capturing versus how much is pass-through assembly and packaging volume. That distinction is exactly what the company reports in this document are built to surface.



SECTION 8

The parts the data misses

Three pools of value are structurally undercounted, or structurally mis-modelled, by the headline statistics used to size this opportunity. This is where the report's own original synthesis, rather than a repackaging of public data, actually lives.

1. Chip design work booked as generic "services exports," not as "AI hardware"

India's global capability centres (GCCs) and engineering-R&D (ER&D) firms do real chip-level design, verification and embedded-software work for global fabless semiconductor clients today — Nasscom projects India's ER&D services revenue will cross US\$100bn by 2030. None of that work shows up in any "India AI hardware market" or "India semiconductor market" statistic, because India's trade and industry data book it as a generic IT/BPM services export, indistinguishable in the headline numbers from an unrelated back-office contract. Two of this report's eight companies (L&T Technology Services, Cyient) earn real revenue from exactly this kind of work — see their individual reports for how much of it is disclosed at the semiconductor/AI-specific level (in both cases, less than an outside analyst would like).

2. Pre-committed capacity that is not yet "operational" in anyone's MW count

JLL's own India data-centre research found that pre-committed hyperscale capacity made up 82% of total data-centre space absorbed in the first half of 2026 — meaning the great majority of new capacity changing hands today is locked in by land and power agreements well before it is commissioned and counted as "operational" in the capacity statistics §6 and §7 quote. Every published "India data-centre capacity, MW" figure is, by construction, a lagging count of what has already been switched on — it structurally understates the demand for the chips, servers and packaging this report's companies actually sell, because that demand is contracted years ahead of the MW figure catching up.

3. A GPU import ceiling that market-size forecasts do not model as a hard constraint

Reporting aggregated in this research (not independently confirmed against a primary US Commerce Department or Indian customs document, and flagged here as such) suggests India may be permitted to import on the order of 50,000 H100-class-equivalent GPUs through 2027 under US export-control tiering. If a figure anywhere near this is accurate, it functions as a hard rationing ceiling on the entire downstream opportunity — the servers, racks, cooling systems and packaging this report's companies sell are all, ultimately, gated by how many chips are allowed into the country, independent of how large any "India AI market, \$bn" forecast says the addressable opportunity is. This is exactly the kind of supply-side constraint a demand-side market-sizing exercise structurally cannot see.

WHY THIS SECTION MATTERS FOR §9

Every company report that follows should be read against this backdrop: a company's current, disclosed revenue from "AI" or "semiconductor" work is very likely a lagging and understated signal of its real position — both because genuine chip-design contribution is often buried inside a larger, undifferentiated services line, and because the entire industry sits downstream of a chip-supply ceiling no company in this report controls. Conversely, that same ceiling means near-term revenue growth for several of these companies is capped by an input none of them can source more of by trying harder.

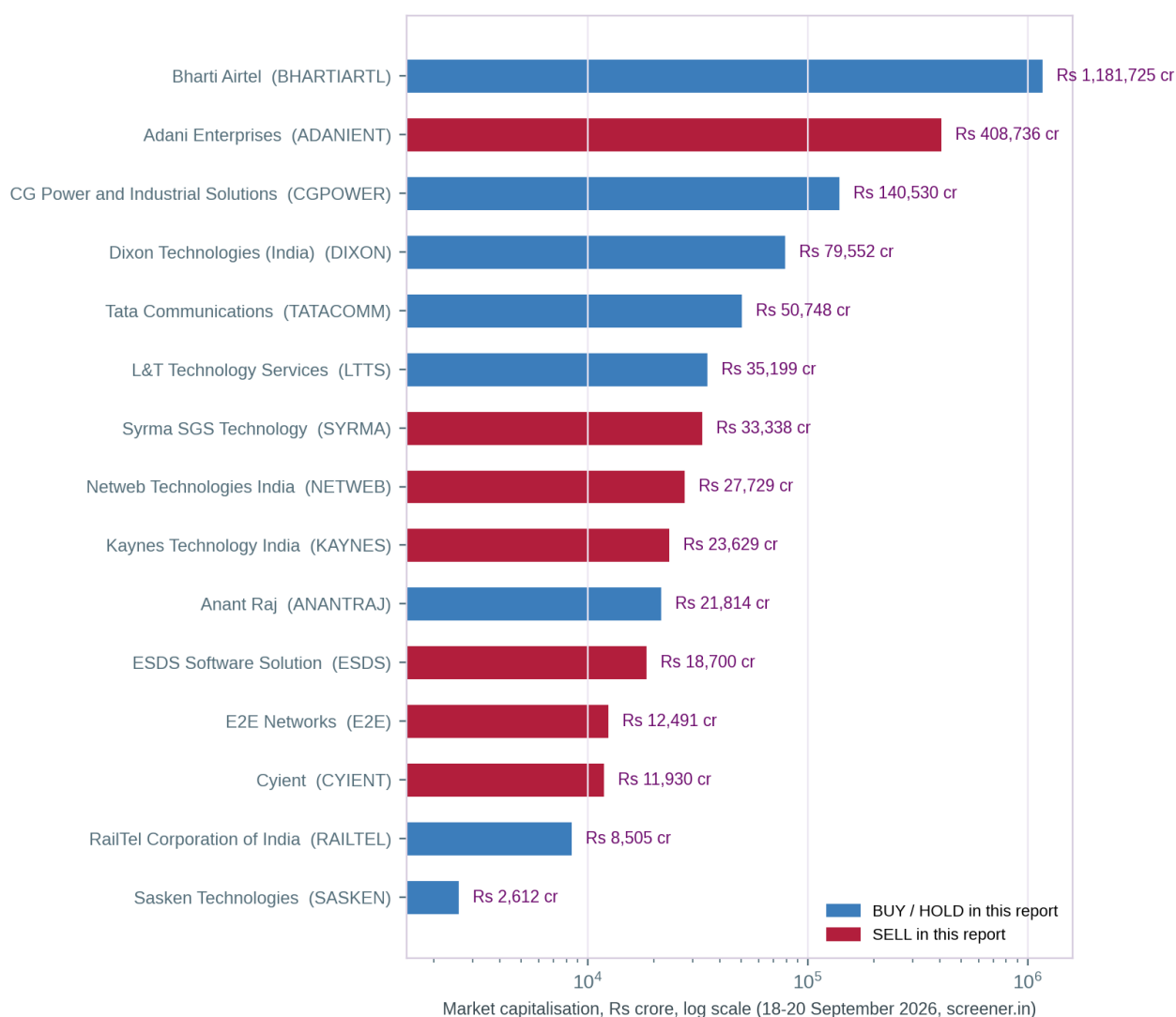


SECTION 9

The companies

Fifteen NSE/BSE-listed companies touch this value chain today, from a ₹11.8 lakh crore telecom major with a sliver of data-centre exposure to a ₹2,600 crore engineering-services specialist. This report grew from an original eight-company universe — chip/server assembly, packaging and design services — to add seven more spanning GPU cloud, data-centre-adjacent telecom infrastructure, and diversified conglomerates with a real but often small data-centre angle. They range across nearly every rung of the value ladder in §5, and — even more than in the original eight-company version of this report — market capitalisation on its own now tells you almost nothing about how much of a company's business is actually AI-compute-stack exposure, or how exposed its valuation already is to that story.

A roughly 95x range in scale, from a pure-play GPU cloud operator to a telecom major with a data-centre sliver



A roughly 95x range in market cap, from a ₹12,491 crore pure-play GPU cloud operator to a ₹11.8 lakh crore telecom major with a single-digit-percent data-centre sliver. Market capitalisation, log scale, as of 18 September 2026 (screener.in) — see each company's own report for the reconciled figure where sources disagreed.



Three very different kinds of "AI stock"

The original eight-company version of this report split its universe into two buckets. Adding seven companies spanning GPU cloud, data-centre-adjacent telecom and large diversified conglomerates makes a third bucket necessary — companies where the "AI/data-centre" story is real but genuinely too small or too indirect to be the reason to own the stock. Splitting all fifteen this way — based on segment disclosure where a company breaks one out, and on business description and this report's own materiality findings where it does not — produces a cleaner picture than market cap alone:

AI/data-centre work is close to the identity	A real bet among several	A rounding error, or already divested
Netweb Technologies — AI/HPC systems are the entire business; FY26 "AI Systems" revenue up 459.6% YoY per company commentary	Dixon Technologies — IT hardware/servers sit inside a ~90%-mobiles-and-EMS revenue base; the Inventec server JV is a genuine but still pre-revenue bet	Bharti Airtel — Nxtra is ~1.1-1.6% of consolidated revenue; a genuine \$1bn capital raise and 1GW target sit outside the consolidated financials entirely
Kaynes Technology — Kaynes Semicon's OSAT line is a core strategic investment, though its first shipped product is not itself an AI-compute part	CG Power — the CG Semi OSAT joint venture and a ₹900cr US hyperscale transformer order are real but sit inside a much larger transformer/motor/rail business	Tata Communications — the legacy data-centre real-estate business was fully divested; what remains is an unconsolidated 26% STT GDC India stake and a separate, more relevant NVIDIA AI Cloud partnership
Syrma SGS Technology — the Giga Computing server-motherboard partnership is a genuine, if early-stage, entry into AI-adjacent hardware	L&T Technology Services — semiconductor and data-centre engineering sit inside the broader "Tech" segment without a separately disclosed AI-specific figure	Adani Enterprises — AdaniConneX's financials are not disclosed or broken out anywhere within AEL's consolidated base; a \$15bn Google deal is real but under active, unresolved litigation
E2E Networks — India's only pure-play listed GPU cloud; a confirmed NVIDIA/L&T-Vyoma B200 deal and a ~₹1,000cr sovereign-AI contract, though FY26 was a depreciation-driven net loss	Cyient — semiconductor design services and the pending TAO Digital AI acquisition sit inside a larger, currently-shrinking DET/DLM engineering business	
ESDS Software Solution — a ~2-week-old listing whose entire growth story rests on one ~25x-revenue contract with an unverified counterparty	Sasken Technologies — a genuine new AI-silicon design win sits inside a company whose FY26 growth was mostly the Borqs acquisition, not organic AI demand	
	RailTel — data-centre revenue is ~4.7% of a railway-telecom PSU's base, real and growing (+59% YoY) but still small	
	Anant Raj — a real-estate landlord scaling ~28MW of operational data centres toward a multi-hundred-MW plan, with a genuine demerger catalyst (Ashok Cloud) — closer to this bucket's "identity" edge than any other company in it, held back only by an unresolved ED probe	



Source: Dart Consultants, from company segment disclosures gathered for each company's own report (Part 4). Where a segment split is not independently confirmed, the company is placed by business description and this report's own materiality findings.

THE MARGIN PUZZLE, STATED PLAINLY

A company where AI/data-centre work is 100% of the identity is not automatically the better investment — it is simply the one where the industry's own margin-compression dynamic (§2-3), and now also its valuation-froth dynamic (E2E Networks, ESDS), cannot hide inside a larger, unrelated business. A company in the third bucket is not automatically a bad investment either — Bharti Airtel and Tata Communications both carry real, separately-justified investment cases — but neither is an AI/data-centre bet in any way that matters to its valuation today, and this report says so plainly rather than stretching the thesis to cover fifteen names uniformly. Read every rating in this section against which bucket, above, the company sits in.

The fifteen, at a glance

Company	Ticker	Primary value-chain layer	Market cap (18 Sep 2026)
Bharti Airtel	BHARTIARTL	Telecom; Nxtra data-centre arm (~1-1.6% of revenue)	₹11,81,725 cr
Adani Enterprises	ADANIENT	Diversified conglomerate; AdaniConneX 50:50 JV (DC financials undisclosed)	₹4,08,736 cr
CG Power and Industrial Solutions	CGPOWER	Power/industrial equipment; CG Semi OSAT joint venture	₹1,40,530 cr
Tata Communications	TATACOMM	Telecom/enterprise data; unconsolidated STT GDC stake + NVIDIA AI Cloud partnership	₹50,748 cr
Dixon Technologies (India)	DIXON	EMS; IT-hardware/server manufacturing (Inventec JV)	₹79,552 cr
Syrma SGS Technology	SYRMA	EMS/PCBA; entering server-motherboard manufacturing (Giga Computing)	₹33,338 cr
L&T Technology Services	LTTS	Engineering R&D services; semiconductor design practice	₹35,199 cr
Netweb Technologies India	NETWEB	NVIDIA-certified AI/HPC server systems	₹27,729 cr
Kaynes Technology India	KAYNES	EMS; Kaynes Semicon OSAT (semiconductor packaging)	₹23,629 cr
Anant Raj	ANANTRAJ	Real estate; scaling data-centre operator (~28MW live)	₹21,814 cr
ESDS Software Solution	ESDS	Cloud/AI-GPU hosting, freshly listed Sep 2026	~₹18,700 cr
Cyient	CYIENT	Engineering services (DET) + design-led manufacturing (DLM); semiconductor design	₹11,930 cr
E2E Networks	E2E	Pure-play listed GPU cloud	₹12,491 cr
RailTel Corporation of India	RAILTEL	Railway telecom PSU; growing data-centre sliver (~4.7% of revenue)	₹8,505 cr
Sasken Technologies	SASKEN	Product engineering; semiconductor hardware design services	₹2,612 cr

Sorted by market capitalisation. Source: screener.in and each company's own report in this document, as of 18 September 2026 (ESDS figure reflects its ~2-week-old, still-volatile post-listing trading range — see its own report).



SIX NAMES THAT NEED A SECOND LOOK BEFORE YOU TRUST THE LABEL

Kaynes Technology carries a confirmed, primary-sourced governance flag — a SEBI settlement order (27 March 2026, ₹23.42 lakh) against its promoter and Executive Vice Chairman for insider-trading/database lapses, alongside a December 2025 related-party-disclosure controversy and a FY26 revenue miss with negative operating cash flow. **CG Power's current governance is materially better than its own history** — the 2019 accounting-fraud episode under prior (Avantha Group) ownership predates the 2020 Murugappa Group takeover entirely, but remains disclosure-relevant context. **Cyient's AI-compute-stack exposure is still mostly a plan, not a result** — the \$218m TAO Digital acquisition had not closed as of this report's research date. **ESDS Software Solution** is a ~2-week-old listing already under ASM Stage-1 surveillance for extreme post-listing volatility, built almost entirely on one disclosed contract with an unverified counterparty. **Anant Raj** had its Delhi office searched by the Enforcement Directorate on 24 April 2026 in a money-laundering case that remains unresolved as of this report's research date — a live overhang on an otherwise attractive data-centre growth and demerger story. **Adani Enterprises** reported a Q1 FY27 consolidated net loss driven by a \$275 million US OFAC sanctions settlement, alongside an unresolved public-interest-litigation challenge to its largest named data-centre deal — the most serious governance/legal red flag of any company in this report. None of this makes any of the six stocks automatically uninvestable; all six are exactly the kind of structural detail this report exists to surface rather than gloss over. *Full reports for each of the fifteen companies — financials, governance assessment, SWOT, valuation and rating — follow this primer; see each company's own report for the fullest, most current picture.*



SECTION 10

Synthesis

Where the opportunity actually originates

Origin	What it is	Who captures it	Time horizon
1. Reference-design assembly	Bolting together a server/rack to Nvidia's own MGX/HGX specification	Whoever has EMS capacity and NVQual certification — increasingly contestable and margin-compressing, not less	Now, but the industry's own data (\$3) shows this margin thinning, not thickening, generation over generation
2. Government-incentivised capability building	ISM 2.0 (OSAT/fab), IT Hardware PLI 2.0 (assembly), IndiaAI Mission (demand)	Whoever wins scheme approval and executes on schedule — CG Semi and Kaynes Semicon are both already in commercial production	Now through the early 2030s, on a government-set, not market-set, timetable
3. Chip/IP design-services exports	ER&D and GCC work for global fabless clients, largely invisible in hardware trade statistics (\$8)	Whoever has the engineering talent base and client trust — LTTS, Cyient and Sasken all participate, none discloses how much	Ongoing, but structurally undercounted, so its growth is harder to track than the AI-server headline numbers
4. GPU-scarcity rationing	A hard ceiling on how much of the downstream opportunity can actually be built, regardless of demand	Nobody in this report's universe — the constraint sits entirely upstream, at Nvidia, TSMC and the memory makers	At least through 2027 on current HBM/CoWoS supply commitments
5. GPU-cloud consumption & sovereign-AI demand	Renting out compute on already-built GPU infrastructure, and government-backed subsidised access programmes	E2E Networks and ESDS Software Solution most directly; RailTel and Anant Raj as the facilities/connectivity layer beneath it	Now, but priced at multiples (157-401x trailing) this report's own valuation arithmetic cannot support on either name's currently disclosed earnings

Six distilled conclusions

- **The moat is an allocation, not a patent, and India's listed universe does not control it.** Nothing in this value chain is proprietary to any of these fifteen companies in the way a chip design or a drug molecule is; the real barrier — chip supply — is set by Nvidia, TSMC and the memory makers, none of which is in this report's coverage universe.
- **Scale and AI-relevance are not the same axis, and adding seven more companies only widens the gap.** CG Power's ₹1.4 lakh crore market cap and Sasken's single semiconductor-design win can both be legitimately "AI compute stack exposure"; Bharti Airtel's ₹11.8 lakh crore market cap, by contrast, carries almost none, despite Nxtra's real optionality. The question is never how big, but how much of the company's revenue and margin actually sits on the scarce side of the easy-half/hard-half line in §2, or — for the new GPU-cloud and telecom-adjacent names — how much sits inside the consolidated numbers at all.
- **The industry's own reported economics argue against most of this report's companies being undervalued, and several look priced well past what those economics support.** Sourced ODM/box-builder margin data (§3, §9) shows compression, not expansion, at exactly the layer several of these companies occupy — yet more than half trade at



40-110x trailing earnings, and the two pure-play GPU-cloud additions (E2E Networks, ESDS) trade at 157-401x on earnings this report's own research found reasons to distrust.

- **The listed universe is a narrow slice of where India's real AI-compute-stack capability is being built.** Micron's and Tata Electronics' facilities, the hyperscalers' own India data-centre build-outs, and the majority of India's chip-design GCC workforce sit entirely outside this report's fifteen-company universe.
- **Six of the fifteen names carry structural, governance or legal overhangs a reader must understand before the valuation multiple means anything** — Kaynes's SEBI settlement and RPT controversy, CG Power's pre-2020 fraud history, Cyient's pending, unclosed TAO Digital acquisition, ESDS's single-contract concentration under active exchange surveillance, Anant Raj's unresolved Enforcement Directorate probe, and Adani Enterprises' \$275m OFAC settlement alongside unresolved PIL litigation on its largest named deal.
- **"Included in this report" is not the same claim as "material to the investment case," and this report's third bucket in §9 exists specifically to say so.** Bharti Airtel, Tata Communications and Adani Enterprises are covered here because they hold real, disclosed India data-centre assets or stakes — but in none of the three does that exposure meaningfully move the stock's own valuation case, and each company's own report says this explicitly rather than manufacturing a data-centre thesis to justify inclusion.

Bull case / bear case

THE BULL CASE

Global hyperscaler capex is not slowing — four companies alone are guiding to ~\$725bn in 2026, up 77% YoY, and every one of them has said the binding constraint is chip supply, not appetite. India's own semiconductor-policy build-out is visibly executing, not just announcing: three OSAT/ATMP facilities are already in commercial production as of this report's research date. The IndiaAI Mission is a genuine, policy-guaranteed domestic demand stream, already generating confirmed nine-figure orders for at least one company in this report. Several of these companies' credit ratings are improving, not deteriorating, reflecting real balance-sheet strength behind the AI narrative.



THE BEAR CASE

The industry's own, real (not indicative) margin data shows the assembly layer — where most of this report's original eight companies sit — compressing under Nvidia's own component-integration strategy, a structural headwind none of them can engineer their way around. Several richly-valued names (Netweb, Kaynes, Syrma) trade at multiples this report's own valuation arithmetic cannot support even on optimistic growth assumptions, and in Kaynes's case a real governance deterioration has already shown up in the numbers (a guidance miss, negative operating cash flow). The seven newly-added companies do not fix this picture — they add a second, equally serious risk axis: E2E Networks and ESDS trade at multiples (401x, 157-302x) built on earnings this report's own research found reasons to distrust, and three of the seven (Anant Raj, Adani Enterprises, and to a lesser extent the whole third bucket in §9) carry governance or legal overhangs layered on top of, not instead of, ordinary valuation risk. The chip-supply ceiling (§8) caps the addressable opportunity for every company in this report, regardless of how large any market-size forecast says the demand is. And a single further Nvidia move to internalise more of the reference-design value chain could compress the assembly-layer margin further before any of these companies have proven they can move up the value ladder.

Numbers to track

- Nvidia's own component-customisation percentage in each new reference-design generation (Vera Rubin and beyond) — the single cleanest, most direct read on whether the assembly-layer margin squeeze in §3 is easing or tightening further
- Whether the IndiaAI Mission actually reaches its 100,000-GPU end-2026 target, and which India-listed companies win the resulting server-supply orders
- Cumulative rupee disbursement (not just approval) against India Semiconductor Mission 2.0's \$13.5bn outlay — approvals have run well ahead of actual milestone-linked payouts to date
- Each company's next 2-3 quarters of disclosed AI/semiconductor-specific revenue, where disclosed at all — several of these companies do not yet break this out, which is itself a fact worth tracking



- Whether Cyient's TAO Digital acquisition closes on schedule (targeted Q2 FY27) and what it discloses about actual AI-native engineering revenue once consolidated
- Whether E2E Networks and ESDS post consecutive profitable quarters on a cash-earnings basis, rather than the depreciation-distorted or single-contract-concentrated figures this report's research found
- The outcome of Anant Raj's Enforcement Directorate matter and whether the Ashok Cloud demerger proceeds on its board-approved timetable regardless
- Whether Adani Enterprises' PIL litigation on its Google Vizag data-centre deal is resolved, and whether AdaniConneX ever begins separately disclosing financials



SECTION 11

Ratings summary

Ratings key, used consistently across every company report in this document:

Rating	Expected total return, 12 months
BUY	15% and above
HOLD	–5% to 15%
SELL	–5% and below

Every rating in this series is anchored to a stated reference price and date, derived from a named multiple on a named forward year, cross-checked against named brokerage targets where they exist, and carries explicit upgrade/downgrade triggers. BUY/HOLD/SELL are an educational device for summarising public information — not a regulated recommendation. See the Notes section and each company's own report for full disclosure.

Status of this rating series

All fifteen companies now carry a formal rating, each with the full valuation exhibit described in Section 8 of the company report template — target price, scenario range, and a named methodology.

Company	Ticker	Rating	Target	CMP (18 Sep 2026)	Upside/(downside)
Dixon Technologies (India)	DIXON	BUY	₹15,360	₹13,005	+18.1%
Bharti Airtel	BHARTIARTL	HOLD	₹2,039	₹1,893	+7.7%
Tata Communications	TATACOMM	HOLD	₹1,852	₹1,780	+4.0%
RailTel Corporation of India	RAILTEL	HOLD	₹278	₹265	+4.9%
L&T Technology Services	LTTS	HOLD	₹3,476	₹3,339	+4.1%
CG Power and Industrial Solutions	CGPOWER	HOLD	₹873	₹892	(2.1)%
Sasken Technologies	SASKEN	HOLD	₹1,677	₹1,720	(2.5)%
Anant Raj	ANANTRAJ	HOLD	₹585	₹606	(3.5)%
Netweb Technologies India	NETWEB	SELL	₹4,016	₹4,664	(13.9)%
Adani Enterprises	ADANIENT	SELL	₹2,620	₹3,020	(13.3)%
Kaynes Technology India	KAYNES	SELL	₹2,925	₹3,515	(16.8)%
Cyient	CYIENT	SELL	₹988	₹1,073	(7.9)%
Syrma SGS Technology	SYRMA	SELL	₹1,250	₹1,729	(27.7)%
E2E Networks	E2E	SELL	₹447	₹608	(26.5)%
ESDS Software Solution	ESDS	SELL	₹1,000	₹1,565	(36.1)%

1 BUY, 7 HOLD, 7 SELL across all fifteen companies — an outcome shaped by two now-distinct axes rather than the original report's single one. The original assembly-vs-scarcity axis still drives the first eight ratings (most SELLS — Netweb, Kaynes, Syrma — reflect valuation stretch on genuinely improving businesses, not operational collapse; Cyient's SELL reflects a genuinely declining trend). The seven new companies split differently: three HOLDs (Bharti Airtel, Tata Communications, RailTel) and one more (Anant Raj) reflect real but non-dominant data-centre exposure sitting inside an



otherwise fairly-valued or governance-clouded business, while three SELLS (Adani Enterprises, E2E Networks, ESDS) reflect either a serious, unrelated governance/legal overhang (Adani) or valuation built on earnings this report's own research found reasons to distrust (E2E, ESDS). See each company's own report for the distinction.

WHAT WOULD CHANGE A RATING, IN GENERAL, ACROSS THIS SERIES

For the assembly/EMS names (Netweb, Kaynes, Dixon, Syrma): any material change to Nvidia's or a major ODM's component-customisation policy, a large confirmed order or its loss, or a change in the company's own credit-rating trajectory. For the OSAT/packaging names (Kaynes, CG Power): confirmed cumulative ISM subsidy disbursement, a named anchor customer beyond the current JV partner, or a capacity-ramp delay. For the design-services names (LTTS, Cyient, Sasken): a disclosed, standalone AI/semiconductor revenue figure where none currently exists, or confirmation of the TAO Digital acquisition's closing and its actual contribution. For the GPU-cloud names (E2E Networks, ESDS): a second consecutive profitable quarter on a cash-earnings basis, or disclosed diversification beyond the current concentrated contract base. For the telecom/conglomerate names (Bharti Airtel, Tata Communications, Adani Enterprises, RailTel): any disclosure that materially changes how much of consolidated revenue or profit the data-centre business actually represents, or — specifically for Adani Enterprises — resolution of the OFAC settlement's aftermath and the Google Vizag PIL. For Anant Raj specifically: resolution of the ED matter in either direction, or confirmed completion of the Ashok Cloud demerger. For all fifteen: a change in disclosed order-book coverage, a promoter-holding or pledge change, or new information that inverts this report's current assumptions about the chip-supply ceiling in §8.



NOTES

Methodology, data caveats & who we are

Methodology

This primer follows Dart Consultants' standard first-principles method: identify the one real structural asymmetry inside the product (§2), derive the value ladder and moat mechanism from it (§4-5), then apply that framework to the listed companies (§9-11). Research was conducted via public sources only — company filings and investor presentations, credit-rating-agency press releases (CRISIL, ICRA, CARE, India Ratings), stock-exchange disclosures, company websites, Nvidia's own certification-programme documentation, primary industry-press reporting (Digitimes, Tom's Hardware, and similar trade press for the chip/packaging supply chain), Indian government sources (PIB, MeitY, India Semiconductor Mission, IndiaAI Mission), and market-research summaries, in that order of preference. The original eight-company research was conducted 18-19 September 2026; the seven additional companies (E2E Networks, ESOS Software Solution, RailTel, Anant Raj, Bharti Airtel, Tata Communications, Adani Enterprises), added after this report's scope was deliberately expanded beyond the original chip-to-server compute stack to include GPU-cloud and data-centre-adjacent telecom/conglomerate names, were researched 19-20 September 2026. Company financials and stock data are dated individually throughout each report.

Data caveats

- **Constructed/indicative figures** are labelled as such in every caption where used — specifically the reference-design-vs-custom-engineering step counts (§4), the non-margin portions of the value-ladder chart (§5), and forward EPS growth assumptions used in each company's valuation exhibit (Part 4). These illustrate a structural relationship or a stated assumption; they are not measured from a disclosed company forecast unless explicitly cited as management guidance.
- **Reported (not indicative) figures** used without a qualifier include: hyperscaler capex guidance, Nvidia data-centre segment revenue, the reported gross/operating margins of Nvidia, Micron, SK Hynix and Supermicro, and the reported white-box ODM assembly-margin compression data in §3 and §9 — these are drawn directly from company disclosures and industry trade-press reporting, not constructed by this report.
- **Derived figures** are marked with a tilde (~) and explained in the source line.
- **Undisclosed figures** are shown as a dash or stated as "undisclosed," never estimated into a table. Several companies in this report (Kaynes, LTTS, Cyient, Sasken, Syrma) do not disclose a standalone AI/semiconductor/data-centre revenue percentage — this report does not manufacture one on their behalf.
- **Market-size and forecast disagreements** are shown as ranges or multiple bars rather than resolved to a single number — see §6's AI-market and power-demand dispersion charts.
- We do not model full balance sheets or cash-flow statements for companies that do not disclose at that granularity; company reports use a "selected disclosed metrics" format instead.
- Several company-level stock-data points (market capitalisation, P/E) showed material disagreement between data aggregators for the same company on the same date, most notably for Netweb, Kaynes, Dixon and Cyient. These are flagged in the relevant company report rather than silently reconciled; this report uses the screener.in figure, dated, as the primary reference in each case.
- Two claims received during this report's research required explicit correction or qualification before use: the "India allowed to import ~50,000 H100-class GPUs through 2027" figure is single-source aggregation, not a confirmed



primary regulatory document, and is presented as indicative of a binding constraint rather than a certified quota (§8); and Adani Group's reported "\$100bn AI data-centre" figure is the weakest-sourced of the hyperscaler-India-capex data points gathered and is not relied upon anywhere in this report's valuation or thesis.

- Three of the seven newly-added companies carry their own specific data-reliability caveats, each addressed directly in their own company report rather than smoothed over: **ESDS Software Solution** listed roughly two weeks before this report's research date, so every multiple built on its trading price should be read as unstable, not a settled valuation; **E2E Networks'** FY26 net loss is a function of GPU-fleet depreciation accounting, not necessarily of weak underlying demand, and this report's valuation section treats the distinction explicitly rather than reading the loss at face value; and **Anant Raj's** standalone (70.9x) and consolidated (26.8-37.6x) trailing P/E figures differ enough that this report normalises rather than picking one without explanation — see its own company report.

About Us

Dart Consultants is a market intelligence and technology service provider. **We are not a SEBI-registered Investment Adviser or Research Analyst.** This document, and the company reports that follow it, are educational material only — not investment advice, and not a recommendation to buy or sell any stock. BUY/HOLD/SELL labels used in this series are an educational device for summarising publicly available information, not a regulated recommendation. The analyst(s) preparing this report hold no position in, and have no banking, advisory or brokerage relationship with, any company named in it, and have received no compensation from any of them. *Several companies in this report carry above-average, recently-materialised risk factors independent of this report's eventual rating: Kaynes Technology (a March 2026 SEBI settlement order against its promoter, a December 2025 related-party- disclosure controversy, and a FY26 guidance miss with negative operating cash flow), Cyient (a pending, unclosed acquisition whose completion and contribution are not yet reflected in reported financials), Anant Raj (an unresolved Enforcement Directorate probe into its Delhi office, opened 24 April 2026), Adani Enterprises (a \$275 million US OFAC sanctions settlement disclosed alongside a Q1 FY27 consolidated net loss, and an unresolved public-interest-litigation challenge to its largest named data-centre deal), and ESDS Software Solution (a ~2-week-old listing already placed under exchange ASM Stage-1 surveillance for extreme post-listing price volatility). Readers should treat these names as carrying above-average risk independent of this report's rating.*



COMPANY REPORTS

Eight companies, one format

Each report that follows uses the same structure: summary and key data; investment rationale; what gives us pause; corporate governance assessment; SWOT; developments and risks to watch; valuation and recommendation; and a financial summary. Ratings use the key below, consistently, and every target price shows its arithmetic in the open.

Rating	Expected total return, 12 months
BUY	15% and above
HOLD	–5% to 15%
SELL	–5% and below

Reminder: Dart Consultants is not a SEBI-registered Investment Adviser or Research Analyst. These reports are educational material only, not investment advice or a recommendation to buy or sell any stock. See the primer's Notes section and each report's closing disclaimer for full detail.



HOLD

CG Power and Industrial Solutions

CGPOWER

A power-equipment giant with a genuinely operational semiconductor optionality, priced as if the optionality has already paid off

Summary

CG Power is a ₹1.4 lakh crore diversified power and industrial-equipment major — transformers, switch- gear, motors, drives and rail electronics — that has, since its 2020 Murugappa Group takeover, added a genuinely operational semiconductor bet: CG Semi, a joint venture with Japan's Renesas Electronics and Thailand's Stars Microelectronics, began commercial OSAT (packaging and test) production at its Sanand, Gujarat facility on 4 July 2026, roughly 27 months after groundbreaking. This report's AI-compute-stack interest in the company runs on two tracks: the CG Semi packaging line itself, and a directly relevant, named ₹900 crore order (received 16 January 2026, CG Power's largest-ever single order) to supply power transformers engineered specifically for US hyperscale data centres.

The core power-equipment business is executing well by any measure: order backlog rose 45% year-on- year to ₹17,333 crore by the June 2026 quarter, transformer manufacturing capacity is being expanded toward ~120,000 MVA with a new Sehore, Madhya Pradesh plant, and India Ratings reaffirmed the company's issuer rating at IND AA+/Stable as recently as 19 March 2026. A July 2025 QIP raised ₹3,000 crore at ₹660/share, oversubscribed more than 3x, explicitly earmarked for CG Semi and new transformer capacity — and, as of the most recent monitoring-agency report, fully on-schedule with "zero deviation" in use of proceeds.

The counter-argument is almost entirely about price, not business quality. At roughly 100-110x trailing earnings, CG Power trades at a multiple more commonly associated with a pure-play AI or semiconductor story than a capital-goods manufacturer, even one with real semiconductor optionality attached. The company's own recent history also carries a disclosure-relevant governance episode: under prior (Avantha Group) ownership, CG Power was the subject of a major 2019 accounting-fraud finding, resulting in a SEBI market ban and monetary penalties against the former chairman —

TARGET PRICE

12-month target	₹873
CMP (18 Sep 2026)	₹892
Implied upside	(2.1)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,40,530 cr
P/E (trailing)	~101-110x
Book value/share	₹50.6
Dividend yield	not disclosed here
Credit rating	Ind-Ra IND AA+/Stable
Order backlog (Q1FY27)	₹17,333 cr (+45% YoY)

SHAREHOLDING (JUN 2026)

Promoters (Tube Investments)	56.36%
DII	18.23%
FII	11.97%
Public	13.37%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	8,046	9,909	12,418
EBITDA	1,142	1,319	1,641
PAT	1,428	973	1,199



fully pre-dating the current promoter and widely regarded as resolved, but a fact a reader should know before assuming today's governance was always this clean.

Net: a HOLD. The business is executing on nearly every operational metric this report could verify, but the valuation already appears to price in a favourable resolution of the semiconductor optionality that has only just begun generating revenue.

Investment rationale

- **The semiconductor optionality is no longer hypothetical.** CG Semi's Sanand OSAT facility moved from groundbreaking to commercial production in ~27 months, with first commercial shipments already dispatched to Renesas's global customers as of mid-2026 — a real, operating asset, not a slide-deck promise.
- **A direct, named line into AI-data-centre demand.** The ₹900 crore order from Tallgrass Integrated Logistics Solutions (USA), received January 2026, is explicitly for transformers "engineered to meet the stringent reliability, efficiency and uptime requirements of hyperscale data centre applications" — the clearest, most directly attributable AI-data-centre revenue line found anywhere in this report's eight companies.
- **Record order-book momentum across the core business.** Backlog rose 59% YoY for full-year FY26 and a further 45% YoY by Q1 FY27 to ₹17,333 crore, giving multi-quarter revenue visibility independent of the semiconductor bet.
- **A capital-raise track record with verified discipline.** The July 2025 ₹3,000 crore QIP is, per the company's own monitoring-agency reports through Q4 FY26, tracking with "zero deviation" against its stated use of proceeds — a clean execution signal on capital allocation.
- **Rising, not falling, credit quality.** India Ratings has moved the issuer rating up over time to IND AA+/Stable (reaffirmed March 2026), and Tube Investments has explicitly confirmed no new promoter share encumbrance in FY26.
- **ISM 2.0 policy tailwind.** The ₹3,501 crore central capital-subsidy approval for CG Semi's packaging project, disbursed on a milestone basis, reduces the company's own funding burden for the semiconductor build-out.

What gives us pause

- **The valuation leaves little room for anything but a clean outcome.** At ~100-110x trailing earnings, the market is pricing CG Power closer to a semiconductor pure-play than a capital-goods manufacturer — this report's own base-case valuation arithmetic (below) cannot support meaningfully further upside from current levels even on optimistic growth assumptions.
- **An unexplained profit decline sits inside an otherwise clean-looking financial history.** Consolidated PAT fell from ₹1,428 crore (FY24) to ₹973 crore (FY25) despite rising revenue and EBITDA — this report could not identify the exceptional item or below-EBITDA charge responsible, and it should be checked against the FY2025 annual report before being dismissed as a one-off.
- **A historical governance episode, though resolved and pre-dating current ownership, is disclosure- relevant.** In 2019, under then-promoter Avantha Group, CG Power's board found major accounting irregularities involving an alleged ₹1,223.80 crore fund diversion; SEBI subsequently barred former chairman Gautam Thapar from the securities market for five years with a ₹10 crore penalty, alongside penalties for several other individuals and entities. This predates the Murugappa Group's 2020 takeover entirely and the company's current governance is widely regarded as substantially reformed, but it is exactly the kind of history a reader should know before paying today's multiple.
- **No confirmed, standalone credit rating for the CG Power parent from ICRA, CRISIL or CARE.** The best-verified current rating is India Ratings' IND AA+/Stable; ICRA's own commentary references the parent group (Tube Investments) rating rather than issuing a distinct CG Power corporate rating in the sources this report reached, and CG Semi carries its own, separate, one-notch-lower [ICRA]AA- rating.



- **The current statutory auditor could not be confirmed** from any source this report's research reached — a gap that should be closed from the FY26 annual report before relying further on this report's governance assessment.
- **Named brokerage targets disagree by nearly 50%** — from Jefferies' Hold at ₹745 to Nomura's Buy at ₹1,100 — a wide dispersion that reflects genuine uncertainty about how much semiconductor-JV optionality the market should price in today.

Corporate governance assessment

1. Which rules actually apply

CG Power is a mainboard NSE/BSE-listed company, subject to the full SEBI LODR regime (Regulations 17-27), including independent-director-composition, audit-committee and related-party-transaction requirements. As a promoter-controlled (56.36%) company, it is not exempt from any LODR governance obligation on SME-listing grounds. This report's research could not fully confirm the current total board size or independent-director percentage — that confirmation should come from the FY26 annual report's corporate governance section before this assessment is treated as complete.

2. What the company does well

Tube Investments (the promoter) has explicitly and publicly confirmed no new share encumbrance was created during FY26 — a positive, affirmatively-stated governance signal rather than a mere absence of adverse news. The July 2025 QIP has been tracked by an independent monitoring agency (CARE Ratings, in its monitoring-agency capacity) through multiple quarters with confirmed "zero deviation" from stated use of proceeds. Chairman (Vellayan Subbiah) and CEO/Managing Director (Amar Kaul) roles are held by separate individuals, as are CFO (Susheel Todi) and CEO roles. Three new independent directors — Rathin Roy, Pradeep Mathur and Aditi Raja — were added to the board within the past year, broadening its composition.

3. Grey areas

The FY2024-to-FY2025 consolidated PAT decline (₹1,428 crore to ₹973 crore, despite rising revenue and EBITDA) has no publicly identified explanation in the sources this report's research reached — this is legal and not necessarily concerning, but it is a gap in the disclosed narrative that an external analyst cannot currently close. The precise segment-revenue split between Industrial Systems and Power Systems also showed inconsistency between the segment-mix figures and order-backlog figures found in this report's research, suggesting different execution cycles across segments that are not fully reconciled in public secondary sources.

4. Red flags

None found in current (post-2020) operations — but this section must be read alongside the historical 2019 fraud finding described above under prior ownership. That episode resulted in confirmed, adjudicated SEBI action (a five-year market ban and ₹10 crore penalty against the former chairman, plus penalties against several other individuals and entities, for an alleged ₹1,223.80 crore fund diversion), is fully resolved, and predates the current promoter by more than a year. We flag it here not as a live concern but because a report of this kind should never omit a company's most material historical governance event, however resolved. One secondary source referenced a "final order" date of April 2026 for this matter, which is difficult to reconcile with the case's 2019 origin — this report could not confirm whether that later date refers to a separate appellate (SAT) ruling or a citation error, and flags it as an open item rather than asserting either interpretation.

5. Items to watch

Confirmation of the current statutory auditor's identity; a standalone ICRA, CRISIL or CARE corporate rating for the CG Power parent entity (distinct from CG Semi's own rating); the FY2025 annual report's explanation, if any, for the PAT decline; and clarification of the "April 2026" reference in the historical SEBI matter.



GOVERNANCE CONCLUSION

Currently sound, historically scarred, and not fully verifiable from public sources alone. Every verifiable action under the current promoter points toward reformed, disciplined governance — but the scale of the pre-2020 fraud, this report's inability to confirm a full independent-director percentage or a standalone parent-entity credit rating, and an unexplained one-year profit decline mean the appropriate discount belongs in the valuation multiple, not a footnote — reflected here in a target multiple band set around, not above, the current trailing multiple.

SWOT analysis

STRENGTHS

- CG Semi OSAT facility operational, first shipments to Renesas's global customers underway
- Record order backlog, ₹17,333cr as of Q1 FY27, +45% YoY
- India Ratings IND AA+/Stable, reaffirmed March 2026
- Direct, named ₹900cr hyperscale-data-centre transformer order
- QIP proceeds tracked with confirmed zero deviation

WEAKNESSES

- Valuation (~100-110x trailing P/E) leaves little margin of safety
- FY24-to-FY25 PAT decline unexplained in public sources
- Statutory auditor identity unconfirmed
- No standalone parent-entity credit rating from ICRA/CRISIL/CARE found

OPPORTUNITIES

- ISM 2.0's expanded \$13.5bn outlay and further OSAT/packaging incentives
- Global hyperscaler data-centre transformer demand (Nomura's explicit thesis)
- Transformer capacity expansion toward ~120,000 MVA (Sehore plant)
- A planned second (G2) CG Semi facility, details not yet fully disclosed

THREATS

- Historical fraud episode remains a governance-perception overhang for some investors
- Semiconductor JV execution/ramp risk as G1 scales toward full capacity
- Valuation de-rating risk given the multiple's dependence on continued flawless execution
- Rising OSAT competition from Kaynes Semicon and other India Semiconductor Mission entrants

Key developments to watch

- **Cumulative ISM subsidy actually disbursed to CG Semi** — only the ₹3,501 crore approval and the milestone mechanism are confirmed; the running disbursed total is not yet public.
- **G2 CG Semi facility details** — capacity, timeline and product mix have not yet been disclosed.
- **FY2025 annual report's exceptional-items note**, if it addresses the PAT decline.
- **Further named hyperscaler or data-centre transformer orders** beyond the Tallgrass contract, which would confirm this is a repeatable revenue line rather than a single large order.

Key risks to be aware of

- **Valuation risk (dominant)**. At ~100-110x trailing earnings, any disappointment in either the core power-equipment business or the semiconductor ramp could trigger a sharp de-rating.
- **Execution risk on CG Semi's ramp** to its full ~300 million-unit annual capacity.
- **Governance-perception risk** tied to the historical fraud episode, even though resolved.
- **Disclosure risk** — the unconfirmed statutory auditor and unexplained PAT decline limit how fully an external analyst can currently verify the governance picture.



Valuation

₹ per share unless stated

FY26 consolidated PAT of ₹1,199cr on an implied share count of ~157.55cr (market cap ÷ CMP) gives FY26 EPS of ~₹7.61 — modestly above the ~₹7.6-8.9 range a purely disclosed-trailing-P/E back-calculation would imply, consistent with normal TTM-versus-FY26-year-end timing differences. Applying an *indicative* 35% forward EPS growth assumption (reflecting the disclosed order-backlog growth rate, not management guidance) gives a constructed FY27E EPS of ~₹10.27. We apply a target multiple band set around, not above, the current trailing multiple, reflecting the governance and disclosure gaps noted above:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	70.0x	10.27	719	(19.4)%
Base	85.0x	10.27	873	(2.1)%
Bull	100.0x	10.27	1,027	+15.1%

Base case rounded to ₹873. EV/EBITDA cross-check not performed — a reliable, current net-debt figure for the parent entity was not independently confirmed in this research pass. Named brokerage targets found in this research (Nomura ₹1,100, Nuvama bull-case ₹955, MOFSL ₹940, Jefferies ₹745) straddle our base case on both sides, consistent with genuine market disagreement about how much semiconductor optionality to price in.

RECOMMENDATION: HOLD, TARGET ₹873 (-2.1% FROM ₹892, 18 SEP 2026)

Upgrade triggers: a confirmed, standalone investment-grade rating from a second agency (ICRA, CRISIL or CARE) for the CG Power parent; disclosed cumulative ISM disbursement tracking ahead of milestones; a second named hyperscaler data-centre order confirming repeatability. **Downgrade triggers:** any delay to CG Semi's ramp toward full capacity; a further unexplained profit decline; or confirmation that the FY24-25 PAT decline reflects a recurring, not one-off, issue.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY23	FY24	FY25	FY26
Revenue	6,973	8,046	9,909	12,418
EBITDA	1,005	1,142	1,319	1,641
EBITDA margin	14%	14%	13%	13%
Net profit (PAT)	963	1,428	973	1,199

Selected metrics	FY26
Order backlog (Q1 FY27)	₹17,333 cr
Book value/share	₹50.6
Ind-Ra issuer rating	AA+/Stable

Balance sheet and cash-flow statements are not reproduced here at full granularity. Source: screener.in (18 Sep 2026), cross-checked against company press releases and rating-agency documents cited above.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, CG Power and Industrial Solutions Limited, and have received no compensation from the company.



BUY

Dixon Technologies (India)

DIXON

India's largest EMS company, entering servers through the back door of a Taiwanese ODM joint venture

Summary

Dixon is India's largest electronics manufacturing services company by revenue, built on mobile-phone and consumer-electronics contract manufacturing, now growing a genuine IT-hardware and server ambition on top of that base. Its most AI-compute-stack-relevant move is a joint venture signed with Taiwanese ODM Inventec Corporation (Dixon 60%, Inventec 40%), consummated 18 October 2025, to manufacture notebooks, desktops and — explicitly — servers in India, with the factory targeted for completion in Q2 calendar 2026. Inventec is a top-5 global PC ODM with existing server manufacturing capability, making this one of the more credible server-manufacturing entry routes among this report's eight companies, even though it remains pre-revenue as of this report's research date.

The much larger story is Dixon's core execution: consolidated FY26 revenue grew 28% to ~₹48,900 crore with PAT up 33% to ₹1,644 crore, the company carries zero outstanding borrowings as of 31 March 2026, and it has simultaneously signed IT-hardware manufacturing agreements with HP, Lenovo, Acer and Asus, a display-panel joint venture with China's HKC, and a smartphone-manufacturing joint venture with Vivo — a genuinely diversified, well-capitalised platform for India's broader electronics-localisation policy push (IT Hardware PLI 2.0 explicitly covers servers).

The AI-server-specific case remains largely a call option: this report could not find a disclosed percentage of Dixon's revenue attributable to IT hardware or servers specifically — it sits bundled inside a ~90% "Mobile & EMS" segment line — and no named end-customer for the Inventec server line was found. A handful of governance items (an unconfirmed statutory auditor, an unread March 2023 SEBI order whose relevance to the listed entity is unclear) are open items rather than confirmed problems, but should be closed before this report's assessment is treated as final.

Net: a BUY, on the strength of the core execution record, the zero-debt balance sheet, and a real, if still unproven, entry into server manufacturing — priced at a multiple this report's own arithmetic finds does not yet fully capture that combination.

TARGET PRICE

12-month target	₹15,360
CMP (18 Sep 2026)	₹13,005
Implied upside	+18.1%
Rating	BUY

KEY STOCK DATA

Market cap	₹79,552 cr
P/E (trailing)	~42.4x
Book value/share	₹769
Net debt	Zero (net cash)
Credit rating	ICRA AA (Stable)/A1+

SHAREHOLDING (JUN 2026)

Promoters	28.55%
DII	28.38%
FII	17.87%
Public	25.20%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	17,691	38,860	48,873
EBITDA	705	1,515	1,873
PAT	375	1,233	1,644



Investment rationale

- **A credible server-manufacturing entry via an experienced global ODM.** The Inventec JV brings a top-5 global PC ODM's existing server-manufacturing know-how into India, rather than Dixon attempting to build that capability from scratch — factory targeted for completion Q2 calendar 2026.
- **A zero-debt balance sheet funding an aggressive multi-front expansion.** Simultaneous JVs spanning IT hardware/servers (Inventec), displays (HKC) and smartphones (Vivo) are all being funded without adding leverage, a real balance-sheet strength most peers in this report cannot match.
- **Direct participation in IT Hardware PLI 2.0**, which explicitly incentivises server manufacturing alongside laptops and tablets — Dixon's approval under the scheme (originally notified 2021, with a 2023 PLI 2.0 successor covering servers) gives it a funded pathway to scale this business.
- **Diversification reducing single-segment dependence.** Consumer electronics, appliances, lighting, mobile/EMS, security surveillance and now IT hardware give Dixon more end-market spread than any other company in this report.
- **Consistently strong recent execution.** FY26 revenue +28%, PAT +33%, following a similarly strong FY25 — a multi-year track record, not a single good quarter.
- **Improving credit quality** — ICRA's rating has moved from A+ to AA over time, citing sustained scale improvement and improved leverage metrics, now further supported by the zero-debt position.

What gives us pause

- **The server/IT-hardware opportunity is still mostly unproven revenue.** This report could not find a disclosed percentage of consolidated revenue from IT hardware/servers specifically, nor a named end-customer for the Inventec server line — the segment remains bundled inside a much larger, thinner- margin mobile/EMS base (~90% of revenue).
- **EMS-model margins are structurally thin.** Operating margin has run 3.8-4.3% across the past three years — Dixon's earnings power depends on volume and working-capital efficiency, not pricing power, a dynamic consistent with this report's own §2-3 thesis about the assembly layer of the value chain.
- **The current statutory auditor could not be confirmed** from any source this report's research reached — only a recent secretarial-auditor change (to SBYN & Associates LLP) was found.
- **An unread SEBI order exists**, dated March 2023, captioned "Dixon Technologies India Private Limited" — its relevance to the listed entity, a subsidiary, or an unrelated similarly-named private company was not established in this research pass and should be checked before this report's governance assessment is treated as complete.
- **Conflicting quarterly profit figures** appeared across secondary sources for Q1 FY26 (₹280 crore vs. ₹718 crore) — this report has not relied on either figure and flags the discrepancy for direct verification against Dixon's exchange filings.
- **Competitive-intensity concerns** have been flagged by at least one brokerage (mid-2025) as a stock overhang, given how many well-capitalised players are now chasing the same India electronics- manufacturing incentive schemes.

Corporate governance assessment

1. Which rules actually apply

Dixon is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Vice Chairman & Managing Director Atul Lall and Chairman Sunil Vachani in distinct roles, and CFO/Director-Finance Saurabh Gupta a separate individual again, the company does not carry the combined-Chairman-and-MD structure that triggers a heightened independent-director threshold under LODR. This report's research could not confirm the full current board composition or independent-director percentage — that should be checked against the FY26 annual report before this assessment is treated as complete.



2. What the company does well

MD, Chairman and CFO roles are held by three separate individuals. The company appointed a new secretarial auditor (SBYN & Associates LLP) in a move framed by coverage as governance-strengthening. Two long-serving independent directors (Dr Manuji Zarabi, Ms Poornima Shenoy) completed their full, Companies-Act-limited terms and retired on schedule (February 2025) rather than being extended past statutory limits — a clean, by-the-book board-refresh signal. The zero-debt balance sheet removes an entire category of promoter-guarantee and covenant risk relevant to governance.

3. Grey areas

Material related-party transactions by Dixon's subsidiaries, disclosed for shareholder approval at values "likely to exceed ₹1,000 crore," were referenced in company disclosures without full counterparty detail available in this research pass — plausibly routine intra-group EMS arrangements (e.g. with Padget Electronics or JV subsidiaries), but not independently confirmed as such. A \$220 million guarantee issued to Lenovo for the Padget Electronics division indicates meaningful financial exposure to a single customer relationship, worth monitoring even absent any current concern.

4. Red flags

None confirmed, but one item remains genuinely unresolved. The March 2023 SEBI order captioned "Dixon Technologies India Private Limited" was located but its content was not read in this research pass, and its relevance to the NSE/BSE-listed Dixon Technologies (India) Limited could not be established — it may concern the listed entity, a subsidiary, or an unrelated private company of similar name. We flag this explicitly rather than assuming either a clean record or a live issue.

5. Items to watch

Direct confirmation of the March 2023 SEBI order's subject and relevance; confirmation of the current statutory auditor's identity; disclosure, if it ever comes, of a standalone IT-hardware/server revenue percentage; and the Inventec JV factory's actual completion and first shipment dates against the Q2 calendar-2026 target.

GOVERNANCE CONCLUSION

Adequate on every point this report could verify, with one open item that is not yet a red flag but should not be ignored. Board-refresh discipline, a zero-debt balance sheet, and separated leadership roles are all genuine positives. The unread 2023 SEBI order and unconfirmed statutory auditor are gaps in verification, not confirmed problems — but a reader relying on this report should close them independently before treating Dixon's governance as fully clean.



SWOT analysis

STRENGTHS

- India's largest EMS company by revenue, zero net debt
- Inventec JV brings proven global ODM server-manufacturing capability into India
- Diversified across mobiles, consumer electronics, appliances, lighting, IT hardware
- ICRA AA (Stable)/A1+, an improving credit trajectory
- FY26 revenue +28%, PAT +33%, a multi-year consistent growth record

WEAKNESSES

- Structurally thin EMS operating margins (3.8-4.3%)
- No disclosed IT-hardware/server revenue % — bundled in a ~90% mobile/EMS line
- Statutory auditor unconfirmed; a 2023 SEBI order's relevance unresolved
- No named end-customer yet for the Inventec server line

OPPORTUNITIES

- IT Hardware PLI 2.0's explicit server-manufacturing incentive
- Inventec JV scaling into system integration and full box-build over time
- HKC display JV and Vivo smartphone JV broadening the manufacturing platform further
- India's broader electronics-localisation policy tailwind (ECMS, PLI schemes)

THREATS

- Rising competitive intensity as more well-capitalised players chase the same incentive schemes
- Thin-margin EMS model exposed to input-cost and currency swings
- Execution risk across simultaneous multi-JV expansion (Inventec, HKC, Vivo)
- Unresolved 2023 SEBI order, if it does concern the listed entity

Key developments to watch

- **Inventec JV factory completion** against its Q2 calendar-2026 target, and the first disclosed server shipment/customer.
- **Vivo JV (Adivistar Electronics) ramp** to full-scale operations, targeted September 2026.
- **Any disclosed IT-hardware/server revenue split** in a future investor presentation.
- **Resolution of the March 2023 SEBI order's relevance** to the listed entity.

Key risks to be aware of

- **Execution risk (dominant).** Four simultaneous JVs (Inventec, HKC, Vivo, plus the existing PLI IT-hardware ramp) is an unusually large number of concurrent new-business bets for one management team.
- **Margin risk.** The core EMS model's thin margins leave limited room for absorbing cost shocks.
- **Disclosure risk.** The unconfirmed auditor and unread SEBI order limit full governance verification.
- **Customer-concentration risk** implied by the \$220m Lenovo guarantee.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 42.4x and CMP of ₹13,005, implied trailing EPS is ~₹306.7. Applying an *indicative* 25% forward EPS growth assumption (below Dixon's historical 4-year revenue CAGR of ~42%, reflecting a large-base deceleration assumption, not management guidance) gives a constructed FY27E EPS of ~₹383.4. We apply a target multiple band centred close to the current multiple, reflecting a genuinely strong but not yet AI-server-proven business:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	35.0x	383.4	13,419	+3.2%
Base	40.0x	383.4	15,336	+17.9%
Bull	45.0x	383.4	17,253	+32.7%



Base case rounded to ₹15,360. EV/EBITDA cross-check not performed given the zero-net-debt position makes the two methods converge closely. Named brokerage reference: Nuvama's December 2026 target of ₹16,600 (source not independently re-verified against the primary note) sits above our base case, consistent with a bull-leaning house view; our figure is set more conservatively pending closure of the open governance items above.

RECOMMENDATION: BUY, TARGET ₹15,360 (+18.1% FROM ₹13,005, 18 SEP 2026)

Upgrade triggers: a disclosed IT-hardware/server revenue percentage showing meaningful scale; a named anchor customer for the Inventec server line; confirmation of the statutory auditor and resolution of the 2023 SEBI order with no adverse finding. **Downgrade triggers:** a delay to the Inventec JV factory beyond Q2 calendar 2026; any adverse finding in the unresolved SEBI order; or a margin deterioration below the recent 3.8-4.3% band.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY23	FY24	FY25	FY26
Revenue	12,192	17,691	38,860	48,873
EBITDA	519	705	1,515	1,873
EBITDA margin	4.3%	4.0%	3.9%	3.8%
Net profit (PAT)	255	375	1,233	1,644

Selected metrics	FY26
Book value/share	₹769
Net debt	Zero (net cash)
ICRA rating	AA (Stable)/A1+

Source: screener.in (18 Sep 2026); FY26 press-release figures showed minor variance (revenue ₹49,586cr vs. screener's ₹48,873cr) not fully reconciled in this research pass.

DISCLAIMER

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SELL

Syrma SGS Technology

SYRMA

A genuinely improving EMS business trading well ahead of nearly every named brokerage's own target

Summary

Syrma SGS is a diversified electronics manufacturing services company — consumer, automotive, industrial and healthcare PCB assembly — that has, within the past year, taken its most direct step yet into AI-adjacent hardware: a partnership with Giga Computing (the server-ODM arm of Gigabyte), publicly marked by a "first build milestone" for PCBA production of two named server motherboard models (MS73-HB0 and MZ33-AR1) at Syrma's Chennai facility, with a stated roadmap toward full system integration and box-build. The company is simultaneously backward-integrating into PCB and copper-clad-laminate manufacturing via a South Korean joint venture (Shinhyup Electronics) in Andhra Pradesh, and has diversified into defence and maritime electronics through the acquisition of a 60% stake in Elcome Integrated Systems.

The underlying financial trajectory is genuinely strong: consolidated revenue grew from ₹3,154 crore (FY24) to ₹4,819 crore (FY26), PAT nearly tripled over the same period to ₹346 crore, and India Ratings upgraded the company's long-term bank facility rating to IND AA (Stable) in May 2026 — a clean upward credit trajectory backed by a net-cash balance sheet (~₹404 crore net cash).

The problem is almost entirely the price the market is currently asking for that story. Syrma trades at roughly 90x trailing earnings and 11.6x book value, and — unusually for this report's eight companies — this report found genuine, current, multi-house named brokerage coverage (Motilal Oswal, ICICI Direct/Securities, BOB Capital Markets, Geojit BNP Paribas, HDFC Securities) whose own targets, even at their most recent and most bullish (Motilal Oswal's ₹1,770, 30 July 2026), sit only fractionally above the current price, while the broader named-broker average (₹1,231, per Trendlyne) sits roughly 29% below it. The stock's 2026 re-rating has, on the weight of the evidence this report gathered, outrun its own covering analysts.

Net: a SELL — not because the business is deteriorating, but because this report's own valuation arithmetic, echoed by the median of a genuinely well-covered analyst base, cannot support the current price even on optimistic growth assumptions.

TARGET PRICE

12-month target	₹1,250
CMP (18 Sep 2026)	₹1,729
Implied upside	(27.7)%
Rating	SELL

KEY STOCK DATA

Market cap	₹33,338 cr
P/E (trailing)	~89.8x
Book value/share	₹148 (P/B ~11.6x)
Net cash	~₹404 cr
Credit rating	Ind-Ra IND AA/Stable

SHAREHOLDING (JUN 2026)

Promoters (0% pledged)	42.28%
DII	15.90%
FII	7.51%
Public	34.17%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	3,154	3,787	4,819
EBITDA	203	323	546
PAT	124	184	346



Investment rationale

- **A direct, named entry into server manufacturing.** The Giga Computing partnership is a genuine PCBA-to-box-build roadmap for server motherboards, manufactured in Chennai — one of the more concrete AI-server-adjacent moves among this report's eight companies, even though its revenue contribution is not yet disclosed.
- **A clean, improving credit trajectory.** India Ratings moved Syrma from Stable to Positive outlook and then upgraded to IND AA (Stable) in May 2026, against a net-cash balance sheet.
- **Strong, broad-based financial momentum.** Revenue +27% and PAT +88% in FY26 alone, with EBITDA margin expanding from ~6.4% (FY24) to ~11.3% (FY26).
- **Genuine backward integration into PCB/CCL manufacturing** via the Shinhyup Electronics JV, targeted for 2026-27 commissioning, reducing reliance on imported bare boards.
- **Broad certification stack** (AS9100, IATF 16949, ISO 13485, ISO 9001/14001) spanning aerospace, automotive, medical and industrial standards — a genuine, multi-sector manufacturing-quality moat.
- **Real, multi-house sell-side analyst coverage** — a differentiator versus several other companies in this report where coverage is thin or absent.

What gives us pause

- **The stock trades ahead of nearly every named brokerage's own target.** Of nine dated broker calls this report found (January-July 2026), only the single most recent (Motilal Oswal, ₹1,770, 30 July 2026) sits above the 18 September 2026 price of ₹1,729 — and only marginally; the named-broker average sits roughly 29% below the current price.
- **The Giga Computing server line's financial contribution is undisclosed.** No revenue figure, customer commitment, or contract value has been published for the partnership as of this report's research date — the AI-server narrative currently runs ahead of any disclosed number.
- **Basic operating facts are inconsistent across public sources.** This report found the company's total manufacturing facility count cited as 5, 12 and 18 in different secondary sources — a level of inconsistency this report could not resolve, and a caution against over-relying on any single secondary description of the company's scale.
- **No disclosed customer-concentration figure** was found — unlike some peers in this report (Sasken), Syrma does not appear to publish a top-5/top-10 customer percentage, limiting external assessment of revenue-base risk.
- **Valuation multiples (89.8x P/E, 11.6x P/B) are rich by any absolute standard**, for a business still majority-weighted toward commodity consumer/automotive/industrial EMS work.
- **Investment-figure inconsistency on the Andhra Pradesh JV** — cited as both ~₹159.5 crore and ~₹1,800 crore across sources — suggests either a materially under- or over-stated scope that this report could not resolve.

Corporate governance assessment

1. Which rules actually apply

Syrma SGS is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Executive Chairman Sandeep Tandon and Managing Director Jasbir Gujral hold distinct roles; this report's own count of the disclosed board (11 members, 5 independent) suggests compliance with LODR's independent-director composition norms, though this is this report's own arithmetic on a fetched director list rather than a company-stated percentage, and should be confirmed against the FY25-26 Corporate Governance Report.



2. What the company does well

The statutory auditor (Walker Chandiok & Co LLP) was appointed at the AGM in a standard, disclosed process for a full five-year term, with no subsequent change or controversy found. No promoter share pledge exists (0.00% per aggregator data). The company maintains and publicly discloses a full suite of governance policies (related-party transactions, insider trading, whistleblower, anti-bribery). No SEBI enforcement action, litigation, or related-party-transaction controversy was found in this research pass.

3. Grey areas

The inconsistent facility-count and JV-investment figures described above are not governance issues in the compliance sense, but they do reflect a company whose public secondary-source narrative is less tightly controlled or consistently reported than some peers in this report — worth noting as a disclosure-clarity observation. The absence of any customer-concentration disclosure is a second, related gap.

4. Red flags

None found in this research pass. We note explicitly that absence of evidence is not evidence of absence — no dedicated SEBI-order-database or full BSE/NSE corporate-announcement search was performed beyond general web search, and a Business Line article specifically addressing Syrma's "cautious" stance on further semiconductor moves could not be retrieved (403 error) for full verification.

5. Items to watch

Confirmation of the current, authoritative facility count directly from the company's own disclosures; any disclosed financial contribution from the Giga Computing partnership; and resolution of the Andhra Pradesh JV investment-figure discrepancy.

GOVERNANCE CONCLUSION

Clean on every point this report could verify, with disclosure-consistency gaps that are a caution about data quality rather than a governance concern. Nothing found here argues against the company's operational and credit-quality story; the SELL rating in this report rests entirely on valuation, not on any governance finding.



SWOT analysis

STRENGTHS

- Giga Computing server-motherboard manufacturing partnership, live since Jan 2025
- Credit rating upgraded to Ind-Ra IND AA (Stable), May 2026, on a net-cash balance sheet
- Broad certification stack spanning aerospace, automotive, medical, industrial standards
- Genuine multi-house sell-side analyst coverage
- Revenue +27%, PAT +88% in FY26 alone

WEAKNESSES

- Very rich valuation: ~90x trailing P/E, ~11.6x book value
- Giga Computing line's revenue contribution undisclosed
- Facility count and JV investment figures inconsistent across sources
- No disclosed customer-concentration figure

OPPORTUNITIES

- Scaling the Giga Computing line from PCBA into full box-build
- Andhra Pradesh PCB/CCL backward integration reducing import dependence
- Defence and maritime diversification via the Elcome acquisition
- ECMS scheme participation supporting further component localisation

THREATS

- Stock trading ahead of nearly every named brokerage's own target
- Competitive EMS intensity from Dixon, Kaynes and other well-capitalised entrants
- Execution risk across multiple simultaneous JVs and acquisitions (Shinhyup, Elemaster, Elcome)
- Any slowdown in the Giga Computing partnership's progression toward box-build

Key developments to watch

- **Any disclosed financial contribution from the Giga Computing server line** — currently the single biggest gap between this company's AI-hardware narrative and its reported numbers.
- **Andhra Pradesh PCB/CCL facility commissioning**, targeted 2026-27.
- **Further named brokerage target revisions** — given how far the stock has run ahead of the current named-broker average.

Key risks to be aware of

- **Valuation risk (dominant)**. Even this report's optimistic-growth base case cannot support the current price.
- **Concentration/disclosure risk** given the absence of a published customer-concentration figure.
- **Execution risk** across several simultaneous JVs and acquisitions.
- **Narrative-ahead-of-numbers risk** specific to the still-undisclosed Giga Computing contribution.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 89.8x and CMP of ₹1,729, implied trailing EPS is ~₹19.26. Applying an *indicative* 30% forward EPS growth assumption (below the company's own recent 5-year profit CAGR of ~36%, reflecting some deceleration from a smaller base) gives a constructed FY27E EPS of ~₹25.03. We apply a target multiple band well below the current trailing multiple, reflecting both the extent of the recent re-rating and the weight of named-brokerage evidence gathered in this research:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	40.0x	25.03	1,001	(42.1)%
Base	50.0x	25.03	1,251	(27.7)%
Bull	60.0x	25.03	1,502	(13.1)%



Base case rounded to ₹1,250. Even the bull-case scenario above sits below the current price. This is broadly consistent with the named-brokerage evidence gathered in this research: Trendlyne's own aggregation of 13 reports from 5 analysts shows an average target of ₹1,230.80, itself roughly 29% below CMP by Trendlyne's own framing, and only the single freshest call (Motilal Oswal, ₹1,770, 30 July 2026) sits above current levels.

RECOMMENDATION: SELL, TARGET ₹1,250 (-27.7% FROM ₹1,729, 18 SEP 2026)

Upgrade triggers: a disclosed, material revenue contribution from the Giga Computing server line; a resolved, consistent facility-count and JV-investment disclosure; or a broad-based upward revision across the named-broker coverage set.

Downgrade triggers: any delay or wind-down of the Giga Computing partnership; further valuation expansion without a corresponding earnings upgrade; or a customer-concentration disclosure revealing higher-than-assumed dependence on a small client base.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	3,154	3,787	4,819
EBITDA	203	323	546
EBITDA margin	6.4%	8.5%	11.3%
Net profit (PAT)	124	184	346

Selected metrics	FY26
ROE	14.0%
ROCE	16.8%
Net cash	~₹404 cr
Order book	~₹6,400 cr

Source: screener.in (18 Sep 2026), cross-checked against ScanX/company results coverage cited above.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Syrma SGS Technology Limited, and have received no compensation from the company.



HOLD

L&T Technology Services

LTTS

The best credit quality and the cheapest multiple in this report — for a semiconductor practice it will not size for you

Summary

LTTS is the engineering R&D services arm of the Larsen & Toubro group, reporting through three segments — Mobility, Sustainability and Tech — with semiconductor design, embedded software and, increasingly, AI-data-centre engineering all sitting inside the Tech segment (32-33% of FY26 revenue by one measure). The company entered chip design specifically through its 2018 acquisition of Graphene Semiconductor Services, which brought VLSI design and embedded-software expertise and a claimed roster of "10 of the world's top semiconductor fabrication and fabless companies" as customers — never named publicly. LTTS markets a dedicated "AI data stack" practice spanning power, cooling, compute and software engineering for data-centre clients, and opened a new AI- and defence-focused engineering design centre in Plano, Texas in mid-2025.

Financially, LTTS carries the strongest credit profile of any company in this report — CRISIL reaffirmed AAA/Stable/A1+ in June 2026, supported by a debt-free balance sheet (aside from lease liabilities) and ₹3,531 crore of cash and liquid surplus. Large-deal order intake has been consistently strong, with quarterly total-contract-value wins running \$180-300 million across the past three quarters disclosed in this research. Against that, operating margin has compressed steadily from 22% (FY22) to 18% (FY26), and FY26 net profit growth was essentially flat versus FY25.

The core limitation for this report's purposes is disclosure: LTTS explicitly describes its semiconductor, data-centre-engineering and e-commerce-platform businesses as "newly incubated" and "yet to meaningfully contribute to overall revenue," with no standalone percentage disclosed for any of them. This report cannot verify how large the AI-compute-stack-specific opportunity actually is inside LTTS today — only that management describes it as still small relative to the whole.

Net: a HOLD. LTTS is the most conservatively financed, most creditworthy company in this report, trading at a materially lower multiple than its AI-server or OSAT-linked peers — but the margin-compression trend and the total absence of a disclosed AI/semiconductor revenue figure mean there is no verifiable basis for a more constructive call today.

TARGET PRICE

12-month target	₹3,476
CMP (18 Sep 2026)	₹3,339
Implied upside	+4.1%
Rating	HOLD

KEY STOCK DATA

Market cap	₹35,199 cr
P/E (trailing)	~26.0x
Book value/share	₹611
ROCE / ROE	26.7% / 21.5%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (L&T)	73.52%
DII	14.05%
FII	4.13%
Public	8.29%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	9,647	9,642	10,996
Operating profit	1,919	1,790	1,935
PAT	1,306	1,264	1,281



Investment rationale

- **The strongest balance sheet and credit rating in this report.** CRISIL AAA/Stable/A1+, nil utilisation of fund-based bank limits, and ₹3,531 crore of cash and liquid surplus as of March 2026 — categorically the safest name among this report's eight companies.
- **The cheapest valuation multiple among the AI-compute-stack peer set covered here** — ~26x trailing earnings versus 42-110x for several peers, despite a genuine (if undisclosed-in-scale) semiconductor and AI-data-centre engineering practice.
- **Consistent, large-scale deal-win momentum.** Quarterly large-deal TCV of \$180-300 million across the three most recently disclosed quarters, including individual deals as large as \$100 million.
- **A genuine, decade-old semiconductor design practice,** not a recent pivot — the Graphene acquisition dates to 2018, giving LTTS a longer track record in chip-design services than most peers attempting to enter this space now.
- **A dedicated AI-data-centre engineering practice** spanning power, cooling, compute and software — directly relevant to this report's own value-chain framing of the "hard half" engineering problem in §2-3.
- **L&T group parentage** provides financial and reputational backing that most peers in this report, as standalone entities, do not have.

What gives us pause

- **No disclosed AI/semiconductor/data-centre revenue figure exists** — management explicitly describes these as sub-scale, "newly incubated" businesses, which means this report cannot verify how large or fast-growing the AI-compute-stack-specific opportunity inside LTTS actually is.
- **Operating margin has compressed for four straight years,** from 22% (FY22) to 18% (FY26) — a trend this report's research could not attribute to any single, disclosed cause.
- **FY26 profit growth was essentially flat** versus FY25 (₹1,281cr vs. ₹1,264cr, +1.3%), despite double-digit revenue growth and strong deal-win momentum — suggesting cost pressure is offsetting top-line gains.
- **No named semiconductor or hyperscaler client** was found for the Tech segment's marquee work — only the unnamed "10 of the world's top" claim.
- **The current statutory auditor is unclear** — conflicting names (Khimji Kunverji and Co LLP vs. MSKA & Associates) surfaced in this research and were not resolved.
- **Named brokerage coverage is genuinely split** — from a "Sell"-skewed 41-analyst compilation to a Buy-rated ₹4,850 target (Choice Institutional Equities), a wider disagreement than this report found for several other companies.

Corporate governance assessment

1. Which rules actually apply

LTTS is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, and additionally operates under L&T group-level governance norms given its 73.52% promoter holding by Larsen & Toubro Ltd. This report's research could not fully confirm the current independent-director percentage of the board — that should be checked against the latest annual report before this assessment is treated as complete.

2. What the company does well

LTTS maintains a published, dated Related Party Transactions Policy (version 5.0, February 2025) explicitly aligned to Companies Act Section 188 and SEBI LODR Regulation 23, with wholly-owned-subsidiary transactions charged at cost and material RPTs disclosed to exchanges within 24 hours of board approval — a genuinely specific, verifiable governance commitment. No SEBI penalty or material litigation against LTTS itself was found in this research pass; a November 2025 stock-volume clarification was a routine, proactive disclosure rather than an adverse finding.



3. Grey areas

The conflicting statutory-auditor names found in this research (Khimji Kunverji and Co LLP vs. MSKA & Associates) suggest either a recent, undisclosed-in-this-research auditor transition or a data- aggregation error — this report could not distinguish between the two and flags it as an open item. The lack of any disclosed AI/semiconductor revenue percentage, while not a compliance issue, does limit external financial transparency into one of the company's most strategically marketed growth areas.

4. Red flags

None found in the sources this report's research reached. No SEBI enforcement action, and the one identified parent-company (Larsen & Toubro Ltd, not LTTS) tax-penalty item is explicitly a different legal entity and should not be attributed to LTTS.

5. Items to watch

Confirmation of the current statutory auditor's identity; any future disclosure of a standalone AI/semiconductor/data-centre revenue percentage; and whether the four-year operating-margin compression trend stabilises or continues.

GOVERNANCE CONCLUSION

Sound, with one unresolved data-quality item. LTTS's disclosed governance practices (RPT policy, proactive market-clarification disclosures) are genuinely specific and verifiable, and no adverse finding was located. The conflicting auditor-name data point should be closed before this report's governance assessment is treated as fully complete, but nothing found here argues for a governance-driven discount.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable/A1+ — the strongest credit rating among this report's eight companies
- Cheapest valuation multiple (~26x) among the AI-compute-stack peer set here
- Consistent \$180-300m quarterly large-deal TCV momentum
- A decade-old, not newly-pivoted, semiconductor design practice (Graphene, 2018)
- L&T group parentage and financial backing

WEAKNESSES

- No disclosed AI/semiconductor/data-centre revenue percentage
- Four straight years of operating-margin compression (22% → 18%)
- FY26 profit growth essentially flat despite strong deal wins
- Statutory auditor identity unresolved in this research

OPPORTUNITIES

- Dedicated "AI data stack" engineering practice spanning power, cooling, compute and software
- New Plano, Texas AI/defence-focused design centre (opened June 2025)
- Expanded Siemens partnership for AI-led industrial process engineering
- Broader India ER&D sector tailwind (Nasscom: sector to cross \$100bn revenue by 2030)

THREATS

- Continued margin compression if cost pressures (e.g. labour-code changes) persist
- No disclosed AI-specific revenue means the market cannot yet reward this growth line explicitly
- Split analyst coverage reflecting genuine disagreement on near-term direction
- Competitive ER&D intensity from Cyient, Tata Elxsi, HCLTech and global peers

Key developments to watch

■ **Any future disclosure of a standalone AI/semiconductor/data-centre revenue percentage** — the single most valuable disclosure this company could make for this report's thesis.



- Whether the four-year margin-compression trend stabilises in FY27.
- Confirmation of the current statutory auditor.

Key risks to be aware of

- **Margin risk (dominant).** Four consecutive years of operating-margin decline is a trend, not noise, and this report could not identify its root cause from public disclosures.
- **Disclosure risk** specific to the AI/semiconductor segment, which limits how confidently this report — or any external analyst — can size the opportunity.
- **Client-concentration risk** implied by the unnamed "10 of the world's top" semiconductor-client claim.
- **Valuation-multiple risk** is comparatively low given the current cheap multiple, but a further margin miss could still compress it further.

Valuation

₹ per share unless stated

FY26 PAT of ₹1,281cr on an implied share count of ~10.54cr (market cap ÷ CMP) gives FY26 EPS of ~₹121.5. Applying an *indicative* 10% forward EPS growth assumption (reflecting the recent flat profit trend, not management guidance) gives a constructed FY27E EPS of ~₹133.7. We apply a target multiple band close to the current trailing multiple, reflecting a stable, well-financed but not currently accelerating business:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	22.0x	133.7	2,941	(11.9)%
Base	26.0x	133.7	3,476	+4.1%
Bull	30.0x	133.7	4,011	+20.1%

Base case rounded to ₹3,476. Named brokerage targets found in this research span a wide ₹2,900-4,850 range, itself a sign of genuine analyst disagreement; our base case sits within that range but does not adopt either extreme.

RECOMMENDATION: HOLD, TARGET ₹3,476 (+4.1% FROM ₹3,339, 18 SEP 2026)

Upgrade triggers: any disclosed standalone AI/semiconductor revenue figure showing meaningful scale or growth; stabilisation or reversal of the four-year margin-compression trend; a named marquee semiconductor or hyperscaler client. **Downgrade triggers:** a further margin decline below 18%; a material deal-win slowdown from the recent \$180-300m quarterly run-rate; or an adverse statutory-auditor- related disclosure.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY22	FY23	FY24	FY25	FY26
Revenue	6,570	8,014	9,647	9,642	10,996
Operating profit	1,415	1,711	1,919	1,790	1,935
Operating margin	22%	21%	20%	19%	18%
Net profit (PAT)	961	1,174	1,306	1,264	1,281



Selected ratios	FY26
ROCE	26.7%
ROE	21.5%
Dividend yield	1.73%
5-year revenue CAGR	15%

Source: screener.in (18 Sep 2026).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, L&T Technology Services Limited, and have received no compensation from the company.



SELL

Netweb Technologies India

NETWEB

This report's own thesis, priced against itself: the purest AI-server play here, at the richest multiple

Summary

Netweb is the closest thing to a pure-play AI/HPC server manufacturer in India's listed markets — its Tyrone brand spans over 200 server models, it is a confirmed NVIDIA manufacturing partner for the Grace and Grace-Hopper MGX platforms, and it holds Intel Partner Award recognition. Its single largest disclosed order is a ₹1,734 crore contract (September 2025, ex-GST) to supply Nvidia Blackwell-based AI infrastructure servers under the IndiaAI Mission — the most direct, largest confirmed link between any company in this report and India's sovereign AI-compute build-out. FY26 revenue grew ~87-90% year-on-year to ~₹2,184 crore, with the company's own commentary crediting AI-systems revenue growth of 459.6% YoY as the primary driver, and the order book plus pipeline stood at roughly ₹2,507 crore and ₹10,410 crore respectively as of the June 2026 quarter.

The company inaugurated a flagship Faridabad manufacturing facility in May 2024 and completed a ₹1,200 crore Qualified Institutions Placement in August 2026 to fund further capacity expansion tied to IT Hardware PLI 2.0 commitments. CRISIL has upgraded Netweb's rating twice within roughly a year, most recently reaffirming CRISIL A+/Stable in August 2025, alongside a large increase in rated bank facilities — a genuine, improving credit signal behind the growth story.

The problem is almost entirely valuation, and it is the sharpest illustration in this entire report of the thesis this primer opened with: Nvidia's own reported margin (~75% gross) and the reported white-box AI-server assembly margin compression (from ~18-20% toward 6-8% generation over generation, per industry trade-press data cited in §3) describe exactly the business Netweb is in — yet the stock trades at roughly 106x trailing earnings, a multiple this report's own valuation arithmetic cannot support even under a materially above-consensus growth assumption. Governance disclosure is also thinner than a company of this market capitalisation warrants: only one independent director was confirmed in this research, against a board with four Lodha-family executive/whole-time directors and a combined Chairman-and-Managing-Director role.

TARGET PRICE

12-month target	₹4,016
CMP (18 Sep 2026)	₹4,664
Implied upside	(13.9)%
Rating	SELL

KEY STOCK DATA

Market cap	₹27,729 cr
P/E (trailing)	~106x
Book value/share	₹127
ROE / ROCE	32.8% / 37.5%
Credit rating	CRISIL A+/Stable/A1

SHAREHOLDING (JUN 2026)

Promoters (Lodha family)	66.98%
Public	17.84%
FII	9.27%
DII	5.91%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	724	1,149	2,184
EBITDA margin	14%	14%	13%
PAT	76	114	206



Net: a SELL. This is not a judgment that Netweb's business is weak — order momentum, Nvidia partnership depth and credit-rating trajectory are all genuinely strong — but a judgment that the price already assumes a continuation of margin economics this report's own research suggests are moving in the opposite direction industry-wide.

Investment rationale

- **A confirmed NVIDIA manufacturing partnership**, spanning Grace and Grace-Hopper MGX server designs, plus Intel Partner Award recognition — genuine reference-design compliance of exactly the kind this report's §1-4 identifies as the entry ticket to this industry.
- **The single largest, most direct IndiaAI Mission link found anywhere in this report.** The ₹1,734 crore Blackwell-based server order (September 2025) is a confirmed, named, government-programme-linked revenue event, not a marketing claim.
- **An improving credit trajectory.** CRISIL upgraded Netweb's long-term rating from A to A+ in June 2025 and reaffirmed it in August 2025, alongside a large increase in rated bank facilities — a genuine signal of strengthening financial capacity.
- **A large, growing order pipeline.** ₹2,507 crore order book plus ~₹10,410 crore total pipeline as of Q1 FY27, with management guidance of ~60% conversion over 18-24 months.
- **A dedicated, purpose-built manufacturing facility** (Faridabad, inaugurated May 2024), spanning PCB design, SMT assembly and full system integration — genuine in-house capability, not pure trading/ resale.
- **Explosive reported AI-segment growth.** Company commentary cites 459.6% YoY growth in "AI Systems" revenue in FY26, the fastest-growing disclosed line of any company in this report.

What gives us pause

- **The valuation already prices in years of continued hyper-growth at expanding, not compressing, margins** — directly at odds with this report's own §3 industry data on assembly-layer margin compression. This is the central reason for this report's SELL call.
- **Governance disclosure is thin for a company of this scale.** Only one independent director (Mrutyunjay Mahapatra) was confirmed in this research, against an executive Chairman-and-Managing-Director (Sanjay Lodha) and three further Lodha-family whole-time directors — this report could not confirm whether the board meets SEBI LODR's heightened independent-director threshold for an executive-chaired board.
- **Recent, material promoter selling.** Promoter holding fell from ~71.0% to 66.98% over one recent quarter, per this research's shareholding-pattern data — not necessarily adverse, but worth noting alongside the August 2026 QIP dilution.
- **CRISIL's own rating rationale explicitly flags supplier and customer concentration risk** — a direct, rating-agency-confirmed vulnerability, not merely an analyst's inference.
- **Unreconciled financial discrepancies exist across secondary sources** for revenue and EBITDA figures — this report has used screener.in's figures (cross-checked against the company's own FY26 results release) as the primary reference, but flags that other aggregated sources showed materially different numbers.
- **An unresolved CESTAT customs/excise appeal** is pending, with the amount in dispute not disclosed in the sources this research reached.

Corporate governance assessment

1. Which rules actually apply

Netweb is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Sanjay Lodha holding both Chairman and Managing Director titles, SEBI LODR requires at least half the board to be independent directors — this report could not confirm the company's compliance with that threshold, since only one independent director was named in the sources reached. This is the report's single largest governance-verification gap for this company and should be closed before Netweb's governance is assessed as complete.

2. What the company does well

MD and CFO roles are held by separate individuals (Sanjay Lodha as Chairman/MD; Ankit Kumar Singhal as CFO, confirmed permanent in the role since May 2025). Secretarial audit (by P.C. Jain & Co.) confirmed full regulatory adherence in the FY2025 Annual Secretarial Compliance Report. The company's own governance disclosure states all related-party transactions were conducted with prior audit-committee approval — a self-reported compliance statement, not independently verified by this research, but a correctly-followed process on its face.

3. Grey areas

Four of the company's directors (Sanjay, Vivek, Navin and Niraj Lodha) are Lodha-family members in executive or whole-time roles — a heavily promoter-family-weighted board structure. The CFO transition (Prawal Jain's November 2024 departure, cited as "to explore external opportunities," followed by Ankit Singhal's confirmation) happened without this research finding a detailed public explanation, ordinary for a mid-sized listed company but worth noting given how much of the current growth narrative depends on continuity of financial leadership.

4. Red flags

None confirmed as adjudicated matters, but one unresolved item requires disclosure: a tax/ customs-type order dated 8 May 2025 confirmed a demand, interest and penalty against the company; Netweb has appealed to CESTAT, and the matter remains pending with neither the amount in dispute nor the specific subject fully disclosed in the sources this research reached. No SEBI enforcement action or insider-trading finding was found.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board; resolution of the CESTAT appeal and disclosure of the amount in dispute; and reconciliation of the conflicting revenue/ EBITDA figures found across secondary sources against the primary annual report.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, but a heavily family-weighted board, an unconfirmed independent-director percentage against a combined Chairman/MD structure, and an unresolved tax appeal mean the appropriate governance discount belongs in the valuation multiple — reinforcing, not offsetting, this report's separately-derived SELL call on valuation grounds alone.



SWOT analysis

STRENGTHS

- Confirmed NVIDIA manufacturing partner (Grace/Grace-Hopper MGX), Intel Partner Award
- Largest confirmed IndiaAI Mission order in this report (₹1,734cr, Sep 2025)
- CRISIL rating upgraded twice within roughly a year
- Purpose-built Faridabad manufacturing facility with full system-integration capability
- Large order pipeline (~₹10,410cr) with disclosed conversion guidance

WEAKNESSES

- Valuation (~106x trailing P/E) unsupported by this report's own arithmetic
- Only one confirmed independent director against an executive Chairman/MD structure
- CRISIL itself flags supplier and customer concentration risk
- Recent promoter selling (71.0% → 66.98% of holding in one quarter)

OPPORTUNITIES

- IndiaAI Mission's continued scale-up toward 100,000 GPUs by end-2026
- Faridabad capacity expansion funded by the August 2026 QIP
- Growing HPC/supercomputing relationship with C-DAC and the National Supercomputing Mission
- Further Nvidia architecture-generation reference designs (post-Blackwell)

THREATS

- Industry-wide assembly-margin compression this report's §3 documents with real, sourced data
- Nvidia's own reported move to centralise assembly among a smaller manufacturer circle
- Customer/supplier concentration, as flagged by CRISIL's own rating rationale
- Unresolved CESTAT customs appeal and thin independent-director disclosure

Key developments to watch

- **Full disclosure of board composition and independent-director percentage** — the single most important governance item to close for this company.
- **Resolution of the CESTAT appeal** and disclosure of the amount in dispute.
- **Conversion of the ~₹10,410cr pipeline** against management's stated 60%/18-24-month guidance.
- **Reconciliation of conflicting revenue/EBITDA figures** against the FY26 annual report once published.

Key risks to be aware of

- **Valuation risk (dominant)**. At ~106x trailing earnings, this report's own arithmetic finds no scenario, even a bullish one, that supports meaningful further upside.
- **Margin-compression risk**, directly on-thesis with this report's own §2-3 findings about the assembly layer of this industry.
- **Concentration risk**, confirmed by CRISIL's own rating rationale.
- **Governance-disclosure risk** given the thin confirmed independent-director representation.

Valuation

₹ per share unless stated

FY26 PAT of ₹206cr on an implied share count of ~5.946cr (market cap ÷ CMP, reflecting the August 2026 QIP dilution) gives FY26 EPS of ~₹34.6. Applying an *indicative* 45% forward-growth assumption (moderated well below the company's own disclosed 5-year profit CAGR of ~90%, on the basis that growth at this magnitude cannot persist indefinitely off a rapidly-scaling base) gives a constructed FY27E EPS of ~₹50.2. We apply a target multiple band below the current trailing multiple, reflecting the industry-wide margin-compression evidence in §3 rather than assuming Netweb is exempt from it:



Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	65.0x	50.2	3,263	(30.0)%
Base	80.0x	50.2	4,016	(13.9)%
Bull	95.0x	50.2	4,769	+2.3%

Base case rounded to ₹4,016. Even our bull-case scenario, applying a 95x forward multiple against a well-above-consensus 45% growth assumption, produces only marginal upside from the current price — a sign of how much good news is already reflected in ₹4,664. Named brokerage targets found in this research (ICICI Securities ₹4,110, initiated December 2025; BofA Securities ~₹5,000, date unconfirmed) sit on either side of our base case; both are dated well before the stock's most recent run-up, and neither, on this report's reading, has been updated to reflect it.

RECOMMENDATION: SELL, TARGET ₹4,016 (-13.9% FROM ₹4,664, 18 SEP 2026)

Upgrade triggers: confirmed board independence meeting SEBI LODR's 50% threshold; disclosed evidence that assembly-layer margins are holding or expanding against this report's own industry findings; resolution of the CESTAT appeal with no material liability. **Downgrade triggers:** any further evidence of Nvidia's own margin-capture strategy tightening (per §1, §3); a slowdown in pipeline- to-order-book conversion; or further promoter selling.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	724	1,149	2,184
EBITDA margin	14%	14%	13%
Net profit (PAT)	76	114	206

Selected metrics	FY26
ROE	32.8%
ROCE	37.5%
Order book (Q1 FY27)	₹2,507 cr
Pipeline (Q1 FY27)	~₹10,410 cr

Source: screener.in (18 Sep 2026), cross-checked against the company's own FY26 results release (₹21,835.6mn = ₹2,183.6cr revenue, consistent with the screener.in figure used here).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Netweb Technologies India Limited, and have received no compensation from the company.



SELL

Kaynes Technology India

KAYNES

A real, operational OSAT asset, sitting inside a year of genuine governance and execution deterioration

Summary

Kaynes is a diversified EMS company — automotive, industrial, aerospace, medical, railways — that has built a genuine semiconductor packaging asset in Kaynes Semicon, whose Sanand, Gujarat OSAT facility began commercial production of Intelligent Power Modules in early 2026 and was formally inaugurated by the Prime Minister in April 2026, described in press coverage as India's second operational chip (OSAT) unit under the India Semiconductor Mission. The company has also allocated 60-70% of new PCB production capacity to High-Density Interconnect boards used in AI servers and high-speed networking, though this is a manufacturing-capability move rather than a disclosed AI-server end-product line — this report's research found no confirmed Nvidia/AMD/Intel partner status and no confirmed IndiaAI Mission or C-DAC contract for Kaynes, a genuine point of contrast with Netweb.

The past twelve months have been materially difficult. On 5 December 2025, Kotak Institutional Equities flagged related-party-disclosure inconsistencies across Kaynes Technology, its subsidiary Kaynes Electronics Manufacturing, and group entity Iskraemeco, raising questions under three separate accounting standards; the stock fell more than 12% intraday, and the company subsequently characterised the inconsistencies as an inadvertent standalone-statement omission, since rectified. CRISIL placed the company on "A/Watch Developing" that same month before removing the watch and reaffirming CRISIL A/Stable in March 2026. Separately, and independently of that episode, SEBI issued a formal settlement order on 27 March 2026 against promoter and Executive Vice Chairman Ramesh Kunhikannan, who paid ₹23.42 lakh to settle an insider-trading/unpublished-price-sensitive-information database investigation covering a March-June 2023 trading window.

FY26 results then confirmed the operational side of the deterioration: revenue of ₹3,626 crore came in roughly 19-20% below the company's own original ₹4,500 crore guidance (twice cut during the year), and operating cash flow was negative ~₹600 crore, against a working-capital cycle that had stretched to 179 days by year-end. The stock fell from an October 2025 high of ₹7,705 to the ₹3,500 range by this report's research date — a decline of roughly 54%.

TARGET PRICE

12-month target	₹2,925
CMP (18 Sep 2026)	₹3,515
Implied upside	(16.8)%
Rating	SELL

KEY STOCK DATA

Market cap	₹23,629 cr
P/E (trailing)	~68.0x
Book value/share	₹708
ROE / ROCE	8.69% / 12.7%
Credit rating	CRISIL A/Stable (post-Watch)

SHAREHOLDING (JUN 2026)

Promoters	53.46%
Public	28.93%
DII	11.78%
FII	5.82%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	1,805	2,722	3,626
EBITDA margin	14%	15%	16%
PAT	183	293	364



Net: a SELL. Kaynes holds a real, operating semiconductor asset that matters to India's AI-compute- stack build-out at the national level, but the combination of a confirmed SEBI settlement against its top promoter, a disclosure-inconsistency controversy, and a substantial guidance miss with negative cash flow means this report cannot separate the OSAT-asset story from a genuine, recent deterioration in execution and governance quality.

Investment rationale

- **A genuinely operational OSAT facility.** Kaynes Semicon's Sanand plant began commercial production in early 2026 and was inaugurated by the Prime Minister in April 2026 — described in press coverage as India's second operational chip packaging unit under the India Semiconductor Mission, ramping from 1.5 million toward a stated peak of 6.3 million chips/day.
- **Meaningful capacity committed to AI-relevant PCB technology.** 60-70% of new PCB production capacity allocated to High-Density Interconnect boards used in AI servers, HPC and high-speed networking — a genuine manufacturing-capability upgrade, even without a disclosed end-product AI-server line.
- **A large and, per management, growing order book** — cited at ₹6,597 crore (FY25 year-end), rising toward ~₹9,000 crore by the Q3 FY26 concall, with management reiterating a \$1 billion FY28 revenue target.
- **Government scheme participation** across ISM (OSAT subsidy) and, implicitly, broader electronics- manufacturing incentive programmes, consistent with the company's stated diversified-vertical strategy.
- **Credit rating stabilised, not permanently impaired.** CRISIL's "A/Watch Developing" placement was removed within roughly three months, with the rating reaffirmed at A/Stable in March 2026.

What gives us pause

- **A confirmed, primary-sourced SEBI settlement order against the company's top promoter.** SEBI's own settlement order (27 March 2026) confirms Executive Vice Chairman Ramesh Kunhikannan paid ₹23.42 lakh to settle an insider-trading/ UPSI-database investigation — the single most material, independently verified governance fact found for any company in this report.
- **A December 2025 related-party-disclosure controversy,** flagged by Kotak Institutional Equities, raising specific questions under three accounting standards (Ind AS 24, 38 and 103) — the company's own same-day clarification characterised the issue as an inadvertent standalone-statement omission, "since rectified," but the episode wiped out a substantial portion of the stock's market value in the days that followed.
- **A large FY26 guidance miss with negative operating cash flow.** Revenue guidance was cut twice during the year and still missed by ~19-20%; FY26 operating cash flow was negative ~₹600 crore against a 179-day working-capital cycle — flagged explicitly by JM Financial in its May 2026 downgrade.
- **The order book grew even as delivered revenue badly missed guidance** — a disconnect between booked demand and executed revenue that this report's research could not fully explain, and that should concern anyone relying on the order book as a predictor of near-term results.
- **Kaynes's actual AI/data-centre revenue exposure is genuinely unclear** — unlike Netweb, no disclosed AI-specific revenue line exists, no Nvidia/AMD/Intel partner status was confirmed, and the OSAT facility's first product (automotive/ industrial power modules) is not itself an AI-compute part.
- **Named brokerage coverage is split and was materially revised downward through the period** — JM Financial (Reduce, ₹4,350), CLSA (Outperform, ₹4,200) and Elara Capital (Buy, cut ~30% to ₹5,365) all issued their most recent calls around the guidance-miss period, reflecting genuine, ongoing disagreement.



Corporate governance assessment

1. Which rules actually apply

Kaynes is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairperson (Savitha Ramesh) and Managing Director (Dr Muthukumar Narayanaswamy) are distinct individuals, so the board does not carry a combined-Chairman-and-MD structure; however, promoter and Executive Vice Chairman Ramesh Kunhikannan (Savitha Ramesh's husband) remains a central, non-titular figure in the company's governance — a family-linked board structure worth naming explicitly rather than glossing over. This report's research could not confirm the current total board size or independent-director percentage.

2. What the company does well

The company issued prompt, same-day clarifications on both the December 2025 related-party-disclosure controversy and a separate media report about a possible auditor change (which it denied), rather than allowing either story to sit unaddressed. Two new independent, non-executive directors — Rajesh Balkrishna Mittal and Annadurai Mylswamy — were appointed in May 2026, broadening board composition following the governance controversies of the prior months. The statutory auditor, K.P. Rao & Co, issued an unmodified audit opinion on the FY26 results.

3. Grey areas

The husband-and-wife Chairperson/Executive-Vice-Chairman structure, while not itself a LODR violation, concentrates influence within one family group at the top of the company. The company's own explanation for the December 2025 related-party-disclosure gap — an "inadvertent" standalone-statement omission — is Kaynes's own characterisation, not independently verified by this research; Kotak's original note raised questions specific enough (mismatched payables/receivables figures, capitalisation-of-intangibles questions) that a reader should treat the "inadvertent and rectified" framing as the company's position, not a settled external finding.

4. Red flags

Yes — a confirmed, primary-sourced SEBI settlement order. SEBI's own website confirms a settlement order dated 27 March 2026 against Ramesh Kunhikannan (described in contemporaneous coverage as "MD of Kaynes Technology India" at the relevant 2023 period) for lapses in maintaining a Structured Digital Database of unpublished price-sensitive information, paying ₹23.42 lakh, with the order subject to reopening in case of misrepresentation or breach of settlement terms. This is the clearest, most directly-attributable governance red flag identified for any company in this report, and should be weighted accordingly by any reader.

5. Items to watch

Any further SEBI or exchange action connected to the December 2025 related-party-disclosure episode; confirmation of the current, complete board composition and independent-director percentage; and whether FY27 results show the order-book-to-revenue conversion gap narrowing.

GOVERNANCE CONCLUSION

Materially weaker than every other company in this report, on primary-sourced evidence, not inference. A confirmed SEBI settlement against the company's top promoter, a disclosure-inconsistency episode serious enough to trigger a CRISIL rating-watch placement, and a family-concentrated board structure together justify a real governance discount — reflected here in a target-multiple band set well below the current trailing multiple, on top of, not instead of, the operational concerns in the valuation section below.



SWOT analysis

STRENGTHS

- Kaynes Semicon OSAT facility commercially operational since early 2026, PM-inaugurated April 2026
- 60-70% of new PCB capacity allocated to AI-relevant HDI boards
- Large, growing disclosed order book (~₹9,000cr by Q3 FY26)
- Prompt exchange clarifications on both governance controversies raised in this period

WEAKNESSES

- Confirmed SEBI settlement order against the promoter/ Executive Vice Chairman
- FY26 revenue missed twice-cut guidance by ~19-20%; negative operating cash flow ~₹600cr
- December 2025 related-party-disclosure controversy across three group entities
- No disclosed AI-specific revenue line and no confirmed Nvidia/AMD/Intel partner status

OPPORTUNITIES

- Kaynes Semicon ramping toward its stated 6.3 million chips/day peak capacity
- Continued ISM 2.0 policy support for domestic OSAT/ packaging capacity
- BOSGAME MoU (Aug 2026) potentially opening a computing-hardware distribution/manufacturing channel
- HDI-PCB capability positioning the company for AI-server-adjacent component demand generically

THREATS

- Any further SEBI or exchange action connected to the Dec 2025 disclosure episode
- Continued order-book-to-revenue execution gap
- Working-capital stress (179-day cycle) constraining near-term cash generation
- Reputational overhang from the settlement order affecting customer/investor trust

Key developments to watch

- **FY27 quarterly results** — specifically whether the order-book-to-revenue conversion gap narrows and whether operating cash flow turns positive.
- **Any further regulatory action** connected to the December 2025 related-party-disclosure episode.
- **Kaynes Semicon's ramp** toward its stated 6.3 million chips/day peak capacity.
- **Confirmation of the complete, current board composition** and independent-director percentage.

Key risks to be aware of

- **Governance risk (dominant).** A confirmed SEBI settlement against the top promoter is a materially different, and more serious, category of risk than anything else found in this report's eight-company universe.
- **Execution risk,** evidenced by the FY26 guidance miss and negative operating cash flow.
- **Working-capital risk** given the 179-day cycle at FY26 year-end.
- **Disclosure-quality risk,** given the December 2025 related-party-transaction episode.

Valuation

₹ per share unless stated

FY26 PAT of ₹364cr on an implied share count of ~6.721cr (market cap ÷ CMP) gives FY26 EPS of ~₹54.2. Applying an *indicative* 20% forward-growth assumption (well below the company's historical growth rate, reflecting the FY26 execution miss and reduced management credibility on guidance) gives a constructed FY27E EPS of ~₹65.0. We apply a target multiple band well below the current trailing multiple, reflecting the confirmed governance and execution deterioration described above:



Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	35.0x	65.0	2,275	(35.3)%
Base	45.0x	65.0	2,925	(16.8)%
Bull	55.0x	65.0	3,575	+1.7%

Base case rounded to ₹2,925. Named brokerage targets found in this research (JM Financial ₹4,350, CLSA ₹4,200, Elara Capital ₹5,365) are all materially above our base case; we set ours more conservatively given the confirmed SEBI settlement, the December 2025 disclosure controversy, and the negative operating cash flow, none of which this report found fully reflected in those named targets' public rationale.

RECOMMENDATION: SELL, TARGET ₹2,925 (-16.8% FROM ₹3,515, 18 SEP 2026)

Upgrade triggers: two consecutive quarters of order-book-to-revenue conversion meeting stated guidance; operating cash flow turning positive; no further regulatory action connected to the December 2025 episode. **Downgrade triggers:** any further SEBI or exchange action; a third consecutive guidance miss; or deterioration in the working-capital cycle beyond 179 days.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	1,805	2,722	3,626
EBITDA margin	14%	15%	16%
Net profit (PAT)	183	293	364

Selected metrics	FY26
ROE	8.69%
ROCE	12.7%
Operating cash flow	~(₹600) cr
Working-capital cycle	179 days

Source: screener.in (18 Sep 2026), cross-checked against JM Financial's 14 May 2026 downgrade note as reported by BusinessToday.

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SELL

Cyient

CYIENT

A real AI acquisition bolted onto five years of declining core-business economics

Summary

Cyient is a Hyderabad-headquartered engineering-services group, reporting through DET (Digital, Engineering & Technology, ~79% of FY25 revenue) and DLM (Design-Led Manufacturing, run through the separately-listed, ~52%-owned subsidiary Cyient DLM). Its AI-compute-stack relevance runs through a dedicated "Cyient Semiconductors" practice offering ASIC/SoC/VLSI design targeted explicitly at HPC and data-centre clients (disclosed at ₹54.1 crore revenue in one quarter, its only standalone figure found in this research), an Allegro MicroSystems co-development centre for automotive power semiconductors, and — the largest single move — a May 2026 definitive agreement to acquire TAO Digital Solutions, a Santa Clara-based AI-native data and product engineering firm, for approximately \$218 million enterprise value.

The acquisition is genuinely significant relative to Cyient's size and was framed by CEO Sukamal Banerjee as elevating the company "into a select group of partners who can credibly deliver AI-native engineering at a global scale." It cleared India's Competition Commission in August 2026 and is targeted to close by Q2 FY27 — meaning, as of this report's research date, it has not yet closed and its contribution is not yet in Cyient's reported financials.

Those reported financials show a genuinely concerning five-year trend that the TAO acquisition has not yet begun to offset: consolidated revenue peaked at ₹7,360 crore in FY25 and declined to ₹7,268 crore in FY26, operating margin compressed from 18% (FY22) to 12% (FY26), and 5-year profit CAGR is reported as negative (~-5% annually) by screener.in's own calculation. A ₹720 crore buyback (approved April 2026, at ₹1,125/share, with promoters explicitly not participating) and a strong DLM-subsiary order book (record ₹2,599 crore, Q1 FY27, book-to-bill of 1.5x) are genuine positives, but they sit alongside a business whose core DET engineering-services segment has been shrinking, not growing.

Net: a SELL. The TAO Digital acquisition is a real, credible bet on AI-native engineering, but it has not closed, its consolidated contribution is entirely prospective, and this report's job is to rate the company on what it has actually reported — which, on revenue and profit trend alone, has been declining for several years.

TARGET PRICE

12-month target	₹988
CMP (18 Sep 2026)	₹1,073
Implied upside	(7.9)%
Rating	SELL

KEY STOCK DATA

Market cap	₹11,930 cr
P/E (trailing)	~29.3x
Book value/share	₹511
Dividend yield	1.49%
Credit rating	CRISIL AA/Stable/A1+

SHAREHOLDING (JUL 2026)

DII	37.49%
Promoters	24.70%
Public	22.74%
FII	14.53%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	7,147	7,360	7,268
EBITDA margin	18%	15%	12%
PAT	703	648	463



Investment rationale

- **A genuinely significant AI-native engineering acquisition.** TAO Digital Solutions (~\$218m enterprise value, CCI-cleared August 2026, targeted to close Q2 FY27) would materially deepen Cyient's AI/GenAI production-deployment and cloud-native engineering capability if it closes as planned.
- **A dedicated semiconductor-design practice targeting HPC and data-centre clients specifically**, with 30+ years of stated silicon-engineering experience and named foundry/EDA/OSAT partner alliances.
- **A strong, growing DLM-subsidary order book.** Cyient DLM's order book hit a record ₹2,599 crore in Q1 FY27, with a 1.5x book-to-bill ratio — a genuinely positive signal inside an otherwise weaker group picture.
- **A shareholder-friendly capital return with a clean signal.** The ₹720 crore buyback explicitly excludes promoter participation, meaning all repurchased value accrues to non-promoter shareholders.
- **Solid credit quality** — CRISIL AA/Stable/A1+, reaffirmed September 2025, one notch below LTTS but still comfortably investment-grade.
- **A rising DII ownership base** (from ~22.7% in Dec 2023 to 37.49% by July 2026) suggests growing domestic institutional conviction, even as FII holding has fallen correspondingly.

What gives us pause

- **Revenue has declined, not grown, over the past year** — FY26 consolidated revenue of ₹7,268 crore is below FY25's ₹7,360 crore, and the 5-year profit CAGR is reported as negative (~-5% annually) by screener.in — a genuinely weak core-business trend this report cannot look past.
- **Operating margin has compressed sharply**, from 18% (FY22) to 12% (FY26) — a faster and larger decline than any other company in this report's peer set.
- **The TAO Digital acquisition has not closed** as of this report's research date, and its contribution is entirely prospective — this report's rating reflects reported financials, not a pending deal's promised future.
- **Cyient pledged 100% of its shareholding in Cyient Semiconductors** to secure debentures issued by that subsidiary in connection with a ₹300 crore capital raise at a ₹4,650 crore valuation — a real, disclosed financial-structuring choice that concentrates risk around the semiconductor subsidiary's own debt servicing.
- **No named semiconductor, fabless or hyperscaler end-client was found** for either the semiconductor-design practice or the AI/data-centre engineering work (including an unnamed hyperscale data-centre power-engineering project in Ireland).
- **No independently verified, named, current brokerage target price** was found in this research — only aggregator-consensus figures, several with apparent currency/unit inconsistencies across sources.

Corporate governance assessment

1. Which rules actually apply

Cyient is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Audit Committee is chaired by an independent director (Vivek Narayan Gour), with a second independent member (Nitin Prasad) alongside one non-executive director — a properly independent-majority committee structure on its face. This report's research could not confirm the full current board's independent-director percentage.

2. What the company does well

The statutory auditor (S.R. Batliboi & Associates LLP) is a well-established Big Four-network firm, per the FY2025-26 Annual Report. The company maintains a published Related Party Transactions policy and files its Annual Secretarial Compliance Report on schedule. The board includes a distinct Vice Chairman & Managing Director (Krishna Bodanapu) and Executive Director & CEO (Sukamal Banerjee), and the buyback structure's explicit promoter non-participation is a positive, self-imposed governance signal.

3. Grey areas

Cyient has had two CEO-level transitions in a relatively short period (Krishna Bodanapu to Karthikeyan Natarajan in 2023, then Natarajan's resignation in January 2025 and Sukamal Banerjee's appointment by 2026) — not itself a governance failure, but a level of leadership turnover worth monitoring for continuity risk. The pledge of 100% of Cyient's Cyient Semiconductors shareholding against subsidiary debt is a legitimate financing structure but concentrates a real, disclosed risk that a reader should weigh alongside the subsidiary's own execution.

4. Red flags

None found in the sources this report's research reached for Cyient Ltd specifically. We flag explicitly that this research did not perform a dedicated SEBI-order-database or full BSE/NSE corporate- announcement search beyond general web search, so absence of evidence here should not be read as affirmative confirmation of a clean record.

5. Items to watch

The TAO Digital acquisition's actual closing date and disclosed post-closing AI-engineering revenue contribution; any stabilisation in the DET segment's revenue decline; and Cyient Semiconductors' own performance given the parent's pledged shareholding in it.

GOVERNANCE CONCLUSION

Adequate on structure, but the leadership-turnover pattern and the semiconductor-subsidary share pledge both warrant continued attention. Nothing found here points to misconduct, but this report's SELL rating rests on the reported financial trend, not a governance concern — the two are separate findings that happen to point the same direction.

SWOT analysis

STRENGTHS

- TAO Digital acquisition (pending) would materially deepen AI-native engineering capability
- Dedicated semiconductor-design practice targeting HPC/ data-centre clients
- Cyient DLM subsidiary's order book at a record high, 1.5x book-to-bill
- CRISIL AA/Stable/A1+, a solid investment-grade credit profile
- Shareholder-friendly buyback explicitly excluding promoter participation

WEAKNESSES

- FY26 revenue declined YoY; 5-year profit CAGR reported negative
- Operating margin compressed from 18% to 12% over five years — the sharpest decline in this report
- No named semiconductor/hyperscaler end-client for AI/ data-centre work
- 100% of Cyient Semiconductors shareholding pledged against subsidiary debt

OPPORTUNITIES

- TAO Digital's AI-native engineering capability, once integrated
- Cyient Semiconductors' own growth trajectory as a separately-capitalised vehicle
- DLM subsidiary's order-book momentum potentially offsetting DET softness
- Broader India ER&D sector tailwind from AI-driven engineering demand

THREATS

- Continued DET segment revenue decline if the trend does not reverse
- Integration risk on the TAO Digital acquisition once it closes
- Leadership-continuity risk given two recent CEO-level transitions
- Concentrated financial-structuring risk around the pledged Cyient Semiconductors stake



Key developments to watch

- **TAO Digital's actual closing**, targeted Q2 FY27, and its disclosed post-closing contribution.
- **Whether DET segment revenue stabilises or continues declining** in FY27 quarterly results.
- **Cyient Semiconductors' standalone performance**, given the parent's pledged shareholding.

Key risks to be aware of

- **Core-business decline risk (dominant)**. A five-year margin-compression and negative-profit-CAGR trend is the central fact this report's rating responds to.
- **Acquisition-integration risk** once TAO Digital closes.
- **Financial-structuring risk** from the pledged semiconductor-subsidary stake.
- **Client-concentration/disclosure risk** given no named semiconductor or hyperscaler client.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 29.3x and CMP of ₹1,073, implied trailing EPS is ~₹36.6. Applying an *indicative* 8% forward-growth assumption (a cautious but not zero rate, reflecting some stabilisation from the DLM order book against continued DET softness — not the pending, unclosed TAO acquisition) gives a constructed FY27E EPS of ~₹39.5. We apply a target multiple band below the current trailing multiple, reflecting the reported five-year decline in profitability:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	20.0x	39.5	790	(26.4)%
Base	25.0x	39.5	988	(7.9)%
Bull	30.0x	39.5	1,185	+10.4%

Base case rounded to ₹988. This valuation excludes any contribution from the pending TAO Digital acquisition, which had not closed as of this report's research date; a successful close with disclosed, material AI-engineering revenue would be a clear reason to revisit this rating (see upgrade triggers below). No independently verified named-brokerage target was available for direct cross-check.

RECOMMENDATION: SELL, TARGET ₹988 (-7.9% FROM ₹1,073, 18 SEP 2026)

Upgrade triggers: the TAO Digital acquisition closing on schedule with disclosed, material AI-engineering revenue contribution; DET segment revenue returning to growth; or a named, confirmed hyperscaler/semiconductor client for the AI/data-centre engineering practice. **Downgrade triggers:** further DET revenue decline; any delay or termination of the TAO Digital acquisition; or a credit-rating action reflecting the pledged Cyient Semiconductors stake.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY22	FY23	FY24	FY25	FY26
Revenue	4,534	6,016	7,147	7,360	7,268
Operating profit	818	1,003	1,303	1,138	899
Operating margin	18%	17%	18%	15%	12%
Net profit (PAT)	522	514	703	648	463



Selected ratios		FY26
5-year sales CAGR		+12%
5-year profit CAGR		(5)%
Dividend yield		1.49%

Source: screener.in (18 Sep 2026).

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HOLD

Sasken Technologies

SASKEN

A real AI-silicon design win inside a small company whose recent growth is mostly an acquisition, not the win itself

Summary

Sasken is a Bengaluru-headquartered product-engineering company describing its own work as "chip-to- cognition R&D services," reporting through Software Services and Product Solutions segments across semiconductor, automotive, industrial and satellite-communications clients. Its most AI-relevant recent development is a disclosed FY26 win of "a strategic semiconductor engagement with an emerging AI silicon innovator to lead full-chip analog and mixed-signal circuit design for next-generation AI SoCs on advanced 12nm process technology" — a genuine, if unnamed-client, AI-chip-design contract. Q1 FY27 management commentary explicitly linked growth to "AI and silicon demand," with new contract bookings of \$47.1 million in the quarter.

The scale of Sasken's recent growth, however, is substantially a function of the April 2025 completion of its acquisition of Borqs Technologies' ODM/software business (~\$40 million purchase price) rather than organic AI-silicon demand alone: FY26 consolidated revenue grew 102% YoY to ₹1,113 crore, but management's own disclosure attributes this to "27.4% organic growth in strategic accounts" plus the acquisition's first full-year contribution — meaning roughly three-quarters of the reported growth rate is inorganic. EBITDA margin, even after this scale increase, remains thin at 7.9-9.9%, well below the high-teens margins LTTS and (pre-decline) Cyient report, and ROE stands at just 7.0%.

Governance has also shown a recurring, if financially minor, friction pattern: Sasken disclosed three separate BSE/NSE penalty notices between November 2025 and March 2026 (cumulatively ~₹23 lakh) for alleged board/committee-composition non-compliance under SEBI LODR, disputing each while applying for fee waivers. Sell-side analyst coverage is essentially absent — the only indexed formal brokerage report found in this research is a thirteen-year-old, long-superseded ICICI Securities note.

Net: a HOLD. The AI-silicon design win and the broader "60x4x3" growth strategy are genuine positives, but thin margins, low return on equity, an inorganic growth base, and recurring minor governance friction mean this report cannot yet justify paying today's ~35x multiple on the strength of one disclosed design win.

TARGET PRICE

12-month target	₹1,677
CMP (18 Sep 2026)	₹1,720
Implied upside	(2.5)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹2,612 cr
P/E (trailing)	~35.4x
Book value/share	₹563 (P/B ~3.1x)
ROE / ROCE	7.00% / 9.90%
Dividend yield	1.45%

SHAREHOLDING (JUN 2026)

Promoters	42.94%
Public	36.49%
FII	19.11%
DII	1.39%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	406	551	1,113
Operating profit	31	23	88
PAT	79	51	59



Investment rationale

- **A genuine, disclosed AI-silicon design win.** The FY26 engagement to lead full-chip analog and mixed-signal design for next-generation AI SoCs on 12nm process technology, for an unnamed "emerging AI silicon innovator," is a real, if not-yet-sized, entry into AI-chip design work.
- **A three-decade semiconductor-services track record** underpins the credibility of this win — Sasken is not a new entrant chasing an AI-hype label.
- **Strong recent bookings momentum.** \$47.1 million of new contract bookings in Q1 FY27 (₹339 crore quarterly revenue), with management explicitly linking growth to "AI and silicon demand."
- **An explicit, disclosed strategy to reduce customer concentration.** The "60x4x3" plan (60 marquee accounts to \$4M+ revenue each within three years) directly targets a structural risk this report's research confirmed has fallen materially over the years (top-2 customer concentration down from ~50% in FY09 to ~17% by FY25).
- **A debt-free capital structure** and a rising FY26 dividend (₹25/share cumulative).
- **The Borqs acquisition adds real IoT/5G/connected-device capability**, not merely revenue — diversifying the company's addressable engineering-services base.

What gives us pause

- **Most of FY26's headline growth was inorganic.** Of the reported 102% YoY revenue growth, management's own commentary attributes only 27.4% to organic strategic-account growth — the remainder is the Borqs acquisition's first full-year contribution, not underlying AI-silicon demand acceleration.
- **Margins remain thin relative to peers.** FY26 EBITDA margin of 7.9-9.9% is well below the high-teens margins reported by LTTS and Cyient (pre-decline), and ROE of just 7.0% is the lowest disclosed among this report's eight companies.
- **No disclosed percentage of revenue is specifically semiconductor/chip-design-related** — only qualitative "key vertical" language and the one named-but-unidentified AI-silicon engagement.
- **A recurring pattern of minor LODR governance penalties.** Three separate BSE/NSE fines (November 2025, February 2026, March 2026) for alleged board/committee-composition non-compliance, cumulatively modest (~₹23 lakh) but repeated three times within five months — a pattern worth flagging even though the company disputes each instance.
- **Sell-side coverage is essentially absent.** The only indexed formal brokerage report found is a 2013 ICICI Securities note, more than a decade stale — this report could not find any current, verifiable named analyst target price.
- **Order-book disclosure is internally inconsistent** — a "\$35.4 million FY26 order book" figure and a "\$172.7 million FY26 cumulative bookings" figure appear to describe different things without clear labelling in the sources this research reached.

Corporate governance assessment

1. Which rules actually apply

Sasken is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, including Regulations 17(1) and 20(2)/ (2A) governing board and committee composition — the specific provisions cited in the penalty notices described below. This is not an SME-exempt issuer; the LODR obligations at issue apply in full, and the company's own repeated disputes of the resulting fines do not change that the underlying compliance question has been raised three times by the exchanges within five months.

2. What the company does well

The statutory auditor (M S K A & Associates LLP) was re-appointed for a full five-year term with 99.9936% shareholder approval — an overwhelming, clean endorsement. The company maintains published Related Party Transaction disclosures under LODR Regulation 23, and has confirmed it is not classified as a "Large Entity" under SEBI's debt-market framework, correctly limiting the associated disclosure obligations rather than over- or under-claiming compliance scope.



3. Grey areas

The three separate BSE/NSE penalty notices (₹2.68 lakh in February 2026, ₹11.28 lakh in around March 2026, ₹8.82 lakh in November 2025) for alleged board/committee-composition non-compliance, occurring in the period surrounding the Borqs acquisition and associated board changes, suggest a genuine, if financially immaterial, pattern of compliance friction rather than a one-off administrative error. The company disputes the underlying findings in each case and has sought fee waivers and appeals — its position may well be correct, but this report treats a three-times-repeated exchange finding as worth flagging explicitly rather than dismissing on the company's own say-so alone.

4. Red flags

None rising to the level of a confirmed SEBI enforcement action — the LODR penalty notices described above are exchange-level fines, disputed by the company, not adjudicated SEBI orders. We flag the recurring pattern in Section 3 above as the appropriate level of concern, not a red flag.

5. Items to watch

Resolution of the disputed LODR penalty notices and any further such notices; disclosure, if it comes, of a standalone semiconductor/AI-design revenue percentage; and clarification of the order-book-versus- bookings figures described above.

GOVERNANCE CONCLUSION

Adequate, with a recurring compliance-friction pattern that is a caution, not yet a red flag. The clean, overwhelming auditor re-appointment and correct debt-market self-classification are genuine positives; the three repeated LODR penalty notices within five months are a real, if financially minor, pattern this report will not describe as resolved simply because the company disputes each instance.

SWOT analysis

STRENGTHS

- Genuine, disclosed AI-silicon design win with an unnamed "emerging AI silicon innovator"
- Three-decade semiconductor-services credibility, not a recent AI-hype pivot
- Debt-free balance sheet with a rising dividend
- Explicit, disclosed customer-concentration-reduction strategy ("60x4x3")

WEAKNESSES

- ~75% of FY26's headline growth was inorganic (Borqs acquisition), not organic AI demand
- Thin margins (7.9-9.9% EBITDA) and low ROE (7.0%) relative to peers
- No disclosed semiconductor/AI-specific revenue percentage
- Recurring LODR board-composition penalty notices (three within five months)

OPPORTUNITIES

- Scaling the AI-SoC design engagement into a repeatable, multi-client practice
- Borqs-acquired IoT/5G capability cross-selling into existing semiconductor clients
- Continued organic strategic-account growth under the "60x4x3" plan
- Broader India ER&D/semiconductor-design sector tailwind

THREATS

- Further LODR penalty notices if the underlying compliance pattern is not resolved
- Thin margins leaving little buffer against cost inflation (e.g. new labour-code impacts)
- Essentially no sell-side coverage, limiting external validation of the growth story
- Client-concentration risk, even after recent structural improvement

Key developments to watch

- **Any disclosure of a standalone semiconductor/AI-design revenue percentage.**
- **Resolution of the three disputed LODR penalty notices**, and whether further notices follow.



- **Clarification of the order-book vs. cumulative-bookings figures** in the next investor presentation.

Key risks to be aware of

- **Growth-quality risk (dominant).** The bulk of recent growth is acquisition-driven, not organic AI-silicon demand, and this report's rating reflects that distinction.
- **Margin risk** given thin EBITDA margins relative to peers.
- **Governance-friction risk** from the recurring LODR penalty pattern.
- **Coverage/liquidity risk** given the essentially absent sell-side analyst base.

Valuation

₹ per share unless stated

At a disclosed trailing P/E of 35.4x and CMP of ₹1,720, implied trailing EPS is ~₹48.6. Applying an *indicative* 15% forward-growth assumption (moderated from the Q1 FY27 YoY surge, which reflected a low prior-year base) gives a constructed FY27E EPS of ~₹55.9. We apply a target multiple band modestly below the current trailing multiple, reflecting the thin margins and low ROE relative to the multiple being paid:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	25.0x	55.9	1,398	(18.7)%
Base	30.0x	55.9	1,677	(2.5)%
Bull	35.0x	55.9	1,957	+13.8%

Base case rounded to ₹1,677. No current, verifiable named-brokerage target exists for cross-check — the only formal report this research located (ICICI Securities, 2013) is too stale to be usable. This valuation should be treated as this report's own independent construction, without the benefit of a sell-side consensus to triangulate against.

RECOMMENDATION: HOLD, TARGET ₹1,677 (-2.5% FROM ₹1,720, 18 SEP 2026)

Upgrade triggers: a disclosed standalone semiconductor/AI-design revenue figure showing meaningful scale; confirmed organic (non-Borqs) revenue growth acceleration; resolution of the LODR penalty pattern with no further notices.

Downgrade triggers: a further LODR penalty notice; margin deterioration below the current 7.9-9.9% band; or evidence that the AI-SoC design engagement was a one-off rather than a repeatable practice.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	406	551	1,113
Operating profit	31	23	88
Operating margin	7.6%	4.2%	7.9%
Net profit (PAT)	79	51	59

Selected ratios	FY26
ROE	7.00%
ROCE	9.90%
Top-5 customer concentration	~50.8% (Q1 FY27)
FY26 dividend (cumulative)	₹25/share

Source: screener.in (18 Sep 2026), cross-checked against Whalesbook/CXOToday FY26 results coverage.



DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Sasken Technologies Limited, and have received no compensation from the company.



SELL

E2E Networks Ltd

E2E

India's only pure-play listed GPU cloud — a genuine NVIDIA and sovereign-AI story, priced as if the depreciation line and the FY26 loss don't exist

Summary

E2E Networks is the purest listed proxy in this report for the "GPU cloud" layer of India's AI compute stack rather than the hardware-assembly layer Netweb occupies. It runs NVIDIA A100/V100/H100/H200 and now B200 (Blackwell) GPU capacity out of data centres in Noida, Chennai and Mumbai, and in November 2024 sold Larsen & Toubro an equity stake (~19%, per ICRA's 27 November 2025 rating rationale) that doubles as an operational relationship: E2E's Chennai GPU fleet is specifically housed inside L&T's own Vyoma data centre. On 18 February 2026, at the India AI Impact Summit, NVIDIA and E2E jointly announced a strategic collaboration to build an HGX B200 AI factory on E2E's TIR platform at that Vyoma site; the cluster went live around 29 May–1 June 2026 and, per the company's own Q1 FY27 commentary, began contributing to revenue within its first quarter. Separately, E2E holds a ₹265 crore MeitY/IndiaAI Mission order for 2,524 GPUs (per ICRA) and disclosed, around 1 September 2026, a binding term sheet for a further ~₹1,000 crore sovereign-AI cloud GPU deal with an unnamed Indian counterparty, running through June 2029.

The growth is real and fast: standalone revenue rose from ₹94 crore (FY24) to ₹164 crore (FY25) to ₹246 crore (FY26), and trailing-twelve-month revenue to June 2026 stood at ₹366 crore — 131% TTM growth per screener.in. Q1 FY27 alone delivered ₹157 crore of revenue (+334% YoY) and ₹118 crore of EBITDA at a 75% margin. ICRA assigned the company its first-ever credit rating, [ICRA]A-/Stable, on 27 November 2025, against ₹1,000 crore of bank facilities, citing 46% revenue CAGR (FY2021–FY2025) and a comfortable 0.8x Total Debt/OPBDITA as of FY2025.

The problem is that none of this growth has yet produced earnings the market is actually paying for. FY26 closed with a net loss of ₹16 crore, because GPU-fleet depreciation — up 170% YoY to ₹51 crore in Q4 FY26 alone, or 54% of that quarter's revenue — is currently outrunning the utilisation economics of the newly added capacity, exactly the risk ICRA's own rationale flags as "key" to the credit story. TTM EPS is barely positive, at ₹1.49, yet the stock trades at ~401x trailing earnings (screener.in, 18 Sep 2026) and 7.41x book value. ROE is -1% and ROCE is -0.51%. Promoter holding has fallen from ~59.71% (Mar 2024) to 39.45% (Jun 2026), and sell-

TARGET PRICE

12-month target	₹447
CMP (18 Sep 2026)	₹608
Implied upside	(26.5)%
Rating	SELL

KEY STOCK DATA

Market cap	₹12,491 cr
P/E (trailing)	~401x
Book value/share	₹82.0
ROE / ROCE	(1.0)% / (0.51)%
Credit rating	ICRA A-/Stable

SHAREHOLDING (JUN 2026)

Promoters	39.45%
Public	53.15%
DII	6.07%
FII	1.27%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	94	164	246
OPM	51%	59%	51%
PAT	22	47	(16)



side coverage is almost nonexistent — no confirmed brokerage name or target price could be located anywhere in this research, despite a ~₹12,491 crore market capitalisation.

Net: a SELL, on valuation grounds, not business-quality grounds. E2E's NVIDIA and government-contract relationships are genuine and its growth rate is the fastest of any company in this cohort — but a ~401x multiple on an earnings base this thin is a bet on a story, not a number this report's own arithmetic can support.

Investment rationale

- **A confirmed, live NVIDIA strategic collaboration.** The HGX B200 AI factory at L&T's Vyoma (Chennai) data centre, announced 18 February 2026 and live since ~29 May–1 June 2026, began contributing to revenue in its first quarter (Q1 FY27) per the company's own results commentary.
- **A dual shareholder-and-infrastructure relationship with L&T.** L&T's ~19% equity stake (November 2024) comes with "prioritised access to L&T's data centre capacity" (ICRA, 27 Nov 2025) — a genuine operational asset, not just a passive investment.
- **Direct government AI-programme exposure.** A ₹265 crore MeitY/IndiaAI Mission order for 2,524 GPUs (ICRA), plus a separate ~₹1,000 crore binding term sheet (~1 Sep 2026) converting prior pay-as-you-go GPU usage into a committed sovereign-AI contract running through June 2029.
- **The fastest disclosed revenue growth of any company in this report.** TTM revenue to June 2026 of ₹366 crore (+131% TTM per screener); Q1 FY27 revenue of ₹157 crore (+334% YoY) at a 75% EBITDA margin.
- **A first-ever, investment-grade-adjacent credit rating.** ICRA's [ICRA]A-/Stable (27 Nov 2025) cites a 46% FY2021–FY2025 revenue CAGR and comfortable leverage (0.8x Total Debt/OPBDITA, FY2025) — genuine independent validation of the credit profile, distinct from the equity-valuation question.

What gives us pause

- **FY26 closed with a net loss, driven by GPU depreciation outrunning utilisation economics.** Q4 FY26 depreciation rose 170.35% YoY to ₹51.35 crore — 53.7% of that quarter's revenue — even as operating margin stayed strong at 60.75%, meaning the profit hit is a capex/depreciation phenomenon, not a demand problem. ROE (-1%) and ROCE (-0.51%) are both negative.
- **The valuation is not supported by this report's own arithmetic under any but an extreme scenario.** At ~401x trailing earnings on a TTM EPS of just ₹1.49, the multiple is pricing in a growth and margin trajectory that has not yet shown up in reported profit (see Valuation).
- **Sharp, ongoing promoter dilution.** Promoter holding has fallen from ~59.71% (Mar 2024) to 39.45% (Jun 2026) — a ~20-percentage-point decline that screener.in's own auto-generated analysis flags as a "Con."
- **Concentration in a handful of large, opaque contracts.** The MeitY order figure does not cleanly reconcile across sources (₹265 crore/2,524 GPUs per ICRA vs. a separately reported ₹177 crore order tied to GNani AI), and the counterparty behind the ~₹1,000 crore sovereign-AI deal has not been named in any source this research reached.
- **Sell-side coverage is essentially absent.** No confirmed brokerage name, rating or target price could be located for a company with a ~₹12,491 crore market cap — the one "Add" reference found (The Hindu BusinessLine) could not be traced to a named broker or price target.
- **Further dilution/leverage is already flagged.** The 17th AGM notice (5 Sep 2026) proposes a fresh ₹1,500 crore fundraise and a ₹10,000 crore borrowing-limit enhancement, on top of a ~₹1,500 crore near-term capex plan (ICRA) that is already



partly debt-funded. Separately, a 1:10 stock split (~April 2026, per Economic Times) means pre-split share prices are not comparable to current levels — this report uses only current, post-split figures.

Corporate governance assessment

1. Which rules actually apply

E2E is a mainboard NSE-listed company (listed May 2018) subject to the full SEBI LODR regime. Tarun Dua holds the combined Chairman & Managing Director role, which requires the board to be at least 50% independent directors. Aggregator sources (Goodreturns, of uncertain vintage) name four independent directors — Naman Kailashprasad Sarawagi, Gaurav Munjal, Varun Pratap Rajda, and one further unnamed director — against Tarun Dua and one whole-time director (Srishti Baweja), which on a ~6-member board would clear the 50% threshold. This research could not confirm this composition against the current FY26 annual report, so treat it as plausible but unverified.

2. What the company does well

CFO (Megha Raheja) and Company Secretary (Ronit Gaba, appointed December 2023) roles are held separately from the Chairman/MD. The company underwent its first-ever independent credit-rating process in November 2025, resulting in a Stable outlook — a genuine external diligence exercise. On paper, four independent directors on what appears to be a relatively small board would represent majority-independent composition, consistent with LODR's requirement for an executive-chaired board.

3. Grey areas

The CFO name, board composition and statutory auditor (GSA & Associates LLP) were all sourced from aggregator sites (Goodreturns, India Infoline) of uncertain vintage rather than the current annual report — this research could not independently corroborate them from a second primary source. L&T is simultaneously a ~19% shareholder, the landlord of E2E's Chennai (Vyoma) data-centre capacity, and a strategic infrastructure partner; no related-party-transaction disclosure specific to this three-way relationship was found, and it deserves specific scrutiny in the FY26 annual report's RPT note.

4. Red flags

None confirmed as adjudicated matters, but the only litigation statement found — "the Company has no pending litigations as at March 31, 2022 which would have impact on its financial position" — is stale by more than three fiscal years and predates the company's large capex, debt and government-contract scale-up. No SEBI enforcement action or insider-trading finding was found, but this reflects the limits of the search tools available in this research pass (WebSearch quota was exhausted; only WebFetch/aggregator sources were used), not an affirmative clean bill.

5. Items to watch

Confirmation of current board composition and independent-director percentage against the FY26 annual report; reconciliation of the ₹265 crore vs. ₹177 crore MeitY-linked order figures; identification of the ~₹1,000 crore sovereign-AI counterparty; current FY25-26 litigation and related-party-transaction disclosures, particularly around the L&T relationship; and the outcome of the proposed ₹1,500 crore raise and ₹10,000 crore borrowing-limit enhancement.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, but thin, aggregator-sourced corroboration of board and CFO data, an unaddressed related-party question around the three-way L&T relationship, and stale litigation disclosure mean the appropriate governance discount belongs in the valuation — reinforcing, not offsetting, this report's separately-derived SELL call on valuation grounds alone.



SWOT analysis

STRENGTHS

- India's only pure-play listed GPU cloud, with a confirmed, revenue-contributing NVIDIA B200 deployment
- Dual shareholder-and-infrastructure relationship with L&T (~19% stake plus Vyoma data-centre access)
- First-ever credit rating, ICRA A-/Stable (Nov 2025), on a 46% FY21-25 revenue CAGR
- Fastest disclosed revenue growth in this report's cohort (TTM +131%)
- Direct, named government AI-programme exposure (₹265cr MeitY order, ~₹1,000cr sovereign-AI deal)

WEAKNESSES

- FY26 net loss; ROE -1%, ROCE -0.51%, driven by GPU-depreciation outpacing utilisation
- ~401x trailing P/E on a TTM EPS of just ₹1.49 — unsupported by this report's own arithmetic
- Promoter holding down from ~59.71% to 39.45% over roughly two years
- Essentially no confirmed sell-side coverage despite a ~₹12,491cr market cap
- Unreconciled contract figures and an unnamed sovereign-AI counterparty

OPPORTUNITIES

- IndiaAI Mission's continued scale-up and further GPU-capacity tenders
- Sovcloud Technologies subsidiary (incorporated Q1 FY27) extending the Sovereign Cloud Platform line
- Proposed ₹1,500cr raise to fund further GPU-capacity build-out (~5,100 units as of Q1 FY27)
- Further Blackwell-generation reference-design deployments beyond B200

THREATS

- GPU-fleet depreciation continuing to outrun utilisation economics, as ICRA itself flags as "key"
- Technology-obsolescence risk in a fast-moving GPU/AI landscape (ICRA's own rating challenge)
- Concentration in a handful of large, opaque contracts
- Further promoter selling and dilution from the proposed ₹1,500cr raise / ₹10,000cr borrowing-limit rise

Key developments to watch

- **Whether the Q1 FY27 profit recovery (₹44cr) is sustainable** against continued GPU-capacity additions and rising depreciation, or was a one-quarter outlier.
- **Reconciliation of the MeitY order figures** and identification of the ~₹1,000cr sovereign-AI counterparty.
- **Outcome of the proposed ₹1,500cr fundraise and ₹10,000cr borrowing-limit enhancement** put to the 17th AGM (5 Sep 2026).
- **Any initiation of confirmed, named sell-side coverage** — coverage has been essentially absent to date despite the company's scale and profile.

Key risks to be aware of

- **Valuation risk (dominant).** At ~401x trailing earnings on a barely-positive EPS base, this report's own arithmetic finds no scenario that supports the current price.
- **GPU-depreciation risk.** Continued capacity build-out could keep depreciation growing faster than utilisation-driven revenue, as already seen in FY26.
- **Concentration risk.** A handful of large, partly opaque contracts (MeitY, sovereign-AI, L&T) account for a disproportionate share of the growth narrative.
- **Governance-disclosure risk** given thin, aggregator-sourced corroboration of board/CFO data and stale litigation disclosure.
- **Dilution/leverage risk** from the proposed ₹1,500cr raise and ₹10,000cr borrowing-limit increase.



Valuation

₹ per share unless stated

We anchor this valuation on E2E's disclosed trailing P/E rather than building a forward-EPS growth model, because TTM EPS (₹1.49, to June 2026) is barely positive and one strong quarter (Q1 FY27, ₹44cr net profit) cannot be reliably annualised into a full-year forecast without assuming no further depreciation step-ups from the ongoing GPU-capacity build (ICRA's own ~₹1,500 crore near-term capex plan). CMP of ₹608 against TTM EPS of ₹1.49 implies a trailing P/E of ~408x, consistent with screener.in's reported ~401x. At this earnings base, the multiple itself is the story — it is *story-priced*, not earnings-supported, and the scenarios below should be read as a sensitivity illustration of how much the current price already assumes, not a confident forecast:

Scenario	Target P/E (trailing)	TTM EPS (₹)	Target price	Upside/(downside)
Bear	70.0x	1.49	104	(82.9)%
Base	300.0x	1.49	447	(26.5)%
Bull	375.0x	1.49	559	(8.1)%

Base case rounded to ₹447. Even our bull-case scenario — a 375x trailing multiple, still richer than Netweb's already-stretched ~106x elsewhere in this report — produces meaningful downside from the current ₹608, underscoring how much of the current price rests on the NVIDIA/sovereign-AI narrative rather than on reported earnings. No confirmed brokerage target price could be located anywhere in this research to compare against — sell-side coverage of E2E is, on the evidence available, essentially absent despite the company's ~₹12,491 crore market capitalisation.

RECOMMENDATION: SELL, TARGET ₹447 (-26.5% FROM ₹608, 18 SEP 2026)

Upgrade triggers: sustained quarterly profitability at or above the Q1 FY27 run-rate without a further step-up in depreciation intensity; confirmed board independence meeting SEBI LODR's 50% threshold; resolution/reconciliation of the MeitY and sovereign-AI contract figures with a named counterparty. **Downgrade triggers:** renewed quarterly losses as further GPU capacity comes online; further promoter selling; execution of the proposed ₹1,500cr raise/₹10,000cr borrowing-limit increase on adverse terms.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	94	164	246
OPM	51%	59%	51%
Net profit (PAT)	22	47	(16)

Selected metrics	Latest
TTM revenue (to Jun 2026)	₹366 cr
ROE / ROCE	(1.0)% / (0.51)%
GPU capacity (Q1 FY27)	~5,100 units
MeitY order (2,524 GPUs)	₹265 cr
Sovereign-AI contract (to Jun 2029)	~₹1,000 cr

Source: screener.in (18-20 Sep 2026), cross-checked against ICRA's 27 November 2025 rating rationale, which corroborates FY24/FY25 revenue and PAT closely (₹94/₹94.5cr and ₹164/₹164.0cr revenue; ₹22/₹21.9cr and ₹47/₹47.5cr PAT). A separately-reported ScanX figure set for FY26 (revenue ₹2,455.80cr, loss ₹155.66cr) is roughly 10x every other source and has not been used.



DISCLAIMER

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SELL

ESDS Software Solution Ltd

ESDS

A ~2-week-old listing already trading above its only located brokerage target, on a single contract worth ~25x FY26 revenue with an unverified counterparty

Summary

ESDS is a 20-year-old, profitable Indian cloud and managed-services provider — IaaS, Managed Services and SaaS across BFSI, government and enterprise customers, MeitY-empanelled as a Cloud Service Provider, and running its own "SWARAJ" suite of AI-ops, security and DevSecOps products — that IPO'd on 4 September 2026, roughly two weeks before this report's research date. The underlying business is real and growing: standalone revenue rose from ₹281 crore (FY24) to ₹357 crore (FY25) to an estimated ~₹472-481 crore (FY26, corroborated across two independent sources), with PAT climbing from ₹16 crore to ₹61 crore to ~₹121 crore over the same period and 94.9% FY26 revenue retention. CRISIL upgraded the company's rating to A-/Positive (long-term) and A2+ (short-term) on ~16-17 September 2026 — a genuine, independent, and essentially contemporaneous credit signal.

The headline catalyst is a USD 1.25 billion, five-year contract (with a two-year extension option) disclosed via a Choice Institutional Equities brokerage report (~7 September 2026) with a counterparty named "Sharon AI," covering roughly 8,208 NVIDIA B300 GPUs, targeted to go live in October 2026 with revenue recognition from Q3 FY27, against a ₹1,180 crore advance already received. Choice itself frames this contract as worth roughly 25x ESDS's FY26 revenue — and flags "customer concentration as AI revenue scales" among its own key risks. This research could not independently verify Sharon AI's identity, nationality or creditworthiness from a second source.

Since listing, the stock has moved in a way this report treats as a standalone risk factor independent of the underlying business: it opened at ₹757 (a 76% premium to the ₹429 issue price), was reported at various points over the following two weeks as running up to somewhere between 235% and 270% above the issue price, and has since been placed under Long-Term ASM Stage 1 surveillance, with BSE seeking a clarification on the "significant price movement" on 9 September 2026 (the company responded that no undisclosed information existed). At the 18 September 2026 close of ₹1,565, the stock already sits at or above the only confirmed brokerage target located in this research — Choice's own ₹1,550 — leaving essentially no headroom even under the house that likes the stock. Trailing P/E is reported anywhere from 157x to

TARGET PRICE

12-month target	₹1,000
CMP (18 Sep 2026)	₹1,565
Implied upside	(36.1)%
Rating	SELL

KEY STOCK DATA

Market cap	₹18,338-19,064 cr
P/E (trailing)	157x-302x
ROE (last year)	17.1%-22.1%
ROCE	20.6%
Credit rating	CRISIL A-/Positive/A2+

SHAREHOLDING (SEP 2026)

Promoters	39.45%
Public	~50%
DII	8.50%
FII	1.01%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	281	357	~481
OPM	34%	43%	~50%
PAT	16	61	~121



302x depending on source and share-count basis, a ~2x dispersion that itself signals how unstable any multiple is only two weeks after listing.

Net: a SELL, driven by valuation and concentration risk layered on top of extreme post-listing volatility, not by a judgment that the core business is weak. ESDS's base cloud/managed-services franchise is profitable and growing at a reasonable clip; the price being asked for it, and for one large, unverified customer contract, is not.

Investment rationale

- **A USD 1.25 billion contract with cash already in hand.** The Sharon AI deal (5-year term, 2-year extension option, ~8,208 NVIDIA B300 GPUs, infrastructure targeted for October 2026) came with a ₹1,180 crore advance already received per Choice Institutional Equities — real, disclosed cash, not just a signed letter of intent.
- **A genuinely diversified, profitable core business underneath the AI headline.** IaaS, Managed Services and SaaS revenue grew from ₹281cr (FY24) to ~₹481cr (FY26), with PAT growing faster than revenue (₹16cr to ~₹121cr) and 94.9% FY26 revenue retention.
- **Deep, certified government and BFSI relationships.** MeitY CSP empanelment, 724+ bank branches on its BFSI cloud, and ISO 27001/9001/27017/27018/27701/42001 plus CMMI Level 5 certification — a durable, less speculative base underneath the single large GPU contract.
- **An independent, contemporaneous positive credit signal.** CRISIL upgraded ESDS to A-/Positive (long-term) and A2+ (short-term) on ~16-17 September 2026, essentially concurrent with this report.
- **The one confirmed sell-side view is constructive.** Choice Institutional Equities initiated coverage with a Buy and a ₹1,550 target (~7 Sep 2026), valuing the stock on 18x FY28E EV/EBITDA (~31x forward P/E) — a materially lower multiple than the stock's current trailing P/E, which this report reads as the market itself signalling the current price has run ahead of the sell-side's own bull case.

What gives us pause

- **Single-customer concentration at an extreme scale.** The Sharon AI contract represents roughly 25x FY26 revenue, per Choice's own report, which itself lists "customer concentration as AI revenue scales" among its key risks — and this research could not verify Sharon AI's identity, nationality, or creditworthiness from any second source.
- **The stock already trades at or above its only confirmed brokerage target.** CMP of ₹1,565 (18 Sep 2026) sits above Choice's ₹1,550 target — the sell-side's own published bull case offers essentially no further headroom from here.
- **Extreme, possibly disorderly post-listing price action.** Reported run-ups of 235-270% above the ₹429 issue price within roughly two weeks triggered Long-Term ASM Stage 1 surveillance and a BSE clarification request (9 Sep 2026) — a market-structure red flag independent of the underlying fundamentals.
- **Trailing P/E is genuinely unstable.** Reported figures range from 157x (groww.in) to 302x (screener.in) for the same stock on the same day, a ~2x dispersion driven by differing share-count and period bases only weeks after listing — this report treats neither figure as reliable in isolation.
- **Board independence may fall short of the SEBI LODR threshold.** As listed (Piyush Somani as Chairman & MD, Komal Somani as a further promoter-family whole-time director, two further executive directors, and three independent non-executive directors), independent directors are ~43% of a 7-member board — below the 50% threshold required for an executive-chaired company, unconfirmed against the latest corporate-governance report.



■ **A wide range of governance and disclosure items could not be verified at all in this research pass** — the statutory auditor's identity, any litigation history, and related-party-transaction disclosures — an unusually large gap even for a company this newly public, because the DRHP itself was not directly accessible during this research.

Corporate governance assessment

1. Which rules actually apply

ESDS has been a mainboard NSE/BSE-listed company since 4 September 2026 and is subject to the full SEBI LODR regime from that date. Piyush Somani holds the combined Chairman & Managing Director role, which requires at least half the board to be independent directors. As listed on choiceindia.com (vintage uncertain, likely pre-/at-IPO), the board comprises Piyush Somani (Chairman/MD), Komal Somani (Whole-Time Director, presumed spouse but not independently confirmed), Jitendra Pathak and Sameer Suresh Redij (Executive Directors), and three independent non-executive directors (Pamela Kumar, Venkatesh Natarajan, Thandankorai Ganapathy Dhandapani) — three of seven board seats, or ~43%, below the 50% LODR threshold on its face. This is this company's single largest governance-verification gap and should be closed against the current corporate-governance report before ESDS's governance is assessed as complete.

2. What the company does well

CFO (Ramaiah Nadukuru) and Company Secretary/Compliance Officer (Prasad Deochand Deokar) roles are held separately from the Chairman/MD. The company carries an extensive, verifiable certification and compliance stack (ISO 27001/9001/27017/27018/27701/42001, CMMI Level 5, RBI/IRDAI/STQC frameworks) consistent with its BFSI and government customer base. CRISIL's rating trajectory is positive and current. When BSE sought clarification on the stock's price movement (9 Sep 2026), the company responded within the same news cycle that no undisclosed price-sensitive information existed.

3. Grey areas

Komal Somani's relationship to Piyush Somani (presumed spouse) was not independently confirmed in this research. Three of seven board seats sit with promoter-family or long-standing insider executives (Chairman/MD, a further Whole-Time Director, and two Executive Directors), concentrating operational control. Screener.in's credit-rating history lists rating actions attributed to "Fitch" going back to 2018 — unusual for a company this size, and far more likely to be India Ratings and Research (Ind-Ra, Fitch's majority-owned Indian subsidiary) mislabelled for brevity; this research could not resolve the ambiguity. A 12 September 2026 postal ballot notice was filed with its subject matter not disclosed in the sources this research reached.

4. Red flags

None confirmed as adjudicated matters, but this reflects an unusually incomplete verification picture rather than a clean bill: no litigation history, statutory-auditor identity, or related-party-transaction disclosure could be found anywhere in this research pass, because the DRHP's "Outstanding Litigation" section — the natural primary source for a company two weeks post-IPO — was not directly accessible. The stock's placement under Long-Term ASM Stage 1 surveillance and the 9 September 2026 BSE clarification request are both on the public record, though the company's own response asserted no undisclosed information was behind the price movement.

5. Items to watch

Confirmation of current board composition and independent-director percentage against SEBI LODR; the statutory auditor's identity; the DRHP's litigation and related-party-transaction sections once accessible; independent verification of Sharon AI's identity and creditworthiness; resolution of the "Fitch" vs. India Ratings labelling ambiguity; and the subject matter of the 12 September 2026 postal ballot.



GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because a listing this new has not yet had time to be externally verified. Nothing found in this research points to actual misconduct, but a board that may fall short of SEBI LODR's independent-director threshold, an unidentified statutory auditor, and inaccessible litigation/related-party disclosures are exactly the kind of gaps a two-week-old listing carries by default — and they reinforce, rather than offset, this report's SELL call, which rests primarily on valuation and single-customer concentration risk.

SWOT analysis

STRENGTHS

- USD 1.25bn Sharon AI contract with a ₹1,180cr advance already received
- Diversified, profitable core IaaS/Managed Services/SaaS business with 94.9% FY26 revenue retention
- CRISIL upgrade to A-/Positive (~16-17 Sep 2026), an independent and current credit signal
- Deep government/BFSI relationships (MeitY CSP empanelment, 724+ bank branches) and extensive certification stack

WEAKNESSES

- Single-customer concentration (~25x FY26 revenue) with an unverified counterparty
- Trailing P/E disputed across sources, ranging 157x-302x, only weeks after listing
- Possible sub-50% independent-director board for an executive-Chairman company
- Statutory auditor, litigation and related-party-transaction disclosures all unverified
- Only ~2 weeks of post-listing trading history behind every reported metric

OPPORTUNITIES

- Sharon AI infrastructure go-live (targeted Oct 2026) and first revenue recognition (Q3 FY27)
- Ghaziabad Tier-3 green data centre, built in partnership with Central Electronics Limited
- Continued SWARAJ product-suite expansion (Bodhi, Garuda, Hansa, Nandi, Jatayoo, and the newly launched Sethu DevSecOps platform)
- Further MeitY CSP-driven government contract wins

THREATS

- Extreme volatility and Long-Term ASM Stage 1 surveillance inviting further regulatory scrutiny
- Execution risk on an 8,208-GPU build-out against an October 2026 target date
- Customer-concentration risk if Sharon AI's own creditworthiness disappoints
- Competitive pricing pressure and GPU obsolescence risk, as flagged by Choice's own report
- Further promoter dilution (already down from ~46.06% pre-IPO to 39.45%)

Key developments to watch

- **Sharon AI infrastructure launch** (targeted October 2026) and the first quarter of revenue recognition (Q3 FY27).
- **Independent confirmation of Sharon AI's identity and creditworthiness** via an exchange filing — the single most important unresolved fact behind this company's entire AI thesis.
- **Confirmation of current board composition and independent-director percentage** against SEBI LODR's threshold for an executive-chaired company.
- **Subject and outcome of the 12 September 2026 postal ballot.**
- **Whether Long-Term ASM Stage 1 surveillance is lifted, maintained, or escalated.**

Key risks to be aware of

- **Valuation risk (dominant).** CMP already sits at or above the only confirmed brokerage target, on trailing multiples of 157x-302x with barely two weeks of trading history behind them.
- **Concentration risk.** A single, ~25x-revenue customer contract with an unverified counterparty.



- **Governance-disclosure risk.** Possible sub-50% independent board, unverified statutory auditor, and inaccessible litigation/RPT disclosures.
- **Market-structure risk.** ASM Stage 1 surveillance and extreme post-listing volatility, independent of underlying fundamentals.
- **Execution risk** on the October 2026 GPU-infrastructure go-live underpinning the entire Sharon AI revenue case.

Valuation

₹ per share unless stated

IPO-stage, ~2 weeks of trading history — treat all multiples in this section as unstable. Screener.in's 302x trailing P/E implies a trailing EPS of only ~₹5.18, which appears to reflect an earnings base that predates full consolidation of FY26 results; groww.in's 157.75x is more consistent with the well-corroborated ~₹121cr FY2026 PAT on a post-IPO share count of ~12cr shares, implying trailing EPS of ~₹10.00. We use ₹10.00 as the more defensible trailing EPS below, but flag plainly that neither figure has more than two weeks of post-listing trading behind it, and CMP ÷ disclosed trailing P/E is therefore an illustration of how rich the current price is, not a precise forecast:

Scenario	Target P/E (trailing)	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	70.0x	10.00	700	(55.3)%
Base	100.0x	10.00	1,000	(36.1)%
Bull	140.0x	10.00	1,400	(10.5)%

Base case rounded to ₹1,000. Even our bull-case scenario, at a 140x trailing multiple — still far above the ~31x forward P/E implied by Choice Institutional Equities' own ₹1,550 target (18x FY28E EV/EBITDA) — produces meaningful downside from the current ₹1,565, underscoring how far the current trading price has detached from even the most constructive sell-side view located in this research. Choice's ₹1,550 target (~7 Sep 2026), the only confirmed brokerage reference point found, already sits below CMP.

RECOMMENDATION: SELL, TARGET ₹1,000 (-36.1% FROM ₹1,565, 18 SEP 2026)

Upgrade triggers: independent confirmation of Sharon AI's identity and creditworthiness; confirmed board independence meeting SEBI LODR's 50% threshold; resolution of the DRHP litigation/RPT gaps with no material findings; the ASM Stage 1 flag being lifted. **Downgrade triggers:** any delay or dispute in the Sharon AI infrastructure launch (targeted Oct 2026); further extreme volatility or an ASM Stage escalation; further promoter selling beyond the post-IPO dilution already seen.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	281	357	~481
OPM	34%	43%	~50%
Net profit (PAT)	16	61	~121

Selected metrics	Latest
ROE (last year)	17.1%-22.1%
ROCE	20.6%
Sharon AI contract value	USD 1.25bn (5yr +2yr option)
Sharon AI advance received	₹1,180 cr
Sharon AI scale vs. FY26 revenue	~25x



Source: screener.in and groww.in (18-20 Sep 2026), cross-checked against a Choice Institutional Equities brokerage report (via dsij.in, ~7 Sep 2026) and a Hindu BusinessLine DRHP-sourced review; FY26 revenue/PAT are corroborated between groww.in (₹481cr/₹121cr) and Hindu BusinessLine's DRHP figure (₹120.8cr PAT) but could not be independently confirmed against a full post-listing screener.in annual line item in this research pass.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, ESDS Software Solution Limited, and have received no compensation from the company.



HOLD

RailTel Corporation of India

RAILTEL

A profitable, near-debt-free railway-telecom PSU with a genuinely growing data-centre sliver — undercut by recurring board-composition fines and a bearish Street

Summary

RailTel is a Ministry of Railways-promoted telecom-infrastructure PSU that operates India's largest neutral optical-fibre network along railway tracks — exclusive right-of-way spanning ~6,000 stations and reaching ~70% of India's population — and turns that network into leased-line, VPN, RailWire broadband, tower co-location and turnkey project revenue for railways and other government bodies. Inside this base business sits a genuinely growing, if still small, data-centre and MeitY-empanelled cloud (IaaS/PaaS/SaaS) segment: FY26 (year ended March 2026) DC/cloud revenue of ₹202 crore, up 59% year-on-year from ₹127 crore in FY25, against total FY26 revenue of ₹4,277 crore — roughly 4.7% of the company. Management has guided this segment to ~₹300 crore in FY27 and ~₹500 crore by FY28, backed by new Gurgaon and Mumbai edge facilities, a planned 10 MW Noida facility (~May 2027), and a "hybrid" build/lease model under which RailTel management has explicitly named **Anant Raj and Adani** as the parties from whom it leases passive data-centre infrastructure (Q1 FY27 earnings call, ~August 2026) — a direct, named cross-link to the Anant Raj profile elsewhere in this report.

The core PSU business is executing solidly: record order book of ₹11,747 crore as of the June 2026 quarter (+34% quarter-on-quarter), fresh Q1 FY27 orders of ₹1,688 crore (+134% year-on-year), the company is almost debt-free (₹64 crore of borrowings against ₹5,830 crore of total assets, FY26), and it trades at a reasonable ~23.0x trailing P/E with ROE of 17.1% and ROCE of 22.8%. A ₹167 crore IaaS cloud contract from EPFO (August 2026) is a concrete example of the MeitY-cloud pipeline converting into revenue, and Kavach train-collision-avoidance revenue recognition is expected to begin in FY27 pending RDSO approval.

Set against this is a governance record that is unusual for an otherwise low-controversy PSU: RailTel was fined by both NSE and BSE for SEBI LODR board-composition non-compliance across at least three separate quarters of 2026 (March, May and August), a pattern that recurred after an independent director's tenure ended in April 2026 and has not, on the evidence this research reached, been resolved. Reported Q1 FY27 profit was flat year-on-year at ₹66 crore despite 20% revenue growth, because of non-cash Expected Credit Loss provisioning against aged government/railway

TARGET PRICE

12-month target	₹278
CMP (18 Sep 2026)	₹265
Implied upside	+4.9%
Rating	HOLD

KEY STOCK DATA

Market cap	₹8,505 cr
P/E (trailing)	~23.0x
Book value/share	₹70.5
ROE / ROCE	17.1% / 22.8%
Credit rating	ICRA (grade not confirmed)

SHAREHOLDING (JUN 2026)

Promoters (Govt of India)	72.84%
Public	22.19%
FII	3.98%
DII	0.99%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	2,568	3,478	4,277
EBITDA margin	18%	15%	15%
PAT	246	300	346



receivables (debtor days of 175 are flagged separately as a concern) — and sell-side coverage, thin as it is, skews bearish: ICICI Securities carries a "Reduce" rating (₹300 target, May 2026) and one aggregator shows a "Strong Sell" consensus from just two analysts (average target ₹245).

Net: a HOLD. This is a cheap, largely clean-balance-sheet PSU with a real and growing second engine in data centres and cloud — but recurring governance fines, ECL-driven earnings volatility and a bearish Street mean it is neither a clean value buy nor a value trap, and the valuation gives the story enough room to work without demanding it does.

Investment rationale

- **A real, fast-growing data-centre/cloud segment, explicitly sized.** FY26 DC/cloud revenue of ₹202 crore grew 59% year-on-year, and management guides to ~₹300 crore in FY27 and ~₹500 crore by FY28 — this is still ~4.7% of FY26 revenue, but it is a disclosed, tracked, growing line, not a marketing aspiration.
- **Record order-book momentum.** Order book reached ₹11,747 crore as of the June 2026 quarter, up 34% quarter-on-quarter, with fresh Q1 FY27 orders of ₹1,688 crore versus ₹721 crore a year earlier (+134% year-on-year).
- **An almost debt-free balance sheet with solid returns.** Borrowings of just ₹64 crore against ₹5,830 crore of total assets (FY26), ROE of 17.1% and ROCE of 22.8% — a genuinely conservative capital structure for a company also expanding data-centre capacity.
- **A reasonable valuation.** At ~23.0x trailing P/E, RailTel trades at a fraction of the multiples this report's server- and pure-play data-centre names command, giving the DC growth story room to compound without the stock needing to re-rate first.
- **Concrete cloud/IaaS wins beyond aspiration.** A ₹167 crore IaaS services contract from EPFO (August 2026) shows the MeitY-empanelled cloud offering converting into government-cloud revenue, not just capacity build-out.
- **Kavach monetisation approaching.** RDSO approval for revenue recognition was described as "imminent" on the Q1 FY27 call, with billed Kavach revenue expected to begin in FY27 — a separate, non-DC growth lever.

What gives us pause

- **Recurring SEBI LODR board-composition fines — an unusual governance pattern for a PSU.** NSE and BSE fined RailTel for board-composition non-compliance at least four times across 2026: a combined ₹10.86 lakh (~2 March 2026), a further related fine reported ~5 March 2026, another (reported inconsistently as either ₹10.62 lakh or ₹5.31 lakh each from NSE/BSE, ~30 May 2026), and ₹9,00,340 each from NSE and BSE for Q2 FY27 non-compliance (~27 August 2026). This recurred across at least three separate quarters in a single calendar year — this report treats it as a real, prominent governance issue, not a rounding-error footnote (see Governance below).
- **The data-centre business is still small relative to the whole company.** At ~4.7% of FY26 revenue, it is meaningfully smaller and less mature than some other data-centre exposures covered in this report — the FY28 ₹500 crore guidance, if delivered, would still be well under 10% of a company growing its base telecom/project business at ~20% a year.
- **ECL provisioning is masking underlying growth.** Q1 FY27 operating revenue grew 20% year-on-year, but reported PAT was flat at ₹66 crore because of non-cash Expected Credit Loss provisions against aged government/railway receivables — consistent with debtor days of 175, which screener.in flags separately as a concern.
- **Sell-side coverage is thin and skews bearish.** ICICI Securities carries a "Reduce" rating with a ₹300 target (~5 May 2026); a separate aggregator shows a "Strong Sell" consensus built from just two analysts, with an average target of ₹245 — below the current price. No other named brokerage coverage (Motilal Oswal, Kotak, Nomura, HDFC Securities, JM Financial) was found in this research, a notable contrast to the multi-brokerage coverage found for Anant Raj elsewhere in this report.



- **Basic public disclosure has inconsistencies.** Screener.in's boilerplate describes RailTel as a "Navratna" PSU, while the company's own Twitter bio and a Groww profile describe it as "Miniratna" — this report could not resolve the discrepancy from the sources reached and flags it as an open item, alongside an unresolved question over the current statutory Director (Finance)/CFO (see Governance below).
- **The actual ICRA credit-rating grade could not be confirmed.** ICRA is RailTel's rating agency of record (six rationale dates identified, 2020–2025/26), but the underlying letter grade and outlook were not accessible in this research pass — a gap that should be closed before treating RailTel's credit quality as fully verified.

Corporate governance assessment

1. Which rules actually apply

RailTel is a mainboard NSE/BSE-listed Miniratna (per the company's own social-media and third-party profile sources — this report could not reconcile this against screener.in's conflicting "Navratna" description; see above) Category-I Central Public Sector Enterprise under the Ministry of Railways, and as a listed entity is subject to SEBI LODR notwithstanding its government ownership. Sanjai Kumar holds the combined Chairman & Managing Director title, which is standard for a government-appointed CPSE executive; some SEBI LODR independent-director provisions carry exemptions or modified thresholds for government companies, but the recurring NSE/BSE fines described below indicate that whatever exemption, if any, applies did not shield the company from board-composition penalties in 2026 — this report treats the fines as the operative fact, rather than resolving the underlying exemption question, which was not confirmed from the sources reached.

2. What the company does well

RailTel promptly disclosed and, where applicable, contested regulatory and commercial matters via its screener.in announcements feed — for example, a ₹49.24 lakh CGST demand was contested and subsequently set aside on appeal by the Guwahati appellate authority (~19 September 2026), a resolved matter in the company's favour. The statutory audit process (annual C&AG appointment of auditors) is standard CPSE practice and was disclosed via company announcements (~9 and ~11 September 2026), even though the specific audit firm name was not captured in this research. Director (Finance) continuity has been publicly tracked: V. Rama Manohara Rao has held the role since November 2022, named alongside the CMD on recent earnings calls.

3. Grey areas

A separate item reports that Madhulika Pathak was promoted to "Principal Executive Director (Finance)" effective 13 January 2026 — it is unclear from the sources reached whether this is a board-level Director-Finance/CFO change (i.e., succeeding V. Rama Manohara Rao) or a distinct, more junior finance role; this should be confirmed from the FY26 annual report or a recent exchange filing before this report's governance framing is treated as final. The Navratna-versus-Miniratna classification discrepancy noted above, while not itself a compliance failure, reflects public-disclosure hygiene that a reader should be aware of when assessing how easily RailTel's own governance disclosures can be independently verified.

4. Red flags

Recurring SEBI LODR board-composition non-compliance is this report's most significant, and most unusual, governance finding for RailTel. NSE and BSE issued board-composition fines against the company at least four separate times across calendar 2026 — combined ₹10.86 lakh (~2 March), a related report (~5 March), a further fine reported inconsistently as ₹10.62 lakh or ₹5.31 lakh each (~30 May), and ₹9,00,340 each from NSE/BSE for Q2 FY27 (~27 August). Independent director Dr. Subhash Sharma completed his tenure and stepped down ~15 April 2026, a timing consistent with — though not confirmed as the direct cause of — a persistent independent-director vacancy that a government-appointment process has apparently been slow to fill; this report states that link as a plausible inference, not a confirmed causal fact. This is precisely the kind of recurring, adjudicated (fined) governance lapse that a report of this kind should give real prominence to, not treat as a footnote, especially for an otherwise low-controversy PSU. No SEBI enforcement action, insider-trading finding, or ED/CBI investigation involving RailTel was found in this research.



5. Items to watch

Whether the independent-director vacancy has been filled and the fine cycle has ended; confirmation of the current statutory Director (Finance)/CFO; the actual ICRA rating grade and outlook; resolution of the Navratna/Miniratna classification discrepancy from a primary source (FY26 annual report cover page or DPE listing); and the name of the C&AG-appointed statutory auditor for FY2026-27.

GOVERNANCE CONCLUSION

Financially disciplined, but with a recurring, adjudicated compliance lapse that is unusual for a PSU of this profile. Nothing found in this research suggests fraud or expropriation risk, and the balance sheet and disclosure record around commercial/tax disputes are clean — but three separate quarters of 2026 board- composition fines from both exchanges is a real, repeated regulatory failure, not a one-off administrative slip, and it sits alongside unresolved questions about the current CFO and the actual credit-rating grade. That combination argues for treating RailTel as cheap-but-flawed rather than a clean value opportunity — reflected here in a target multiple band that does not assume a governance re-rating.

SWOT analysis

STRENGTHS

- Real, fast-growing DC/cloud segment (₹202cr FY26, +59% YoY; guided to ₹500cr by FY28)
- Record order book (₹11,747cr, Q1 FY27, +34% QoQ) and fresh-order momentum (+134% YoY)
- Almost debt-free (₹64cr borrowings, FY26), ROE 17.1% / ROCE 22.8%
- Reasonable valuation (~23.0x trailing P/E) relative to the rest of this report's coverage
- Concrete cloud/IaaS wins (₹167cr EPFO IaaS contract, Aug 2026)

WEAKNESSES

- Recurring 2026 SEBI LODR board-composition fines across at least three quarters
- DC/cloud still only ~4.7% of FY26 revenue
- Q1 FY27 PAT flat YoY despite 20% revenue growth, due to ECL provisioning; debtor days of 175
- Statutory CFO identity and actual ICRA rating grade both unconfirmed

OPPORTUNITIES

- FY27/FY28 DC revenue guidance (~₹300cr / ~₹500cr) and the planned 10 MW Noida facility (~May 2027)
- Kavach revenue recognition expected to begin FY27 pending RDSO approval
- Further edge-DC rollout (reported 102-location Techno Electric partnership; Indore, Ujjain, Chandigarh, Visakhapatnam expansion)
- Growing government cloud/IaaS pipeline beyond the EPFO win

THREATS

- Bearish sell-side positioning (ICICI "Reduce," ₹300 target; aggregator "Strong Sell" consensus, ₹245 target)
- Continued independent-director vacancy risking further exchange fines
- Aged government/PSU receivables and ECL volatility recurring in future quarters
- Stock down ~56% from its all-time high, reflecting a broader de-rating some of this report's own concerns may not fully offset

Key developments to watch

- **Whether the independent-director vacancy is filled and the fine cycle ends** — the single most important governance item to close for this company.
- **DC/cloud revenue trajectory** against the ~₹300cr FY27 and ~₹500cr FY28 guidance, and commissioning of the 10 MW Noida facility (~May 2027).
- **Kavach RDSO approval and the start of billed revenue recognition**, expected FY27.



- **Confirmation of the actual ICRA rating grade** and the current statutory Director (Finance)/CFO.

Key risks to be aware of

- **Governance/compliance risk (dominant).** A recurring, adjudicated pattern of board-composition fines across multiple 2026 quarters is an unusual, real regulatory failure for a PSU of this profile.
- **Earnings-volatility risk** from ECL provisioning against aged government/railway receivables, which can decouple reported PAT from underlying revenue growth, as in Q1 FY27.
- **Execution risk on the still-small DC segment** — the FY28 guidance requires sustained, multi-year delivery against a base that is currently only ~4.7% of revenue.
- **Sell-side sentiment risk** — a "Reduce" and a "Strong Sell" consensus both exist in the thin coverage this report found, and further negative revisions could pressure the multiple.

Valuation

₹ per share unless stated

RailTel's screener.in-disclosed trailing P/E of 23.0x on a CMP of ₹265 backs out a trailing EPS of ~₹11.52 — modestly above the FY26 full-year reported EPS of ₹10.79, consistent with normal TTM-versus-FY26-year-end timing differences (see Financial summary below). We use this back-calculated (CMP ÷ disclosed trailing P/E) figure, rather than the FY26 EPS directly, because it is the figure the market's own trailing multiple is actually built on. Applying an *indicative* 15% forward-EPS growth assumption — well below FY26's 23% revenue growth and management's own ~20-25% FY27 revenue guidance, moderated specifically to reflect the ECL-driven PAT flatness the June 2026 quarter already showed — gives a constructed FY27E EPS of ~₹13.25. We apply a target multiple band set modestly around, not above, the current trailing multiple, reflecting the recurring governance fines and bearish sell-side positioning documented above:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	19.0x	13.25	252	(4.9)%
Base	21.0x	13.25	278	+4.9%
Bull	23.0x	13.25	305	+15.1%

Base case rounded to ₹278. Named coverage found in this research disagrees sharply in framing though not always in absolute level: ICICI Securities' "Reduce" rating carries a ₹300 target (nominally above CMP, but bearish in tone, dated ~5 May 2026), while a separate aggregator (stockanalysis.com) shows a "Strong Sell" consensus from just two analysts averaging ₹245 — below CMP. This report's own base case of ₹278 sits between the two, consistent with a HOLD rather than a directional call at either bearish extreme.

RECOMMENDATION: HOLD, TARGET ₹278 (+4.9% FROM ₹265, 18 SEP 2026)

Upgrade triggers: confirmation of the ICRA rating grade at investment-grade with a stable-or-better outlook; resolution of the independent-director vacancy with no further SEBI LODR board-composition fines; DC/cloud revenue tracking at or ahead of the ~₹300cr FY27 guidance without further ECL-driven PAT drag. **Downgrade triggers:** any further board-composition fine in FY27; DC/cloud revenue growth stalling meaningfully below guidance; or a further deterioration in debtor days/ECL provisioning trends.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,568	3,478	4,277
Operating profit	464	535	638
OPM %	18%	15%	15%
Net profit (PAT)	246	300	346

Selected metrics	FY26
ROE	17.1%
ROCE	22.8%
Order book (Q1 FY27)	₹11,747 cr
Data-centre revenue (FY26)	₹202 cr (+59% YoY)

Source: screener.in (20 Sep 2026), cross-checked against stockanalysis.com and scanx.trade's FY26/Q1 FY27 results coverage, all of which agree on the headline FY26 revenue (₹4,277cr) and PAT (₹346cr) figures used here.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, RailTel Corporation of India Limited, and have received no compensation from the company.



HOLD

Anant Raj Ltd

ANANTRAJ

A real-estate landlord scaling into a genuine data-centre platform and demerging it into a dedicated listing — clouded by an unresolved Enforcement Directorate probe

Summary

Anant Raj is a Delhi-based real-estate developer (incorporated 1985, promoted by the Sarin family) with a ~330-acre fully-paid land bank across NCR, Haryana, Andhra Pradesh and Rajasthan, spanning residential townships, IT parks, SEZs and hospitality assets. Since diversifying into data-centre and cloud infrastructure, it has become one of the more developed colocation-landlord stories in this report: ~28 MW of IT load was operational across Manesar and Panchkula as of the most recent rating action (Infomerics, 5 May 2026), with disclosed plans — varying somewhat by source and date — to scale toward 63 MW by FY27 (CRISIL), 117 MW by FY28 and 357 MW by FY32 (tradebrains.in), across additional sites in Rai, Sonapat, Gurugram and Andhra Pradesh. **RailTel Corporation of India is a named, confirmed lessee** of Anant Raj's passive data-centre infrastructure under RailTel's own "hybrid" DC model — a direct, concrete tenant relationship, not an aspirational one, and a cross-link this report also documents from RailTel's side.

The single largest event in this profile is structural: on **21 July 2026**, **Anant Raj's board approved a scheme of arrangement to demerge its entire data-centre and cloud business into a new, separately listed company, "Ashok Cloud Private Limited"** (named for founder Ashok Sarin), with a 1:1 share allotment to existing Anant Raj shareholders. Multiple outlets described the outcome as "two focused, independently listed companies" — one real estate, one data centres/cloud — a genuine value-unlock catalyst that Managing Director Amit Sarin has explicitly framed as enabling dedicated strategic investors to back the DC platform directly. Ashok Cloud's disclosed portfolio at announcement (Gurugram 21 MW certified; Sonapat ~200 MW hyperscale under construction; Panchkula 57 MW edge-hub retrofit) sits alongside a ₹4,500 crore Andhra Pradesh 50 MW data-centre MoU and a separately announced ~₹25,000 crore Haryana DC/cloud investment plan (2 June 2026) — real, if not fully reconciled, capital commitment to the growth story.

Set against this is a live, unresolved legal overhang: **the Enforcement Directorate searched Anant Raj's Delhi office on 24 April 2026 in a money-laundering case**, triggering a same-day ~9% stock decline and, on 5 May 2026, Infomerics placing both the company's long- and short-term ratings on "Rating Watch with

TARGET PRICE

12-month target	₹585
CMP (18 Sep 2026)	₹606
Implied upside	(3.5)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹21,814 cr
P/E (trailing)	70.9x standalone / 37.6x consol.
Book value/ share	₹141
ROE / ROCE	~7% / ~8%
Credit rating	CRISIL BBB/Positive; Infomerics A-/RWDI

SHAREHOLDING (JUN 2026)

Promoters (Sarin family)	57.43%
Public	27.22%
FII	10.74%
DII	4.60%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	1,483	2,060	2,512
EBITDA margin	22.5%	23.9%	~26%*
PAT	266	426	557



Developing Implications," citing the ED action explicitly. This report found no rating action or public disclosure resolving that watch as of the research date — this is a live, material overhang, not a historical footnote. Separately, CRISIL's "BBB" long-term rating and Infomerics' "A-" long-term rating — nominally for the same credit group — sit roughly three notches apart, an unreconciled gap this report flags rather than averages; and the standalone P/E of 70.9x versus a consolidated 37.6x (trailing) / 26.8x (forward) is a large, non-trivial gap that must be stated explicitly rather than quoted selectively.

Net: a HOLD. Sell-side coverage is uniformly Buy across at least seven named brokerages, but targets have been falling for well over a year (Motilal Oswal ₹1,100 → ₹807 → ₹663 → ₹710, December 2024–July 2026) and most specific target data points predate the April 2026 ED news — this report treats pre-ED targets as stale. The DC/cloud growth story and the Ashok Cloud demerger are genuine, and closer to "material and growing" than some other data-centre exposures in this report — but an open, rating-agency-flagged legal matter is not a reason to upgrade to a clean BUY; it is a reason to wait for clarity.

Investment rationale

- **A genuinely material and growing data-centre platform, not a slide-deck aspiration.** ~28 MW operational (Manesar + Panchkula) as of May 2026, scaling toward 63 MW by FY27 (CRISIL) and management-cited targets of 117 MW (FY28) and 357 MW (FY32) — this is closer to "material and growing" than some smaller data-centre exposures elsewhere in this report.
- **The Ashok Cloud demerger is a real, board-approved value-unlock catalyst.** Approved 21 July 2026 with a 1:1 share allotment, it separates the DC/cloud platform into its own listed vehicle, explicitly framed by MD Amit Sarin as enabling dedicated strategic investors and cleaner, more focused governance for each business.
- **A named, confirmed anchor tenant.** RailTel Corporation of India leases passive data-centre infrastructure from Anant Raj under RailTel's own disclosed "hybrid" model (Q1 FY27 earnings call) — a concrete customer relationship this report can independently cross-verify from the counterparty's own disclosure.
- **Genuine, multi-agency-corroborated deleveraging.** Standalone borrowings fell from ₹1,021 crore (FY23) to ₹323 crore (FY26); consolidated gearing fell from 0.19x (FY24) to 0.12x (FY25); CRISIL explicitly cited "further deleveraging" in its September 2025 rationale.
- **Uniformly positive, broad sell-side coverage.** At least seven named brokerages — Motilal Oswal, Nomura, Emkay Global, LKP Securities, JM Financial, Nuvama and Jefferies — carry Buy ratings, a materially fuller picture than the "2 analysts" some aggregator tools suggest.
- **Continued capital commitment to the DC story.** A ₹4,500 crore Andhra Pradesh 50 MW data-centre MoU and a separately announced ~₹25,000 crore Haryana DC/cloud investment plan (2 June 2026) both point to scale ambitions well beyond the currently operational base.

What gives us pause

- **The Enforcement Directorate's search of Anant Raj's Delhi office remains unresolved — the dominant reason for this report's HOLD, not a clean BUY.** On 24 April 2026, the ED searched the company's Delhi office in a money-laundering case (other developers, including Raheja Developers, were reportedly searched in the same window); the stock fell ~9% the same day. On 5 May 2026, Infomerics placed both Anant Raj's long- and short-term ratings on "Rating Watch with Developing



Implications," explicitly citing the ED action and stating the watch would be resolved only once there is "further clarity on the ED's action and the potential implications." This report found no subsequent rating action or disclosure confirming resolution — treat this as a live, material, open legal matter, not a historical footnote.

- **CRISIL "BBB" versus Infomercials "A-" is an unreconciled, roughly three-notch rating gap** between two agencies nominally rating the same credit group — a genuinely unusual divergence this report flags explicitly rather than silently averaging or picking a side.
- **Standalone P/E of 70.9x versus consolidated 37.6x (trailing) / 26.8x (forward) is a large gap, not a rounding difference.** FY25 standalone PAT (₹219cr) is roughly half FY25 consolidated PAT (₹426cr), and the gap has widened, not narrowed, into FY26 — any valuation citing one multiple without the other risks materially mischaracterising how expensive the stock actually is.
- **Sell-side targets have been falling for well over a year, mostly before the ED news.** Motilal Oswal's target fell from ₹1,100 (December 2024) to ₹807 (July 2025) to ₹663 (January 2026) before a partial recovery to ₹710 (July 2026) — and nearly every specific brokerage target this research found predates or barely postdates the April 2026 ED search. This report treats those pre-ED targets as stale, not current.
- **At least four different data-centre capacity figures appear across sources gathered for this report** — 28 MW operational (Infomercials, May 2026); a 3 → 6 → 28 MW build-out to a 63 MW FY27 target (CRISIL); 117 MW FY28 / 357 MW FY32 targets (tradebrains.in); and a Gurugram 21 MW + Sonapat 200 MW + Panchkula 57 MW (=278 MW) Ashok Cloud portfolio disclosure (July 2026) — unreconciled in the sources this research reached, alongside an internal inconsistency over whether Anant Raj retains a stake in Ashok Cloud post-demerger or the split is clean.
- **Modest return ratios despite strong headline profit growth.** ROE of ~7% and ROCE of ~8% are notably low for a company reporting strong consolidated PAT growth, reflecting a rapidly expanded equity base from capital raises (₹2,762cr FY23 → ₹5,061cr FY26) — return ratios have not kept pace with the profit narrative.

Corporate governance assessment

1. Which rules actually apply

Anant Raj is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The board is promoter-controlled (57.43% Sarin family) and heavily family-weighted: Amit Sarin (Chairman & Managing Director, reappointed MD effective 1 January 2026), Aman Sarin (Whole-time Director & CEO), Ashim Sarin (Whole-time Director & COO), and Anish Sarin (newly appointed director, ~12 May 2026, described in press coverage as "next-generation leadership"). No independent director was identified by name in any source this research reached — this report cannot confirm compliance with SEBI LODR's heightened independent-director threshold for an executive-chaired board, and flags this as an open item to be closed from the FY26 annual report, exactly as this report's Netweb profile flags the same gap for a similarly family-weighted board.

2. What the company does well

CFO Pankaj Kumar Gupta has held the role since 9 April 2008 — 18 years of continuity in financial leadership as of 2026, a genuine positive against a growth narrative that depends heavily on execution discipline. The deleveraging trend is independently corroborated by two separate rating agencies (CRISIL and Infomercials), not merely self-reported. The company issued prompt clarifying statements after the ED search (~25 and ~28 April 2026) and, separately, responded to an exchange query over unusual share-volume movement on 4 September 2026 with a statement of "no undisclosed material information" — a routine but responsive disclosure record on its face.

3. Grey areas

The Ashok Cloud demerger's post-completion ownership structure is internally inconsistent across the press coverage this research reached: one source describes Anant Raj "retaining its existing shareholding" (i.e., Ashok Cloud staying a subsidiary), while the 1:1 share-allotment-to-existing-shareholders mechanic and multiple other headlines describe "two independently listed companies" — a materially different outcome for shareholders. This should be resolved from the actual scheme-of-



arrangement filing, not assumed either way. Real-estate portfolio size is also reported inconsistently (more than 20 million sq ft per Infomerics versus 11.3 million sq ft per screener.in, likely different scopes), and Q1 FY27 net profit was reported inconsistently across sources (₹79 crore standalone per screener.in versus a ₹149.19 crore headline figure that is almost certainly consolidated but was not confirmed as such in the source retrieved).

4. Red flags

The Enforcement Directorate's search of the company's Delhi office (24 April 2026), in a money- laundering case, is this report's most significant governance finding for Anant Raj and is treated as a live red flag, not a resolved historical event. The search directly triggered a rating-agency consequence — Infomerics' 5 May 2026 "Rating Watch with Developing Implications" — and no subsequent public disclosure or rating action confirming resolution was found in this research. This report could not verify the specific transaction(s), subsidiary, or time period underlying the ED's action, nor the full content of the company's own clarifying statements, from the headline-level sources reached; that primary-source detail should be obtained before this matter is treated as closed in either direction. Separately, no independent director was named for the board in any source this research reached, and the statutory auditor's identity could not be confirmed.

5. Items to watch

Resolution of the ED matter and the lifting (or escalation) of Infomerics' Rating Watch with Developing Implications; whether CRISIL has placed a parallel rating watch (a 5 May 2026 CRISIL rating update exists per screener.in's document index, coincident with the Infomerics action, but its content was not independently confirmed in this research); the actual scheme-of-arrangement filing clarifying Ashok Cloud's post-demerger ownership structure; the full independent-director roster; and the statutory auditor's identity.

GOVERNANCE CONCLUSION

An improving financial-discipline story overlaid by a live, unresolved legal matter that a reader should not discount. Deleveraging is real and independently corroborated, CFO continuity is genuine, and the company has been responsive to exchange queries — but an active Enforcement Directorate probe that has already moved a credit rating onto a developing watch, a family-dominated board with no confirmed independent director, and an unreconciled three-notch gap between two rating agencies together argue against treating today's governance as fully verified. The appropriate response is patience, not a valuation discount alone — this report's HOLD, rather than BUY, is the governance call as much as the valuation call.



SWOT analysis

STRENGTHS

- Genuinely material, scaling DC platform (~28MW operational, targets to 357MW by FY32)
- Board-approved Ashok Cloud demerger (21 Jul 2026) — a real value-unlock catalyst
- Named, confirmed anchor tenant (RailTel) cross-verified from the counterparty's own disclosure
- Genuine, two-agency-corroborated deleveraging trend
- Uniformly Buy sell-side coverage across seven named brokerages

WEAKNESSES

- Standalone (70.9x) vs consolidated (37.6x/26.8x) P/E gap complicates valuation
- Modest ROE (~7%) / ROCE (~8%) despite strong headline profit growth
- No independent director named; statutory auditor unconfirmed
- At least four unreconciled DC-capacity figures across disclosed sources

OPPORTUNITIES

- ₹4,500cr Andhra Pradesh 50MW MoU and ~₹25,000cr Haryana DC/cloud investment plan
- Reported government consideration of eased tax rules for leased data centers
- Ashok Cloud as a dedicated vehicle to attract strategic DC-focused investors post-demerger
- Continued real-estate pipeline progress in parallel (e.g., RERA registration for a 1.22m sq ft Gurugram project, Aug 2026)

THREATS

- Unresolved ED money-laundering probe and Infomerics Rating Watch with Developing Implications — dominant threat
- Unreconciled CRISIL BBB vs Infomerics A- rating gap (~3 notches)
- Nomura's own June 2026 target cut citing cloud-ramp-up and project delays
- Ashok Cloud demerger completion contingent on NCLT/regulatory/shareholder approvals with no confirmed timeline

Key developments to watch

- **Resolution of the ED matter and the Infomerics Rating Watch with Developing Implications** — the single most important item for this stock, by this report's own weighting.
- **The Ashok Cloud scheme-of-arrangement filing and NCLT approval timeline**, including clarity on the post-demerger ownership structure.
- **Whether CRISIL places a parallel rating watch**, and any eventual reconciliation of the CRISIL/ Infomerics rating gap.
- **DC capacity delivery against the 63MW FY27 target**, and any brokerage rating or target revisions made after the April 2026 ED news (most current targets predate it).

Key risks to be aware of

- **Legal/regulatory risk (dominant)**. The ED matter is unresolved and could escalate; a rating watch already reflects agency-level uncertainty.
- **Demerger execution and timeline risk** — completion depends on NCLT and other regulatory approvals with no confirmed date, and could be delayed or altered by the ED matter's outcome.
- **Rating-gap/credit-uncertainty risk** — the unreconciled three-notch CRISIL/Infomerics gap signals genuine disagreement about credit quality.
- **Valuation-basis risk** — the standalone/consolidated multiple gap makes headline P/E comparisons unusually easy to misstate.



Valuation

₹ per share unless stated

We value Anant Raj on FY26 consolidated PAT (₹557 crore, stockanalysis.com, +30.81% YoY) divided by the implied current share count (market cap ÷ CMP = ₹21,814cr ÷ ₹606 ≈ 36.00 crore shares), rather than on disclosed standalone or consolidated EPS directly, because the standalone/consolidated gap documented above is effectively a scope/share-count normalisation issue that needs to be made explicit, not a literal dilution event. This gives an implied FY26 EPS of ~₹15.47 — broadly consistent with, though not identical to, the ~37.6x trailing consolidated P/E reported elsewhere, allowing for TTM-versus-FY26-year-end timing differences. Applying an *indicative* 22% forward-EPS growth assumption — well below the 30.81% consolidated PAT growth just delivered and far below the 41-72% standalone multi-year profit CAGRs, moderated specifically to reflect Nomura's own June 2026 commentary on cloud-ramp and project delays and the unresolved ED overhang — gives a constructed FY27E EPS of ~₹18.87. We apply a target multiple band set below, not above, the current consolidated trailing multiple, reflecting the open legal matter and the rating-agency watch:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	26.0x	18.87	491	(19.0)%
Base	31.0x	18.87	585	(3.5)%
Bull	36.0x	18.87	679	+12.1%

Base case rounded to ₹585. Named brokerage targets found in this research (Motilal Oswal ₹710, ~23 Jul 2026; Emkay Global ₹800, reaffirmed ~8 Aug 2025; Nomura Buy with a cut but unspecified target, ~24-25 Jun 2026) sit above our base case — but every one of these data points predates or only barely postdates the 24 April 2026 ED search, and this report treats them as stale rather than current. All identified brokerage coverage is Buy-only, with no Hold or Sell rating found from a named brokerage — a gap this report treats as evidence that the Street has not yet fully repriced the ED overhang, rather than as evidence the overhang is immaterial.

RECOMMENDATION: HOLD, TARGET ₹585 (-3.5% FROM ₹606, 18 SEP 2026)

Upgrade triggers: ED matter resolved with no material finding; confirmation of a full independent-director roster meeting SEBI LODR's threshold; reconciliation of the CRISIL/Infomerics rating gap in Anant Raj's favour, or an Infomerics watch lifted with the rating affirmed or upgraded. **Downgrade triggers:** ED matter escalates (e.g., a formal charge-sheet or asset attachment) or the Ashok Cloud demerger is delayed or cancelled; a parallel CRISIL rating watch or downgrade; or further brokerage target cuts citing DC-ramp or project delays.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	1,483	2,060	2,512
EBITDA	334	492	n.d.*
EBITDA margin	22.5%	23.9%	~26%*
Net profit (PAT)	266	426	557

Selected metrics	FY26
ROE / ROCE	~7% / ~8%
DC/cloud capacity (operational)	~28 MW
Standalone PAT (for comparison)	₹298 cr
P/E: standalone / consolidated	70.9x / 37.6x (trailing)



*Full-year FY26 consolidated EBITDA was not separately disclosed in sources this research reached; the ~26% margin is the 9M FY26 run-rate (Infomerics, 5 May 2026: 9M FY26 EBITDA ₹488.25cr on revenue ₹1,864.79cr, 26.18% margin), applied here as an approximation, not a confirmed full-year figure. Consolidated figures are the primary basis for this valuation (see Valuation section); standalone figures (FY26: revenue ₹1,492cr, PAT ₹298cr, EPS ₹8.29, per screener.in) are shown separately above because the two bases are not interchangeable and press coverage in this research pass used both inconsistently. Source: Infomerics Ratings press release (5 May 2026), stockanalysis.com (20 Sep 2026) for full-year consolidated figures, and screener.in (20 Sep 2026) for standalone figures.

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HOLD

Bharti Airtel Ltd

BHARTIARTL

Included for completeness of India's data-center ownership map — Nxtra is real, but too small to move Airtel's own investment case

Summary

Bharti Airtel is India's second-largest telecom operator by revenue and subscribers, a full-scale diversified group spanning mobile, fixed broadband, DTH, enterprise connectivity, digital/fintech services and a separately-listed African arm (Airtel Africa plc). Its data-center exposure sits entirely inside an unlisted, wholly/majority-owned subsidiary, Nxtra Data Ltd, which posted FY26 revenue of ~₹2,430 crore, up ~17% YoY — approximately 1.1-1.6% of Airtel's ~₹2,10,973 crore consolidated FY26 revenue, depending on the base used. This report includes Bharti Airtel for completeness of India's DC-infrastructure ownership map, not because Nxtra is material enough to move the investment case: no brokerage note found in this research frames Airtel as a data-center or AI-infrastructure stock, and this report's HOLD call is made specifically from that DC-thesis lens, not as a verdict on Airtel's broader telecom franchise.

Judged as a telecom stock, Airtel is genuinely high quality and improving. CRISIL upgraded it to CRISIL AAA/Stable/A1+ in July 2025 (from AA+/Positive) and reaffirmed that rating in July 2026; S&P Global upgraded it twice in roughly thirteen months — to BBB from BBB- in November 2025, then to BBB+ in June 2026 — citing India/Africa growth and debt reduction; Moody's rates it Baa2/Stable and Fitch BBB-/Stable. Sell-side coverage is broad (7+ brokers per Trendlyne) and skews bullish, with targets from Jefferies (₹2,360), Morgan Stanley (₹2,435, upgraded to Overweight), Axis Securities (₹2,530) and JM Financial (₹2,100) clustering in a ₹2,100-2,530 range — all anchored to ARPU growth, tariff hikes, Africa and deleveraging, not to any DC/AI re-rating thesis.

The real, non-consolidated optionality is Nxtra's own build-out: a US\$1 billion capital raise into Nxtra completed in March 2026, led by Alpha Wave Global with Carlyle (an existing investor) and Anchorage Capital participating, and a stated ambition to scale Nxtra's capacity roughly 4x from ~250MW to 1GW — a materially more ambitious re-scoping of an older (2021/2024-reiterated) 400MW-by-2025 target. A Google partnership (October 2025) to build "India's first AI hub and data center" in Visakhapatnam adds further strategic signal. All of this, however, sits inside an unlisted subsidiary whose revenue is not broken out as a segment in Airtel's

TARGET PRICE

12-month target	₹2,039
CMP (18 Sep 2026)	₹1,893
Implied upside	+7.7%
Rating	HOLD

KEY STOCK DATA

Market cap	₹11,81,725 cr
P/E (trailing)	~37.8x
Book value/share	₹245
ROE / ROCE	20.3% / 17.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters	50.07%
FII	26.48%
DII	20.64%
Public	2.64%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	1,49,982	1,72,985	2,10,973
EBITDA margin	52%	49%	55%
PAT	8,558	37,481	33,823



own reported financials, and no Nxtra IPO or DRHP has been confirmed as of this research (September 2026) — only unverified speculation of one.

Net: HOLD. Airtel's own credit and telecom fundamentals justify a constructive stance, but not one this report can attribute to its data-center exposure — and a genuinely material, DC-unrelated overhang (the ~₹44,000 crore AGR litigation) argues against pricing in a scenario where everything goes right. Our target sits toward the lower end of the sell-side range precisely because we are not crediting Nxtra with the premium a pure-play DC re-rating would imply.

Investment rationale

- **A genuinely improving, multi-agency credit profile.** CRISIL AAA/Stable/A1+ (upgraded Jul 2025, reaffirmed Jul 2026); S&P upgraded twice in ~13 months to BBB+ (Nov 2025, Jun 2026); Moody's Baa2/Stable; Fitch BBB-/Stable — an unusually rich, and improving, international rating profile for an Indian corporate.
- **Broad, bullish sell-side coverage anchored to telecom fundamentals.** Jefferies (Buy, ₹2,360), Morgan Stanley (Overweight, ₹2,435), Axis Securities (₹2,530) and JM Financial (Buy, ₹2,100); Trendlyne consensus ~₹2,331 from 7+ brokers — none of it framed as a DC/AI-infrastructure thesis.
- **Real, if non-consolidated, Nxtra optionality.** A US\$1 billion March 2026 capital raise (Alpha Wave Global-led, with Carlyle and Anchorage Capital), a stated 1GW capacity target (~4x the current ~250MW), and an October 2025 Google AI-hub/data-center partnership in Visakhapatnam are genuine signals of scale ambition.
- **Diversification beyond core India mobile,** via Airtel Africa plc (separately listed) and a reported plan to list Airtel Money (fintech) in London in H2 2026 — additional, non-DC growth and optionality vectors.
- **Nxtra's own segment growth is outpacing the parent:** FY26 revenue of ~₹2,430cr (+17% YoY) with EBITDA growing faster still (+24% YoY), consistent with a scaling, margin-expanding data-center adjacency — genuinely encouraging, even though it remains too small to matter at the consolidated level.

What gives us pause

- **The ~₹44,000 crore AGR (Adjusted Gross Revenue) litigation overhang** — material, long-running, and entirely unrelated to the data-center story. The Supreme Court dismissed Airtel's AGR-relief pleas in February and May 2025 (liability cited at ~₹43,980cr as of May 2025); DoT directed ~₹10,000cr of payment by 31 March 2026 with no relief granted; a subsequent, imprecisely-dated report (~mid-2026) describes a partial ~₹20,000cr relief order that this research could not verify against a primary source. This report treats the net current AGR liability as unresolved and material.
- **An unexplained FY25 PAT spike** (₹37,481cr, versus FY24's ₹8,558cr and FY26's ₹33,823cr) that this research could not trace to a specific one-off item — and which is almost certainly why disclosed trailing P/E multiples vary so widely across data providers (from ~28x to ~44x).
- **Nxtra remains immaterial to the consolidated numbers:** ~1.1-1.6% of group revenue, no separately disclosed segment financials beyond YoY growth rates, no confirmed hyperscaler/AI customer contracts named in sources found, and two different, unreconciled capacity targets (400MW-by-2025 vs. the newer 1GW ambition) with no single board-approved capex roadmap located.
- **Governance clarity around the December 2025 leadership overhaul is incomplete.** This research could not confirm whether Shashwat Sharma's "MD & CEO of Bharti Airtel India" title is a statutory, board-level Managing Director appointment on the listed entity, or an internal/operational designation — a distinction that matters for SEBI LODR's independent-director-threshold analysis if the board is ever found to be executive-chaired.



■ **ICRA's instrument-level ratings could not be reconciled** into one clean rating from the sources this research reached (three different data points — AA-, AA+/Stable, and an AAA → AA+ downgrade on different facilities) — plausibly normal for a multi-instrument issuer, but unverified.

Corporate governance assessment

1. Which rules actually apply

Bharti Airtel is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Sunil Bharti Mittal is confirmed as Chairman across sources, but this research could not confirm from the sources reached whether he holds that role in an Executive or Non-Executive capacity on the listed Bharti Airtel Limited board — a distinction that determines whether SEBI LODR's heightened (50%) independent-director threshold applies. Similarly, whether Shashwat Sharma's "MD & CEO of Bharti Airtel India" title (effective 1 January 2026) constitutes a statutory Managing Director appointment on the listed entity, or an internal operating-company designation, could not be confirmed. Both points should be resolved from the FY26 Annual Report / Corporate Governance Report before this company's board-independence compliance can be assessed as complete.

2. What the company does well

Bharti Airtel carries an unusually rich, multi-agency international credit-rating profile (CRISIL, Moody's, S&P, Fitch) reflecting its USD bond issuance discipline, and every domestic and international rating action found in this research over the past ~13 months has been an upgrade, not a downgrade. The December 2025 leadership transition followed a disciplined process — Shashwat Sharma spent twelve months as CEO-designate shadowing outgoing MD & CEO Gopal Vittal before the handover, and Soumen Ray's promotion to Group CFO followed a multi-year tenure as operating-company CFO. Strong secondary evidence (cross-corroborated across two independent sources citing PRIME Database data) points to Deloitte as statutory auditor, though this research could not confirm the precise legal entity name or appointment date from a primary filing.

3. Grey areas

The December 2025 leadership overhaul, while orderly, leaves the statutory board-level status of the new MD & CEO title unconfirmed (see Section 1). Related-party-transaction disclosures specific to Bharti Airtel were not independently verified beyond generic SEBI LODR policy references. ICRA's instrument-level ratings for Bharti Airtel's various debt facilities point in different directions across the fragments this research located and require primary-source reconciliation.

4. Red flags

No SEBI enforcement action, insider-trading finding, or adjudicated governance misconduct was identified in this research pass (absence of a finding is not proof of absence). The one large, continuing regulatory/litigation matter — the AGR dispute — is a sector-wide dues dispute with the Department of Telecommunications, not a company-specific governance failure, but it is material enough (~₹44,000cr cited liability, ~₹10,000cr directed payment) to flag prominently; see Key Risks.

5. Items to watch

Confirmation of Sunil Mittal's exact Chairman designation and Shashwat Sharma's statutory board status; the precise legal name and appointment date of the statutory auditor; resolution/reconciliation of the AGR litigation timeline and current net liability; and a primary-source reconciliation of ICRA's instrument-level ratings.

GOVERNANCE CONCLUSION

Nothing found in this research points to actual misconduct, and the credit-rating trajectory and succession process both reflect well-run processes. But several structural questions — the Chairman's exact designation, the new MD & CEO's statutory board status, and the auditor's precise legal identity — remain unconfirmed from the sources this research reached, and should be closed before governance is assessed as fully adequate. None of this changes the HOLD call, which rests on valuation and the AGR overhang rather than on governance concerns.



SWOT analysis

STRENGTHS

- Multi-notch, multi-agency credit upgrades (CRISIL AAA, S&P BBB+ twice-upgraded, Moody's Baa2, Fitch BBB-)
- Broad, bullish sell-side coverage (7+ brokers, ₹2,100-2,530 target range)
- Scale and market position as India's #2 telecom operator by revenue/subscribers
- Genuine Nxtra optionality: \$1bn Mar 2026 capital raise, 1GW capacity target, Google AI-hub partnership

WEAKNESSES

- Nxtra immaterial to consolidated financials (~1.1-1.6% of group revenue), not separately disclosed as a segment
- Unexplained FY25 PAT spike distorting trailing P/E readings (~28x to ~44x spread across providers)
- Leadership-transition statutory clarity (MD & CEO board status, Chairman designation) unconfirmed
- Two unreconciled Nxtra capacity targets (400MW-by-2025 vs. newer 1GW ambition) with no single disclosed capex roadmap

OPPORTUNITIES

- Nxtra's 1GW build-out, if delivered, funded by the \$1bn Mar 2026 raise
- Continued Africa (Airtel Africa) growth and deleveraging
- Reported Airtel Money London listing (H2 2026) as a separate fintech optionality vector
- Further ARPU/tariff repricing supporting the credit-upgrade trajectory

THREATS

- The ~₹44,000cr AGR litigation overhang — material, DC-unrelated, and not yet fully resolved
- Competitive intensity from Reliance Jio and continued regulatory/tariff intervention risk
- Execution risk on Nxtra's 1GW target absent a single reconciled, board-approved roadmap
- No confirmed named hyperscaler/AI customer contracts for Nxtra despite its stated AI-hosting ambitions

Key developments to watch

- **Resolution of the AGR litigation** and disclosure of a clean, reconciled net current liability figure — the single most consequential near-term item, and entirely unrelated to the DC story.
- **Reconciliation of Nxtra's capacity roadmap** (400MW-by-2025 vs. 1GW) against a single disclosed, board-approved capex plan, and whether Nxtra discloses standalone segment financials with more granularity.
- **Confirmation of Shashwat Sharma's statutory board status** and Sunil Mittal's exact Chairman designation, from the FY26/FY27 Corporate Governance Report.
- **Any confirmed move toward a separate Nxtra listing or DRHP** — as of this research, unconfirmed market speculation only.

Key risks to be aware of

- **AGR litigation risk (dominant, DC-unrelated).** A ~₹44,000cr cited liability with an already-directed ~₹10,000cr payment and an unresolved, only partially-verified relief order — a real cash and earnings risk sitting entirely outside the data-center story.
- **Valuation-multiple ambiguity** stemming from the unexplained FY25 PAT spike, which this report's valuation approach works around by deriving EPS from the disclosed trailing P/E rather than from PAT directly (see Valuation).
- **Regulatory and competitive risk** generic to the Indian telecom sector (tariff intervention, spectrum costs, Jio competitive intensity).
- **Nxtra execution and disclosure risk** — capacity targets have shifted materially with no single reconciled roadmap, and no named hyperscaler customer contracts were confirmed.



Valuation

₹ per share unless stated

Bharti Airtel's FY25 PAT spike (₹37,481cr, versus FY24's ₹8,558cr and FY26's ₹33,823cr) is unexplained in the sources this research reached, and it drives a wide, unreliable spread in trailing P/E across data providers (~28x to ~44x). Rather than build EPS from PAT ÷ share count — which would embed that distortion directly into the target price — we use screener.in's disclosed trailing P/E of 37.8x against the 18 September 2026 CMP of ₹1,893.30 to back out an implied trailing EPS of ~₹50.1. Applying a modest, indicative 10% forward-growth assumption (consistent with steady ARPU-led telecom growth rather than any DC-driven re-rating) gives a constructed FY27E EPS of ~₹55.1. We apply a target multiple band around, not materially above, the current implied multiple — reflecting the view that Airtel's credit-quality improvements are real but already substantially reflected in sell-side targets, and that this report is not crediting Nxtra with a DC-thesis premium:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	33.0x	55.1	1,818	(4.0)%
Base	37.0x	55.1	2,039	+7.7%
Bull	41.0x	55.1	2,259	+19.3%

Base case rounded to ₹2,039, an upside of +7.7% consistent with a HOLD. This target sits below the ₹2,100-2,530 range of named brokerage targets found in this research (Jefferies ₹2,360, Morgan Stanley ₹2,435, Axis Securities ₹2,530, JM Financial ₹2,100) because those targets reflect the sell side's telecom-fundamentals thesis (ARPU, Africa, deleveraging) in full, whereas this report's mandate is to assess Bharti Airtel specifically through a data-center lens — on that basis, we see no reason to add a DC-driven premium on top of the telecom-fundamentals case already reflected in consensus.

RECOMMENDATION: HOLD, TARGET ₹2,039 (+7.7% FROM ₹1,893, 18 SEP 2026)

Upgrade triggers: a favourable, confirmed resolution of the AGR litigation removing the ~₹44,000cr overhang; Nxtra disclosing standalone segment financials at a scale that becomes genuinely material to consolidated results (e.g., a confirmed IPO or DRHP); confirmed board-level clarity on the Chairman and MD & CEO designations. **Downgrade triggers:** an adverse AGR ruling requiring incremental cash outflow beyond the ~₹10,000cr already directed; disruption from the December 2025 leadership transition; or evidence that Nxtra's capacity build-out is slipping against either of its stated targets.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	1,49,982	1,72,985	2,10,973
EBITDA margin	52%	49%	55%
Net profit (PAT)	8,558	37,481	33,823

Selected metrics	FY26
ROE	20.3%
ROCE	17.6%
Nxtra revenue (FY26)	~₹2,430 cr (+17% YoY)
AGR liability (cited, May 2025)	~₹43,980 cr

Source: screener.in (18 Sep 2026). The FY25 PAT figure (₹37,481cr) is materially higher than both FY24 (₹8,558cr) and FY26 (₹33,823cr); this research could not trace the specific one-off driver and flags it explicitly rather than smoothing it into a trend line. Nxtra figures per ET Datacenters, 20 Jul 2026; AGR figure per Supreme Court Observer, 3 Nov 2025 reference to a May 2025 status.



DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Bharti Airtel Ltd, and have received no compensation from the company.



HOLD

Tata Communications Ltd TATACOMM

A divested data-center real-estate business, replaced by a pending minority-stake re-rating and a smaller, already-consolidated Nvidia AI Cloud build

Summary

Tata Communications is a B2B enterprise-connectivity, managed-services and cybersecurity company built on the old VSNL network backbone, not a data-center-real-estate business today. Its physical DC portfolio was sold off years ago — a 74% stake in 14 India and 3 Singapore facilities to ST Telemedia in May 2016 (deal closed 2017), with the remaining 26% Singapore stake bought out by STT GDC in June 2019. That history is now immaterial to the investment case; what remains is a residual, unconsolidated 26% minority equity stake in STT GDC India, held as an associate investment rather than a subsidiary.

Two live threads matter more. First, STT GDC India has been preparing a Mumbai IPO since at least May 2026, with reported figures moving inconsistently across sources — from an initial ~\$500 million raise at a reported ~\$5 billion valuation, to later reports of \$800 million-\$1 billion at a \$6-8 billion valuation. This range is genuinely unresolved across the sources this research reached, not resolvable to one number, and should be read as a live, moving target rather than a settled figure. Second, and more operationally relevant today, Tata Communications announced an NVIDIA "AI Cloud" partnership in October 2024 — a phased Hopper-GPU rollout (2024) followed by a planned Blackwell-GPU phase (2025) for its own public-cloud infrastructure, which a March 2025 reference suggests proceeded roughly on schedule. This sits inside Tata Communications' own consolidated books, unlike the STT GDC stake, and is the more currently-real AI angle for this company, even though no GPU count or MW-scale figures could be confirmed.

The balance sheet carries real leverage: debt-to-equity of ~3.55x, against a book value of ~₹121/share supporting a rich price-to-book of ~14.82x — a valuation that plausibly already reflects some of the STT GDC and AI Cloud optionality rather than the core connectivity business alone. Profitability has been volatile and non-monotonic — PAT of ₹970cr (FY24), ₹1,837cr (FY25, though a separately-cited figure of ₹2,069.64cr for the same year could not be reconciled from sources reached), and ₹997cr (FY26) — a pattern this report states plainly rather than smoothing into a clean growth trend.

TARGET PRICE

12-month target	₹1,852
CMP (18 Sep 2026)	₹1,780
Implied upside	+4.0%
Rating	HOLD

KEY STOCK DATA

Market cap	₹50,748 cr
P/E (trailing)	~48.8x
Book value/share	₹121
ROE / ROCE	32.6% / 14.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters	58.86%
DII	19.85%
FII	13.75%
Public	7.53%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	20,969	23,109	24,803
EBITDA margin	20%	20%	19%
PAT	970	1,837*	997



Net: HOLD. The optionality is real on both fronts, but a meaningfully leveraged balance sheet, volatile and partly-unreconciled earnings, and a rich P/B that already appears to price in some of the upside argue against a high-conviction BUY. Sell-side coverage is thin (as few as 3 brokers per Trendlyne, though one aggregator counts 11) but Buy-leaning, with targets clustering in a ₹1,900-2,600 range.

Investment rationale

- **A live, already-consolidated AI angle.** The October 2024 NVIDIA AI Cloud partnership — Hopper GPUs in phase 1, Blackwell GPUs planned for phase 2 in 2025, with a March 2025 reference indicating the rollout proceeded roughly on schedule — sits inside Tata Communications' own reported business, unlike the divested DC real estate or the unconsolidated STT GDC stake.
- **Real, if unresolved, value-unlock potential in the STT GDC India stake.** A 26% minority holding in an entity reportedly preparing a Mumbai IPO, with cited figures ranging from ~\$500m/~\$5bn valuation to \$800m-1bn/\$6-8bn — this research treats the range as genuinely unsettled, but any outcome in that band would represent a meaningful value-recognition event against a stake whose carrying basis on Tata Communications' balance sheet was not confirmed (cost vs. fair value).
- **Top-tier domestic credit quality.** CRISIL AAA/Stable/A1+, reaffirmed June 2026, reflecting strong Tata Group parentage and financial flexibility even against the company's own elevated standalone leverage.
- **A cleaner governance structure than some peers:** Chairman (N. Ganapathy Subramaniam, Non-Executive) and MD & CEO (Ganesh Lakshminarayanan) roles are held by separate individuals, with a confirmed, five-year (FY2027-32) reappointment of Deloitte Haskins & Sells as statutory auditor.
- **Buy-leaning sell-side coverage**, albeit thin: ICICI Securities (Buy, ₹2,500) and Systematix (Buy, ₹2,400), with broader aggregator estimates ranging up to ₹2,600.

What gives us pause

- **A meaningfully leveraged balance sheet.** Debt-to-equity of ~3.55x is high for an enterprise-services business, and ROCE (~14.6%) sitting well below ROE (~32.6%) confirms that leverage, not just operating efficiency, is doing real work in the return profile.
- **Volatile, non-monotonic PAT with an unreconciled FY25 figure.** PAT moved ₹970cr → ₹1,837cr → ₹997cr across FY24-FY26, and the FY25 figure itself conflicts with a separately-cited ₹2,069.64cr number this research could not reconcile — this report states the volatility directly rather than presenting a smoothed trend.
- **The STT GDC India IPO numbers are a genuinely moving target**, not a settled figure: reported raise size and valuation have shifted across 2026 reporting from ~\$500m/~\$5bn to \$800m-1bn/\$6-8bn, and a separate February 2026 ICRA reference to an \$5.1bn, 82%-stake transaction at the STT GDC global-parent level could not be confirmed as related (or unrelated) to Tata Communications' India-specific 26% stake.
- **A rich P/B (~14.82x) and trailing P/E (~48.8x, itself varying 36x-55x across providers)** suggest the market may already be pricing meaningful optionality — leaving less room for multiple re-rating even if the STT GDC IPO and AI Cloud build-out both proceed well.
- **No confirmed GPU-count or MW-scale figures** for the AI Cloud deployment, and this research could not independently re-verify the specific NVIDIA NIM/Omniverse/Isaac integration or target-industry claims (manufacturing/healthcare/retail/BFSI) against the original October 2024 press release, which returned a 404 on the URLs attempted.
- **Thin, inconsistently-counted sell-side coverage** — Trendlyne cites 3 brokers, Investing.com India cites 11 analysts — a large enough discrepancy that this report treats "coverage breadth" as unresolved rather than quoting a single count.



Corporate governance assessment

1. Which rules actually apply

Tata Communications is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Chairman (N. Ganapathy Subramaniam) is Non-Executive and the MD & CEO (Ganesh Lakshminarayanan) is a separate individual — a combined-role independent-director threshold concern, of the kind flagged elsewhere in this report series, does not apply here on the facts found.

2. What the company does well

Board leadership is cleanly separated between a Non-Executive Chairman and an MD & CEO. Four named independent directors were identified (Ashok Sinha, Sangeeta Anand, Sujit Kumar Varma, P. Jagdish Rao). The statutory auditor, Deloitte Haskins & Sells Chartered Accountants LLP, was reappointed for a fresh five-year term (FY2027-32) by Board recommendation on 22 April 2026 — a well-confirmed, multiply-sourced fact, including from the company's own Q4 FY26 statutory-financials filing and its FY25-26 Integrated Report. Routine treasury management (commercial paper issuance and redemption through August-September 2026) is disciplined and unremarkable.

3. Grey areas

The relationship between "Tata Tele Business Services" (referenced in a July 2026 AI-infrastructure press release) and Tata Communications itself could not be confirmed — these appear to be related but legally distinct Tata-group entities (the former closer to Tata Teleservices), and this report has not attributed that press release's content to Tata Communications' own AI Cloud initiative. Whether Tata Communications' 26% STT GDC India stake is carried at historical cost or fair value on its balance sheet was not confirmed — material given the scale of reported IPO valuation talk. Company-specific related-party-transaction disclosures were not independently verified beyond generic policy references.

4. Red flags

No SEBI enforcement action or insider-trading matter was identified in this research (absence of a finding is not proof of absence). A Canada tax litigation matter was reported resolved around 15 September 2026, described by a secondary source as removing "a major contingent liability overhang" — this report could not verify the exact resolution terms or amount from a primary filing, and treats the matter as resolved-but-unquantified pending confirmation.

5. Items to watch

Confirmation of the STT GDC India IPO's final size and valuation once a DRHP is filed; clarification of whether the February 2026 STT GDC global-parent transaction has any read-through to Tata Communications' India stake; reconciliation of the FY25 PAT discrepancy; and confirmation of the exact terms of the Canada tax litigation resolution.

GOVERNANCE CONCLUSION

Broadly adequate on the evidence available, with a cleaner board structure than several peers in this report.

Nothing found points to misconduct, and the Chairman/MD split plus a confirmed long-tenure auditor reappointment are genuine positives. The open items — the STT GDC stake's carrying basis, the FY25 PAT discrepancy, and the precise Canada tax-litigation terms — are disclosure gaps in this research rather than evidence of a problem, but should be closed before governance is called fully verified.



SWOT analysis

STRENGTHS

- Top-tier CRISIL AAA/Stable/A1+ credit rating, reaffirmed June 2026, on strong Tata Group parentage
- Live, consolidated NVIDIA Hopper/Blackwell AI Cloud partnership (Oct 2024), reportedly on schedule
- Clean board structure: separate Non-Executive Chairman and MD & CEO, confirmed independent directors
- Real optionality in the 26% STT GDC India stake ahead of a reported Mumbai IPO

WEAKNESSES

- Elevated leverage (D/E ~3.55x) with ROCE (~14.6%) well below ROE (~32.6%)
- Volatile, non-monotonic PAT (₹970cr → ₹1,837cr → ₹997cr, FY24-FY26) with an unreconciled FY25 figure
- Rich valuation (P/B ~14.82x, trailing P/E ~48.8x) that may already price in optionality
- Thin, inconsistently-counted sell-side coverage (3 vs. 11 analysts across aggregators)

OPPORTUNITIES

- STT GDC India IPO, if it proceeds near reported figures, as a value-recognition event for the 26% stake
- Further AI Cloud scale-up (post-Blackwell) if GPU/MW capacity is disclosed and grows
- Deleveraging supported by AAA-rated access to capital markets
- India-Singapore digital-corridor and other connectivity-led growth initiatives

THREATS

- A weaker-than-reported STT GDC IPO outcome, given how unsettled the valuation figures currently are
- Continued earnings volatility undermining confidence in a clean growth narrative
- Leverage constraining flexibility if AI Cloud capex needs scale up materially
- Thin analyst coverage limiting price discovery and scrutiny relative to peers

Key developments to watch

- **STT GDC India's Mumbai IPO process** — the single most report-relevant catalyst; watch for an actual DRHP filing and a settled valuation, given how inconsistently current figures are reported.
- **Disclosure of GPU-count/MW-scale figures** for the NVIDIA AI Cloud build-out, which would allow this report to size the business rather than describe it only qualitatively.
- **Reconciliation of the FY25 PAT discrepancy** (₹1,837cr vs. a separately-cited ₹2,069.64cr) against the primary FY25 results filing.
- **Confirmation of the Canada tax litigation resolution terms** from a primary filing.

Key risks to be aware of

- **Leverage risk (dominant).** A ~3.55x debt-to-equity ratio leaves less headroom for disappointment than the credit rating alone might suggest, particularly if AI Cloud capex needs to scale.
- **Earnings-volatility risk.** Non-monotonic PAT and an unreconciled FY25 figure make it difficult to underwrite a clean forward earnings trend with confidence.
- **STT GDC IPO-outcome risk.** The currently wide range of reported valuation figures (\$5-8bn) means actual IPO terms, if and when they materialise, could land meaningfully below the more optimistic figures already reflected in some sell-side commentary.
- **Valuation-multiple risk.** A rich P/B (~14.82x) leaves this stock more exposed than most in this report to a de-rating if either the AI Cloud or STT GDC narratives disappoint.

Valuation

₹ per share unless stated

Tata Communications' PAT has been volatile and non-monotonic — ₹970cr (FY24), ₹1,837cr (FY25, itself unreconciled against a separately-cited ₹2,069.64cr figure), and ₹997cr (FY26) — and building EPS from PAT ÷ share count would carry that noise directly into a target price. We instead derive trailing EPS from CMP ÷ the disclosed trailing P/E (screener.in, 48.8x)



against the 18 September 2026 CMP of ₹1,780, giving an implied trailing EPS of ~₹36.5. Applying a modest 8% forward-growth assumption (in line with the company's own steady ~8% revenue-CAGR characterisation, deliberately not extrapolated from the volatile PAT line) gives a constructed FY27E EPS of ~₹39.4. Given that the current trailing P/E (48.8x) and P/B (14.82x) already look rich relative to the core connectivity business — plausibly reflecting some AI Cloud/STT GDC optionality already being priced in — our base case holds the target multiple roughly flat rather than assuming further re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	42.0x	39.4	1,655	(7.0)%
Base	47.0x	39.4	1,852	+4.0%
Bull	53.0x	39.4	2,088	+17.3%

Base case rounded to ₹1,852, an upside of +4.0% consistent with a HOLD. Named brokerage targets found in this research (ICICI Securities ₹2,500, Systematix ₹2,400, Trendlyne consensus ₹1,903 from only 3 brokers) sit mostly above our base case; this report's more conservative stance reflects the combination of balance-sheet leverage, unreconciled earnings volatility, and the view that a meaningful share of the STT GDC/AI Cloud optionality already appears embedded in the current rich multiple, rather than any disagreement that the underlying optionality is real.

RECOMMENDATION: HOLD, TARGET ₹1,852 (+4.0% FROM ₹1,780, 18 SEP 2026)

Upgrade triggers: a confirmed STT GDC India DRHP with a settled valuation at or above the upper end of the currently-reported \$6-8bn range; disclosed GPU/MW-scale figures showing material AI Cloud growth; a clean reconciliation of the FY25 PAT figure removing the current ambiguity; visible deleveraging from the current ~3.55x D/E.

Downgrade triggers: an STT GDC IPO priced meaningfully below reported expectations, or further delay/withdrawal; continued unreconciled earnings volatility; or evidence that leverage is constraining the AI Cloud build-out.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	20,969	23,109	24,803
EBITDA margin	20%	20%	19%
Net profit (PAT)	970	1,837*	997

Selected metrics	FY26
ROE	32.6%
ROCE	14.6%
Debt/Equity	~3.55x
STT GDC India stake held	26% (unconsolidated)

Source: screener.in (18 Sep 2026). *FY25 PAT of ₹1,837cr is screener.in's figure; a separately-cited source states ₹2,069.64cr for the same year, and this research could not reconcile the two from sources reached — flagged here explicitly rather than resolved to a single number. PAT across FY24-FY26 is volatile and non-monotonic; treat the trend with caution.



DISCLAIMER

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SELL

Adani Enterprises Ltd

ADANIENT

A \$275 million US sanctions settlement and an unresolved land-allotment PIL overshadow a data-center JV whose financials are not even disclosed

Summary

Adani Enterprises' most recent quarter is the right place to start, because it is more consequential to this stock than anything happening in data centers. Q1 FY27 (quarter ended 30 June 2026, reported 29 July 2026) produced a **consolidated net loss of ₹1,461.54 crore**, even as underlying operations were strong — revenue rose roughly 50% year-on-year and EBITDA hit a record ₹5,642 crore, up ~49% YoY. The loss was driven by a one-time exceptional charge: a **₹2,644.02 crore (~\$275 million) settlement with the US Treasury's Office of Foreign Assets Control (OFAC)** over apparent violations of US sanctions on Iran, reached around May 2026. This is a fresh, serious compliance finding against the flagship listed entity of India's most closely-watched business group, not an ordinary operating setback, and it is the dominant fact in this report's rating.

The data-center story, by contrast, is genuinely thin on hard numbers. AdaniConneX — AEL's 50:50 joint venture with EdgeConneX — operates campuses across Chennai, Hyderabad, Navi Mumbai, Noida, Pune and Visakhapatnam, and in October 2025 announced what is, on paper, the single largest data-center headline in this report: a planned **\$15 billion, five-year, 1-gigawatt AI data-center hub with Google in Visakhapatnam**. But this is not a settled win — a Public Interest Litigation filed in the Andhra Pradesh High Court challenges the project on environmental-clearance and land-allotment grounds, and as of the most recent coverage found (early-to-mid September 2026) the matter remains open, with the High Court seeking verification of clearances from the state government. No standalone AdaniConneX revenue, profit or capacity figure could be found or confirmed anywhere within AEL's ~₹1,00,469 crore FY26 consolidated revenue base — a result consistent with the JV being genuinely immaterial to AEL's current financial picture, not merely under-disclosed.

Layered on top of both is a recurring pattern of AdaniConneX buying land from sister Adani Group companies: it acquired Chandenville Infra Park, a land-holding subsidiary of **Adani Power**, for ₹535.69 crore in around late August 2026, to "fast-track data centre expansion." This sits within a wider Adani Group governance backdrop that also includes an ongoing SEBI matter pursuing roughly \$22.25 million from parties alleged to have traded

TARGET PRICE

12-month target	₹2,620
CMP (18 Sep 2026)	₹3,020
Implied downside	(13.3)%
Rating	SELL

KEY STOCK DATA

Market cap	₹4,08,736 cr
P/E (trailing, distorted*)	~172x
Book value/share	₹627
ROE (TTM) / ROCE	(3.38)% / 5.80%
Credit rating	CARE AA-, ICRA AA-/Stable

SHAREHOLDING (JUL 2026)

Promoters	71.97%
DII	10.75%
FII	10.51%
Public	6.78%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	96,421	97,895	100,469
Net margin	3.5%	8.2%	9.9%
PAT	3,335	8,005	9,951



ahead of the 2023 Hindenburg report (five offshore funds are contesting SEBI's proceedings at the Securities Appellate Tribunal, and SEBI rejected settlement bids from some of them in August 2026), and the May–August 2026 dismissal of the unrelated US bribery/securities- fraud indictment against Gautam Adani and Sagar Adani. AEL's headline trailing P/E of ~172x is itself a symptom of the Q1 FY27 loss distorting trailing earnings, not a meaningful valuation signal either way.

Net: a SELL, and one driven almost entirely by governance and legal risk rather than by any judgment on the data-center business. The AdaniConneX upside is real as optionality but currently speculative and financially invisible; the OFAC settlement, the unresolved Vizag PIL, and the related-party land-buying pattern are concrete, recent, and large enough to dominate the near-term picture regardless of how the data-center JV eventually performs.

Investment rationale

The case for this stock is genuinely thin at present, given the OFAC settlement and the unresolved Vizag litigation; what follows is the best of what this research found, not an endorsement.

- **A confirmed hyperscaler relationship at real scale.** The October 2025 Google partnership — a planned \$15bn, 1GW AI data-center hub in Visakhapatnam — is the largest single data-center headline number in this report, and Andhra Pradesh's Investment Promotion Committee has formally approved the investment.
- **Strong underlying operating performance outside the one-off.** Q1 FY27 revenue grew ~50% YoY and EBITDA hit a record ₹5,642 crore (+~49% YoY) — the reported net loss was driven entirely by the OFAC settlement, not by weakening operations.
- **Reaffirmed domestic credit ratings.** CARE Ratings and ICRA both reaffirmed AEL's long-term rating at AA-/Stable and short-term at A1+ in December 2025 — a genuine, if modest, credit signal.
- **An established incubator model with real de-merger track record** (Adani Ports, Power, Green Energy, Transmission, Wilmar, Total Gas all originated inside AEL) — AdaniConneX and the new Kutch copper smelter are the current generation of that pipeline, giving AEL genuine multi-business optionality.
- **The Gautam Adani/Sagar Adani US bribery indictment was permanently dismissed** by a US federal judge in August 2026, removing one specific legal overhang — though this is a personal, not corporate, matter, and it does not touch the OFAC settlement or the Vizag PIL.

What gives us pause

- **A \$275 million (₹2,644.02 crore) OFAC settlement over alleged Iran-sanctions violations**, announced around May 2026, drove AEL's Q1 FY27 consolidated net loss of ₹1,461.54 crore. This is a material, fresh compliance finding against the flagship listed Adani entity — this report could not verify which specific transactions or counterparties triggered the apparent violations, whether AEL admitted wrongdoing, or whether any individuals were separately named, and treats the absence of that detail as itself a reason for caution rather than for benefit of the doubt.
- **The Google/Vizag data-center deal is under active, unresolved litigation.** A Public Interest Litigation in the Andhra Pradesh High Court challenges the project's environmental clearance, proximity to a wildlife sanctuary, water-usage impact, and land allotment without competitive auction. As of the most recent coverage found (~early-to-mid September 2026), the High Court had sought clearance verification from the state government and the matter remained open — this is a live legal risk to the single largest data-center number in this report, not a settled project.



- **A recurring pattern of AdaniConneX buying land from sister Adani Group companies.** Chandenvale Infra Park, a land-holding subsidiary of Adani Power, was sold to AdaniConneX for ₹535.69 crore in around late August 2026 — a related-party transaction on its face, even absent any specific allegation of impropriety in the sources found. A separately-flagged ₹1,556 crore "Support Properties" Adani Power stake purchase could not be corroborated by any source in this research and should be checked directly against AEL's BSE/NSE related-party-transaction filings before being treated as confirmed.
- **AdaniConneX's financials are completely invisible inside AEL's consolidated accounts.** No segment-level revenue, profit or capacity figure specific to AdaniConneX could be found anywhere in AEL's ~₹1,00,469 crore FY26 consolidated base — consistent with genuine immateriality of the JV today, not merely thin disclosure, and a reminder that the data-center thesis here is entirely forward-looking.
- **AdaniConneX's own stated capacity figures do not reconcile.** The company's own website cites "1+ GW... deployed and under deployment" alongside a separate "1 GW platform" target, while a Wikipedia summary cites a "3GW by 2031" vision — this report could not resolve which figure is current from any primary source reached.
- **The wider Adani Group governance backdrop remains active.** SEBI continues to pursue roughly \$22.25 million from parties alleged to have traded ahead of the January 2023 Hindenburg report, with five offshore funds contesting the proceedings before the Securities Appellate Tribunal and SEBI rejecting settlement bids from some of them as recently as August 2026. This is a different matter from AEL's own OFAC settlement, but it is part of the same pattern of unresolved cross-border legal exposure surrounding the group AEL sits atop.
- **The headline trailing P/E of ~172x is a symptom, not a signal.** It is a mechanical result of the Q1 FY27 OFAC-driven loss depressing trailing EPS, and this report has deliberately not used it in the valuation below — see the Valuation section for the normalized approach used instead.

Corporate governance assessment

1. Which rules actually apply

AEL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Gautam Adani holds the Chairman title and Rajesh Adani holds the separate Managing Director title, so the stricter "≥50% independent directors" trigger for a combined Chairman/MD role may not formally apply here — but this report could not confirm from the sources reached whether AEL's own governance disclosure classifies Gautam Adani's Chairman role as executive or non-executive, which affects which LODR threshold governs. On the board composition found (4 of 8 named directors independent, non-executive), AEL appears on its face to meet the general 50% independent-director norm.

2. What the company does well

CFO (Jugeshinder Singh) and Company Secretary (Jatin Jalundhwala) roles are held by named individuals separate from the Chairman/MD. CARE Ratings and ICRA both reaffirmed AEL's long-term rating at AA-/Stable in December 2025, a genuine third-party credit-quality signal. The unrelated US bribery/securities-fraud indictment against Gautam Adani and Sagar Adani was permanently dismissed by a US federal judge in August 2026, after the DOJ dropped all charges in May 2026 — a resolved matter, even though it does not touch the OFAC settlement.

3. Grey areas

AdaniConneX has repeatedly acquired land assets from sister Adani Group companies rather than solely from unrelated third parties: Chandenvale Infra Park was bought from Adani Power for ₹535.69 crore (~late August 2026), following an earlier ₹231.34 crore acquisition of Trade Castle Tech Park from a third-party seller (December 2023). No specific allegation of impropriety was found associated with the Adani Power transaction in the sources reviewed, but a pattern of a group-incubated JV buying land from a listed sister company is the kind of related-party structure that warrants continued disclosure scrutiny, particularly given the group's recent history of governance scrutiny more broadly. A separately-cited ₹1,556 crore "Support Properties" Adani Power stake purchase could not be corroborated at all in this research and should not be treated as confirmed pending direct verification against AEL's related-party-transaction filings.



4. Red flags

A \$275 million (₹2,644.02 crore) OFAC settlement, announced around May 2026, is a confirmed, material governance and compliance red flag — this is not a matter of interpretation or an unresolved allegation but a settlement AEL (or a related Adani entity — the precise legal entity settled should be independently confirmed) actually paid, over apparent violations of US sanctions on Iran, and it is large enough to have driven the company's entire Q1 FY27 group into a consolidated net loss. This report could not verify the underlying conduct, whether wrongdoing was admitted, or whether individuals were separately named, and treats those open questions as aggravating rather than mitigating the finding. Separately, and at the wider Adani Group level rather than AEL specifically, SEBI's ongoing pursuit of trading gains tied to the 2023 Hindenburg report, and Adani Ports & SEZ's own unrelated SEBI settlement (Karan Adani and a former CFO, ₹13.65 lakh each) over PMC Projects inter-corporate deposits, are further data points on the group's compliance track record, even though neither is an AEL-specific finding.

5. Items to watch

The full OFAC enforcement-action release (for the precise legal entity settled, admission language, and underlying conduct); the outcome of the Andhra Pradesh High Court PIL on the Google/Vizag project; confirmation or denial of the "Support Properties" ₹1,556 crore transaction; and whether AEL's segment disclosure ever breaks out AdaniConneX-specific figures as the JV scales.

GOVERNANCE CONCLUSION

Not adequate, and unambiguously so on the OFAC point. A \$275 million sanctions settlement that drove a consolidated net loss is a serious, recent, material governance and compliance finding on its own terms — it is not offset by the reaffirmed domestic credit ratings, the dismissal of the unrelated US bribery case, or the strength of underlying operations, and it should not be read as a one-off that closes the book on the company's compliance posture. Combined with an unresolved land-allotment PIL on the company's single largest data-center project and a recurring pattern of related-party land purchases from sister Adani companies, the appropriate response is a governance-driven discount to any valuation built on this stock, not a valuation exercise that treats governance as a footnote.



SWOT analysis

STRENGTHS

- Confirmed \$15bn/1GW Google hyperscaler relationship (Vizag) — the largest DC number in this report
- Strong underlying Q1 FY27 operations (+50% revenue, +49% EBITDA) outside the one-off loss
- Reaffirmed CARE/ICRA AA-/Stable domestic credit ratings (Dec 2025)
- Proven incubator-to-demerger track record across six prior businesses

WEAKNESSES

- AdaniConneX financials completely undisclosed/immaterial within AEL's consolidated base
- Headline trailing P/E (~172x) mechanically distorted by the Q1 FY27 loss, not a usable signal
- Token dividend yield (0.04%) typical of a heavy-capex conglomerate, offering little income cushion
- Reconciliation gaps across secondary sources on ROE, 52-week high, and loss-quarter figures

OPPORTUNITIES

- AdaniConneX's stated 1GW-3GW platform ambition, if the capacity-target discrepancy resolves favorably
- Jabil partnership (~mid-2026) to manufacture AI rack infrastructure at scale in India
- Further hyperscaler tenants beyond Google, given EdgeConneX's global design/ops playbook
- Copper (Kutch smelter) and other incubating businesses as additional de-merger candidates

THREATS

- Unresolved Andhra Pradesh High Court PIL directly threatening the Vizag project's terms or timeline
- Further OFAC-style governance/compliance findings, given the group's recent and ongoing legal exposure (Hindenburg-adjacent SEBI proceedings, related-party land transactions)
- Related-party land-acquisition pattern (Adani Power sales to AdaniConneX) drawing continued scrutiny
- Conglomerate-level capital allocation risk across a very large, diversified capex program

Key developments to watch

- **Resolution of the Andhra Pradesh High Court PIL** on the Google/Vizag data-center project — the single most important near-term data-center-specific catalyst or risk.
- **Any further disclosure on the OFAC settlement** — the underlying conduct, admission language, and whether any individuals were separately named.
- **Reconciliation of AdaniConneX's capacity target** (1GW near-term vs. 3GW-by-2031 vision) via a primary investor presentation or leadership statement.
- **Confirmation or denial of the "Support Properties" ₹1,556 crore Adani Power transaction.**
- **Progress of the SEBI/Hindenburg-adjacent Securities Appellate Tribunal proceedings** involving offshore funds and the roughly \$22.25 million in disputed trading gains.

Key risks to be aware of

- **Governance/legal risk (dominant).** The \$275 million OFAC settlement is a fresh, material compliance finding; the Vizag PIL is a live legal threat to the largest data-center project in this report; and the group carries ongoing SEBI/Hindenburg-adjacent proceedings. This is the primary basis for this report's SELL call, ahead of anything specific to the data-center business.
- **Related-party-transaction risk,** given the recurring pattern of AdaniConneX buying land from sister Adani companies.
- **Data-center-specific risk:** AdaniConneX's financials are undisclosed, its capacity targets are internally unreconciled, and its largest deal is under litigation — the DC thesis here is speculative, not confirmed.
- **General conglomerate risk:** heavy leverage (₹1,06,622 crore debt as of March 2026), thin dividend cushion, and capital-allocation risk across a wide diversified capex program.



Valuation

AEL's reported trailing P/E of ~172x is not usable for valuation here: it is a mechanical artifact of the Q1 FY27 ₹1,461.54 crore consolidated net loss (itself driven entirely by the one-time ₹2,644.02 crore OFAC settlement) depressing trailing twelve-month EPS, not a reflection of the company's underlying earnings power. Given AEL's scale and diversification across many businesses, this report instead normalizes off **full-year FY26 PAT of ₹9,951 crore** — the last complete, un-distorted annual earnings figure — divided by an implied share count of ~135.34 crore shares (market cap ÷ CMP), giving a normalized FY26 EPS of ~₹73.5. We apply a conservative single-digit forward-growth assumption of 8% (well below the data-center-and-copper-driven growth narrative some brokerages are using) given the unresolved governance and legal overhang, producing a constructed FY27E EPS of ~₹79.4. We then apply a target multiple band well below the distorted trailing 172x figure, reflecting a governance discount rather than a business-quality judgment:

Scenario	Target multiple (FY27E, normalized)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	28.0x	79.4	2,223	(26.4)%
Base	33.0x	79.4	2,620	(13.3)%
Bull	38.0x	79.4	3,017	(0.1)%

Base case rounded to ₹2,620. Even our bull-case scenario — applying a 38x normalized multiple against an 8% growth assumption already below what data-center-bull narratives assume — produces essentially no upside from the current ₹3,020 price, meaning the market is pricing in resolution of the OFAC matter, the Vizag PIL, and continued conglomerate growth simultaneously and favorably. Named brokerage targets found in this research point the other way: Motilal Oswal initiated/reiterated Buy with a ₹3,880 target (~9 September 2026, ~25% upside, citing data-center and copper growth triggers), and Jefferies carries a Buy rating citing 25-29% upside without a precisely-sourced target price. Both predate or coincide with the stock's recent rally and, on this report's reading, do not appear to weight the OFAC settlement or the Vizag PIL as heavily as this report's governance-first framework does.

RECOMMENDATION: SELL, TARGET ₹2,620 (-13.3% FROM ₹3,020, 18 SEP 2026)

Upgrade triggers: the OFAC matter and PIL litigation both resolved without further material findings; a confirmed, disclosed AdaniConneX-specific revenue/capacity figure that validates the data-center thesis independently of AEL's other businesses; and resolution of the SEBI/Hindenburg-adjacent Securities Appellate Tribunal proceedings without adverse findings against AEL. **Downgrade triggers:** any further sanctions, compliance, or SEBI enforcement action against AEL specifically; an adverse ruling in the Vizag PIL; or additional related-party land transactions between AdaniConneX and sister Adani companies without clear arm's-length disclosure.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	96,421	97,895	100,469
Net margin	3.5%	8.2%	9.9%
Net profit (PAT)	3,335	8,005	9,951



Selected metrics	Value
Q1 FY27 revenue growth (YoY)	~+50%
Q1 FY27 EBITDA (YoY)	₹5,642 cr (+~49%)
Q1 FY27 consolidated net loss	₹(1,461.54) cr
OFAC settlement (one-time, drove the loss)	₹2,644.02 cr (~\$275m)
ROE (TTM) / ROCE	(3.38)% / 5.80%
Debt (Mar 2026)	₹1,06,622 cr

Source: screener.in (18 Sep 2026); AEL Q1 FY27 results coverage (reported 29 Jul 2026, quarter ended 30 Jun 2026). Note: one source cites the Q1 FY27 net loss as ₹1,160 crore rather than ₹1,461.54 crore, likely a standalone-vs-consolidated distinction not fully reconciled in this research — the consolidated figure is used here as the more relevant one for a diversified group holding company. ROE of (3.38)% is a trailing-twelve-month figure pulled negative by the Q1 FY27 loss despite a profitable FY26.

DISCLAIMER

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