

Q3FY26 IT preview

IT hardware to shine

We expect IT hardware stocks to deliver a strong quarter, driven by robust demand for peripherals, PCs, and software despite it being a seasonally weak period. Component prices have more than doubled due to supply constraints, which should translate into higher ASPs and margin tailwinds for distributors. Netweb is likely to perform well on the back of strong execution of the AI Mission deals and continued momentum in the enterprise segment. Aurionpro should sustain its growth trajectory, supported by deal wins announced in Q3. In contrast, IT services companies are expected to report a softer quarter due to furloughs and the holiday season. We expect demand to improve in H2FY26, particularly for players with higher India exposure such as Netweb, Aurionpro, Rashi, and Redington.

- **Netweb Technologies**- Netweb should post a robust quarter following its deal wins from AI mission in Q2. Enterprise demand continues to remain solid. The recent hikes in component prices won't have an impact in Q3 as the company has enough inventory, but there could be some delay/slowdown in new deals from Q4 if prices remain at this range. Margins should be in the 13–14% range, driven by higher contribution from AI mission deals.
- **Aurionpro Solutions**- Aurionpro should continue its strong momentum in Q3 on the back of deal wins across banking and TIG. Key highlights include – Rs 630 mn banking deal in Singapore, PSU bank deal in India for Rs 300-400 mn. The company is expected to sustain its 25%+ growth trajectory, with margins at the lower end of the 20–21% range. Order book should rise to Rs 16 Bn+ on the back of these wins.
- **Rashi Peripherals** - Rashi is expected to sustain high-teens YoY growth, supported by strong demand for PCs, desktops, and peripherals in a seasonally weak quarter. Q3 is a seasonally soft quarter as it is post the festive season (Diwali). The recent price hikes seen in peripherals (RAMs, Storage) should help with higher ASPs. Margins are likely to remain at the upper band of 2.5–3.0% on the back of higher channel sales.
- **Redington** – Redington is expected to deliver a strong quarter despite it being a seasonally weak quarter for the company. Software and cloud should continue its momentum (40%+ YoY growth). ESG should continue its double-digit growth. Margins are expected to improve by 10 bps; Arena losses are expected to narrow.
- **R Systems** – Q4 is a seasonally weak quarter for R Systems on the back of furloughs and holidays (2 days lost). This will be the first quarter post the acquisition of Novigo. We expect 1-1.5 months of Novigo's revenue (\$2.5-3 mn) to reflect in Q4. We expect margins to also improve by 30-50 bps as Novigo operates at 20%+ margins. Deal win momentum should continue in Q4 albeit the size of deals should be smaller vs Q3.
- **Saksoft** – Q3 is a soft quarter for Saksoft due to furloughs and holiday season. We expect 3% QoQ growth on the back of favorable currency movements, with a strong GBP and USD likely to aid growth. Margins are likely to be at the upper end of 18-19%.
- **Indegene** – Indegene is expected to see a bump in growth on the back of the Biopharm acquisition. We expect 2-2.5 months of revenues from Biopharm in Q3. Overall growth is expected to be in the mid-teens on a YoY basis. Margins should improve slightly QoQ.
- **Valuation & Risks**- We expect Netweb, Rashi, Redington and Aurionpro to deliver a strong quarter, while R Systems, Indegene and Saksoft will have a soft quarter. Our pecking order will be Netweb (good entry point) Aurionpro Solutions (Attractive valuation), Rashi Peripherals (strong quarter), Redington (strong quarter), Saksoft (inexpensive valuations) and Indegene (limited near-term upside).

Particulars	CMP	TP	Upside (%)
NETWEB:IN	3,277	4,000	19.1%
AUPS:IN	1,097	2,070	88.7%
RPTECH:	398	505	26.0%
REDI:IN	286	350	21.5%
RSYSTEMS:IN	400	620	54.2%
SAK:IN:	193	325	69.3%
INDGN:IN	522	635	21.6%

Source: BSE, MNCL Research

Price Performance (%)			
	1M	6M	12M
NETWEB:IN	9.6%	85.8%	21.4%
AUPS:IN	6.3%	-31.9%	-37.8%
RPTECH:	20.5%	32.2%	3.9%
REDI:IN	6.5%	-8.0%	46.1%
RSYSTEMS:IN	-7.0%	42.8%	-16.1%
SAK: IN	-1.0%	-11.8%	-15.4%
INDGN:IN	-0.6%	-8.0%	-11.7%
NIFTY	0.8%	2.8%	10.8%

Source: BSE

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Company	Market Cap	CMP (Rs)	EPS (Rs)			PE(x)			EV/ EBITDA (x)		
	(Rs mn)		FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Netweb Technologies Ltd	1,89,602	3,277	20.2	40.7	61.3	162.3	80.6	53.4	115.0	56.5	38.6
Aurionpro solutions Ltd	60,288	1,097	35.2	41.9	53.7	31.2	26.2	20.4	23.9	19.1	14.7
Rashi Peripherals Ltd	26,245	398	31.8	34.6	38.4	12.5	11.5	10.4	10.8	8.4	7.4
Redington Ltd	2,23,275	286	23.0	19.5	25.9	12.4	14.7	11.1	10.9	9.6	7.4
R systems Ltd	47,326	400	11.1	16.1	18.3	36.1	24.9	21.8	17.9	15.3	11.4
Saksoft Ltd	24,094	193	8.6	11.3	13.6	22.5	17.1	14.2	16.2	11.2	8.7
Indegene Ltd	1,25,373	522	17.0	18.2	21.8	30.7	28.6	23.8	23.0	20.2	16.9

Company	Revenue (Rs mn)			EBITDA (Rs mn)			PAT (Rs mn)			ROE(%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Netweb Technologies	11,490	24,100	35,575	1,599	3,273	4,763	1,144	2,304	3,474	24.0%	35.7%	37.2%
Aurionpro solutions Ltd	11,730	14,772	18,471	2,416	2,975	3,729	1,889	2,249	2,882	15.4%	14.0%	15.7%
Rashi Peripherals Ltd	1,37,727	1,42,922	1,64,027	3,253	4,167	4,789	2,097	2,283	2,927	12.7%	12.3%	12.2%
Redington Ltd	9,93,336	11,50,908	13,04,894	20,533	23,407	29,935	18,004	15,251	20,231	21.1%	15.6%	18.1%
R systems Ltd*	17,417	19,420	25,527	2,540	2,915	3,885	1,312	1,902	2,170	15.2%	20.8%	22.0%
Saksoft Ltd	8,830	10,457	12,503	1,463	1,963	2,317	1,088	1,435	1,729	17.6%	19.1%	18.8%
Indegene Ltd	28,393	33,251	38,834	5,342	6,127	7,316	4,066	4,385	5,255	20.1%	15.4%	15.8%

Note : R systems report numbers as per calendar year

Source: Company, MNCL Research estimates, Consolidated Financials.

Financials (Consolidated- in Rs mn)

Quarterly estimates

Netweb Technologies	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	4,873	3,012	3,340	60.4%	45.9%
EBITDA	675	455	439	48.5%	53.7%
PAT	453	314	303	44.3%	49.6%
Aurionpro Solutions	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	3,791	3,577	3,061	6.0%	23.8%
EBITDA	762	720	638	5.9%	19.4%
PAT	568	559	506	1.7%	18.8%
Rashi Peripherals	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	33,350	41,554	28,263	-19.7%	18.0%
EBITDA	1,001	1,036	215	-3.4%	102.2%
PAT	499	592	321	-15.8%	55.5%
Redington	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	2,99,219	2,90,756	2,67,160	2.9%	12.0%
EBITDA	6,583	5,889	6,025	11.8%	9.3%
PAT	4,349	3,502	4,029	24.2%	7.9%
R Systems	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	5,393	4,986	4,490	8.2%	20.1%
EBITDA	813	721	706	12.8%	15.2%
PAT	425	353	390	20.3%	9.0%
Saksoft	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	2627	2585	2268	1.6%	15.8%
EBITDA	488	506	381	-3.6%	28.2%
PAT	363	360	270	1.1%	34.5%
Indegene	Dec-25	Sept-25	Dec-24	QoQ	YoY
Revenue	8,701	8,042	7,204	8.2%	20.8%
EBITDA	1,566	1,406	1,318	11.4%	18.8%
PAT	1,081	1,022	1,097	5.8%	-1.5%

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