Q4FY26 Result update
1st Jun 2026

AXISCADES Technologies Ltd

Direction (capex, divestment of non-core assets, and acquisitions) remains on track; speed may vary.

CMP: INR 1,864

Rating: HOLD

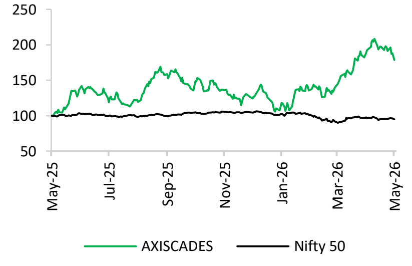
Target Price: INR 2,085

Stock Info	
BSE	532395
NSE	AXISCADES
Bloomberg	AXET IN
Reuters	AXIT.BO
Sector	Aerospace & Defence
Face Value (INR)	5
Equity Capital (INR mn)	213
Mkt Cap (INR mn)	79,273
52w H/L (INR)	2,211/1,030
Avg Yearly Volume (in 000')	115.6

Shareholding Pattern % *(As on Mar, 2026)*	
Promoters	58.05
DII	1.63
FII	1.16
Public & Others	39.15

Stock Performance (%)	3m	6m	12m
AXISCADES	31.9	31.5	78.6
NIFTY	-6.5	-10.1	-5.2

AXISCADES vs Nifty



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AXISCADES Technologies Ltd reported numbers, Q4FY26 revenue grew by 1.9% YoY (-20.4% QoQ) to INR 2,730mn; below our estimates of INR 4,210mn, due to revenue deferrals. Gross Profit stood at INR 2,262mn (+7.3% YoY/-13.4% QoQ); below our estimates of INR 3,353mn; Gross margins improved by 420bps YoY (+673bps QoQ) to 82.8% in Q4FY26. EBITDA stood at INR 336mn (-5.2% YoY/-46.4% QoQ); below our estimates of INR 751mn. EBITDA margin contracted by 92bps YoY (down by 597bps QoQ) to 12.3% in Q4FY26, due to restructuring costs (INR 98mn), an exceptional value adjustment of INR 79.8mn, and others. PAT stood at INR 4.1mn (-98.7% YoY/-98.5% QoQ); below our estimates of INR401mn, and PAT margin contracted by 1161bps YoY (down by 791bps QoQ) to 0.2% in Q4FY26.

Key Highlights

Strategic Transformation - From Architect to Builder: The company is transitioning from design-led engineering services to system integration and manufacturing. The company remains intact on the Power 930 plan, supported by higher-value serial production, moving away from the 3% fee typical of design work to the 97% value inherent in full-scale manufacturing. The company is deliberately sharpening its portfolio through divestment of non-core lower-margin segments such as heavy engineering, energy, and automotive. These divestments release capital and management bandwidth for high-growth domains including aerospace, defence, space and deep tech. The company is in the foundational work and capacity-building stage, and major operational takeoff is expected from FY27E onwards.

Robust growth visibility and defense pipeline: The defence segment holds a pipeline of very large programs, including swarm drones and land systems for the defence ministry. The company has been shortlisted among a select few national players. The deferred revenue of INR 1.42bn is expected to be recognized by H1FY27E, supported by the dispatch of orders. It's also expected to release working capital of INR 1bn in H1FY27E. The shift towards Make in India and Atmanirbhar Bharat initiatives is transforming long-term relationships with global OEMs into local manufacturing and systems integration opportunities.

Capacity expansion and acquisitions are expected to drive business growth: The company is executing an INR 16bn organic infrastructure expansion, including the Devanahalli and Hyderabad complexes. The INR 6bn acquisition strategy to buy time and immediately secure critical certifications and Tier-1 customer contacts. Zeda.Inc a Silicon Valley-headquartered subsidiary designed to operate as a high-growth technology company focusing on the Golden Triangle of data centers, generative AI, and physical AI. Zeda Inc. leverages a unique model of American leadership combined with Indian and Vietnamese engineering depth. It's targeting a tenfold revenue scale-up through recurring orders for hardware-driven AI solutions and test equipment for global consumer technology giants and hyperscalers.

Outlook & Valuation: **AXISCADES Technologies is focused on strategic capacity expansion, margin-accretive acquisitions, and a sharpened portfolio focus. The operationalization of the INR 3bn Missile Atmanirbhar Complex (MAC) in Hyderabad and the ongoing expansion of the Devanahalli (DAL) campus (INR 16bn organic investment) will significantly enhance the company's manufacturing and MRO capabilities, particularly for defense land systems and aerospace payloads. The defence segment commands 22%-23% margins, engineering services command 25%+ margins, and diversification into non-core, low-margin businesses will lead to a gradual increase (150-200bps/annum) towards 25%-27% in the coming years. An aerospace manufacturing acquisition (INR 4- 4.5bn) aimed at initiating production by Q3FY27E, and a potential Vietnam-based deep tech acquisition to secure Tier-1 semiconductor and data center customers. The Phase 1 non-core divestments ($30.63mn) and Phase 2 are planned in H2FY27E; capital and management bandwidth will be allocated towards high-growth, high-margin domains. We estimate revenue/EBITDA/PAT CAGR of 25.3%/42%/46.2% over the period of FY26-28E, with EBITDA margin expanding to 19.7% (FY28E) as the higher-margin core business grows. Technology services and solutions are valued at 13x FY28E EV/EBITDA (peer mean: 14.4x), while the Defence business is valued at 30x FY28E EV/EBITDA (peer mean: 32x). At the CMP of INR 1,864 per share, we are reducing to "HOLD" rating (earlier "BUY") at a TP of INR 2,085 per share, valued based on SOTP, an upside of 11.8%.**

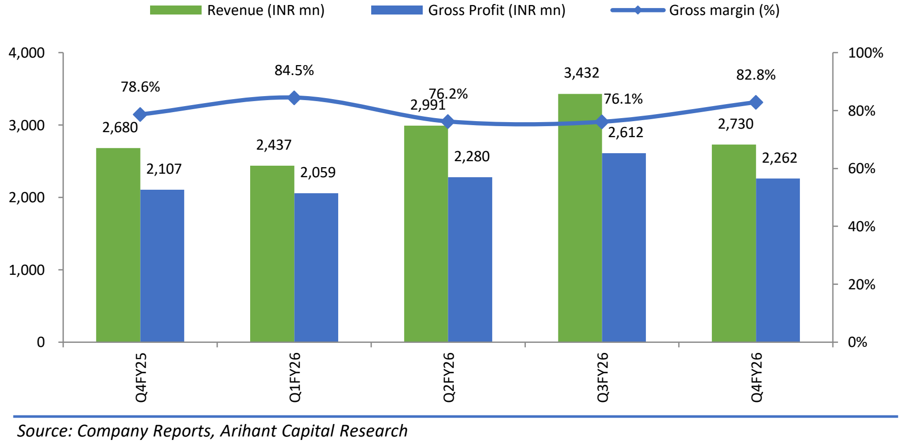
Q4FY26 Results

Exhibit 1: Income Statement Summary

Particular (INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	**2,680**	**3,432**	**2,730**	**1.9%**	**-20.4%**
Net Raw Materials	572	820	468	-18.2%	-42.9%
Gross Profit	**2,107**	**2,612**	**2,262**	**7.3%**	**-13.4%**
Gross Margin (%)	**78.6%**	**76.1%**	**82.8%**	**+420 bps**	**+673 bps**
Employee Cost	1,293	1,497	1,375		
Other Expenses	460	488	551		
EBITDA	**355**	**628**	**336**	**-5.2%**	**-46.4%**
EBITDA Margin (%)	**13.2%**	**18.3%**	**12.3%**	**-92 bps**	**-597 bps**
Depreciation	96	110	138		
Interest expense	64	70	101		
Other income	39	19	43		
Exceptional Items	(20)	(78)	(33)		
Share of profits associate & JV	0	(0)	(2)		
Profit before tax	**214**	**388**	**105**	**-51.0%**	**-73.0%**
Taxes	(101)	112	101		
PAT	**315**	**277**	**4.1**	**-98.7%**	**-98.5%**
PAT Margin	**11.8%**	**8.1%**	**0.2%**	**-1161 bps**	**-791 bps**
EPS (INR)	**7.2**	**6.5**	**0.1**		

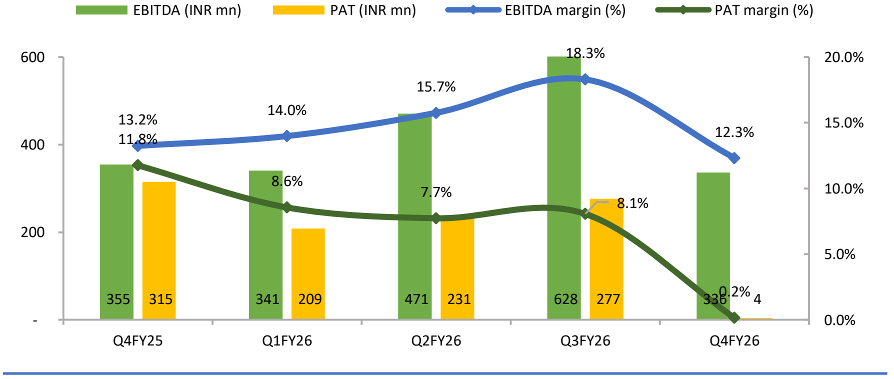
Source: Company Reports, Arihant Capital Research

Exhibit 2: Gross margins improved by 420 bps YoY (up by 673 bps QoQ) to 82.8% in Q4FY26 due to lower raw material costs.



Source: Company Reports, Arihant Capital Research

Exhibit 3: EBITDA margin contracted by 92 bps YoY (down by 597 bps QoQ) to 12.3% in Q4FY26 due to higher employee cost and other expenses in-terms of sales.



Source: Company Reports, Arihant Capital Research

Quarterly Results and Segments

Exhibit 4: Aerospace (+14.6% YoY) and Energy (+9.2% YoY) were major growth drivers in Q4FY26. ESAI, HE & Auto and Technology services and solutions dragged overall performance. Phase 1 divestment of heavy engineering, energy, and automotive verticals to Accodis was signed for $30.63mn as a slump sale, including all contracts, people, and operations. The divestment is expected to close in Q2FY27E and would generate a gain of INR 1.75bn.

Domain Revenue (INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Technology services and solutions					
- Aerospace	810	1,098	928	14.6%	-15.5%
- ESAI	390	343	328	-16.0%	-4.5%
- HE & Auto	590	475	464	-21.3%	-2.2%
- Energy	100	137	109	9.2%	-20.4%
Technology services and solutions	**1,890**	**2,053**	**1,830**	**-3.2%**	**-10.9%**
Defence	**790**	**1,378**	**901**	**14.1%**	**-34.6%**
Total Revenue	**2,680**	**3,432**	**2,731**	**1.9%**	**-20.4%**

Domain Revenue (%)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Technology services and solutions					
- Aerospace	30.2%	32.0%	34.0%		
- ESAI	14.6%	10.0%	12.0%		
- HE & Auto	22.0%	13.8%	17.0%		
- Energy	3.7%	4.0%	4.0%		
Technology services and solutions	**70.5%**	**59.8%**	**67.0%**		
Defence	**29.5%**	**40.2%**	**33.0%**		
Total Revenue	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Exhibit 5: USA (+10.8% YoY), APAC (+7.4% YoY) witnessed decent growth in Q4FY26, while Canada remain flat and Europe declined in Q4FY26. The company is targeting revenue mix of India(1/3), the US (1/3), and Europe (1/3) going forward.

Geography Revenue (INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
APAC	991	1,452	1,065	7.4%	-26.6%
Canada	107	106	109	1.9%	2.7%
Europe	965	1,006	874	-9.4%	-13.1%
USA	616	868	683	10.8%	-21.4%
Total Revenue	**2,680**	**3,432**	**2,731**	**1.9%**	**-20.4%**

Geography Revenue (%)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
APAC	37.0%	42.3%	39.0%		
Canada	4.0%	3.1%	4.0%		
Europe	36.0%	29.3%	32.0%		
USA	23.0%	25.3%	25.0%		
Total Revenue	**100.0%**	**100.0%**	**100.0%**		

Source: Company Reports, Arihant Capital Research

Quarterly Results and Segments

Exhibit 6: Technology services and solutions EBIT Margins are expected to be around 9%-10% going forward.

Technology services and solutions (INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	**1,892**	**2,053**	**2,059**	8.8%	0.3%
Cost of materials consumed	99	40	68	-30.8%	69.9%
Gross Profit	**1,793**	**2,013**	**1,991**	**11.0%**	**-1.1%**
Gross Margins (%)	**94.8%**	**98.0%**	**96.7%**	**+190 bps**	**-136 bps**
Employee expenses	1,170	1,331	1,291		
Employee expenses as a % of sales	61.8%	64.8%	62.7%		
Depreciation & Amortisation	63	69	50		
EBIT	**190**	**197**	**167**	**-12.2%**	**-15.4%**
EBIT Margin (%)	**10.0%**	**9.6%**	**8.1%**	**-194 bps**	**-150 bps**
EBITDA	**252**	**266**	**216**	**-14.2%**	**-18.5%**
EBITDA Margin (%)	**13.3%**	**12.9%**	**10.5%**	**-282 bps**	**-243 bps**

Source: Company Reports, Arihant Capital Research

Exhibit 7: The global supply chain disruptions and timing issues led to revenue deferrals. The breakup are strategic electronics (INR 840mn), Defence land systems (INR 450mn) and Aerospace & Defence contract (INR 126mn). Its also led to negative operating cash flow in FY26, driven by INR 1bn of land systems WIP currently sitting in current assets. The revenue recognition is expected to happen in H1FY27E.

Defence INR mn)	Q4FY25	Q3FY26	Q4FY26	YoY (%)	QoQ (%)
Revenue	**788**	**1,378**	**671**	**-14.7%**	**-51.3%**
Cost of materials consumed	453	779	400	-11.8%	-48.7%
Gross Profit	334	599	271	**-18.7%**	**-54.7%**
Gross Margins (%)	**42.4%**	**43.5%**	**40.4%**	**-199 bps**	**-302 bps**
Employee expenses	124	166	84		
Employee expenses as a % of sales	15.7%	12.0%	12.5%		
Depreciation & Amortisation	1	10	11		
EBIT	**121**	**352**	**109**	-9.7%	-68.9%
EBIT Margin (%)	**15.4%**	**25.6%**	**16.3%**	**+90 bps**	**-925 bps**
EBITDA	**122**	**362**	**120**	**-1.9%**	**-66.8%**
EBITDA Margin (%)	**15.5%**	**26.2%**	**17.9%**	**+234 bps**	**-838 bps**

Source: Company Reports, Arihant Capital Research

Exhibit 8: Strategic Area highlights

Strategic Area	Key Highlights
Revenue	▪ The revenue recognition deferment of INR 1.42bn, attributed to global supply chain disruptions and timing mismatches. ▪ The deferred revenue is anticipated to be recognized in H1FY27E. The company has guided a revenue visibility of INR 13.77bn for FY27E.
Margins & Profitability	▪ Segment-wise EBITDA margins for FY26: Defense - 22.9%, Aerospace - 17.3%, Engineering Services - 26.1%. ▪ On a consolidated levels, the management targets an annual improvement of 150-200 bps, with a steady-state EBITDA margin target of 25%-27% as manufacturing scales up. The company aims INR 9.6bn PAT by FY30E.
Capex	▪ The organic facility investment is INR 16bn. This includes ~INR 3bn for the Missile Atmanirbhar Complex (MAC) in Hyderabad and over INR 1bn already deployed at the Devanahalli (DAL) campus. ▪ In FY26, the company invested INR 960mn across DAL, DAC, and MAC facilities. Additionally, ~INR 400mn has been paid for an 8.2-acre land parcel in Hyderabad.
Capacity Expansion & Facilities	▪ The DAL campus and MAC in Hyderabad are scheduled to become operational during FY27E, significantly expanding manufacturing, testing, and MRO capabilities. ▪ The company has also leased a new 1.65 lakh sq. ft. electronics facility to support strategic electronics and AI initiatives.
Acquisition Strategy	▪ The company plans to acquire four companies in the near term: two focused on AI/Deep Tech and two in Aerospace. This approach is intended to accelerate market entry by acquiring certifications, customer relationships, and manufacturing expertise. ▪ Total estimated acquisition cost is INR 6bn (INR 4.5bn for aerospace acquisitions and ~INR 1.5bn for others). A major aerospace manufacturing acquisition is expected to be concluded in Q3FY27E, enabling rapid production ramp-up.
Funding Strategy	▪ The funding will be sourced from internal accruals, strategic partnerships and proceeds from Phase 1 and Phase 2 divestments of non-core businesses. ▪ Phase 1 alone is expected to generate an extraordinary gain of ~INR 1.75bn. Importantly, the company has stated there are no plans for equity dilution or incremental long-term debt.
Strategic Transformation (Power 930)	▪ The ongoing investments and restructuring are part of the Power 930 roadmap, targeting INR 90bn in revenue by FY30. This marks a strategic shift from a design-led “architect” to a manufacturing-focused “builder,” potentially scaling value per contract by 10x–20x. ▪ As part of this transformation, the company is consolidating its AI and engineering teams into Zeda Inc., a Silicon Valley-headquartered subsidiary, to capture high-growth opportunities in data centers and physical AI.

Source: Company Reports, Arihant Capital Research

Exhibit 9: Segment/Product area wise highlights

Segment / Product Area	Key Highlights
Defense	**Product Pipeline:** The company is concentrating on "very large programs" including Swarm Drones, Land Systems (for the Ministry of Defence - MOD), CLRTS, and Hail programs. The company has been shortlisted for several major programs, which, if secured, could significantly elevate its market positioning. **Manufacturing Status:** Currently, there is INR 1bn of Work-in-Progress (WIP) for land systems for the MOD, comprising 20 units ready for dispatch, 25 units at the assembly stage, and 85 units in active production. **Infrastructure:** The Missile Atmanirbhar Complex (MAC) in Hyderabad, representing an investment of INR 3bn, is slated to become operational in FY27E and will support these large-scale defense programs.
Aerospace	**Strategic Shift:** The segment is transitioning from a design-only business model to high-value manufacturing and MRO (Maintenance, Repair, and Overhaul) services. **Acquisition Strategy:** The company is in advanced stages of acquiring an aerospace manufacturing business, with an expected cost of ~INR 4-4.5bn. This acquisition is aimed at jumpstarting production capabilities by Q3FY27E. **Infrastructure:** The company is expanding its footprint at the Devanahalli (DAL) campus, with a total organic facility investment of ~INR 16bn.
Deep Tech & AI (Zeda Inc.)	**Core Strategy:** Creation of Zeda Inc., a US-led, Silicon Valley-headquartered subsidiary designed to operate as a high-growth technology company. Its focus is on the "Golden Triangle" of data centers, generative AI, and physical AI. **Products:** The subsidiary focuses on hardware-driven AI solutions and recurring orders for test rigs and equipment used in consumer electronics production lines (e.g., mobile phones), which require annual updates. **Customers:** Strong traction has been observed with Qualcomm, Texas Instruments (TI), a major global consumer technology company, and hyperscalers. **Future Pipeline:** The company is evaluating a Vietnam-based acquisition to secure Tier-1 customers in the semiconductor equipment and data center verticals.
Space Division	**Focus Areas:** A dedicated division has been established, led by global experts, to focus on space buses, space payloads, and Synthetic Aperture Radar (SAR). **Programs:** The Space Situational Awareness (SSA) initiative, in partnership with Aldoria, is currently underway. **Strategy:** The space division is targeting the global demand for space buses (noting that India's total active satellites are roughly equivalent to what players like Elon Musk launch in just a few months). The company is also evaluating strategic partnerships for payload manufacturing at the DAL campus.
Engineering Services (ESI)	**Transformation:** Existing ESI and AI teams, including a 30-member AI unit, are being folded into Zeda Inc. This move is expected to provide Zeda with immediate revenue of $15mn and enhanced market credibility.
Non-Core (Divested)	**Portfolio Sharpening:** The company is divesting its Heavy Engineering, Energy, and Automotive practices to Akkodis for $30.63mn in cash. **Rationale:** This represents Phase 1 of a broader restructuring designed to release capital and management bandwidth for high-margin core domains. A Phase 2 divestment is planned for H1FY27E to further sharpen the business focus.
Strategic Electronics	**Updates:** This vertical, which is part of the defense and deep tech portfolio, faced an INR 840mn revenue deferral in Q4FY26. The deferral was caused by a monopolistic hardware supplier redirecting materials to war-related priority programs. **Status:** Input materials have since been secured, and the deferred revenue is scheduled for recognition in the H1FY27E.

Source: Company Reports, Arihant Capital Research

Q4FY26 Concall Highlights

Revenue

- The management is targeting INR 13.77bn revenue in FY27E. The management remains confident about the Power 930 target: INR 90bn revenue by FY30E via a design-to-manufacturing shift.
- The management is targeting PAT of INR 9.6 bn by FY30E.

Margins

- Core domain margins 20%+ (collective average). Aerospace margins around 17%, Defence margins around 23%, and ESI margins around 25%+.
- The company is focused on improving margins by 150-200 bps annually from the FY27E baseline. Overall, EBITDA margins are expected to improve 25%-27% as the manufacturing scale increases. The margin improvement through the shift from design-led to manufacturing-led execution.

Capex

- The capex stood at INR 960mn in FY26 from internal accruals for Devanahalli (DAC/DAL) and Hyderabad (MAC) facilities.
- The total organic investment is around INR 16bn across three facilities.
- Additional INR 6bn allocated for acquisitions. The funding is expected through internal accruals and strategic partners.

Facilities

- The Hyderabad facility is around 40 acres, with INR 400mn paid for the full land value.
- The Devanahalli campus and Hyderabad MAC facilities are expected to become operational through FY27E. The space bus and space payload manufacturing facilities are under construction. The facilities are designed for full-scale MRO and manufacturing.

Order execution

- Around INR 9.27bn orders under execution (includes INR 1.42bn deferred from Q4FY26). The deferment order of INR 1.42bn carries forward for H1FY27E. out of INR 1.42bn; INR 450mn from a defence and INR 840mn from strategic electronics program.
- The company focused on swarm drone programs, Hail systems. DRDO programs and 21 design wins provide additional visibility.

Products & Solutions

- Specific programs and products include LLTR/Ashwini, TACAN, QRSAM, BrahMos seeker, missiles, Su-30 upgrades, radars, counter-drone systems, mission computers, and tank programs.
- Tooling and ADAS (Advanced Driver Assistance Systems) are part of the engineering services portfolio.

Q4FY26 Concall Highlights

Divestments

- Phase 1 divestment of heavy engineering, energy, and automotive verticals to Accodis was signed for $30.63 mn as a slump sale, including all contracts, people, and operations. The divestment is expected to close in Q2FY27E and would generate a gain of INR 1.75bn.

ZEDA

- ZEDA will focus on the data centers, generative AI, and physical AI, absorbing the entire existing ESI business and AI team.

- The existing customer base includes Axon, Aptiv, and six medium-sized companies.

Acquisition

- The company plans to acquire 4 companies in the near term. Two companies focused on AI and two companies focused on aerospace are to immediately acquire certifications, customer contracts, and manufacturing.

- One aerospace acquisition is expected to close by Q3FY27E. Two acquisitions under evaluation.

MOD programs

- The land systems program has 20 units ready for dispatch, 25 at the assembly stage, and 85 in production, with MOD pre-dispatch inspection in progress. The dispatch is scheduled in H1FY27E, are expected to release INR 1.2-1.4bn.

OEMs

- The government offset policy was abolished 12 months ago, with new contracts focused on Make in India and Atmanirbhar initiatives. OEM JVs with two major OEMs expected by Q3FY27E.

Cashflow

- Negative operating cash flow was driven by INR 1bn land systems WIP classified under other assets.

Tax

- The tax rate stood at 36% in FY26 and is expected to remain the same going forward. The higher rate was driven by overseas entity profits carrying higher tax rates and the inability to recognize deferred tax assets in a loss-making German entity.

Growth drivers

- The growth drivers are the design-to-manufacturing transition, which is expected to create 10-20x scale-up; the defence pipeline of very large programs; ZEDA's deep tech AI platform; the aerospace manufacturing acquisition; the new space division and the commissioning of DAC, DAL and MAC facilities.

- Exports are driven through ZEDA's US leadership and Vietnamese operations, serving global hyperscalers and semiconductor equipment manufacturers.

ESOP

- ESOPs for the reduced workforce of 1,200 people will be provisioned following the Accodis transaction. The funding is expected through an extraordinary gain of INR 1.75bn from divestment.

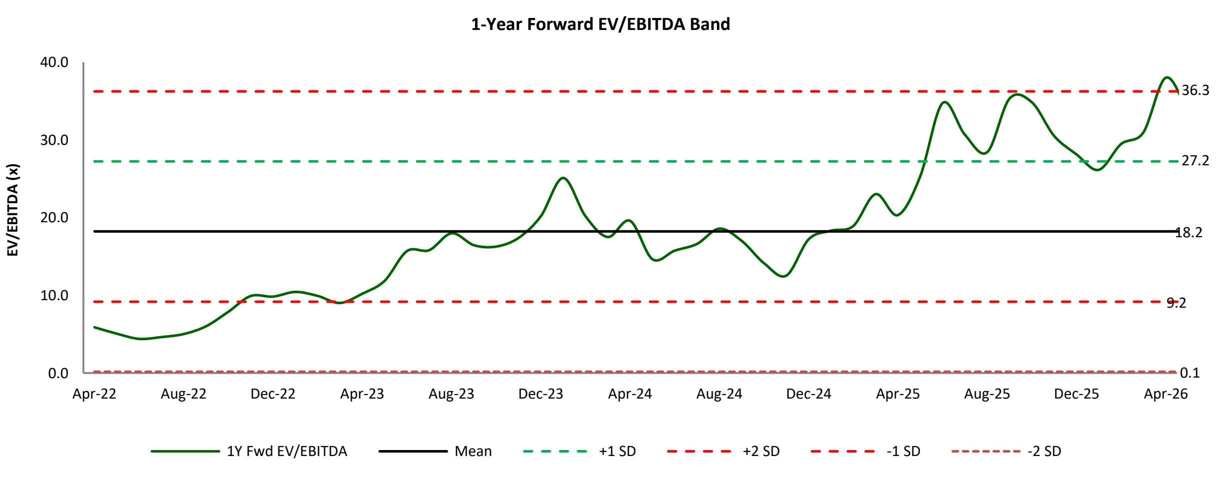
Outlook & Valuation: **AXISCADES Technologies is focused on strategic capacity expansion, margin-accretive acquisitions, and a sharpened portfolio focus. The operationalization of the INR 3bn Missile Atmanirbhar Complex (MAC) in Hyderabad and the ongoing expansion of the Devanahalli (DAL) campus (INR 16bn organic investment) will significantly enhance the company's manufacturing and MRO capabilities, particularly for defense land systems and aerospace payloads. The defence segment commands 22%-23% margins, engineering services command 25%+ margins, and diversification into non-core, low-margin businesses will lead to a gradual increase (150-200bps/annum) towards 25%-27% in the coming years. An aerospace manufacturing acquisition (INR 4- 4.5bn) aimed at initiating production by Q3FY27E, and a potential Vietnam-based deep tech acquisition to secure Tier-1 semiconductor and data center customers. The Phase 1 non-core divestments ($30.63mn) and Phase 2 are planned in H2FY27E; capital and management bandwidth will be allocated towards high-growth, high-margin domains. We estimate revenue/EBITDA/PAT CAGR of 25.3%/42%/46.2% over the period of FY26-28E, with EBITDA margin expanding to 19.7% (FY28E) as the higher-margin core business grows. Technology services and solutions are valued at 13x FY28E EV/EBITDA (peer mean: 14.4x), while the Defence business is valued at 30x FY28E EV/EBITDA (peer mean: 32x). At the CMP of INR 1,864 per share, we are reducing to "HOLD" rating (earlier "BUY") at a TP of INR 2,085 per share, valued based on SOTP, an upside of 11.8%.**

Exhibit 10: AXISCADES Technologies FY28E based implied valuation

Particular	Technology services and solutions	Defence	Overall
FY28E EBITDA (INR mn)	1,421	2,445	
EV/EBITDA (x)	**14.0x**	**30.0x**	
FY28E EV/EBITDA (x) - Mean of peers	**14.4x**	**32.0x**	
EV (INR mn)	**19,899**	**73,357**	**93,256**
Net Debt/(cash) (INR mn) - FY28 end			4,564
Market Cap (INR mn)			88,692
Share outstanding (mn)			43
Target Price (INR)			**2,085**
CMP (INR)			**1,864**
Upside (%)			**11.8%**
Rating			**HOLD**

Source: Company Reports, Arihant Capital Research

Exhibit 11: 1-Year Forward EV/EBITDA



Source: Arihant Capital Research

Sensitivity Analysis

Exhibit 12: Changes in Technology services and solutions & Defence multiple impact on TP

FY28E Target Price (INR)

Technology services and solutions EV/EBITDA (x)	Defence EV/EBITDA (x)							
2,085	24.0x	26.0x	28.0x	30.0x	32.0x	34.0x	36.0x	38.0x
8.0x	1,539	1,654	1,769	1,884	1,999	2,114	2,229	2,344
10.0x	1,606	1,721	1,836	1,951	2,066	2,181	2,296	2,411
12.0x	1,673	1,788	1,903	2,018	2,133	2,248	2,363	2,477
14.0x	1,740	1,855	1,970	2,085	2,199	2,314	2,429	2,544
16.0x	1,807	1,921	2,036	2,151	2,266	2,381	2,496	2,611
18.0x	1,873	1,988	2,103	2,218	2,333	2,448	2,563	2,678
20.0x	1,940	2,055	2,170	2,285	2,400	2,515	2,630	2,745
22.0x	2,007	2,122	2,237	2,352	2,467	2,582	2,697	2,812

FY28E Target Price (INR)

Technology services and solutions EV/EBITDA (x)	Defence EV/EBITDA (x)							
11.8%	24.0x	26.0x	28.0x	30.0x	32.0x	34.0x	36.0x	38.0x
8.0x	-17.4%	-11.3%	-5.1%	1.1%	7.2%	13.4%	19.6%	25.7%
10.0x	-13.8%	-7.7%	-1.5%	4.7%	10.8%	17.0%	23.2%	29.3%
12.0x	-10.3%	-4.1%	2.1%	8.2%	14.4%	20.6%	26.7%	32.9%
14.0x	-6.7%	-0.5%	5.7%	11.8%	18.0%	24.2%	30.3%	36.5%
16.0x	-3.1%	3.1%	9.2%	15.4%	21.6%	27.7%	33.9%	40.1%
18.0x	0.5%	6.7%	12.8%	19.0%	25.2%	31.3%	37.5%	43.7%
20.0x	4.1%	10.3%	16.4%	22.6%	28.7%	34.9%	41.1%	47.2%
22.0x	7.7%	13.8%	20.0%	26.2%	32.3%	38.5%	44.7%	50.8%

Source: Company Reports, Arihant Capital Research

Exhibit 13: Target Price range based on PE & EV/EBITDA.

FY28E Target Price (INR)

EPS (INR)	PE (x)						
	35.0x	40.0x	45.0x	50.0x	55.0x	60.0x	65.0x
34.0	1,190	1,360	1,530	1,700	1,870	2,040	2,210
35.0	1,225	1,400	1,575	1,750	1,925	2,100	2,275
36.0	1,260	1,440	1,620	1,800	1,980	2,160	2,340
37.0	1,295	1,480	1,665	1,850	2,035	2,220	2,405
38.0	1,330	1,520	1,710	1,900	2,090	2,280	2,470
39.0	1,365	1,560	1,755	1,950	2,145	2,340	2,535
40.0	1,400	1,600	1,800	2,000	2,200	2,400	2,600

FY28E Target Price (INR)

EBITDA (INR mn)	EV/EBITDA (x)						
	20.0x	22.0x	24.0x	26.0x	28.0x	30.0x	32.0x
3,000	1,517	1,658	1,799	1,940	2,082	2,223	2,364
3,200	1,611	1,762	1,912	2,063	2,213	2,364	2,514
3,400	1,705	1,865	2,025	2,185	2,345	2,505	2,664
3,600	1,799	1,969	2,138	2,307	2,476	2,646	2,815
3,800	1,893	2,072	2,251	2,429	2,608	2,787	2,965
4,000	1,988	2,176	2,364	2,552	2,740	2,928	3,116
4,200	2,082	2,279	2,476	2,674	2,871	3,069	3,266

Source: Company Reports, Arihant Capital Research

Exhibit 14: PAT and EPS range based on Revenue and EBITDA Margin.

FY28E PAT (INR mn)

Revenue (INR mn)	EBITDA Margin (%)						
1,540	18.5%	19.0%	19.5%	20.0%	20.5%	21.0%	21.5%
16,000	1,137	1,189	1,241	1,293	1,345	1,397	1,449
17,000	1,257	1,312	1,368	1,423	1,478	1,533	1,589
18,000	1,377	1,436	1,494	1,553	1,611	1,670	1,728
19,000	1,498	1,559	1,621	1,683	1,745	1,806	1,868
20,000	1,618	1,683	1,748	1,813	1,878	1,943	2,008
21,000	1,738	1,806	1,875	1,943	2,011	2,079	2,148
22,000	1,858	1,930	2,001	2,073	2,144	2,216	2,287

FY28E EPS (INR)

Revenue (INR mn)	EBITDA Margin (%)						
36.2	18.5%	19.0%	19.5%	20.0%	20.5%	21.0%	21.5%
16,000	26.7	27.9	29.2	30.4	31.6	32.8	34.1
17,000	29.5	30.8	32.1	33.4	34.7	36.0	37.3
18,000	32.4	33.7	35.1	36.5	37.9	39.2	40.6
19,000	35.2	36.6	38.1	39.6	41.0	42.5	43.9
20,000	38.0	39.6	41.1	42.6	44.1	45.7	47.2
21,000	40.8	42.5	44.1	45.7	47.3	48.9	50.5
22,000	43.7	45.4	47.0	48.7	50.4	52.1	53.8

Source: Company Reports, Arihant Capital Research

Financial Statements

Income Statement

Y/E March (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Revenue	8,216	9,551	10,307	11,590	13,206	18,186
Change (%)	34.6%	16.2%	7.9%	12.4%	14.0%	37.7%
Raw materials	1,792	1,855	2,154	2,534	2,596	3,410
Employee costs	3,609	5,001	5,164	5,544	6,278	8,463
Other expenses	1,360	1,362	1,585	1,893	2,091	2,734
Total Expenses	**6,761**	**8,219**	**8,903**	**9,814**	**10,965**	**14,606**
EBITDA	**1,456**	**1,332**	**1,404**	**1,775**	**2,242**	**3,579**
EBITDA Margin	**17.7%**	**14.0%**	**13.6%**	**15.3%**	**17.0%**	**19.7%**
Depreciation	133	338	396	444	770	1,015
EBIT	**1323**	**995**	**1,008**	**1,331**	**1,472**	**2,564**
EBIT margin %	**16.1%**	**10.4%**	**9.8%**	**11.5%**	**11.1%**	**14.1%**
Other Income	60	99	208	228	235	292
Interest	359	564	303	310	371	488
PBT	**891**	**530**	**914**	**1,249**	**1,336**	**2,368**
Extra-ordinary	(680)	-	(39)	(111.68)	-	-
PBT after ext-ord.	**210**	**530**	**875**	**1,136**	**1,336**	**2,368**
Tax	258	196	122	415	468	829
Rate (%)	*122.8%*	*37.0%*	*14.0%*	*36.6%*	*35.0%*	*35.0%*
PAT	**-48**	**334**	**753**	**721**	**868**	**1,540**
MI & Associates	-0.4	-6	0	-2	0	0
Adjusted PAT	**-53**	**334**	**786**	**793**	**868**	**1,540**
EPS (INR)	**-0.6%**	**3.4%**	**7.3%**	**6.2%**	**6.6%**	**8.5%**

Source: Company reports, Arihant Capital Research

Balance Sheet

Y/E March (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Sources of Funds						
Share Capital	191	210	213	213	213	213
Reserves & Surplus	3,247	5,708	6,345	7,132	8,000	9,540
Net Worth	**3,439**	**5,918**	**6,558**	**7,344**	**8,213**	**9,752**
Loan Funds	**3,140**	**2,385**	**1,895**	**2,764**	**4,126**	**5,420**
Deferred Tax & other liabilities	0	208	88	27	27	27
Total Liabilities	5,605	5,473	4,713	7,318	8,357	10,349
Capital Employed	**9,044**	**11,391**	**11,271**	**14,662**	**16,569**	**20,102**
Application of Funds						
Property, plant and equipment	568	686	816	915	2,154	3,393
CWIP	0	0	2	442	442	442
Other non current assets	1,299	1,695	1,557	1,914	3,404	3,424
Deferred tax assets	395	385	533	491	491	491
Net fixed assets	**1,965**	**2,613**	**2,677**	**3,346**	**4,301**	**5,476**
Investments	**335**	**366**	**596**	**170**	**170**	**170**
Debtors	1,790	2,341	3,018	4,113	3,473	4,484
Inventories	659	693	609	790	740	981
Cash & bank balance	996	1,529	893	455	215	856
Loans & advances & other CA	1,645	1,778	1,389	2,909	3,253	3,643
Total current assets	**5,380**	**6,629**	**6,432**	**8,310**	**7,724**	**10,007**
Current liabilities	3,573	3,447	2,903	5,426	5,406	6,878
Provisions	267	307	439	553	575	598
Net current assets	**1,808**	**3,182**	**3,529**	**2,884**	**2,318**	**3,129**
Total Assets	**9,044**	**11,391**	**11,271**	**14,662**	**16,569**	**20,102**

Source: Company reports, Arihant Capital Research

Financial Statements

Cash Flow Statement

Y/E March (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
PAT	(48)	334	753	721	868	1,540
Depreciation	265	338	396	444	770	1,015
Interest & others	464	94	82	136	196	-
Cash flow before WC changes	517	1,136	1,243	1,246	1,774	2,751
(Inc)/dec in working capital	**(1,772)**	**(850)**	**(973)**	**(336)**	**308**	**(189)**
Operating CF after WC changes	(1,255)	287	271	911	2,082	2,561
Less: Taxes	129	23	(129)	44	-	-
Operating cash flow	**(1,223)**	**335**	**121**	**944**	**2,082**	**2,561**
(Inc)/dec in F.A + CWIP	(534)	(1,410)	(328)	(1,470)	(3,215)	(2,211)
(Pur)/sale of investment	(143)	(32)	(230)	426	-	-
Cash flow from investing	**(418)**	**(1,345)**	**(353)**	**(1,291)**	**(3,028)**	**(1,972)**
Free cash flow (FCF)	385	(1,479)	(121)	(404)	400	73
Loan raised/(repaid)	1,705	(650)	35	(341)	962	414
Equity raised	1	19	3	0	-	-
Interest & others	199	2,800	(343)	500	97	106
Dividend	(2)	(1)	-	-	-	-
Cash flow from financing activities	**1,584**	**1,542**	**(405)**	**(91)**	**706**	**52**
Net inc /(dec) in cash	**(57)**	**532**	**(636)**	**(438)**	**(240)**	**641**
Opening balance of cash	1,054	996	1,529	893	455	215
Closing balance of cash	996	1,529	893	455	215	856

Source: Company reports, Arihant Capital Research

Key Ratios

Y/E March (INR Mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Per share (INR)						
EPS	-1.3	8.0	17.7	16.9	20.4	36.2
CEPS	5.6	15.9	27.0	27.3	38.5	60.0
BVPS	89.9	141.0	154.2	172.6	193.0	229.2
DPS	-	-	-	-	-	-
Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Valuation (x)						
P/E	-	234.2	105.3	110.1	91.3	51.5
P/CEPS	335.5	117.5	69.0	68.2	48.4	31.0
P/BV	20.7	13.2	12.1	10.8	9.7	8.1
EV/EBITDA	50.4	59.4	57.2	46.0	37.1	23.4
Dividend Yield (%)	-	-	-	-	-	-
Return Ratio (%)						
EBIDTA Margin	17.7%	14.0%	13.6%	15.3%	17.0%	19.7%
PAT Margin	-0.6%	3.4%	7.3%	6.2%	6.6%	8.5%
ROE	-1.5%	5.5%	11.5%	9.8%	10.6%	15.8%
ROCE	21.8%	12.5%	12.1%	14.4%	13.2%	19.4%
Leverage Ratio (%)						
Total D/E	0.91	0.40	0.29	0.38	0.50	0.56
Net D/E	0.6	0.1	0.2	0.3	0.5	0.5
Turnover Ratios						
Asset Turnover (x)	0.9	0.8	0.9	0.8	0.8	0.9
Inventory Days	134	136	103	121	104	105
Receivable Days	80	89	107	130	96	90
Payable days	33	24	21	45	24	26

Source: Company reports, Arihant Capital Research

Story in Charts

Exhibit 15: Revenue is expected to grow at a CAGR of 25.3% over the period of FY26-28E.

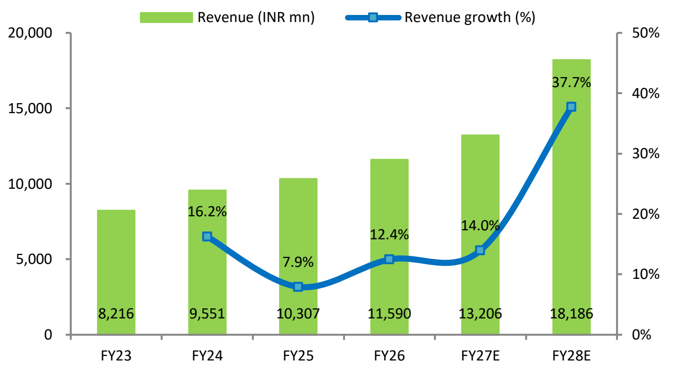


Exhibit 16: Operating leverage and high margin orders will improve gross margins. The cost structure would change due to Aerospace and Defence.

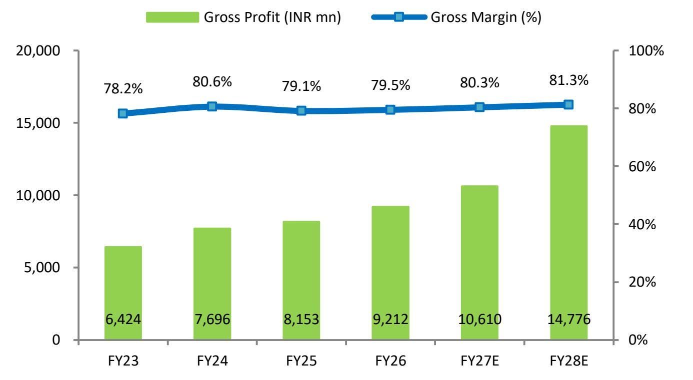


Exhibit 17: EBITDA and PAT margin is expected to improve going forward.

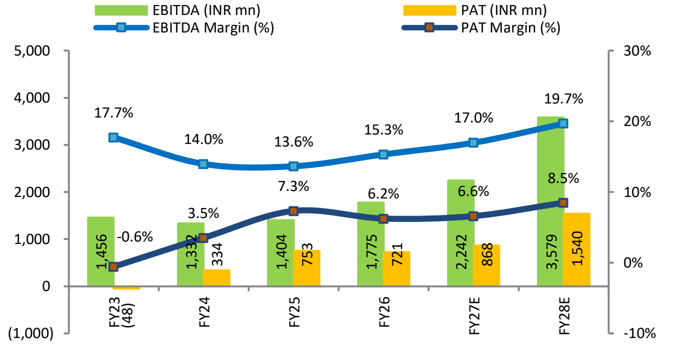


Exhibit 18: Return ratios is expected to improve.

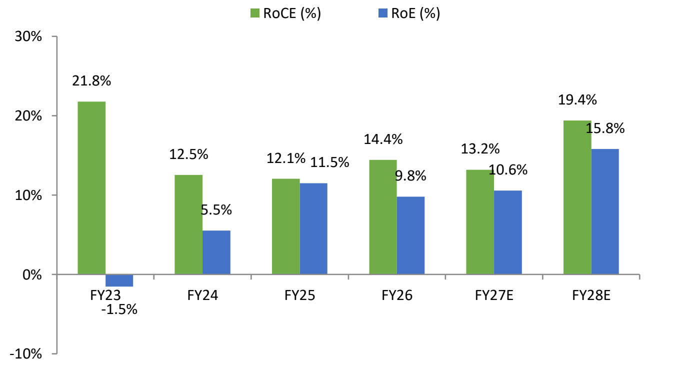


Exhibit 19: Working capital days is expected to be less than 180 days going forward.

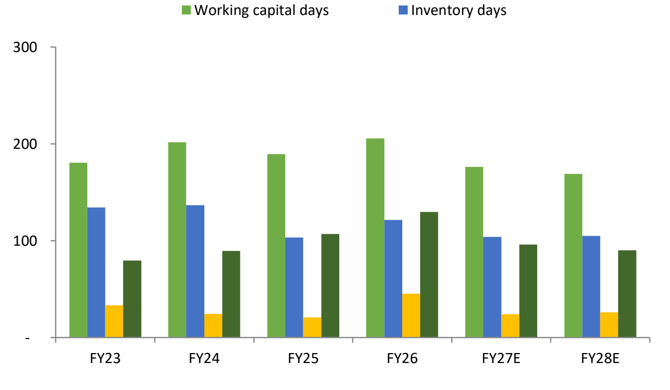
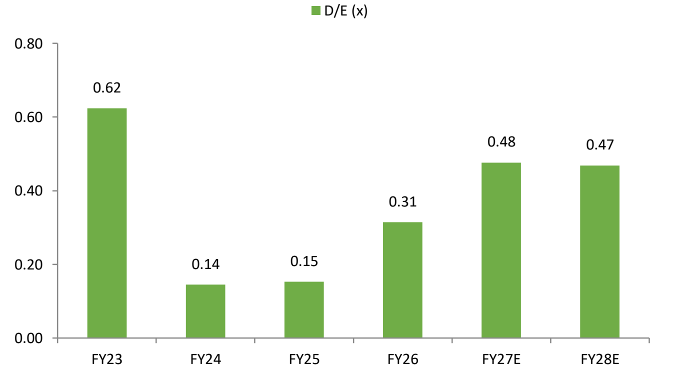


Exhibit 20: Working capital is expected to increase debt levels going forward.



Source: Company Reports, Arihant Capital Research

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REDUCE	-5% to -12%
SELL	<-12%

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