Midas
Equities and Research

SIGMA ADVANCED SYSTEMS

# Sigma Advanced System Ltd.

## Event Update

27 Jul 2026

# Sigma Advanced system Ltd – Event Update

## Export contract reinforces SIGMA's strategic position within the global defense manufacturing supply chain.

Sigma Advanced System (SIGMA) has secured its largest disclosed order to date — a USD 104.9 mn (~Rs. 1,013 cr) export contract from a North American customer for 147,000 units of 155mm base bleed (extended-range) artillery shell bodies, to be executed over the next 6–12 months at its India facilities. This is a step up from conventional M107 shell bodies: base bleed rounds integrate a rear gas-generating unit that cuts base drag and extends effective range (typically 15–30%), and fold in aerodynamics, energetics and propulsion-related content — a materially more complex, higher-value product. The order marks SIGMA's third munitions export win in quick succession, after the M557 fuze contract (USD 11.4 mn, ~Rs. 107 cr / 90,000 fuzes) and the M107 shell-body order (USD 21.97 mn, ~Rs. 208 cr / 40,000 units). Cumulatively, disclosed munitions export orders now stand at ~Rs. 1,328 cr, evidencing a clear, deliberate climb up the artillery-ammunition value chain — fuzes → shell bodies → extended-range projectiles. Management guides the order to be margin-accretive.

**Putting the deal in perspective**

- At ~Rs. 1,013 cr, this single contract is ~2.1x SIGMA's FY26 consolidated revenue (~Rs. 492 cr) and ~6.4x FY26 standalone revenue (~Rs. 158 cr) — and ~5x the size of the M107 order that we already flagged as company-defining. On a per-unit basis it works out to ~US$714/unit vs ~US$549/unit for the M107 bodies, i.e. ~30% richer, consistent with the higher-complexity, higher-margin positioning of base bleed. With execution over 6–12 months, this is predominantly an FY27 revenue event and, on its own, underwrites a large share of the FY27E top line.

**Three key takeaways from the announcement**

- **Step-change in scale — munitions is now the swing factor:** The order dwarfs the prior two combined and is large relative to the consolidated base, turning munitions exports from an emerging optionality into a core, near-term revenue driver. Coming on top of the Rolls-Royce LTA and the Bromford acquisition, it reinforces the thesis that SIGMA's manufacturing and business-development investments are now converting into large order flow.
- **Genuine move up the value chain, with better economics:** Base bleed extended-range projectiles are a far more demanding product than basic machined shell bodies — precision casings engineered for integration into extended-range system, requiring advanced metallurgy, tight tolerances and system-level know-how. This work sits behind high entry barriers (specialized expertise plus difficult-to-obtain approvals and, critically, defense export authorization, which SIGMA has already demonstrated on prior orders). Management flags the contract as margin-accretive; directionally supportive of our 16–18% EBITDA margin trajectory embedded in our FY27E–FY28E estimates.
- **Tailwind product in a tailwind market, plus a reference programme:** Global 155mm demand has stayed elevated since 2022, with NATO and allied forces prioritizing ammunition stockpiling and extended-range fire support, while shell-body supply remains a key production bottleneck — pushing large primes to seek qualified manufacturing partners in allied countries. Winning a marquee extended-range programme from a North American customer both captures that demand and, as management notes, serves as a reference credential to open further overseas customer relationships.

**Valuation**- At the CMP of Rs. 523, SIGMA trades at ~27x FY28E EV/EBITDA.

### Financials and Estimates Summary

| Particulars (Rs cr) | Revenue | EBITDA Margin % | Adj PAT Margin % | Adj EPS | RoE % | RoCE % | PE | EV/EBITDA | Mcap/Sales |
|---|---|---|---|---|---|---|---|---|---|
| **FY25** | 107 | 14% | -13% | -1.9 | 12% | 3% | NA | NA | 86 |
| **FY26** | 492 | 10% | 19% | 5.2 | 57% | 4% | 34 | 198 | 20 |
| **FY27E** | 1,624 | 16% | 12% | 11.0 | 31% | 28% | 44 | 36 | 7 |
| **FY28E** | 1,931 | 18% | 13% | 14.2 | 29% | 31% | 35 | 27 | 6 |

**27 Jul 2026**

| Industry | Aerospace & Defence |
|---|---|

**Key Stock Data**

| | |
|---|---|
| Bloomberg | SIGMAADV |
| Shares o/s (cr) | 17.6 |
| Market Cap (Rs cr) | 9,217 |
| 52-wk High/Low | 638/144^ |
| 20D ADV (In '000) | 383 |
| Index | NA |
| F&O | N |

*^- Post listing of SIGMA in February 2026*

**Latest Shareholding (%)**

| | Jun 26 | Mar 26 |
|---|---|---|
| Promoters | 71.2 | 71.2 |
| Institutions | 0.3 | 0.1 |
| Public | 28.5 | 28.7 |
| Pledge | 0.0 | 0.0 |

**Stock Performance (%)**

| | 1M | 3M | 12M |
|---|---|---|---|
| SIGMA | 13.9 | 121 | NA |
| NSE SMLCAP 250 | 1.3 | 6.4 | 2.3 |

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*Source: Company reports, Bloomberg, Midas Research*

# Financial Summary

**All figures in Rs. cr**

- **Revenue is expected to grow at a CAGR of 98% over FY26–FY28E, aided by the consolidation of Nasmyth, AS Strategic and orders from Indrajaal, with a healthy order book across businesses underpinning growth.**
- **EBITDA is expected to grow at a CAGR of 171% over FY26–FY28E, driven by the transfer of hours from the UK to India and improving utilization of new capacities.**
- **NPAT is projected to grow at a CAGR of 66% over FY26–FY28E, aided by lower finance costs and improved profitability at Indrajaal.**

| | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Profit & Loss** | | | | |
| Revenue | 107 | 492 | 1,624 | 1,931 |
| Gross profit | 35 | 307 | 682 | 856 |
| EBITDA | 15 | 48 | 256 | 351 |
| Depreciation | 5 | 14 | 17 | 17 |
| EBIT | 10 | 33 | 239 | 334 |
| Other Income | 3 | 298 | 8 | 7 |
| Interest expense | 20 | 20 | 10 | 9 |
| PBT | -7 | 301 | 237 | 332 |
| NPAT(After Min Int) | -14 | 268 | 194 | 250 |
| Adj PAT | -14 | 91 | 194 | 250 |
| EPS (Rs.) (After Min Int) | -1.9 | 15.2 | 11.0 | 14.2 |
| Adj EPS | -1.9 | 5.2 | 11.0 | 14.2 |
| **Balance Sheet** | | | | |
| Net Worth | 204 | 468 | 663 | 913 |
| Total debt | 146 | 300 | 180 | 150 |
| Other liabilities and provisions | 98 | 97 | 97 | 97 |
| Total Net worth and liabilities | 468 | 1,059 | 1,085 | 1,404 |
| Net fixed assets | 202 | 259 | 273 | 298 |
| Cash and bank balances | 10 | 24 | 72 | 11 |
| Loans & advances and other assets | 468 | 468 | 663 | 913 |
| Net working capital | 32 | 359 | 372 | 629 |
| Total assets | 468 | 1,059 | 1,085 | 1,404 |
| Capital Employed | 351 | 769 | 843 | 1,063 |
| Net debt | 136 | 276 | 109 | 139 |
| **Cash Flows** | | | | |
| Cash flows from Operations (post-tax) | 19 | -225 | 208 | 20 |
| Capex | 0 | 342 | 31 | 42 |
| Free cashflows | 0 | -566 | 177 | -22 |
| Free cashflows (post interest costs) | -20 | -586 | 167 | -31 |
| Cash flows from Investing | 20 | -6 | -31 | -42 |
| Cash flows from Financing | -50 | 242 | -130 | -39 |
| Total cash & liquid investments | 10 | 24 | 72 | 11 |

- **FY26 revenue was higher due to the consolidation of Nasmyth's operations in the last five months of FY26, while NPAT is elevated on account of higher other income from asset sales of the discontinued business.**
- **RoCE is expected to improve significantly, driven by operational efficiency gains at the new facilities in India.**

| | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Growth ratios (%)** | | | | |
| Revenue | | 358% | 230% | 19% |
| EBITDA | | 222% | 435% | 37% |
| NPAT(After Min Int) | | NA | -28% | 29% |
| Adj PAT | | NA | 113% | 29% |
| **Margin ratios** | | | | |
| Gross | 33% | 62% | 42% | 44% |
| EBITDA | 14% | 10% | 16% | 18% |
| NPAT(After Min Int) | -13% | 54% | 12% | 13% |
| Adj PAT | -13% | 19% | 12% | 13% |
| **Performance ratios** | | | | |
| OCF/EBITDA | 0.0 | -4.7 | 0.8 | 0.1 |
| RoE (%) | -7% | 57% | 31% | 29% |
| RoCE (%) | 3% | 4% | 28% | 31% |
| RoIC(%) | 3% | 4% | 27% | 25% |
| Fixed asset turnover (x) | 0.5 | 1.9 | 6.0 | 6.5 |
| Total asset turnover (x) | 0.2 | 0.5 | 1.5 | 1.4 |
| **Financial stability ratios** | | | | |
| Net Debt to Equity (x) | 0.7 | 0.6 | 0.2 | 0.2 |
| Net Debt to EBITDA (x) | 9.2 | 5.8 | 0.4 | 0.4 |
| Interest cover (x) | 0.5 | 1.7 | 23.9 | 37.1 |
| Working capital days | 201 | 271 | 130 | 130 |
| **Valuation metrics** | | | | |
| No. of Shares (cr) | 7.38 | 17.6 | 17.6 | 17.6 |
| Market cap (Rs. cr) | | 9,217 | | |
| P/E (x) | NA | 34 | 44 | 35 |
| EV (Rs.Cr) | | 9,493 | 9,326 | 9,357 |
| EV/ EBITDA (x) | NA | 198 | 36 | 27 |
| Price to BV (x) | NA | 20 | 14 | 10 |

*Source: Company, Midas Research*

# Disclaimer (1/2)

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| | | | |
|---|---|---|---|
| **BUY** | Stock expected to provide positive returns of >15% over a 1-year horizon | **REDUCE** | Stock expected to provide returns of <5% – -10% over a 1-year horizon |
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