Midas
Equities and Research

SIGMA ADVANCED SYSTEMS

Sigma Advanced Systems

Event Update

14 Jul 2026

Sigma Advanced Systems Ltd – Event Update

Acquisition adds Rolls-Royce and Siemens-approved UK manufacturing capability

- Sigma Advanced Systems (SIGMA) has signed a share purchase agreement (dated 13 Jul 2026) to acquire 100% of Bromford Precision Solutions Limited, a UK-based specialist manufacturer of high-precision gas turbine ring components, aerospace structures, and advanced machined parts, for GBP 11.89 mn (~Rs. 153 cr). The consideration is entirely cash and is being routed through SIGMA's wholly-owned subsidiary, Sigma Advanced Systems UK Ltd. The deal is struck at ~4.6x EV/adjusted EBITDA (CY26E), is expected to close within 6 weeks, and is not a related-party transaction. The requisite UK National Security & Investment Act approval has already been obtained, so the path to close is effectively de-risked.
- Founded in 1988 and based in Leicestershire, Bromford makes high-precision, complex aeroengine ring components and machined structures — compressor casings, ducts, brackets and lock plates — with OEM approvals from Rolls-Royce and Siemens, serving both aerospace and power-generation end-markets. The business is operationally profitable and has scaled quickly: revenue of ~Rs. 89 cr (12M to Apr'24) → ~Rs. 155 cr (Apr'25) → ~Rs. 228 cr (Apr'26), a ~60% two-year CAGR and back of the envelope calculation implies and EBITDA margin of 14-15%*.

Putting the deal in perspective

- At ~Rs. 228 cr, Bromford's trailing revenue is larger than SIGMA's FY26 standalone revenue of ~Rs. 158 cr and is ~45% of FY26 consolidated revenue (~Rs. 492 cr) — a genuinely material bolt-on, not a token tuck-in. Bought at ~0.67x EV/Sales and ~4.6x EV/EBITDA (implied acquired EBITDA of ~Rs. 33 cr / ~14–15% margin)*, the multiple sits well below SIGMA's own ~30x FY28E EV/EBITDA, making this a clearly value-accretive purchase on day one, before any operational improvement.

Three key takeaways from the announcement:

- **Deepens the Rolls-Royce franchise, straight after the £300 mn LTA:** Coming within a quarter of the seven-year RR long-term agreement (~Rs. 3,800 cr), this acquisition thickens SIGMA's position in the same aeroengine supply chain and sits directly alongside its existing UK division, Nasmyth. Bromford's rings and casings complement Nasmyth's larger structural components for shared OEM customers, giving the enlarged platform a fuller product range, and it brings genuinely new content (e.g. engine lock plates) on long-term contracts. It reads as a third-party revalidation of the India-UK dual-source thesis rather than a diversification bet.
- **Bought at attractive valuation, with an obvious margin lever:** The ~4.6x EBITDA entry leaves clear headroom. Management intends to run the same playbook used at Nasmyth — capex/automation for margin expansion, transfer of select component manufacturing to India for cost arbitrage, and revenue growth via deeper OEM penetration and expansion of long-term agreements. The India-transfer angle is the key value-creation swing factor and mirrors the "hours-from-UK-to-India" driver already embedded in our EBITDA CAGR thesis.
- **Low-risk, fast-close, all-cash:** NSI approval is already in hand, Bromford's management team continues to run day-to-day operations, the transaction is arm's-length, and close is guided for end-July. It is a bolt-on adjacent to a business SIGMA already operates, which limits integration risk.

Valuation- At the CMP of Rs. 583, SIGMA trades at ~30x 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	96
FY26	492	10%	19%	5.2	57%	4%	38	220	22
FY27E	1624	16%	12%	11.0	31%	28%	49	41	8
FY28E	1931	18%	13%	14.2	29%	31%	39	30	7

14 Jul 2026

Industry	Aerospace & Defence

Key Stock Data

Bloomberg	SIGMAADV
Shares o/s (cr)	17.6
Market Cap (Rs cr)	10,275
52-wk High/Low	638/144^
20D ADV (In '000)	410
Index	NA
F&O	N

^- Post listing of SIGMA in February 2026

Latest Shareholding (%)

	Mar 26
Promoters	71.2
Institutions	0.1
Public	28.7
Pledge	0.0

Stock Performance (%)

	1M	3M	12M
SIGMA	20.5	234.3	NA
NSE SMLCAP 250	5.3	14.6	1.0

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Source: Company reports, Bloomberg, Midas Research
**self calculated EBITDA and EBITDA Margin*

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)		10,275		
P/E (x)	NA	38	49	39
EV (Rs.Cr)		10,551	10,383	10,414
EV/ EBITDA (x)	NA	220	41	30
Price to BV (x)	NA	22	16	11

Source: Company, Midas Research

Disclaimer (1/2)

Absolute Rating Interpretation

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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