

# Sigma Advanced Systems

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## Event Update

08 Jun 2026

# Sigma Advanced Systems Ltd – Event Update

- Sigma Advanced Systems Ltd. (SIGMAADVANCED) has secured an export order worth US\$21.97 mn (~Rs. 208 cr) from a North American customer for the supply of 40,000 units of 155 mm M107 artillery shell bodies. The contract is to be executed over six months, with manufacturing to be undertaken at the company's facilities in India. The required defense export authorization has already been obtained from the Department of Defense Production, Ministry of Defense.
- To put the order size in perspective, SIGMAADVANCED reported a standalone revenue of Rs. 158 cr in FY26. The contract value of ~Rs. 208 cr exceeds the company's entire FY26 revenue, highlighting its significance. The order also marks a strategic evolution in SIGMAADVANCED's munitions capabilities, expanding its presence from fuze manufacturing to complete artillery shell component production. The order marks a strategic shift towards direct export relationships, reflecting the company's strengthening capabilities, enhanced technological credibility & evolving position as a trusted global supplier.

## Key takeaways from the announcement:

- **Higher-value product and significant capability upgrade:** Artillery shell bodies are a far more complex and value-intensive product compared to basic machined components. The company now undertakes the complete manufacturing process – including advanced metallurgy, precision forging, machining, heat treatment, and final quality certification. This work is technically demanding, tightly regulated, and typically earns significantly higher margins. The business also benefits from strong entry barriers, as suppliers need specialized expertise and multiple difficult-to-obtain approvals, including defense export authorizations. Importantly, the company has already secured the requisite export authorization, indicating that it possesses both the operational capabilities and the regulatory standing required to become a credible defense exporter.
- **Tailwind product in a tailwind market:** Global demand for 155mm artillery ammunition has surged since 2022 and is expected to remain high going ahead. NATO countries and their allies are significantly increasing ammunition production to rebuild inventories and strengthen defense preparedness. The 155 mm caliber remains the global standard for modern artillery systems and is widely deployed across NATO and allied platforms. However, one of the key constraints in increasing production is the limited availability of shell bodies, which are a critical component required for artillery shells. As a result, large US defense companies are actively looking for manufacturing partners in allied countries to help increase production capacity and reduce supply bottlenecks.

Coming shortly after the order from Rolls-Royce long-term agreement and the earlier M557 fuze export contract (USD 11.4 mn, ~Rs. 107 cr for 90,000 fuzes), this order further reinforces our view that SIGMAADVANCED's investments in manufacturing capabilities & global business development are now translating into actual aerospace and defense revenues. We await further details from management regarding financial details & future opportunities to incorporate the same into our estimates.

At the CMP of Rs. 417, SIGMAADVANCED is trading at an EV/EBITDA multiple of 21x FY28E 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%	23%	3.4	12%	3%	123	504	68
FY26	492	10%	19%	5.2	57%	4%	27	159	16
FY27E	1624	16%	12%	11.0	31%	28%	35	29	6
FY28E	1931	18%	13%	14.2	29%	31%	28	21	5

Source: Company reports, Bloomberg, Midas Research

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Industry Aerospace & Defence

## Key Stock Data

Bloomberg	SIGMAADV
Shares o/s (cr)	17.6
Market Cap (Rs. cr)	7,343
52-wk High/Low	470/144^
20D ADV (ln '000)	535
Index	NA
F&O	N

^ - Post listing of SIGMAADVANCED in February 2026

## Latest Shareholding (%)

	Mar 26
Promoters	71.2
Institutions	0.1
Public	28.7
Pledge	0.0

## Stock Performance (%)

	1M	3M	12M
SIGMAADVANCED	29.4	161	NA
NSE SMLCAP 250	-3.0	9.6	-2.2

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# Financial Summary

All figures in Rs. cr

	FY25	FY26	FY27E	FY28E
<b>Profit &amp; Loss</b>				
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)	25	268	194	250
Adj PAT	-14	91	194	250
EPS (Rs.) (After Min Int)	3.4	15.2	11.0	14.2
Adj EPS	-1.9	5.2	11.0	14.2
<b>Balance Sheet</b>				
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	1063
Net debt	136	276	109	139
<b>Cash Flows</b>				
Cash flows from Operations (post-tax)	19	-225	208	20
Capex	0	342	31	42
Free cashflows	0	117	177	-22
Free cashflows (post interest costs)	-20	97	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

	FY25	FY26	FY27E	FY28E
<b>Growth ratios (%)</b>				
Revenue	NA	358%	230%	19%
EBITDA	NA	222%	435%	37%
NPAT(After Min Int)	NA	NA	-28%	29%
Adj PAT	NA	NA	113%	29%
<b>Margin ratios</b>				
Gross	33%	62%	42%	44%
EBITDA	14%	10%	16%	18%
NPAT(After Min Int)	23%	54%	12%	13%
Adj PAT	23%	19%	12%	13%
<b>Performance ratios</b>				
OCF/EBITDA	0.0	-4.7	0.8	0.1
RoE (%)	12%	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
<b>Financial stability ratios</b>				
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
<b>Valuation metrics</b>				
No. of Shares (cr)	7.38	17.6	17.6	17.6
Market cap (Rs. cr)		7,343		
P/E (x)	123	27	35	28
EV (Rs.Cr)	7,479*	7,619	7,452	7,483
EV/ EBITDA (x)	504	159	29	21
Price to BV (x)	15	16	11	8

Source: Company, Midas Research  
\*The EV is calculated as per current number of shares

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## Absolute Rating Interpretation

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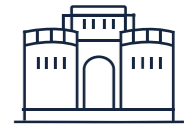
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