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Equities and Research

SIGMA ADVANCED SYSTEMS

Sigma Advanced Systems Ltd.

Event Update

25 Aug 2026

RESEARCH ANALYST
Devang Bhatt
Devang.b@sparkcapital.in
Aadesh Gosalia
Aadesh.g@sparkcapital.in

Sigma Advanced Systems Ltd – Event Update

Newly acquired Bramford Precision Solutions deepens SIGMAADV's wallet share with Rolls Royce

Sigma Advanced Systems (SIGMAADV) has secured a further long-term agreement with Rolls-Royce (RR) worth nearly £125 mn (~Rs. 1,600 cr), contracted through Bramford Precision Solutions, the Leicester-based UK subsidiary acquired only last month. Under the agreement, Bramford will manufacture aeroengine rings, casings, lock plates and other critical engine structures across SIGMA's India and UK facilities — a dual-source solution explicitly directed by Rolls-Royce.

This builds directly on the ~£300 mn (~Rs. 3,800 cr) seven-year RR long-term agreement announced in April, taking disclosed RR contracted value to ~£425 mn (~Rs. 5,400 cr). The tenor of the incremental £125 mn package has not been disclosed; on a like-for-like seven-year assumption it implies ~Rs. 230 cr of annualised revenue — broadly equal to Bromford's entire trailing twelve-month revenue (~Rs. 228 cr to Apr'26), i.e. a notional doubling of the acquired entity's run-rate.

Putting the deal in perspective

- The clearest read is on the acquisition economics. SIGMAADV paid GBP 11.89 mn (~Rs. 153 cr, ~4.6x EV/EBITDA) for Bromford six weeks ago; the entity has now been awarded a contract worth ~10.5x its purchase price. Even allowing for the multi-year spread and the fact that a portion of this work may have been contemplated at underwriting, the speed and scale of the award materially de-risk the deal thesis and vindicate the price paid.
- Company in Q1FY27 declared the total order boom of Rs. 8,000+ Cr multi year order book. This coupled with the current Bramford order win of Rs. 1,600 cr takes the total order book to Rs. 9,500+ Cr, versus FY26 consolidated revenue of ~Rs. 492 cr. Order-book visibility is no longer the constraint on the story; execution and capacity ramp are.

Three key takeaways from the announcement

- **The Bromford thesis has been validated in weeks, not quarters:** We flagged at the time of the SPA that the strategic logic rested on Bromford's rings-and-casings capability being complementary to Nasmyth's larger structural components for the same OEM. RR awarding a fresh package to the combined platform within six weeks of close is about as direct a third-party endorsement as could be expected. It also secures Bromford's long-term position as a key UK manufacturing site, which reduces integration and retention risk on a business SIGMA has only just taken control of.
- **India-UK dual-sourcing is now customer-mandated, not just company strategy:** The agreement specifies manufacture across both India and UK facilities as directed by Rolls-Royce. This is the second consecutive RR award structured around the integrated platform rather than split between separate Indian and UK suppliers. It is directly supportive of the "transfer of hours from the UK to India" driver underpinning our EBITDA margin expansion assumptions (10% FY26 → 21% FY28E), since the cost arbitrage is now embedded in the customer's own sourcing architecture rather than dependent on SIGMA renegotiating work placement post-award.
- **Content expansion within an existing programme — the highest-quality form of growth:** The award broadens product offering and content across critical aerospace programmes with an anchor customer, rather than adding a new customer. Aeroengine rings, casings and lock plates are heat-treated, NDT-inspected, NADCAP-routed parts that take years to qualify and decades to displace — structurally stickier and higher-margin than commodity machining. Combined, the two RR agreements meaningfully hard-code baseline revenue deep into the decade and improve forward earnings quality.

Valuation- At the CMP of Rs. 660, SIGMA trades at ~23x FY28E EV/EBITDA.

Financials and Estimates Summary

Particulars (Rs cr)	Revenue	EBITDA	EBITDA Margin %	Adj PAT Margin %	Adj. EPS	RoE %	RoCE %	PE	EV/ EBITDA	Mcap/ Sales
FY25	107	15	14%	-13%	-1.9	-7%	3%	NA	NA	NA
FY26	492	48	10%	19%	5.2	19%	4%	127	267	25
FY27E	2,006	349	17%	11%	12.0	20%	25%	55	36	6
FY28E	2,554	535	21%	14%	19.2	24%	30%	34	23	5

25 Aug 2026

Industry	Aerospace & Defence

Key Stock Data

Bloomberg	SIGMAADV
Shares o/s (cr)	19
Market Cap (Rs cr)	12,513
52-wk High/Low	660/144^
20D ADV (In '000)	316
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	20.0	7.3	NA
NSE SMLCAP 250	4.1	7.9	7.3

RESEARCH ANALYST

Devang Bhatt
Devang.b@sparkcapital.in

Aadesh Gosalia
Aadesh.g@sparkcapital.in

Source: Company reports, Bloomberg, Midas Research

Financial Summary

All figures in Rs. cr

	FY25	FY26	FY27E	FY28E
Profit & Loss				
Revenue	107	492	2,006	2,554
Gross profit	35	307	1,081	1,422
EBITDA	15	48	349	535
Depreciation	5	14	20	26
EBIT	10	33	328	510
Other Income	3	298	14	33
Interest expense	20	20	18	15
PBT	-7	301	326	527
NPAT(After Min Int)	-14	268	228	365
Adj PAT	-14	91	228	365
EPS (Rs.) (After Min Int)	-1.9	15.2	12.0	19.2
Adj EPS	-1.9	5.2	12.0	19.2
Balance Sheet				
Net Worth	204	468	1157	1522
Total debt	146	300	180	150
Other liabilities and provisions	98	97	97	97
Total Net worth and liabilities	468	1,059	1,606	2,083
Net fixed assets	202	259	422	439
Cash and bank balances	10	24	306	619
Loans & advances and other assets	125	621	723	870
Net working capital	32	359	483	489
Total assets	468	1,059	1,606	2,083
Capital Employed	351	769	1337	1673
Net debt	136	276	-125	-468
Cash Flows				
Cash flows from Operations (post-tax)	19	-225	143	400
Capex	-17	342	-184	-42
Free cashflows	2	117	-41	358
Free cashflows (post interest costs)	-18	97	-59	343
Cash flows from Investing	20	-6	-184	-42
Cash flows from Financing	-50	242	322	-45
Total cash & liquid investments	10	24	306	619

	FY25	FY26	FY27E	FY28E
Growth ratios (%)				
Revenue		358%	308%	27%
EBITDA		222%	628%	54%
NPAT(After Min Int)		NA	-15%	60%
Adj PAT		NA	150%	60%
Margin ratios				
Gross	33%	62%	54%	56%
EBITDA	14%	10%	17%	21%
NPAT(After Min Int)	-13%	54%	11%	14%
Adj PAT	-13%	19%	11%	14%
Performance ratios				
OCF/EBITDA	1.3	-4.7	0.4	0.7
RoE (%)	-7%	19%	20%	24%
RoCE (%)	3%	4%	25%	30%
RoIC(%)	3%	4%	26%	37%
Fixed asset turnover (x)	0.5	1.9	4.7	5.8
Total asset turnover (x)	0.2	0.5	1.2	1.2
Financial stability ratios				
Net Debt to Equity (x)	0.7	0.6	-0.1	-0.3
Net Debt to EBITDA (x)	9.2	5.8	-0.4	-0.9
Interest cover (x)	0.5	1.7	18.2	33.9
Working capital days	201	271	130	130
Valuation metrics				
No. of Shares (cr)	7.38	17.6	19.0	19.0
Market cap (Rs. cr)		12,531		
P/E (x)	NA	127	55	34
EV (Rs.Cr)		12,807	12,405	12,062
EV/ EBITDA (x)	NA	267	36	23
Price to BV (x)	NA	25	11	8

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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Our Offices

Chennai
No. 1, 3rd Floor,
First Crescent Park Road,
Gandhi Nagar,
Adyar,
Chennai – 600 020

Mumbai
Unit – 301, 302, Windsor House,
2, Kolivery Village,
MMRDA Area, Kalina,
Santacruz East,
Mumbai – 400 098

11th floor, C Wing, ONE BKC,
Unit Nos. 1116,
Bandra Kurla Complex,
Bandra East,
Mumbai – 400 051

Delhi
No. 23, 1st Floor,
Community Centre,
Basant Lok,
Vasant Vihar,
New Delhi – 110 057

Bengaluru
No. 2, 3rd Floor,
Prestige
Emerald,
Lavelle Road,
Bengaluru – 560 001

Hyderabad
No. 25 & 42, 3rd Floor,
Lumbini Avenue,
Near Preston Prime Mall
Main Road, Gachibowli,
Hyderabad – 500 032

Pune
No. 7/352 1st Floor,
Elbee House,
Boat Club Road,
Sangamvadi,
Pune – 411 001

Ahmedabad
No. 409, 4th Floor,
Venus Amadeus,
Near Jodhpur Cross Road,
Satellite,
Ahmedabad – 380 015

Kolkata
No. 9A-1 & 9B-1,
9th Floor,
No. 95A,
Park Street,
Kolkata – 700 016

Kochi
No.1285 F1, Ground floor,
The Quadrant, MP Pylee Road,
Jawahar Nagar Avenue,
Kadavanthra P O,
Ernakulam – 682 020

Thiruvananthapuram
2nd Floor,
Mankulangara Tower,
Kuravankonam,
Pattom P.O.,
Trivandrum – 695 004

Lucknow
Unit No.6, 3rd Floor
Marigold Building,
Sapru Marg Shahnajaf Road,
Hazratfang,
Lucknow – 226 001

Kanpur
Unit No 205, 2nd Floor,
Imperial Square,
16/105,
MG Road,
Kanpur – 208 001

Spark Global PWM Private Limited
Unit number- GV-00-04-03-BC-24, Gate Village Building
04, Dubai International Financial Centre (DIFC), Dubai, UAE