

# Sigma Advanced Systems

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## Event Update

29 Apr 2026

# Sigma Advanced Systems Ltd – Event Update

- Sigma Advanced Systems (SIGMA) has bagged a seven-year supply contract with Rolls-Royce(RR) worth approximately £300 mn (~Rs. 3,800 cr). The contract covers precision-machined and fabricated components for RR’s engine programs and will be executed across SIGMA’s facilities in India and the UK. It represents an extension of an existing relationship rather than a new client acquisition.
- Translating the headline into an annualised run-rate of ~Rs. 540 cr suggests the deal alone underwrites a meaningful share of consolidated revenue through the back half of the decade — and, crucially, on terms that lock in volumes rather than leaving them exposed to annual re-bidding. For a business where the bull case rests on visibility and program stickiness, this is the kind of contract structure expected to emerge post the UK build-out.

### Three key takeaways from the announcement:

- **Multi-year revenue visibility with a marquee anchor customer:** A seven-year long-term agreement with the world’s second-largest commercial aero-engine OEM, Rolls-Royce, hard-codes a baseline revenue stream and meaningfully reduces re-bid risk on the underlying work. The headline value implies a material annualised contribution, boosting order book visibility deep into the decade and the quality of forward earnings.
- **The work scope is of the right kind:** Nasmyth has a long-standing relationship with RR across the in-production Trent engine family (700/800, 900, 1000, XWB, 7000), Pearl business-jet engines, the legacy RB211/Tay aftermarket, and military platforms including Adour, EJ200, TP400, and early Tempest content. The component categories — bearing housings, inner liners, nose cone supports, jet pipe and nozzle hardware, ducts, structural brackets, and engine management housings — are heat-treated, NDT-inspected, and NADCAP-routed parts that take years to qualify and decades to displace. Margins and stickiness in this mix are structurally superior to commodity machining.
- **Validation of the India-UK dual-source platform:** Management has explicitly positioned the agreement as a program-level partnership delivered across both geographies — the exact operating model underwritten at IC. Rolls-Royce awarding a long-duration package to the combined platform, rather than splitting work between Indian and UK suppliers, is a clear third-party endorsement of SIGMA’s emergence as an integrated, globally coordinated manufacturing partner. This directly de-risks the strategic rationale of the UK acquisition.

At the CMP of Rs. 274, SIGMA trades at an EV/EBITDA multiple of 15x its FY28E EBITDA. We currently have a **BUY** rating on the stock. We look to gain clarity on any changes to our estimates following the announcement of the annual results.

## Financials and Estimates Summary

Particulars (Rs cr)	Revenue	EBITDA Margin %	Adj PAT Margin %	Adj EPS	RoE %	RoCE %	PE	EV/EBITDA	Mcap/Sales
2025	107	14% <sup>^</sup>	24%**	3.4**	NA	NA	80	NA	19
2026E	478	11%	1%*	0.2*	32%*	5%	27	92	10
2027E	1,380	16%	13%	10.3	26%	25%	26	21	4
2028E	1,706	19%	14%	13.3	25%	30%	20	15	3

Source: Company reports, Bloomberg, Midas Research

2026E Includes exceptional other income of Rs. 185 cr from the sale of Property, Plant and Equipment, and so Adj PAT and Adj EPS are reported

\* 2026E Includes exceptional other income of Rs. 185 cr from the sale of Property, Plant and Equipment, which results in higher ROE, \*\*Profit from continuing operations.

<sup>^</sup> Sigma’s true defense margins stand at 25%, basis MCA filings. The 14% number is not adjusted for costs associated with non-operational income as the breakup is not available on BSE filings.

Sigma Advanced Systems Technologies

29 Apr 2026

Industry Aerospace & Defence

### Key Stock Data

Bloomberg	SIGMAADV
Shares o/s (cr)	17.6
Market Cap (Rs cr)	4,828
52-wk High/Low	274/144 <sup>^</sup>
20D ADV (In ‘000)	278
Index	NA
F&O	N

<sup>^</sup>- 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	76.4	55.1	NA
NSE SMLCAP 250	14.7	7.5	7.5

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Equities and Research

# Financial Summary

All figures in Rs. cr

- Revenue is expected to grow at a CAGR of 151% over FY25–FY28E, aided by the consolidation of Nasmyth and AS Strategic and orders from Indrajaa, with a healthy order book across businesses underpinning growth.
- EBITDA is expected to grow at a CAGR of 177% over FY25–FY28E, driven by the transfer of hours from the UK to India and improving utilisation of new capacities.
- NPAT is projected to grow at a CAGR of 110% over FY25–FY28E, aided by lower finance costs and improved profitability at Indrajaa.

- FY26 (PPFE) revenue was higher due to the consolidation of Nasmyth's operations in the last five months of FY26 (PPFE), 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.

	FY25A	FY26 (PPFE)	FY27 (PPFE)	FY28 (PPFE)
<b>Profit &amp; Loss</b>				
Revenue	107	478	1,380	1,706
Gross profit	35	169	585	748
EBITDA	15	52	225	317
Depreciation	5	11	14	14
EBIT	10	41	211	303
Other Income	42	210*	11	10
Interest expense	20	22	10	3
PBT	32	220	212	310
NPAT(After Min Int)	25**	180*	182	235
Adj PAT	25**	4	182	235
EPS (Rs.) (After Min Int)	3.4**	10.2*	10.3	13.3
Adj EPS	3.4**	0.2	10.3	13.3
<b>Balance Sheet</b>				
Net Worth	NA	556	738	973
Total debt	NA	235	115	35
Other liabilities and provisions	NA	71	71	71
Total Net worth and liabilities	NA	902	1,050	1,290
Net fixed assets	NA	202	219	247
Cash and bank balances	NA	308	126	34
Loans & advances and other assets	NA	556	738	973
Net working capital	NA	94	321	540
Total assets	NA	902	1,050	1,290
Capital Employed	NA	791	852	1,007
Net debt	NA	-73	-11	1
<b>Cash Flows</b>				
Cash flows from Operations (post-tax)	NA	167	-21	33
Capex	NA	-11	31	42
Free cashflows	NA	156	-52	-9
Free cashflows (post interest costs)	NA	134	-62	-12
Cash flows from Investing	NA	-11	-31	-42
Cash flows from Financing	NA	142	-130	-83
Total cash & liquid investments	NA	308	126	34

	FY25A	FY26 (PPFE)	FY27 (PPFE)	FY28 (PPFE)
<b>Growth ratios (%)</b>				
Revenue	NA	345%	189%	24%
EBITDA	NA	249%	334%	41%
NPAT(After Min Int)	NA	612%*	1%***	29%
Adj PAT	NA	-84%	43x	29%
<b>Margin ratios</b>				
Gross	33%	35%	42%	44%
EBITDA	14%^	11%	16%	19%
NPAT(After Min Int)	24%	38%	13%	14%
Adj PAT	24%	1%	13%	14%
<b>Performance ratios</b>				
OCF/EBITDA	NA	3.2	-0.1	0.1
RoE (%)	NA	32%*	26%	25%
RoCE (%)	NA	5%	25%	30%
RoIC(%)	NA	7%	26%	25%
Fixed asset turnover (x)	NA	2.4	6.3	6.9
Total asset turnover (x)	NA	0.5	1.3	1.3
<b>Financial stability ratios</b>				
Net Debt to Equity (x)	NA	-0.1	0.0	0.0
Net Debt to EBITDA (x)	NA	-1.4	0.0	0.0
Interest cover (x)	NA	1.9	21.1	100.9
Working capital days	NA	130	130	130
<b>Valuation metrics</b>				
No. of Shares (cr)	NA	18	18	18
Market cap (Rs. cr)		4,828		
P/E (x)	80	27	26	20
EV (Rs.Cr)	NA	4,755	4,817	4,829
EV/ EBITDA (x)	NA	92	21	15
Price to BV (x)	NA	9	7	5

Source: Company, Midas Research

PPFE- Provisional Proforma Financial Estimates; FY25A - SIGMA is the only relevant entity in exchange filings; \*- Includes exceptional other income of Rs. 185 Cr from sale of Property, Plant and Equipment.

\*\*profit from continuing operations, \*\*\* The growth is lower because of higher other income in FY26 PPFE ^ Sigma's true defense margins stand at 25%, basis MCA filings. The 14% number is not adjusted for costs associated with non-operational income as the breakup is not available on BSE filings.

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

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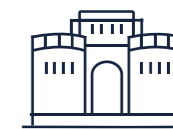
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