Choice Institutional Equities

DCX Systems: Order Book Supports Visibility; Profitability Remains Weak

November 12, 2026 I CMP: INR 159 I Target Price: INR 192

Expected Share Price Return: 20.8% I Dividend Yield: 0.0% I Potential Upside: 20.8%

BUY

Sector View: Positive

Q2FY27 Result Update

Change in Estimates	✓
Change in Target Price	✓
Change in Recommendation	✓

Company Info	
BB Code	DCXINDIA IN EQUITY
Face Value (INR)	2.0
52-wk High/Low (INR)	226/130
Mkt Cap (Bn)	INR 17.3/$ 0.18
Shares o/s (Mn)	111.4
3M Avg. Daily Volume	3,76,975

Change in CIE Estimates

	FY27E			FY28E		
INR Mn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	8,772	8,920	(1.7)	10,701	11,150	(4.0)
EBITDA	105.3	107.0	(1.7)	160.5	167.3	(4.0)
EBITDAM %	1.2	1.2	0bps	1.5	1.5	0bps
PAT	378.4	379.5	(0.3)	532.3	536.7	(0.8)
EPS	3.4	3.4	(0.3)	4.8	4.8	(0.8)

Key Financials

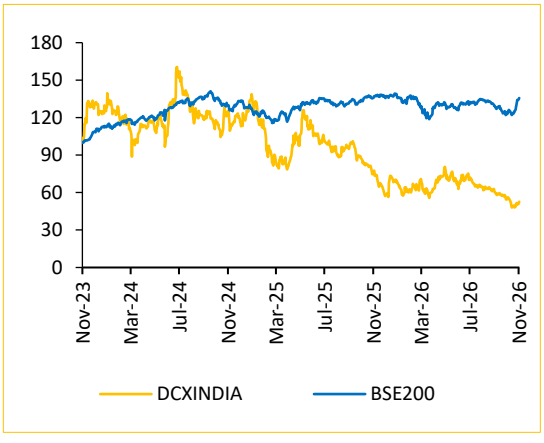
INR Mn	FY25	FY26	FY27E	FY28E	FY29E
Revenue	10,837	7,433	8,771	10,701	13,376
YoY Growth (%)	(23.9)	(31.4)	18.0	22.0	25.0
EBITDA	46	-171	105	161	241
EBITDAM (%)	0.4	(2.3)	1.2	1.5	1.8
Adjusted PAT	389	-77	378	532	684
EPS	3.5	(0.7)	3.4	4.8	6.1
ROE (%)	2.8	(0.5)	2.4	3.3	4.1
ROCE (%)	3.3	(0.7)	2.6	3.4	4.2
P/E(x)	46.5	N/A	47.8	34.0	26.5
P/BV (x)	1.3	1.2	1.2	1.1	1.1

Shareholding Pattern (%)

	Sep-26	Jun-26	Mar-26
Promoters	52.17	52.17	52.17
FIIs	1.52	1.72	0.83
DIIs	2.75	2.69	2.91
Public	43.56	43.43	44.09

Relative Performance (%)

	3Yr.	2Yr.	1Yr.
BSE200	35.7	4.7	-0.5
DCX Systems	-47.3	-58.1	-32.0



Order Book Supports Visibility; Profitability Remains Weak

DCX Systems reported a **consolidated revenue of INR 1,402 Mn in Q2FY27, declining 27.3% YoY**, while its net loss narrowed down to INR 3 Mn (from INR 90 Mn in Q2FY26). Despite the improvement in reported loss, consolidated operating profitability remains weak.

As of September 2026, the consolidated order book stood at approximately INR 3,190 Cr (4.3x FY26 revenue), providing medium-term revenue visibility. The company operates across system integration, cable and wire harness manufacturing and electronic manufacturing services (EMS), supported by relationships with global defence OEMs, including Israel Aerospace Industries (IAI). Its increasing focus on non-offset projects and backward integration through Raneal Advanced Systems are also noteworthy. However, the pace of order execution and conversion of the order book into profitable revenue remain key monitorables.

We have shifted our valuation methodology from P/E to EV/Sales, as weak and volatile consolidated earnings make earnings-based valuation less meaningful at the current stage. We value the company at **1.0x average FY28E–FY29E revenue**, arriving at a **revised target price of INR 192** (INR 150 earlier). Accordingly, we upgrade our rating to **'BUY.'**

The sizeable order book of INR 3,190 Cr provides a strong execution opportunity, while **the significant narrowing of consolidated losses indicates early signs of a profitability recovery**. We believe a **transition to consolidated profitability, alongside improved order execution, could unlock significant upside potential**. Further clarity on the sustainability of the recovery and execution trajectory remains key.

Revenue and EBITDA Miss Estimate; Margin Improves Sequentially

- Revenue for Q2FY27 was down 27.3% YoY and up 35.9% QoQ at INR 1,402 Mn (vs CIE estimate of INR 2,160 Mn)
- EBIDTA came at INR -11.9 Mn (vs CIE est. of INR 6 Mn). EBITDA margin stood at -0.6%, expanding by 176 bps YoY and 825 bps QoQ (vs CIE estimate of 0.3%)
- PAT came in at INR -2.6 Mn (vs CIE estimate of INR 60 Mn). PAT margin improved by 152 bps YoY and 703 bps, reaching -0.1% (vs CIE estimate of 2.8%)

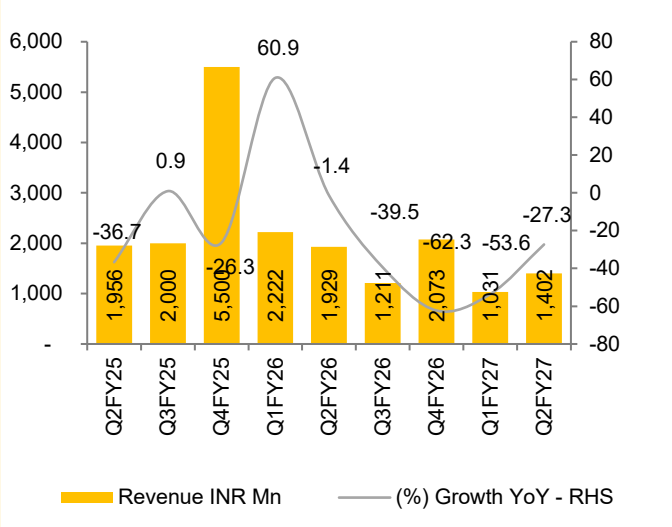
Particulars (INR Mn)	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)
Revenue	**1,402**	**1,929**	**(27.3)**	**1,031**	**35.9**
Material Exp	1,257	1,798	(30.1)	937	34.2
Gross Profit	145	131	10.8	95	53.0
Employee Exp	94	166	(43.5)	92	2.1
Other Exp	63	92	(32.3)	109	(42.7)
EBITDA	**(12)**	**(128)**	**N/A**	**(107)**	**N/A**
Other Income	79	120	(34.3)	88	(9.9)
Depreciation	39	38	2.6	37	5.8
EBIT	28	(46)	(161.6)	(57)	(149.7)
Interest Cost	10	7	27.8	8	14.0
PBT	19	(53)	(135.0)	(65)	(128.6)
Tax	21	37	(43.3)	22	(2.4)
RPAT	**(3)**	**207**	**N/A**	**(24)**	**N/A**
Adj EPS (INR)	(0.0)	(0.8)	N/A	(0.8)	N/A

Margin Analysis	Q2FY27	Q2FY26	YoY (bps)	Q1FY27	QoQ (bps)
Gross Margin (%)	**10.3**	**6.8**	**355**	**9.2**	**115**
Emp. Exp. % of Sales	6.7	8.6	(191)	8.9	(222)
Other Exp. % of Sales	4.5	4.8	(33)	10.6	(614)
EBITDA Margin (%)	**(0.8)**	**(6.6)**	**580**	**(10.4)**	**951**
APAT Margin (%)	(0.2)	10.7	(1095)	(2.4)	214

Source: DCXINDIA, Choice Institutional Equities

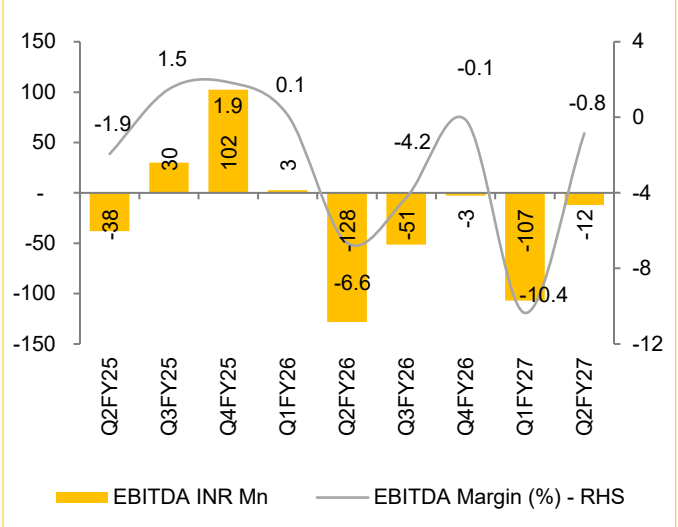
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Revenue down 27.3% on a YoY basis



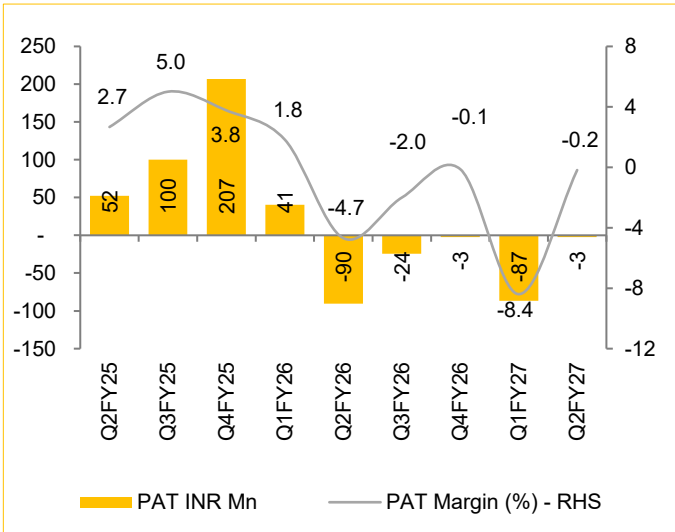
Source: DCXINDIA, Choice Institutional Equities

EBITDA margin trend



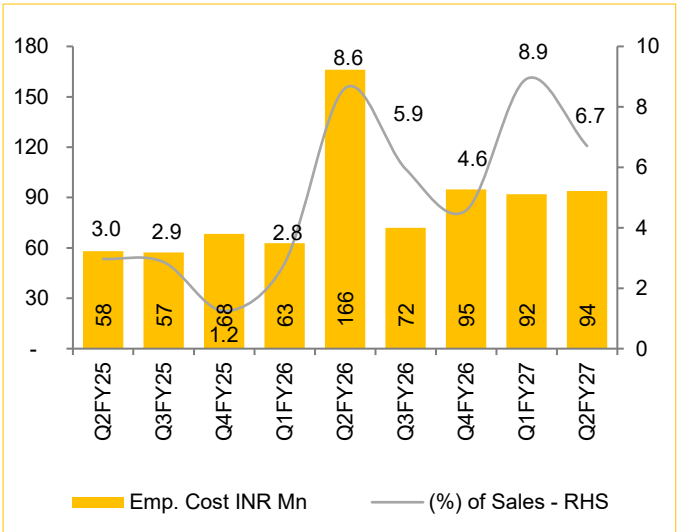
Source: DCXINDIA, Choice Institutional Equities

PAT in a negative zone for fifth consecutive quarter



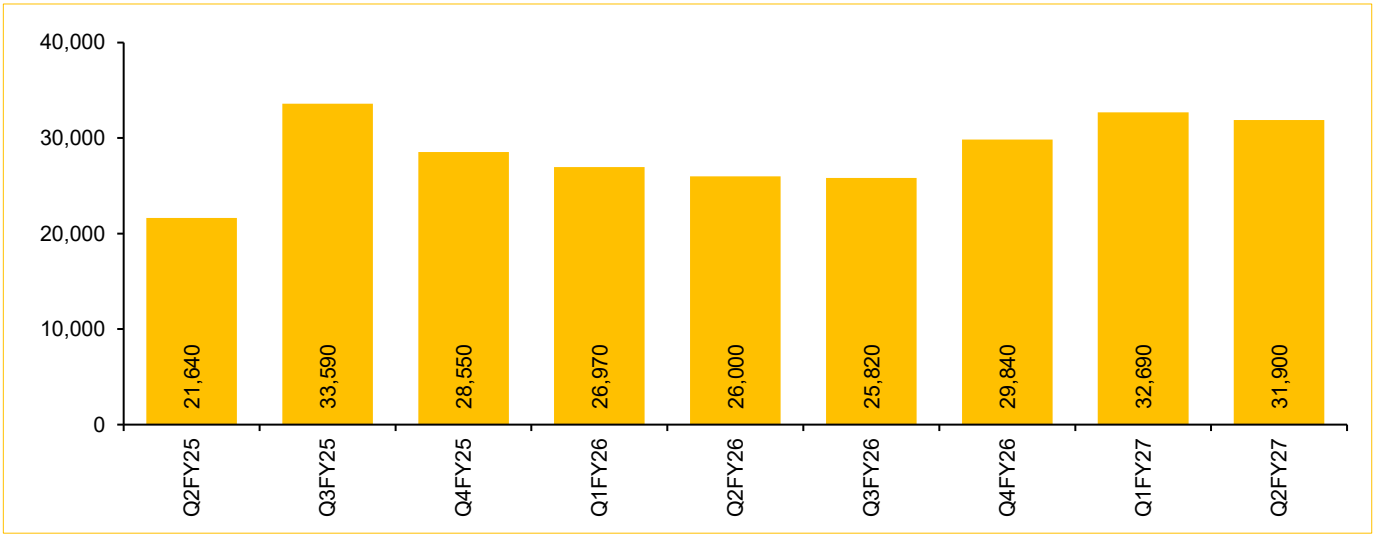
Source: DCXINDIA, Choice Institutional Equities

Employee cost trend



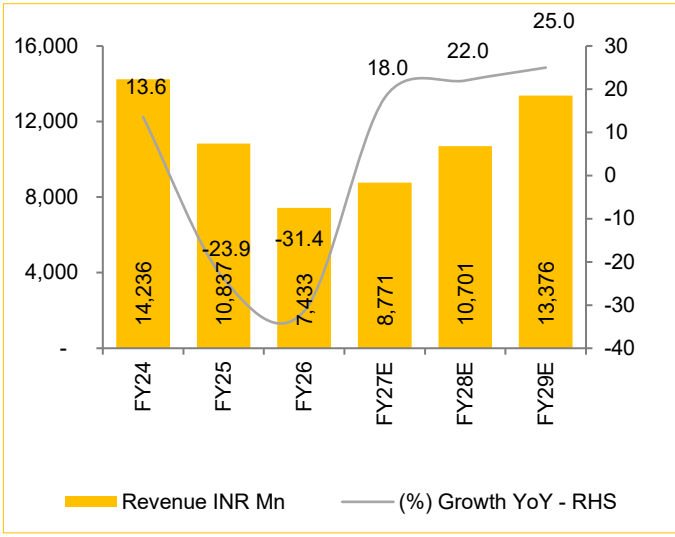
Source: DCXINDIA, Choice Institutional Equities

Order book trend



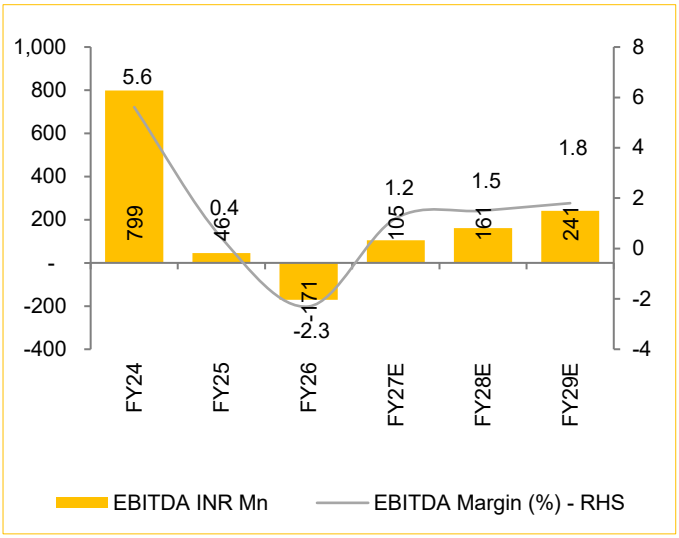
Source: DCXINDIA, Choice Institutional Equities

Revenue expected to expand 21.6% CAGR over FY26–29E



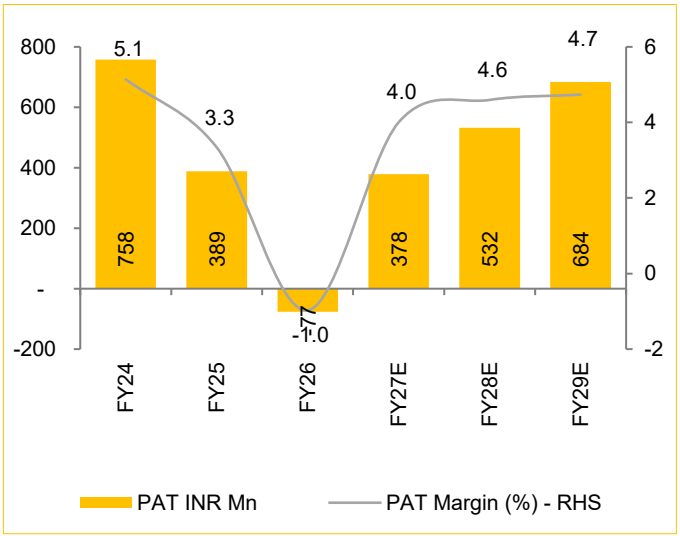
Source: DCXINDIA, Choice Institutional Equities

EBITDA margin improvement anticipated



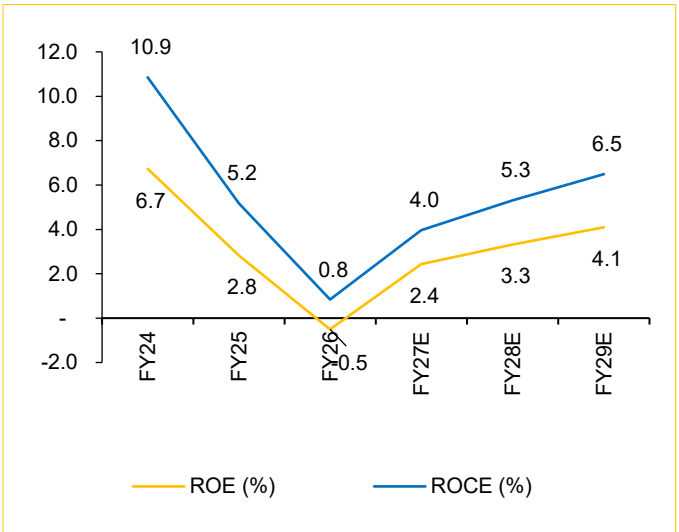
Source: DCXINDIA, Choice Institutional Equities

PAT projected to bounce back



Source: DCXINDIA, Choice Institutional Equities

ROE & ROCE trend



Source: DCXINDIA, Choice Institutional Equities

Income Statement (Consolidated – INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Revenue	10,837	7,433	8,771	10,701	13,376
Gross Profit	477	648	851	1,049	1,324
EBITDA	**46**	**(171)**	**105**	**161**	**241**
Other Income	800	451	677	880	1,056
Depreciation	134	153	167	189	212
EBIT	713	127	615	852	1,085
Interest Expense	109	33	33	33	33
PBT	604	94	582	819	1,052
Reported PAT	**389**	**(77)**	**378**	**532**	**684**
EPS	3.5	(0.7)	3.4	4.8	6.1

Ratio Analysis	FY25	FY26	FY27E	FY28E	FY29E
Growth Ratios					
Revenue (%)	(23.9)	(31.4)	18.0	22.0	25.0
EBITDA (%)	(94.2)	N/A	N/A	52.5	50.0
PAT (%)	(48.7)	N/A	N/A	40.7	28.4
Margin Ratios					
EBITDA Margin (%)	0.4	(2.3)	1.2	1.5	1.8
PAT Margin (%)	3.3	(1.0)	4.0	4.6	4.7
Performance Ratios					
ROE (%)	2.8	(0.5)	2.4	3.3	4.1
ROCE (%)	3.3	(0.7)	2.6	3.4	4.2
Turnover Ratio (Days)					
Inventory	97	264	260	255	250
Debtors	56	66	40	40	40
Payables	34	103	110	105	100
Cash Conversion Cycle (Days)	119	227	190	190	190
Financial Stability Ratios					
Net Debt/Equity (x)	(0.7)	(0.5)	(0.5)	(0.5)	(0.4)
Valuation Metrics					
Outstanding Shares (Mn)	111.4	111.4	111.4	111.4	111.4
Price (INR)	146.1	146.1	146.1	146.1	146.1
Market Cap (INR Mn)	16.3	16.3	16.3	16.3	16.3
P/E (x)	41.8	(212.3)	43.0	30.6	23.8
EV (INR Mn)	6.2	8.6	8.2	8.5	8.9
EV/EBITDA (x)	135.1	(50.4)	78.3	53.2	36.9
BVPS	123.5	135.8	139.2	144.0	150.1
P/BV (x)	1.2	1.1	1.0	1.0	1.0

Source: DCXINDIA, Choice Institutional Equities

Balance Sheet (Consolidated – INR Mn)

Particular	FY25	FY26	FY27E	FY28E	FY29E
Net Worth	13,752	15,130	15,509	16,041	16,725
Total Debt	0.2	-	-	-	-
Otr Long Term Liab.	52	45	45	45	45
Trade Payables	1,012	2,101	2,643	3,078	3,665
Other Curr. Liabilities	4,225	3,759	4,390	5,355	6,693
Total Liabilities	**19,041**	**21,035**	**22,587**	**24,519**	**27,127**
Net Fixed Assets	693	703	736	767	805
Otr. Non-curr. Asset	2,837	4,192	4,660	5,223	5,940
Inventories	2,890	5,370	6,248	7,476	9,162
Trade Receivables	1,652	1,344	961	1,173	1,466
Cash & Bank Bal.	10,035	7,648	8,027	7,729	7,389
Other Current Assets	934	1,777	1,955	2,151	2,366
Total Assets	**19,041**	**21,035**	**22,587**	**24,519**	**27,127**

Cash Flows (INR Bn)	FY25	FY26	FY27E	FY28E	FY29E
Cash Flows from Operations	4,959	23	1,079	519	659
Cash Flows from Investing	(2,386)	(1,081)	(668)	(783)	(966)
Cash Flows from Financing	(946)	260	(33)	(33)	(33)

DuPont Analysis	FY25	FY26	FY27E	FY28E	FY29E
Tax Burden	64.4%	-81.7%	65.0%	65.0%	65.0%
Interest Burden	84.7%	73.9%	94.6%	96.1%	97.0%
EBIT Margin	6.6%	1.7%	7.0%	8.0%	8.1%
Asset Turnover	0.6	0.4	0.4	0.4	0.5
Equity Multiplier	1.4	1.4	1.5	1.5	1.6
ROE	**2.8%**	**-0.5%**	**2.4%**	**3.3%**	**4.1%**

Source: DCXINDIA, Choice Institutional Equities

Historical share price chart: DCX Systems Ltd. (DCXINDIA)



Date	Rating	Target Price
Nov 14, 2024	BUY	372
Feb 12, 2025	HOLD	317
May 28, 2025	SELL	260
Aug 25, 2025	REDUCE	275
Nov 13, 2025	REDUCE	225
Feb 13, 2026	REDUCE	170
May 28, 2026	SELL	150
Aug 12, 2026	SELL	150
Nov 12, 2026	BUY	192

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000 Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000 Cr Market Cap

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