29 July, 2026 RESULT UPDATE - Q1FY27

Aeroflex Industries Limited

Nifty: 24,081 CMP: Rs. 456 Target Price: Rs. 502

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Industrials

Aeroflex Industries Limited delivered its highest ever quarterly performance in Q1FY27, with revenue surging to Rs 145.4 crore (+72.4% YoY) and consolidated PAT more than doubling to Rs 18.8 crore (+162.1% YoY). EBITDA margin expanded sharply to 23.0%. The company remains debt-free and has scaled liquid cooling skid capacity to 9,000 p.a. (from 6,000 in Q4FY26), with the roadmap to 15,000 skids now targeted by Q3FY27, and sold 1,040 skids in Q1FY27 alone (vs 571 in Q4FY26). Based on our revised estimates, we value the company at 45x FY28E EPS of Rs 11.15, arriving at a target price of Rs 502.

Investment Rationale:

Financial & Operational Snapshot

- **Q1FY27 Performance:** Revenue at Rs 145.4 Cr (+72.4% YoY, +15.5% QoQ), EBITDA at Rs 33.5 Cr (23.0% margin, +468 bps YoY, -82 bps QoQ), PAT at Rs 18.8 Cr (12.9% margin, +162.1% YoY), Cash Profit at Rs 26.6 Cr (+103.5% YoY).
- **Utilization & Capacity:** Hose capacity utilization 66% (Q1FY27) on the 17.5mn-metre base now being expanded to 20mn by Q3FY27. Skid capacity moved from 6,000 to 9,000 p.a. effective in July with 1,040 units sold in Q1FY27 (vs 571 in Q4FY26, +82.1% QoQ), contributing Rs 32.4 Cr to revenue (vs Rs 18.9 Cr in Q4FY26, +71.4% QoQ).

Capacity Expansion & Data Centre Opportunity

- **Skid Assembly Scale-Up:** Added 3,000 skid capacity in Q1FY27, a further 6,000 is planned by Q3FY27 to reach 15,000 p.a. At 15,000 capacities, management reiterated a 65% Q4FY27 exit-rate target (~750 skids/month), with 80% utilization achievable only from FY28. Expansion beyond 15,000 is "under discussion" but uncommitted. A dedicated fire-hose-assembly product for international data centre use is nearing commercialization (targeted end-Q2/start-Q3 FY27), tied to the same largest-customer relationship as the skid business.
- **Hyd-Air & Metal Bellows:** Hyd-Air revenue was Rs 7 Cr in Q1FY27. Metal bellows revenue was Rs 3 Cr in Q1FY27 (FY26 full year: Rs 8 Cr), with management guiding to increase over the next two quarters, bellows' still-below-optimum utilization is one of the drivers' managements cited for this quarter's sequential margin softness

Revenue Mix & Market Dynamics

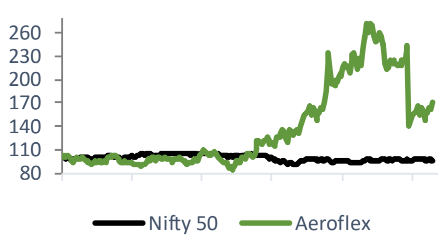
- **Domestic Shift:** Domestic share rose to 42% of revenue in Q1FY27 (vs 40% in Q4FY26, 28% in Q1FY26), continuing the skid-led domestic mix shift (skids currently sold only in India). Domestic revenue grew 163.0% YoY.
- **Export Resilience:** Exports still grew 42.5% YoY as mix share fell to 58% (from 72% a year ago). Americas remains the largest export geography at 57% of export mix (+35.9% YoY), but Europe was the standout, more than doubling to 33% of export mix (+108.3% YoY), including data-centre-application hose exports, not just traditional industrial demand.
- **Product Mix:** SS Flexible Hoses 41% of Q1FY27 revenue (vs 50% in Q4FY26), Assemblies & Others 37% (vs 34%), SFN Skid Assemblies 23% (vs 16%).
- **Pricing & Margins:** EBITDA margin of 23.0% is in line target but down QoQ from Q4FY26's 23.9%, on higher employee costs (Chakan/Pune facility ramp-up) and elevated logistics costs tied to Red Sea/West Asia shipping disruption. Average skid realization fell further to Rs 3.11 lakh/unit (from Rs 3.32 lakh in Q4FY26.

Valuation & Outlook

Skid capacity remains on track for 15,000 p.a. by Q3FY27, the balance sheet stays debt-free, the core growth narrative is intact and, on some metrics, ahead of plan. Near-term catalysts that could support this re-rating include confirmation of the first genuinely international skid order (which management "definitely" expects to book within FY27), commissioning of the 15,000-skid capacity itself, commercialization of the international fire-hose assembly product (targeted end-Q2/start-Q3 FY27), and continued Europe export momentum, which more than doubled its share of the export mix this quarter. Based on our revised estimates, we value the company at **45x FY28E EPS of Rs 11.15,** arriving at a target price of Rs **502.**

Shareholding (%)	Mar-26
Promoters	65.47%
FIIs+DIIs	5.09%
Public	29.45%

Relative Price Performance



Key Data	
Nifty	24,081
52 Week H/L (Rs)	522 / 158
Market cap (Rs Cr)	6,015
CMP	456
Outstanding Shares (Cr)	13.2
NSE code:	AEROFLEX

Forecasts/Valuations	FY26	FY27E	FY28E
Sales	**441.9**	**638.4**	**903.6**
EBITDA	99.7	154.5	230.4
EBITDAM	22.6%	24.2%	25.5%
PAT	**55.5**	**93.1**	**144.7**
EPS (Rs)	4.3	7.2	11.2
EPS growth (%)	**5.4%**	**67.7%**	**55.4%**
P/E(x)	109.1	65.1	41.9
P/BV(x)	13.6	10.7	8.5
EV/EBITDA(x)	60.1	38.8	26.0
ROE (%)	12.4%	16.5%	20.3%

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Figure 1: Revenue & PAT, Quarterly (Consolidated)

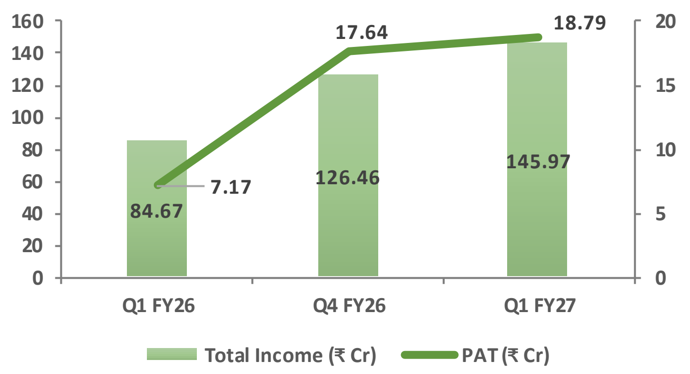


Figure 2: Total Revenue & PAT, Annual (FY21-FY26)

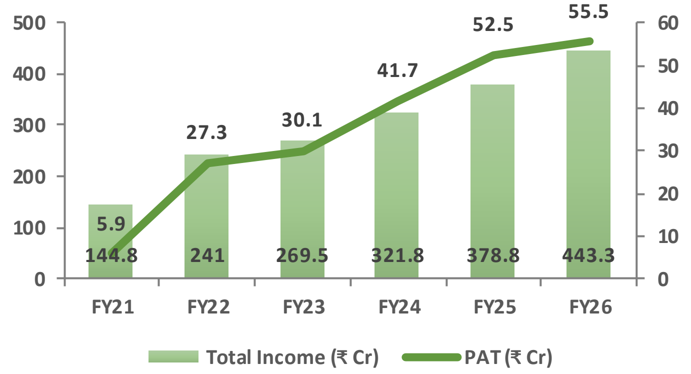


Figure 3: Margin Trend, Quarterly (Consolidated, %)

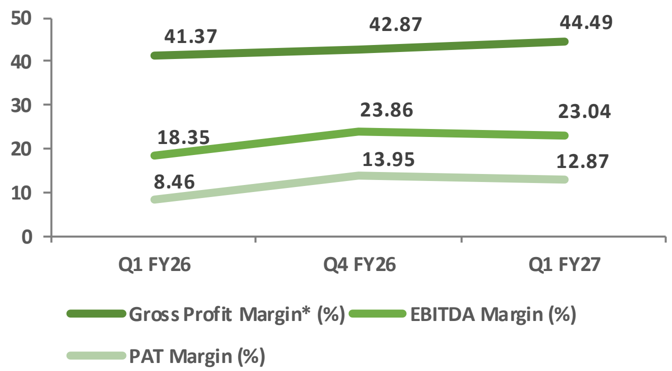


Figure 4: SFN Skid Assembly Volume & Avg. Selling Price

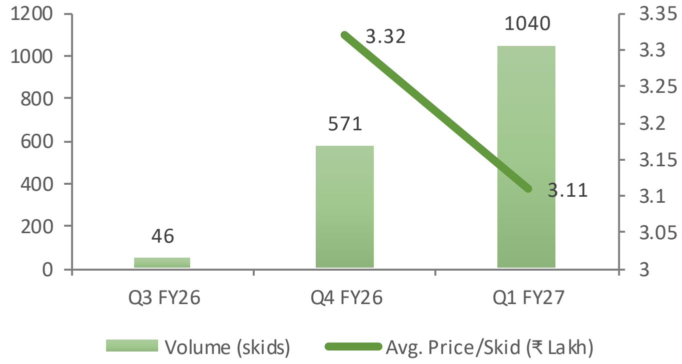
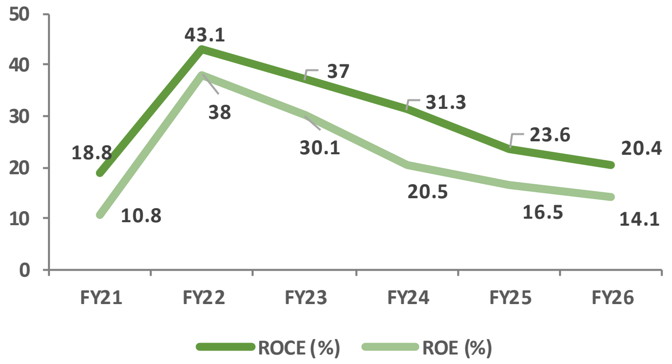


Figure 5: ROCE vs ROE, FY21FY26 (Consolidated, %)



Quarterly Summary (INR Crores)

	Quarterly Y-o-Y Performance			Q-o-Q Performance	
Particulars	**Q1FY27**	**Q1FY26**	**YoY%**	**Q4FY26**	**QoQ%**
Revenue from Operations	145.38	84.33	72.4%	125.84	15.5%
Cost of Material Consumed	84.23	53.38	57.8%	72.15	16.7%
Inventory Change	(3.53)	(3.94)	-	(0.26)	-
GROSS PROFIT	**64.68**	**34.89**	**85.4%**	**53.95**	**19.9%**
Gross Profit Margin %	44.5%	41.4%	+312 bps	42.9%	+162 bps
Employee Benefit Expenses	13.94	9.06	53.8%	10.11	37.9%
Other Expenses	17.25	10.35	66.6%	13.81	24.9%
EBITDA	**33.49**	**15.48**	**116.4%**	**30.03**	**11.5%**
EBITDA Margin %	23.0%	18.4%	+468 bps	23.9%	(82) bps
Depreciation & Amortisation	7.84	5.93	32.3%	7.79	0.7%
EBIT	**25.65**	**9.55**	**168.5%**	**22.24**	**15.3%**
Finance Costs	0.35	0.18		0.28	
Other Income	0.60	0.33		0.62	
Profit Before Tax (PBT)	**25.89**	**9.71**	**166.8%**	**22.58**	**14.7%**
Tax Expense	7.10	2.54		4.94	
PROFIT / (LOSS) FOR THE YEAR (PAT)	**18.79**	**7.17**	**162.2%**	**17.64**	**6.6%**
PAT Margin %	12.9%	8.5%	+443 bps	14.0%	(109) bps

Company-Specific KPIs

KPI	Q3 FY26	Q4 FY26	Q1 FY27
SFN skid volume (skids)	46	571	1,040
SFN skid revenue (Rs Cr)	2.3	18.9	32.4
Avg. price per skid (Rs Cr)	4,98,861	3,31,763	3,11,459
Flexible hose capacity utilisation	n / d		65-66% (guidance)
SFN skid capacity installed (p.a.)	9,000		Target 15,000 by Q3 FY27
Flexible hose capacity (Mn metres p.a.)	17.5		Target 20.0 by Q3 FY27

Financials

Income Statement

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Revenue from Operations	**376.2**	**441.9**	**638.4**	**903.6**
Cost of Material Consumed	220.1	250.9	357.5	501.5
GROSS PROFIT	**156.2**	**191.0**	**280.9**	**402.1**
Gross Profit Margin %	41.5%	43.2%	44.0%	44.5%
Employee Benefit Expenses	35.3	41.3	59.4	81.3
Other Expenses	38.1	50.0	67.0	90.4
EBITDA	**79.1**	**99.7**	**154.5**	**230.4**
EBITDA Margin %	21.0%	22.6%	24.2%	25.5%
Depreciation & Amortisation	11.3	26.1	35.0	45.0
EBIT	**67.8**	**73.7**	**119.5**	**185.4**
Finance Costs	0.4	0.9	0.0	0.0
Other Income	2.5	1.4	4.9	7.8
Profit / (Loss) Before Tax (PBT)	**70.0**	**74.1**	**124.3**	**193.2**
Tax	17.5	18.6	31.2	48.6
Profit After Tax (PAT)	**52.5**	**55.5**	**93.1**	**144.7**
PAT Margin %	14.0%	12.6%	14.6%	16.0%
EPS	4.06	4.28	7.18	11.15

Balance Sheet

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Property, Plant & Equipment	169.7	203.8	229.7	209.6
Capital Work In Progress	9.8	23.1	8.0	3.0
Goodwill	1.3	1.3	1.3	1.3
Inventories	66.7	83.7	102.8	144.3
Trade Receivables	116.5	129.8	192.4	272.3
Cash & Cash Equivalents	26.3	19.0	61.1	149.7
Other Current Assets	29.5	39.5	44.7	63.3
TOTAL ASSETS	**426.6**	**565.0**	**702.8**	**904.0**
Equity Share Capital	25.9	26.5	26.5	26.5
Other Equity	316.6	420.8	539.1	686.9
Borrowings (non-current)	0.3	0.6	0.2	0.0
Deferred Tax Liabilities (Net)	1.6	0.9	2.4	4.8
Borrowings (Current)	0.3	0.5	0.1	0.0
Trade Payables	56.8	80.7	88.2	123.7
Other Current Liabilities	19.8	21.5	31.9	45.2
Current Tax Liabilities (Net)	5.4	5.7	8.9	13.9
TOTAL EQUITY AND LIABILITIES	**426.6**	**565.0**	**702.8**	**904.0**

Cash Flow Statement

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
Net Profit / (Loss) Before Tax	70.0	74.1	124.3	193.2
Depreciation & Amortisation	11.3	26.1	45.0	55.0
Change in Inventories	(7.7)	(17.0)	(19.1)	(41.4)
Change in Trade Receivables	(21.8)	(13.3)	(62.6)	(79.9)
Change in Other Current Assets	(8.8)	(10.4)	(5.2)	(18.6)
Change in Trade Payables	1.7	23.9	7.4	35.5
Change in Other Liabilities	(0.7)	2.1	13.6	18.2
Income Tax Paid	(16.6)	(19.2)	(29.7)	(46.2)
Cash Flow From Operating Activities	**26.6**	**65.8**	**55.3**	**93.1**
Purchase of PPE, Intangibles & CWIP	(103.5)	(71.1)	(24.9)	(20.0)
Interest / Income Received	2.3	1.3	18.9	23.1
Cash Flow From Investing Activities	**(73.7)**	**(120.0)**	**(6.0)**	**3.1**
Repayment of Borrowings	(0.2)	(2.4)	(3.1)	(2.6)
Finance Costs / Interest Paid	(0.4)	(0.9)	(0.0)	0.0
Dividend Paid	(3.2)	(3.9)	(4.0)	(5.0)
Cash Flow From Financing Activities	**(3.1)**	**46.8**	**(7.1)**	**(7.6)**
Change in Cash & Cash Equivalents	**(50.2)**	**(7.3)**	**42.2**	**88.6**
Opening Cash & Cash Equivalents	76.5	26.3	19.0	61.1
Closing Cash & Cash Equivalents	**26.3**	**19.0**	**61.1**	**149.7**

Key Ratios

Particulars (INR Crs)	FY25	FY26	FY27E	FY28E
ROCE (%)	19.8%	16.4%	21.1%	26.0%
ROE (%)	15.3%	12.4%	16.5%	20.3%
ROIC (%)	14.8%	12.3%	15.8%	19.5%
Asset Turnover (x)	0.88	0.78	0.91	1.00
Profitability Ratios				
Gross Profit Margin	41.5%	43.2%	44.0%	44.5%
EBITDA Margin	21.0%	22.6%	24.2%	25.5%
PAT Margin	14.0%	12.6%	14.6%	16.0%
Valuation Ratios				
P/E (x)	42.9	109.1	65.1	41.9
P/BV (x)	7.2	13.6	10.7	8.5
EV/EBITDA (x)	27.3	60.1	38.8	26.0
EV/Sales (x)	6.1	13.6	9.4	6.6

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