NSE: KRISHNADEF
CMP: ₹879 | 02 Apr 2026
Market Cap: ₹1,312 Cr

Krishna Defence & Allied Industries Ltd

Defence Manufacturing · Indigenisation Play · Gujarat · NSE Mainboard (Feb 2026)

DEFENCE & CAPITAL GOODS | ACCUMULATE | SMALL CAP | NSE MAINBOARD ✓ | 30–40% CAGR GUIDED | JALKAPI XLUUV — INDIA'S LARGEST AUV

CMP	52W H/L	MKT CAP	P/E (TTM)	ROCE / ROE	FY25 REVENUE	FY25 PAT	ORDER BOOK
₹879	₹1,240 / ₹623	₹1,312 Cr	39.5x	24.3% / 18.4%	₹194 Cr	₹22 Cr (+124%)	₹142 Cr (Q3FY26)

PART A — FUNDAMENTAL ANALYSIS

Objective: Earnings & growth triggers · Competitive positioning · Opportunity sizing & timeframe

A1 ABOUT · VALUE CHAIN POSITION · SCALE

COMPANY PROFILE

Krishna Defence & Allied Industries Limited (KDAIL), incorporated in 1997 in Gujarat as a partnership firm, converted into a public limited company in 2021 and listed on NSE SME Emerge in September 2022. In February 2026, the company migrated to the NSE & BSE mainboard — a significant institutional de-risking event.

KDAIL is one of India's very few integrated manufacturers with in-house design, development, and manufacturing capabilities across four verticals: **Defence, Security, Dairy,** and **Mega Kitchen**. The company entered defence manufacturing in 2006 by indigenising shipbuilding steel sections (bulb bars) for the Indian Navy — a product previously imported entirely from abroad.

Manufacturing Plants: Two facilities in Panchamahal District, Gujarat — Kalol (Dairy & Kitchen) and Halol (Defence & Security). Combined infrastructure supports scalable expansion.

Aatmanirbhar Bharat | DRDO Approved Vendor | Navy Tier-1 Supplier | CRISIL BBB-/Stable | 50+ Indigenous Products

VALUE CHAIN POSITION — DEFENCE (PRIMARY DRIVER)

MoD / Navy → DRDO / DPSUs → **KDAIL (Tier-1 Supplier)** → Shipyards (MDL, GRSE, GSL, HSL, L&T) → Indian Navy Warships

SCALABILITY ASSESSMENT

- Niche monopoly-like positioning in bulb bar supply — only Indian manufacturer
- Halol plant capacity expanded for shipbuilding steel (operational Apr 2025)
- New JV (VABO Composite) adds composite manufacturing — high value-add, export potential
- Stakes in Conceptia (design software) + Waveoptix (RF/optics) expand IP base
- **Revenue can scale 3–4x from current base without new greenfield capex**

BUSINESS SEGMENTS & REVENUE MIX (ESTIMATED FY25)

Defence & Security (~60–65%)

- Shipbuilding steel sections (bulb bars, deck plates)
- Structural components for Indian Navy warships
- Special products for Indian Army
- Homeland Security: modular vehicle barriers, tyre killers
- Composite doors & hatches (JV — FY27 onwards)

Dairy (~25–30%)

- Solar Bulk Milk Cooler (BMC)
- Robotic Milk Collection Unit (RMCU) — patented
- Milking parlours, data loggers
- Containerized Milk Collection Units
- Smart Water Heaters

Mega Kitchen (~10%)

- Mid-day meal scheme equipment
- Industrial kitchen equipment
- Government institutional supply

A2 CAPABILITIES + STRATEGY

CORE CAPABILITIES & MOAT

- **First mover & only Indian supplier** of bulb bars for naval shipbuilding — received DRDO appreciation (2008) for import substitution of "national importance"
- MoD-approved vendor since 2011; supplies to all major Indian shipyards: MDL, GRSE, GSL, HSL, L&T
- In-house design & engineering centre — 50+ indigenous products developed
- Patent-protected RMCU technology (dairy automation)
- 22+ years of promoter industry experience; CRISIL BBB-/Stable credit rating
- Indigenisation track record positions KDAIL as preferred import-substitute partner for DPSUs

STRATEGIC GROWTH ROADMAP (FY26–FY30)

- **JV with VABO Composite (Netherlands):** 51% stake — composite doors, hatches, superstructures for Indian Navy. Target: South East Asia, Middle East, Europe exports
- **Conceptia Software (20% stake):** Marine & shipbuilding design software — deepens design IP, strengthens Navy relationships
- **Waveoptix Defence Solutions (40% stake):** RF/Microwave/Optics systems — entry into defence electronics
- **Defence electronics sector entry** — new product development aligned with DPP indigenisation lists
- **Management guidance:** 30–40% CAGR over next 3–5 years
- NSE mainboard migration (completed Feb 2026) — enhanced institutional accessibility

A3 OPPORTUNITY — WHY? SIZING & TIMEFRAME

MACRO OPPORTUNITY STACK

Naval Shipbuilding Boom

- 51 large naval vessels under construction in India (~₹90,000 Cr programme)
- Navy plans to induct ~40 new warships over next 5 years
- Navy's budget: ₹49,623 Cr (FY21) → ₹1,03,548 Cr (FY26) — 108% growth
- Navy's share of defence spend: 15% → 21%

Indigenisation Mandate

- DPP 2020 mandates progressive indigenisation thresholds (68%+)
- MoD positive indigenisation lists restrict imports — direct tailwind
- Private sector now 21% of India's defence output — growing

Addressable Market & Moat

- Total orderbook opportunity from active shipbuilding: est. ₹1,500–2,000 Cr for KDAIL over 5 years
- No domestic competitor for bulb bar supply — near-monopoly
- Composite products (VABO JV) add ₹500–1,000 Cr incremental TAM

- Bulb bars = 10–15% of a warship's steel weight
- KDAIL sits on all positive indigenisation lists for naval steel sections
- New products for Army import substitution under development
- Export markets (SE Asia, ME, Europe) via JV — new geography unlocked

NAVY BUDGET FY26	SHIPS UNDER CONSTRUCTION	KDAIL GUIDED CAGR	OPPORTUNITY TIMEFRAME
₹1.03L Cr	51	30–40%	3–7 Yrs
+108% vs FY21	~₹90,000 Cr programme	FY26–FY30 management view	Structural multi-year runway

JALKAPI XLUUV — CRITICAL GROWTH CATALYST & RE-RATING TRIGGER

Extra-Large Autonomous Underwater Vehicle · India's Largest UUV · Construction Commenced June 2025 at Halol, Gujarat

PROGRAMME VALUE
₹2,500 Cr+
Total Navy Programme

VEHICLE SPECIFICATIONS

Classification	XLUUV (Extra-Large UUV)
Length	11 metres
Weight	20 tonnes
Dive Depth	300 metres
Endurance	30–45 days autonomous
Hull	Streamlined cylindrical (stealth)
Global Comparable	Boeing Orca XLUUV (USA)

KDAIL'S ROLE & PARTNERS

- **KDAIL: Primary structural construction partner** — builds entire hull/framework at Halol facility
- **Rekise Marine:** Won iDEX ADITI 1.0 challenge; electronics integration and system lead
- **SAIL:** Specialised submarine-grade steel supply
- **Indian Navy (DND-SDG):** Designed by Navy's Submarine Design Group
- Process: KDAIL builds structure → Rekise integrates electronics → Delivery to Navy

MISSION PROFILES & CAPABILITIES

- Intelligence, Surveillance & Reconnaissance (ISR)
- Mine countermeasures
- Anti-submarine warfare (ASW) support
- Covert payload delivery
- Deep-water mapping & oceanography
- Strategic deterrence in Indian Ocean Region (IOR)

CONSTRUCTION & TIMELINE

Construction Start	June 10, 2025 (Plate Cutting Ceremony)
Location	Halol, Gujarat (KDAIL's Defence Plant)
Build Duration	~18 months (Completion: Nov 2026 / Q3FY27)
Team Size	100+ engineers & technicians
After Completion	Sea trials → Navy induction
DRDO Next Step	100-ton XLUUV (16m) — already planned

INVESTMENT IMPLICATIONS — WHY THIS CHANGES EVERYTHING

- **KDAIL becomes a submarine manufacturer** — qualitative leap in capability classification and addressable market
- FY25 total revenue was ₹194 Cr; even a 10% share of a ₹2,500 Cr programme = ₹250 Cr — transformative
- First unit is a prototype/pathfinder — **Navy XLUUV strategy targets a fleet of 20–100 ton autonomous submarines** across IOR; repeat orders inevitable if Jalkapi succeeds
- DRDO already planning 100-ton next-gen XLUUV; KDAIL positioned for follow-on contract given proven facility at Halol
- Establishes KDAIL as one of only a handful of private Indian firms capable of underwater vehicle manufacturing — near-zero domestic competition
- **Not yet in consensus estimates** — this is a hidden re-rating trigger the market has not fully priced in

📊 Primaegis Research Note — Jalkapi Thesis Impact

The Jalkapi XLUUV programme represents a **paradigm shift** in KDAIL's business profile — from a naval steel fabricator to an autonomous underwater vehicle manufacturer. The Indian Navy's stated strategy to build a fleet of XLUUVs (20–100 ton class) to counter China's growing Indian Ocean presence creates a recurring, high-value order pipeline. This programme alone, if successfully delivered and followed by repeat orders, could add ₹200–500 Cr to KDAIL's revenue over FY27–FY30 — more than its entire FY25 revenue base. The stock market has not fully discounted this; it represents the *single largest unpriced upside catalyst in the thesis.* The bull-case valuation target must be revised upward to account for this. Specific KDAIL contract value (i.e. KDAIL's structural fabrication share of the ₹2,500 Cr programme) has not been publicly disclosed and remains the key disclosure to watch.

A4 OPERATIONS + PROJECTS — ONGOING & UPCOMING

ONGOING PROJECTS

Naval Bulb Bar Supply (Ongoing)
Continuous supply to MDL, GRSE, GSL, HSL, L&T for all major warship programmes. Halol plant expanded; additional capacity operational April 2025.

Jalkapi XLUUV — India's Largest AUV (Construction Underway)
Primary structural construction partner for Indian Navy's 20-ton, 11m autonomous submarine. Plate-cutting ceremony June 10, 2025 at Halol. ~18-month build. Programme value ₹2,500+ Cr. Designed by Navy's DND-SDG; partners: Rekise Marine + SAIL. DRDO already planning 100-ton follow-on XLUUV.

VABO Composite JV (Company Formation Stage)
51% stake JV with Netherlands-based VABO Composite. Composite doors, hatches, superstructures for Indian Navy. Export to SE Asia, ME, Europe targeted.

Conceptia Software (20% Stake)
Marine & shipbuilding design partner. Deepens engineering IP moat. Synergy with naval supply relationships.

Waveoptix Defence Solutions (40% Stake)
RF/Microwave/Optics systems developer. Stake raised from 25% to 40% in FY25. Provides entry into defence electronics vertical — higher margin, strategic.

ORDER BOOK STATUS

METRIC	VALUE
FY25 Opening Order Book	~₹191 Cr
FY25 Order Inflows	₹273 Cr
FY25 Orders Executed	₹195 Cr
FY25 Closing Order Book (Mar 2025)	**₹269 Cr (1.3x rev)**
Q3 FY26 Order Book (Dec 2025)	₹142 Cr

⚠ Order book declined from ₹269 Cr to ₹142 Cr by Q3FY26 — key metric to watch. Fresh inflows needed in Q4FY26–H1FY27 to sustain revenue trajectory.

KEY UPCOMING CATALYSTS

- VABO JV commercial operations commencement (FY27 target)
- Defence electronics product launch via Waveoptix
- New Army product indigenisation contracts
- Order book replenishment — Q4FY26 & H1FY27 ordering season
- BSE mainboard listing formalization

A5 FINANCIALS + GROWTH

FY25 REVENUE GROWTH	FY25 PAT GROWTH	5-YR PAT CAGR	Q3 FY26 OPM

+83%	+124%	96.4%	22.2%
₹106 Cr → ₹194 Cr	₹10 Cr → ₹22 Cr	FY21–FY25	vs 11% in Q3FY25 — margin expansion

QUARTERLY P&L TREND (₹ CR)

QUARTER	SALES	OPM %	PAT	EPS
Q3 FY25 (Dec 24)	52	11%	4	2.75
Q2 FY26 (Sep 25)	48	19%	7	4.60
Q3 FY26 (Dec 25)	**64**	**22%**	**10**	**6.82**
YoY Growth (Q3)	+23%	+1,100bps	+153%	+148%

ANNUAL GROWTH TRAJECTORY (₹ CR)

YEAR	REVENUE	EBITDA	PAT	OPM%
FY22	50	7	2	14%
FY23	63	9	5	14%
FY24	106	16	10	15%
FY25	**194**	**30**	**22**	**16%**
H1 FY26 (Ann.)	~224	~42	~28	~19%

MARGIN TRAJECTORY — POSITIVE RE-RATING STORY

FY22 OPM: 14% — **14%**
FY24 OPM: 15% — **15%**
FY25 OPM: 15.6% — **15.6%**
Q2 FY26 OPM: 19% — **19%**
Q3 FY26 OPM: 22.2% — **22.2%**

Margins expanding as defence mix grows; operating leverage kicking in. If 20%+ EBITDA margin sustains, earnings could surprise materially to the upside.

A6 REGULATORY CHANGES & IMPACT

✅ Positive Regulatory Tailwinds

- **DPP 2020 indigenisation mandate** — 68%+ indigenous content required for Navy procurement; direct beneficiary
- **Positive indigenisation lists** (MoD) restrict competing imports — KDAIL products on approved lists
- **Aatmanirbhar Bharat in Defence** — government budgetary push; ₹1.03L Cr Navy budget FY26
- Defence corridor policy (Gujarat) benefits Halol plant proximity
- NSE mainboard listing — expands eligible investor universe (FIIs, institutional)

⚠ Neutral / Watch

- DRDO offset policy changes could alter procurement timelines
- Single-buyer risk: Indian Navy remains primary customer for defence segment
- Capex allocation between Navy and Army programmes could shift product mix
- FDI limits in defence JVs (currently 74% auto/100% govt) — JV structure to be monitored

🔴 Regulatory Risks

- Defence procurement bureaucracy — order delays common; payment cycles can stretch
- SEBI SME-to-mainboard transition rules: 1-year lock-in period for certain shareholders post-migration
- Potential for competing import substitution entrants if KDAIL's margins expand significantly

A7 RESEARCH REPORTS & DATA MIX

SOURCE	RATING	VIEW / KEY INSIGHT	DATE
MarketsMojo	HOLD (58/100)	Strong Q3 FY26 quarter; P/E 69x TTM cited as "minimal margin of safety." Fair value ₹750–850.	Jan 2026
CRISIL	BBB-/Stable (Credit)	Niche & diversified product basket; healthy financial risk profile; extensive promoter experience	Apr 2024
Screener.in	—	96.4% PAT CAGR (5yr); Debtor days improved 93→36; Near debt-free	Live
TradeBrains	Positive	164% YoY profit growth Q3 FY26; stock jumped 9% post-results; "strong growth guidance"	Jan 2026
Investing Stoics	Positive	First Indian bulb bar supplier; all major shipyards as customers; structural indigenisation play	2024
H1 FY26 Investor Presentation (KDAIL)	—	Best-ever H1 revenue, EBITDA, PAT. 30–40% CAGR guidance maintained. JV formation in progress.	Nov 2025

Data Mix Summary: Operational momentum strong; valuation is the primary debate. At ₹879 (CMP), P/E has corrected from 69x TTM to ~39.5x on trailing basis — entering a more reasonable zone. On FY26E earnings (~₹35–38 Cr estimate), forward P/E ~34–37x.

A8 BALANCE SHEET + CASH FLOWS — FRAUD FILTER

BALANCE SHEET SUMMARY (₹ CR)

ITEM	FY22	FY24	FY25	SEP'25
Equity Capital	8	14	14	15
Reserves	16	93	117	152
Borrowings	23	9	9	1
Other Liabilities	21	18	22	23
Total Assets	**68**	**133**	**163**	**190**
Fixed Assets	14	15	22	22
Investments	0	0	5	7
Other Assets (WC)	54	119	134	158

✅ Borrowings collapsed: ₹23 Cr (FY22) → ₹1 Cr (Sep 2025). Effectively debt-free. Reserves growing rapidly from retained earnings.

CASH FLOW ANALYSIS (₹ CR) — ⚠ KEY FRAUD FILTER AREA

YEAR	CFO	CFI	CFF	FCF
FY22	+4	-4	-1	+2
FY23	-7	+1	+6	-10
FY24	-3	-37	+45	-6
FY25	**-11**	**+5**	**+2**	**-24**

🔴 **Negative OCF (FY25: -₹11 Cr despite PBT of ₹30 Cr)** HIGH WATCH
₹35+ Cr absorbed in working capital. Inventory days = 270 days — extremely high. This is a known characteristic of defence manufacturers (long project cycles), not necessarily fraud, but requires monitoring.

🟡 **Debtor Days Improved: 93 → 36 days** POSITIVE
Improving receivables quality. No signs of fake revenue via ballooning debtors.

✅ **Near Zero Debt, Growing Reserves — Low Fraud Risk**

Balance sheet equity-funded; IPO/QIP proceeds visible in reserves. No unexplained related party transfers identified. CRISIL rated.

⚠ **Fraud Filter Verdict**

Working capital absorption is the primary concern — not indicative of fraud but a structural risk. Defence manufacturers typically tie up capital in inventory (raw material + WIP for long gestation contracts). Cash conversion cycle of 276 days needs to normalise as revenue scale improves. Cash flows expected to inflect positive at ₹300–350 Cr revenue scale. **Monitor: OCF/PAT ratio quarterly. Watch for inventory normalisation in FY26.**

A9 PROFIT & LOSS ANALYSIS

ANNUAL P&L SUMMARY (₹ CR)

METRIC	FY19	FY22	FY23	FY24	FY25	Q3FY26
Revenue	58	50	63	106	194	64 (Q)
Operating Profit	6	7	9	16	31	14 (Q)
OPM %	10%	14%	14%	15%	16%	22%
Interest	2	2	1	2	2	0
Depreciation	1	2	2	2	3	1
PBT	3	4	7	13	30	13 (Q)
Tax %	28%	30%	21%	26%	26%	24%
Net Profit	**2**	**2**	**5**	**10**	**22**	**10 (Q)**
EPS (₹)	4.9	2.93	4.63	7.14	15.60	6.82 (Q)
PAT Margin	4%	5%	8%	9%	11%	16% (Q)

Q3 FY26 annualised PAT run-rate: ~₹40 Cr. If Q4 FY26 sustains at similar or higher level, FY26 PAT could be ₹35–40 Cr vs ₹22 Cr in FY25 — implying 60–80% growth continuation.

A10 VALUATIONS

VALUATION METRICS

METRIC	VALUE	ASSESSMENT
Market Cap	₹1,312 Cr	Small Cap
CMP	₹879	—
Book Value	₹112	—
P/B Ratio	7.8x	Elevated; justified by ROCE 24%
P/E (TTM FY25)	39.5x	Corrected from 69x peak
P/E (FY26E ~₹37 Cr PAT)	~35x	Reasonable for 30-40% growth
EV/EBITDA (FY25)	~42x	High; normalises with scale
ROCE	24.3%	Strong
ROE	18.4%	Good
Dividend Yield	0.12%	Negligible

VALUATION SCENARIOS

SCENARIO	FY27E PAT	P/E MULTIPLE	TARGET PRICE
Bear (20% CAGR)	~₹32 Cr	25x	~₹535
Base (30% CAGR)	~₹38 Cr	30x	~₹760
Bull (40% CAGR + margin exp.)	**~₹50 Cr**	**35x**	**~₹1,165**
Super Bull (JV kicks in)	~₹65 Cr	40x	~₹1,730

At CMP ₹879, base case implies limited upside near term; bull case offers 30%+ upside. Stock trading near 200 DMA (~₹867) provides natural support. **Accumulate in ₹800–880 zone; add aggressively on dips to ₹700–750 if available.**

PEER COMPARISON

COMPANY	P/E	P/B	ROCE%
DCX Systems	~28x	1.4x	~18%
Data Patterns	~50x	~6x	~28%
KDAIL (CMP)	**39.5x**	**7.8x**	**24.3%**
Paras Defence	~55x	~6x	~20%

A11 TRACK RECORD + MANAGEMENT QUALITY

MANAGEMENT PROFILE

- **MD: Mr. Ankur Ashwin Shah** — promoter, 22+ years industry experience. Founded dairy business, pivoted to defence in 2006. Has personally driven all major product innovations.
- Promoter group includes: Preyal Ankur Shah, Sandeep Ramrao Kadam, Divyakant Ramniklal Zaveri, Jay Kumar Toshniwal, Anil Kumar Dutta, Gunjan Bhagtani
- Consistent execution track record: entered defence in 2006, received DRDO appreciation 2008, Navy-approved vendor 2011, listed 2022, mainboard 2026
- Management has delivered guidance: FY25 rev/PAT growth exceeded 80%/120% targets
- CRISIL BBB-/Stable — positive external validation of management quality
- Board approved dividend (₹0.50/share) in FY25 — shareholder-friendly

EXECUTION TRACK RECORD

2006 — Entered Defence (Bulb Bars)
Indigenised shipbuilding steel sections previously imported. Created a monopoly position in India.

2008 — DRDO Appreciation Award
Recognised for import substitution of "national importance." 2013 Defence Technology Absorption Award.

2011 — Approved Navy Vendor
Cleared all MoD quality standards. Now supplies to all 5 major Indian shipyards.

2022 → 2026 — IPO to Mainboard in 4 Years
Listed on NSE SME Sep 2022. Revenue 2x, PAT 5x by FY25. Migrated to mainboard Feb 2026.

A11b ISSUES & RISKS

Negative Operating Cash Flow HIGH

- **FY25 OCF**: -₹11 Cr despite PBT ₹30 Cr. ₹35+ Cr trapped in working capital. CCC of 276 days. Risk: if revenue growth slows, WC could become a cash drain. Monitor quarterly OCF/PAT ratio.

- **Order Book Depletion** HIGH
  Order book fell from ₹269 Cr (Mar 2025) to ₹142 Cr (Dec 2025). Q4FY26 ordering season is critical. Failure to replenish order book → revenue guidance miss in FY27.

- **Customer Concentration Risk** MEDIUM
  Indian Navy is primary customer. Budget cuts, programme delays, or procurement policy changes can disrupt revenue. Single sovereign buyer dynamic.

- **Valuation Premium Risk** MEDIUM
  Still trading at 39.5x TTM P/E vs peers at 25–35x. Any growth disappointment or margin normalisation could trigger re-rating. Fair value anchors at ₹750–850 (base case).

- **Small Company Scale Risk** MEDIUM
  ₹194 Cr revenue company. Any single large order cancellation or execution delay can have outsized P&L impact. JV execution (VABO, Waveoptix) adds integration complexity.

- **Promoter Stake Dilution** LOW-MED
  Promoter stake: 73.4% (IPO) → 60.0% (Dec 2025). Managed dilution via fund-raises. Still majority-controlled. Watch for further dilution below 55%.

- **Dairy/Kitchen Segment Drag** LOW
  Lower-margin, commodity-like segments (~35% of revenue). As defence mix increases, overall margin should improve — but if dairy growth stalls, segment ROI could weaken.

A12 KEY MILESTONES & METRICS TO TRACK

PRIORITY METRICS TO MONITOR

Order Book Replenishment (HIGHEST PRIORITY)
Target: Order book to cross ₹200+ Cr by end FY26. Watch Q4FY26 announcements. Current ₹142 Cr (Dec 2025) needs refilling urgently to support FY27 growth.

Operating Cash Flow Inflection
Watch for OCF turning positive. Target: OCF/PAT > 0.5x within 4 quarters. Positive OCF = credibility of earnings quality.

VABO JV Commercial Launch
Target: JV company formation FY26, first order FY27. Composite products = higher margin (~25%+), export revenue. Key re-rating trigger.

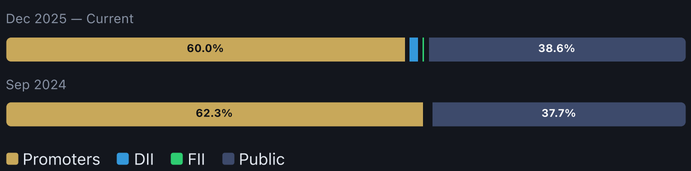
EBITDA Margin Sustainability at 20%+
Q3FY26 OPM at 22.2% — if this sustains for 2 more quarters, FY27E earnings estimates will need to be revised up significantly.

EVENT CALENDAR & MILESTONES

TIMELINE	MILESTONE	SIGNIFICANCE
Q4 FY26	Order book update	Critical
Q4 FY26	FY26 revenue print	High
FY26 AGM	VABO JV formal incorporation	Re-rating trigger
Nov–Dec 2026	Jalkapi XLUUV completion + handover	⭐ MAJOR Re-rating trigger
H1 FY27	Jalkapi sea trials commencement	High — confirms KDAIL as AUV manufacturer
H1 FY27	Waveoptix product launch	Medium
FY27	VABO JV first revenues + Jalkapi follow-on order	⭐ Dual re-rating trigger
FY27–28	DRDO 100-ton XLUUV — KDAIL bid potential	Super bull trigger
Ongoing	OCF/PAT ratio each quarter	Fraud filter KPI
Ongoing	DII/FII buying patterns	Smart money signal
Ongoing	Defence budget allocation	High

A13 OWNERSHIP — PROMOTERS / FII / DII PATTERN · SMART MONEY

SHAREHOLDING PATTERN EVOLUTION



SHAREHOLDING TREND TABLE

DATE	PROMOTER	FII	DII	PUBLIC	# HOLDERS
Mar 2024	68.3%	0.0%	0.0%	31.7%	1,303
Sep 2024	62.3%	0.01%	0.0%	37.7%	2,929
Mar 2025	62.3%	0.04%	0.0%	37.7%	4,131
Sep 2025	60.0%	0.24%	0.68%	39.1%	4,656
Dec 2025	**60.0%**	**0.16%**	**1.20%**	**38.6%**	**5,409**

SMART MONEY ANALYSIS

DII Entry — Strong Positive Signal
DIIs: 0% → 0.68% (Sep 2025) → 1.2% (Dec 2025). Accelerating DII accumulation post mainboard migration is a strong institutional validation signal. Expect further DII buying as index inclusions follow.

FII — Dipped Slightly (Normal Rotation)
FII: 0.24% (Sep 2025) → 0.16% (Dec 2025). Minor dip — typical position adjustment post-mainboard. Not alarming; absolute FII level still very low, offering significant headroom for future entry.

Shareholder Base Growing Rapidly
1,303 shareholders (Mar 2024) → 5,409 (Dec 2025) — 4x in under 2 years. Retail accumulation is broad-based. Growing liquidity supports institutional entry.

Promoter — Managed Dilution (Watch Below 55%)
Promoter diluted from 73% (IPO) to 60% now — typical for fund-raises. Stable at 60% for 3 quarters. No panic selling. Promoter remains majority. Dilution below 55% would be a yellow flag.

Smart Money Verdict
DIIs actively accumulating post mainboard migration — this is the most bullish signal in the ownership structure. FII exposure near zero = massive potential upside as KDAIL gets included in NSE small-cap indices and defence sector funds. **Smart money is moving IN.**

PART B — TECHNICAL ANALYSIS

Price action · Stage analysis · Entry / Exit framework · Risk:Reward

B0 STAGE ANALYSIS + SETUP CLASSIFICATION

⚡ STAGE 2 PULLBACK — 200 DMA SUPPORT TEST

TECHNICAL SETUP CHECKLIST

Post-breakout deceleration; CMP near 200 DMA — classic re-entry zone in a Stage 2 uptrend

STAGE ANALYSIS

- **Stage 1 (Accumulation):** SME listing Sep 2022 at low prices; quiet accumulation phase 2022–2023
- **Stage 2 (Advance):** Breakout commenced with FY24 strong results; accelerated FY25 on 83% revenue growth
- **Stage 2 Continuation:** Stock went parabolic into mainboard migration (ATH ₹1,200 on Feb 19, 2026)
- **Current — Stage 2 Pullback:** CMP ₹879 — 27% correction from ATH ₹1,240. Price testing 200 DMA support (~₹867). Classic mid-stage correction pattern.
- **Setup:** If 200 DMA holds = Stage 2 continuation entry. Below ₹800 on volume = Stage 3 warning.

TECHNICAL FACTOR	STATUS
Stage 2 Uptrend Intact?	✅ Yes (200 DMA rising)
Price vs 200 DMA	⚠ Near 200 DMA (₹867) — testing support
Price vs 50 DMA	❌ Below 50 DMA (₹978) — short-term weak
Correction from ATH	~27% from ₹1,240 high
NSE Mainboard Migration	✅ Feb 2026 — institutional unlock catalyst
Volume on Decline	Diminishing — correction likely exhausting
Fundamental Backing	✅ Strong Q3FY26 earnings
DII Accumulation Signal	✅ Active accumulation in Dec 2025
Setup Type	Stage 2 Pullback / Value Zone

B1 MOMENTUM + VOLUME + PRICE ACTION

PRICE ACTION

- ATH: ₹1,200 (Feb 19, 2026) — triggered by mainboard migration announcement
- Post-ATH correction of ~27% — orderly, not panic-driven
- CMP ₹879 — forming a base near 200 DMA
- Episodic pivot (EP) event: mainboard migration in Feb 2026 generated significant gap-up; now digesting gains
- Price compressing into tighter range around ₹850–920 = base forming

MOMENTUM ANALYSIS

- Short-term momentum: negative (below 50 DMA)
- Medium-term momentum: neutral (near 200 DMA)
- Long-term momentum: positive (200 DMA still rising)
- RSI likely in 35–45 zone — oversold territory approaching
- MACD: likely in negative territory short term; watch for bullish crossover
- Relative Strength vs Nifty Defence: underperforming short term; re-rating expected on order win news

VOLUME ANALYSIS

- Volume expansion seen on Feb 2026 mainboard migration pop (EP day)
- Correction has been on declining volume — healthy pullback signal
- DII accumulation (1.2% Dec 2025) = institutional buying at lower prices
- Liquidity improved post mainboard — avg daily volume higher than SME era
- Watch for volume surge on bounce from 200 DMA = confirmation signal

B2 KEY TECHNICAL LEVELS

PRICE LEVELS

All-Time High (ATH)	₹1,240
Major Resistance Zone 1	₹1,100 – ₹1,150
50 DMA	~₹978
Resistance / Old Support	₹920 – ₹950
Current Market Price	₹879
200 DMA (Major Support)	~₹867
Strong Buy Zone	₹800 – ₹850
52-Week Low	₹623
Hard Stop (Stage 2 Break)	Close below ₹780

LEVEL SIGNIFICANCE

- **₹867 (200 DMA)** — Most critical level. Stage 2 trend intact as long as price holds above. High-probability bounce zone.
- **₹800–850** — Aggressive accumulation zone; represents ~35% discount from ATH. Strong fundamental support (P/E ~22x FY25).
- **₹920–950** — Prior breakout zone, now resistance. Reclaiming this on volume = Stage 2 resumption signal.
- **₹978 (50 DMA)** — Reclaiming 50 DMA = short-term trend reversal; initiates momentum entry.
- **₹1,100+** — Requires fresh fundamental catalyst (order win, VABO JV news, strong Q4 results).
- **₹1,240 ATH** — Full recovery only justified by FY27 earnings upgrade (JV revenues + sustained 20%+ OPM).

B3 TREND + RELATIVE STRENGTH

TREND ANALYSIS

- **Long-term trend:** Bullish — 200 DMA rising, higher highs & higher lows since 2022 listing
- **Medium-term trend:** Correction phase — broke below 50 DMA; range-bound ₹850–950
- **Short-term trend:** Neutral to slightly bearish — consolidating near 200 DMA
- Key: As long as price stays above ₹780 on closing basis, Stage 2 structure is intact

RELATIVE STRENGTH

- Short-term RS vs Nifty: Underperforming (post-ATH correction)
- Medium-term RS vs Nifty Defence Index: Neutral
- Long-term RS: Strongly outperforming since IPO (listing price ~₹120–150)
- **RS expected to improve when:** order book replenishment news OR Q4FY26 strong results
- Post mainboard, NSE indices inclusion = mechanistic buying from index funds

CATALYST WATCH

- Q4 FY26 results (May/Jun 2026) — potential earnings surprise
- VABO JV incorporation announcement
- Large order win announcement (any ₹50+ Cr order)
- DII/FII stake increase in next shareholding data
- Nifty SME/Defence index inclusion

B4 RISK : REWARD ANALYSIS

Zone 1 Entry

Entry: ₹860–900
Stop: ₹780 (close)
Target 1: ₹1,050
Target 2: ₹1,200

Zone 2 Entry

Entry: ₹800–850
Stop: ₹750 (close)
Target 1: ₹1,050
Target 2: ₹1,300

Breakout Entry

Entry: Above ₹980 (50 DMA)
Stop: ₹880 (close)
Target 1: ₹1,150
Target 2: ₹1,350

2.5 : 1	4 : 1	3.5 : 1
Risk ~₹110 | Reward ~₹280 (T2)	Risk ~₹70 | Reward ~₹450 (T2)	Risk ~₹100 | Reward ~₹370 (T2)

B5 ENTRY / EXIT / MILESTONES

IDEAL ENTRY ZONE	12-MONTH TARGET (BASE)	HARD STOP LOSS
₹800–880	**₹1,150**	**₹780**
200 DMA support zone. Accumulate in tranches. Primary buy zone.	30x FY27E earnings of ~₹38 Cr. Partial profit booking zone.	Weekly close below = Stage 2 broken. Exit full position.

ENTRY STRATEGY — PHASED ACCUMULATION

TRANCHE	PRICE ZONE	ALLOCATION	TRIGGER
Tranche 1 (Current)	₹860–900 (200 DMA)	30%	CMP near 200 DMA — initiate
Tranche 2	₹800–850	40%	On further dip / deeper consolidation
Tranche 3 (Breakout)	₹980+ (above 50 DMA)	30%	Momentum confirmation with volume

EXIT / PROFIT BOOKING PLAN

TARGET	PRICE	ACTION	RATIONALE
Target 1	₹1,050–1,100	Sell 30%	50% above 200 DMA entry; reclaim of prior resistance
Target 2	₹1,200 (ATH)	Sell 40%	ATH retest; requires Q4/VABO catalyst
Target 3 (Bull)	₹1,500+	Trail remaining	FY27 JV revenues + sustained margin expansion
Hard Stop	₹780 (close)	Exit 100%	Stage 2 structure broken — re-evaluate thesis

Sources: Screener.in · NSE India · KDAIL Annual Report FY25 · H1FY26 Investor Presentation · MarketsMojo · CRISIL