AXISCADES Technologies Ltd

NSE: AXISCADES | Engineering Services — Aerospace, Defence & Industrial | Small-Cap

Report Date: 04 March 2026 | Sector: Aerospace & Defence Engineering Services

RECOMMENDATION
ACCUMULATE
Quality Compounder

CMP	MKT CAP	P/E (FY25)	FY25 EPS	FY25 EBITDA%	52W RANGE
₹1,498	₹6,370 Cr	58.1x	₹17.63	15.1%	702–1,779
As of Mar 4, 2026	Small-Cap	FY26E ~60x	FY26E ~₹24	Q3 FY26: 18.3%	CMP: -16% from peak

ROCE (FY25)	PROMOTER
14%	58.05%
FY27E: 18%+	Stable ✓

✈ PART A — FUNDAMENTAL ANALYSIS

A1 Business Overview — EIC Framework

ECONOMY & INDUSTRY

India's defence budget crossed **₹6.2 lakh Cr in FY25** with a stated goal of 25% domestic procurement. Global aerospace MRO market is estimated at $115Bn (2025), growing at 5.5% CAGR. Aircraft deliveries (Airbus, Boeing combined) backlogged to 2030+, creating multi-year demand for engineering services. India's **Make-in-India** and IDDM defence policy mandates domestic content — structural tailwind for Axiscades.

COMPANY SNAPSHOT

AXISCADES (est. 1990, listed NSE/BSE) is India's leading engineering solutions company for aerospace, defence, heavy engineering, and automotive sectors. **2,300+ engineers** across **14 global engineering centres** (North America, Europe, Asia). 35+ years of domain expertise.

KEY SEGMENTS

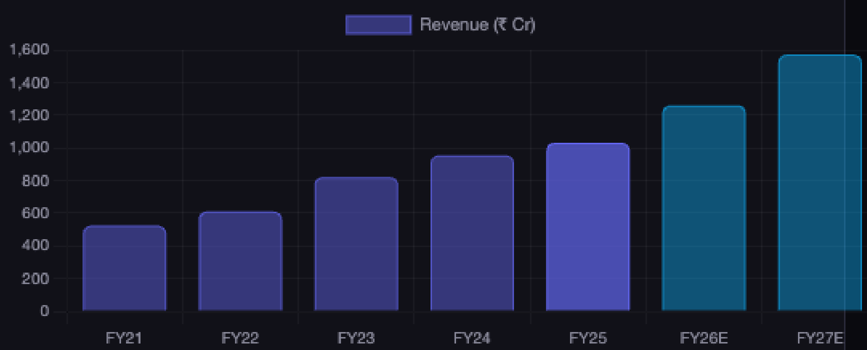
- Aerospace & Defence (core): Q3 FY26 — Aerospace +28% YoY, Defence +50% YoY
- ESAI: Engineering Services (Automotive & Industrial) +18% YoY
- Heavy Engineering / Energy: -8.5% YoY (being deprioritised)
- Products & Manufacturing: Scaling — target 80% of revenues by FY28

POWER930 STRATEGIC VISION

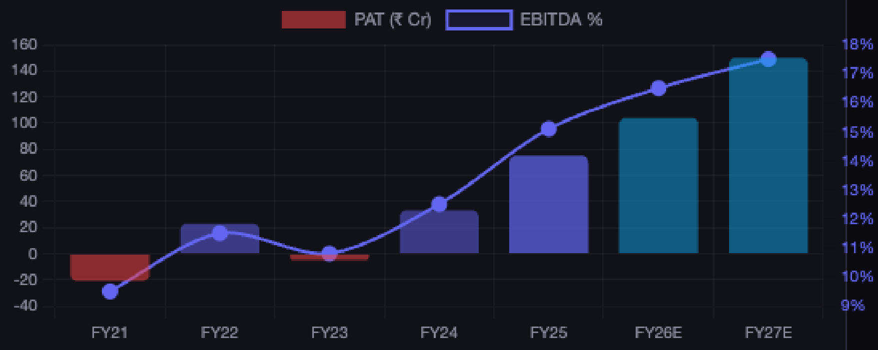
- Target: ₹9,000 Cr revenue by FY30 (from ₹1,031 Cr FY25)
- Pipeline: ₹14,000 Cr over 4 years
- Forecast visibility: ₹3,300–3,400 Cr confirmed
- Cabin Interiors: $1.2M pilot orders (Sep 2025) from global OEMs
- Revenue Mix FY27E: 61% Products+Manufacturing, 39% Services

A2 Financial Performance — 5-Year Trend + Estimates

METRIC	FY21	FY22	FY23	FY24	FY25
Revenue (₹ Cr)	524	610	822	955	1,031
EBITDA%	9.5%	11.5%	10.8%	12.5%	15.1%
PAT (₹ Cr)	(21)	23	(5)	33	75
EPS (₹)	(5.74)	5.86	(1.37)	7.82	17.63
ROCE	12%	14%	23%	14%	14%



QUARTER	REVENUE	EBITDA%	PAT
Q1 FY26	₹244 Cr	~14.0%	₹21 Cr
Q2 FY26	₹299 Cr	~15.5%	₹23 Cr
Q3 FY26	₹343 Cr	18.3% ↑	₹28 Cr
9M FY26	₹886 Cr	16.2%	₹72 Cr
FY26E (Full)	*₹1,260 Cr*	*16.5%*	*₹104 Cr*
FY27E	*₹1,570 Cr*	*17.5%*	*₹150 Cr*



REVENUE CAGR

9% (5Y)

Q3 FY26 YoY: **+25%**
9M FY26 YoY: **+16.2%**

PROFIT TRAJECTORY

+21.3% CAGR

Q3 FY26 PAT YoY: **+87.2%**
9M FY26 PAT YoY: **+63.6%**

MGMT EPS GUIDANCE

+40–50%

YoY EPS growth guided
for **both FY26 & FY27**

A3 Management Quality & Governance

LEADERSHIP

- CMD: Dr. Sampath Ravinarayanan — founder-led, technically deep
- Track Record: Delivered FY25 PAT doubling + Q3 FY26 record margins
- Vision: Power930 — ambitious but backed by ₹14,000 Cr pipeline
- Capital Allocation: No dividends (growth-oriented reinvestment)

GOVERNANCE SCORECARD

Promoter Stability — 58.05% — Stable ✓

Guidance Credibility — Strong ✓

Attrition Risk — 17% — Watch ⚠

Related Party Risk — Low ✓

A4 Balance Sheet Strength

DEBT POSITION

₹258 Cr

Gross Debt (Sep 2025)

Net Debt: ₹67 Cr

Low-leverage — manageable

NET WORTH

₹730 Cr

Book Value: ₹163/share

P/BV: **9.19x**

Premium justified by asset-light model

WORKING CAPITAL

75 Days

WC Days (vs 49 prior year)

● Increased — **Monitor**

Elongation vs prior year warrants watch

A5 Valuation & Peer Comparison

METRIC	VALUE	COMMENT
CMP	₹1,498	-16% from 52W high
Mkt Cap	₹6,370 Cr	Small-cap territory
FY25 P/E	58.1x	Premium; justified by growth
FY26E P/E	~60x	₹1,498 / ₹24E EPS

COMPANY	REV (FY25)	EBITDA%	ROCE	P/E
LTTS	₹9,800 Cr	20%+	35%+	35x
Cyient	₹7,200 Cr	15%	20%	24x
Tata Technologies	₹4,700 Cr	19%	25%	38x
KPIT Tech	₹5,200 Cr	22%	28%	48x

METRIC	VALUE	COMMENT
FY27E P/E	~40x	₹1,498 / ₹37E EPS — more compelling
P/BV	9.19x	Asset-light model
EV/EBITDA (FY25)	~40x	Premium aerospace multiple
52W High / Low	₹1,779 / ₹702	5Y stock CAGR: 99%!

COMPANY	REV (FY25)	EBITDA%	ROCE	P/E
AXISCADES	₹1,031 Cr	15.1%	14%	58x

VALUATION SUMMARY

AXISCADES trades at a **premium to peers** despite smaller scale and lower ROCE. This premium is justified by: (1) **40–50% EPS CAGR guidance** — highest in peer group; (2) Defence supercycle exposure; (3) Power930 long-runway optionality. However, execution risk on the ambitious Power930 plan warrants staged entry.

A6 Competitive Positioning & Moat Analysis

STRENGTHS (MOAT DRIVERS)

- Domain Depth: 35+ years in aero-structure product design — hard to replicate
- Global Footprint: 14 engineering centres across US, Europe, Asia
- OEM Relationships: Deep partnerships with top-tier aerospace/defence OEMs
- Engineer Pool: 2,300+ specialised engineers — sector talent is scarce
- Cabin Interiors Entry: $1.2M pilot orders — pilot to production funnel
- Make-in-India Tailwind: IDDM policy mandates domestic A&D content

WEAKNESSES (MOAT RISKS)

- Attrition 17%: People business — high turnover risks client continuity
- No Proprietary IP: Service model; competitors can replicate over time
- Scale Gap: ₹1,031 Cr revenue vs LTTS at ₹9,800 Cr — 10x smaller
- EBITDA% Gap: 15.1% vs peers at 17–22% — margin expansion needed
- Power930 Execution: 9x revenue in 5 years is highly ambitious
- WC Elongation: WC days up from 49 to 75 — needs monitoring

A7 Structural Tailwinds

INDIA DEFENCE SUPERCYCLE

FY25 defence budget: **₹6.2 lakh Cr** (largest in history). 25% domestic procurement mandate. IDDM policy creates demand floor for domestic engineering firms. HAL, DRDO, BEL order books all at multi-year highs.

GLOBAL AEROSPACE RECOVERY

Boeing + Airbus combined order backlog: **14,000+ aircraft**, 10+ year delivery visibility. MRO market $115Bn (2025), growing 5.5% CAGR. Airlines adding capacity post-COVID; engineering services demand strong.

INDIA ENGINEERING EXPORTS

Global engineering R&D spend outsourced to India: growing from $40Bn (2023) to $60Bn+ (2027E). Cost arbitrage + talent pool make India the preferred engineering hub. AXISCADES well-positioned given its global delivery model.

CHINA+1 STRATEGY

Western OEMs reducing supply chain concentration in China. India as alternative engineering and manufacturing hub. AXISCADES's global relationships position it to capture new mandates from diversifying clients.

EV & ELECTRIFICATION

Automotive segment declining now but EV transition creates new engineering demand. AXISCADES has embedded software + mechanical expertise for EV platforms. Medium-term recovery opportunity as ICE declines.

DIGITAL ENGINEERING

Digitisation, AI integration, digital twins in manufacturing are **next-gen demand drivers**. AXISCADES's digitisation & automation capabilities align with these megatrends in aerospace and heavy engineering.

A8 Risk Factors

HIGH	Power930 execution risk — 9x revenue in 5 years is highly ambitious	MED
HIGH	Attrition 17% — engineering services business is people-dependent	HIGH
MED	Premium valuation — P/E 58x leaves no room for earnings miss	MED
MED	WC days elongation (75 vs 49) — potential cash conversion risk	MED

MED	Heavy engineering / automotive segment decline (-8.5% 9MFY26)	MED
MED	Currency risk — USD/INR exposure on global contracts	LOW
LOW	Promoter selling risk — 58% stake, stable (no alerts)	LOW
LOW	Debt risk — Net debt only ₹67 Cr; manageable	LOW

A9–A10 OCF / Earnings Quality

- ● **Revenue quality:** Engineering contracts with blue-chip global OEMs — highly credible
- ● **PAT trajectory:** Consistent acceleration — FY25 PAT 2x vs FY24; Q3 FY26 +87% YoY
- ● **WC elongation:** Days up 75 vs 49 — watch for receivables quality in govt/PSU contracts
- ● **EBITDA margin:** Q3 FY26 at 18.3% (record) — positive inflection signal
- ● **No dividends:** Cash reinvested in growth capex — appropriate for this stage
- ● **FY21 + FY23 losses:** Historical volatility — now resolved; FY25 marks clear profitability inflection

A11 Promoter & Institutional Activity

- **Promoter:** 58.05% — **Stable. No selling. Positive.**
- **FII:** 1.45% — Low but growing as company gains global recognition
- **DII:** 0.94% — Underowned by institutions (opportunity)
- **Public:** 39.56% — High retail participation; liquidity watch
- **Free Float:** ~42% — decent for small-cap
- **Institutional Interest:** DII + FII underownership = potential re-rating catalyst as scale increases and stock enters mid-cap indices

A12–A13 Investment Thesis Summary

BULL CASE — WHY BUY AXISCADES

- **40–50% EPS CAGR guided** for FY26 AND FY27 — highest in engineering services peer group
- **India defence supercycle:** ₹6.2 lakh Cr FY25 budget; AXISCADES is primary beneficiary
- **Aerospace super-cycle:** 14,000+ aircraft backlog globally; 10-year demand visibility
- **Q3 FY26 EBITDA 18.3%:** Record high — margin inflection real, not one-time
- **Power930 = institutional re-rating:** At ₹9,000 Cr revenue (FY30), stock should be mid-cap — significantly re-rated vs current price
- **Promoter 58% stable:** Skin-in-the-game alignment
- **Underowned by FII/DII:** Significant institutional buying tail ahead

BEAR CASE — KEY CONCERNS

- **P/E 58x on FY25:** Any earnings miss = sharp de-rating (high multiples = high sensitivity)
- **Power930 feasibility:** 9x in 5 years — no comparable precedent in Indian engineering services
- **Attrition 17%:** Key engineer departures could impact critical client relationships
- **WC elongation:** If receivables quality deteriorates in PSU/govt projects, OCF can suffer
- **Heavy engineering decline:** If this segment doesn't recover, revenue mix pressure continues
- **Competition:** LTTS, Cyient, KPIT all larger with deeper pockets and brand recall

ACCUMULATE — Quality Compounder with Aerospace & Defence Supercycle Exposure

AXISCADES is not cheap on conventional metrics (P/E 58x), but the growth trajectory is exceptional. With 40–50% EPS CAGR guidance backed by record Q3 FY26 margins, and secular tailwinds from India defence + global aerospace recovery, this is a rare high-quality small-cap that warrants a growth premium. Staged accumulation on pullbacks is the preferred approach. Not a buy at any price — use technical levels for disciplined entry.

📈 PART B — TECHNICAL ANALYSIS

B0–B1 Chart Context & Weinstein Stage Analysis

CURRENT CHART CONTEXT

- CMP: ₹1,498
- 52W High: ₹1,779 | 52W Low: ₹702
- vs 52W High: **-15.8% (healthy pullback from peak)**
- vs 52W Low: **+113% (massive 5Y re-rating)**
- 5Y Stock CAGR: **99% (!)**
- Price Action: Strong Stage 2 uptrend; currently in pullback/consolidation from ₹1,779 high
- Volume: Declining volume on pullback — healthy correction, not distribution

WEINSTEIN STAGE ANALYSIS

- Stage Classification: **Stage 2 Uptrend (established)**
- Stage 1 Base: Formed ~2021–2023 (₹400–700 range)
- Stage 2 Breakout: Confirmed above ₹700 in late 2023; surged to ₹1,779 peak
- Current Phase: Stage 2 consolidation/pullback — **normal and healthy**
- Stage 3 Risk: Only if price breaks below ₹1,100 and 200 DMA — NOT the current scenario
- Implication: **Buy the pullback, not the peak.** This is a gift entry vs chasing ₹1,779.

B2 Key Support & Resistance Levels

LEVEL	PRICE (₹)	SIGNIFICANCE	ACTION
52W High / Strong Resistance	1,779	Previous breakout high — reclaim = new Stage 2 leg	TARGET
Resistance Zone	1,600–1,700	Prior consolidation; first hurdle on recovery	WATCH
CMP	1,498	Current price — in pullback zone	ENTRY
Buy Zone (Ideal)	1,350–1,450	Near 200 DMA support + prior breakout zone	BUY
Strong Support	1,150–1,250	Prior consolidation base; high-conviction add zone	ADD
Stop Loss	1,050–1,100	Below 200 DMA + Stage 2 breakdown level	STOP
52W Low / Absolute Floor	702	Stage 1/2 transition base — not expected to revisit	EXIT

B3 Relative Strength vs CNX500

- RS Trend (5Y): **Massively outperforming CNX500** — stock CAGR 99% vs index ~15% CAGR
- RS Trend (6M): **Neutral to slight underperformance** — pullback from ₹1,779 high; sector consolidation
- RS Trend (1M): Stabilising — suggesting near-term consolidation ending
- Implication: Long-term RS is strongly positive. Short-term RS weakness is **an entry signal, not an exit signal** for long-term investors. Wait for RS line to stabilise and turn up before adding aggressively.

B4 Risk:Reward Scenario Analysis

⬤ Setup A — Ideal Pullback Entry (Preferred)

Entry Zone	₹1,350 – 1,450
Stop Loss	₹1,050 (Stage 2 breakdown)
Target 1 (T1)	₹2,200 (+52–63%)

📈 Bull Case — FY28 Power930 Optionality

FY27E EPS	₹34–37
FY28E Revenue (target)	₹2,500–3,000 Cr
FY27 P/E at 35x	₹1,190–1,295

Target 2 (T2)	₹2,800 (+93–107%)
Risk (from ₹1,400)	₹350 (-25%)
Reward to T1	₹800 (+57%)

R:R ≈ 1 : 2.3

FY27 P/E at 45x	₹1,530–1,665
FY28 P/E at 40x (midcap re-rate)	₹2,400–2,800

At ₹9,000 Cr revenue (FY30), stock would be mid-cap. Massive institutional buying tail + index inclusion = significant re-rating potential.

⬤ Setup B — CMP Entry (Acceptable)

Entry Zone	₹1,450 – 1,550
Stop Loss	₹1,100 (below 200 DMA)
Target 1 (T1)	₹2,200 (+42–52%)
Target 2 (T2)	₹2,800 (+81–93%)
Risk (from ₹1,500)	₹400 (-27%)
Reward to T1	₹700 (+47%)

R:R ≈ 1 : 1.75

⚠ Bear Case — Execution Miss

Trigger	Power930 guidance miss; attrition spikes
Revenue FY27E	₹1,250–1,350 Cr (miss)
PAT FY27E	₹90–110 Cr (miss)
P/E de-rating to 30x	₹800–950 target
Downside from CMP	-37% to -47%

Stop loss at ₹1,050–1,100 is non-negotiable to protect against this scenario.

B5 Action Plan & Timeline

IMMEDIATE ACTION

ACCUMULATE

CMP ₹1,498 is acceptable entry. Preferred: wait for ₹1,350–1,450 pullback for better R:R. Start with **50% position** now; add balance on dips.

WATCH TRIGGERS (BUY MORE)

- Q4 FY26 results (Apr/May 2026) — Confirm EBITDA >16%, EPS ₹24+ for FY26
- Pullback to ₹1,350 — 200 DMA / prior breakout support
- New order wins: Follow-on from cabin interiors pilot ($1.2M)
- FII/DII buying: Institutional accumulation = validation signal

EXIT / REVIEW TRIGGERS

- Stop Loss: **₹1,050–1,100** (Stage 2 breakdown — exit fully)
- Thesis Break: If Q4 FY26 EPS guidance retracted
- Promoter Selling: Any significant promoter divestment >2%
- T1 Partial Exit: Book 30–40% at ₹2,200 (T1)
- T2 Full Exit: Book balance at ₹2,800 (T2)

IDEAL ENTRY	STOP LOSS	TARGET 1	TARGET 2	BEST R:R
₹1,350–1,450	₹1,050–1,100	₹2,200 (+57%)	₹2,800 (+100%)	1 : 2.3

POSITION SIZE

4–6%

Data Sources: Screener.in, Construction Mirror, ICICI Direct, Company Filings, Management Concalls, Trendlyne