PRIMAEGIS RESEARCH

INVESTMENT ANALYSIS NOTE

Report Date
**01 April 2026**
Data: Screener.in | BSE | Concalls

# Aeroflex Industries Ltd

NSE: AEROFLEX | BSE: 543972 | Sector: Industrial Manufacturing

Metallic Flexible Flow Solutions ▸ Data Center Liquid Cooling

| CMP | MARKET CAP | 52W RANGE | P/E (TTM) | ROCE |
|---|---|---|---|---|
| ₹251 | ₹3,320 Cr | ₹145 – 264 | 68.2x | 22.2% |

| ₹388 Cr | 22% | ₹49 Cr | ~0x |
|---|---|---|---|
| Revenue (TTM) | EBITDA Margin (TTM) | PAT (TTM) | Debt / Equity |
| +17% YoY | 25% in Q3 FY26 ✦ | D&A drag: ₹21 Cr TTM | Near debt-free |

| ₹27.8 | ₹4.01 | 65.47% | ₹113 Cr |
|---|---|---|---|
| Book Value / Share | EPS FY25 | Promoter Holding | Q3 FY26 Revenue |
| P/B: 9.0x | FY26E: ₹4.5–5.0 | DIIs: 3.50% (↓ from 6.76%) | Record quarter |

## PART A — FUNDAMENTALS

### A1. ABOUT + VALUE CHAIN POSITION + SCALE

Aeroflex Industries Ltd (est. 1993; listed Aug 2023; part of SAT Industries Ltd) is India's leading manufacturer of metallic flexible flow solutions — corrugated stainless-steel hoses, PTFE hoses, bellows/expansion joints, composite hoses and complete assemblies. The company offers **2,938 product SKUs** serving **90+ countries**, with 74% revenue from exports.

#### Value Chain Position (EIC Framework)

| Layer | Aeroflex Role | Remarks |
|---|---|---|
| **Economy** | Industrial capex cycle, Global O&G, Data Center boom | India Mfg renaissance + global capex beneficiary |
| **Industry** | Metallic Hoses & Fluid Connectors — ₹3,000–5,000 Cr India TAM | Fragmented market; Aeroflex is largest listed pure-play |
| **Company** | Manufacturer + Assembler of SS/PTFE hoses, bellows | Value-add via assemblies (49% of sales); higher margin |
| **Distribution** | Direct export (74% rev, 90+ countries) + Domestic OEM | No distribution overhang; direct customer relationships |

### Scalability Assessment

- **Capacity:** 16.5M metres → 20M metres by Mar 2026 (capex commissioned). Each metre ~₹18–20 in ASP.
- **Revenue ceiling at 20M metres:** ₹650–675 Cr — management validated.
- **Hyd-Air Engineering** (acquired Apr 2024, hydraulic fittings): adds ₹40–50 Cr incremental revenue.
- **Data center liquid cooling:** 2,000 → 15,000 units/year by Jun 2026 — greenfield, high-margin, AI-driven demand.
- SCALABLE ✓ — high operating leverage; incremental EBITDA ~18–22% on new capacity.

## A2. CAPABILITIES + STRATEGY

### Core Capabilities

- Robotic welding + automatic stations — consistent quality at scale; critical for pressure-rated hoses.
- In-house braiding, annealing, forming — full vertical integration in hose manufacturing.
- Certifications: ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, ASME, PED (EU).
- 100+ custom designs executed across aerospace, pharma, O&G, semiconductor.
- Miniature metal bellows technology — niche, high-margin product for data center thermal management.

### Strategy

- **Product premiumisation:** Shift from commodity hoses → assemblies (49% of sales) + specialty bellows; higher ASPs + margins.
- **Data center pivot:** SFN (Secondary Fluid Network) liquid cooling — exclusive 5-year India supply agreement with a >$70B market cap US corporation.
- **M&A for adjacency:** Hyd-Air acquisition broadens product portfolio + defence/rail exposure.
- **Domestic ramp:** Domestic share (26% of revenue) growing faster than exports; diversification from export dependency.
- **Cost efficiency:** Rooftop solar commissioned; ~50–80 bps energy cost saving per annum.

## A3. OPPORTUNITY — WHY?

| Opportunity | Size / CAGR | Aeroflex Angle |
|---|---|---|
| **India Metallic Hose Market** | ₹3,000–5,000 Cr \| 12–15% CAGR | Largest listed player; import substitution |
| **Data Center Liquid Cooling (India)** | ₹800–1,200 Cr by FY28 \| 50%+ CAGR | **Exclusive India supplier; first mover** |
| **Global SS Hose Export** | $8–10B global \| 6–8% CAGR | 74% of revenues; 90+ country footprint |
| **Hydraulic Fittings (Hyd-Air)** | ₹500–800 Cr India \| 10% CAGR | New segments: defence, rail, infra capex |

| Opportunity | Size / CAGR | Aeroflex Angle |
|---|---|---|
| **China+1 Supply Chain Shift** | Structural tailwind | Beneficiary of global procurement diversification |

**Key Thesis:** The AI-driven data center buildout is the highest-conviction near-term catalyst. India is adding 50+ data centers; GPU compute racks require liquid cooling (heat density too high for air). Aeroflex's exclusive 5-year India agreement de-risks demand and positions it as a structurally embedded supplier in a ₹800 Cr+ India TAM growing at 50%+ CAGR.

## A4. OPERATIONS + PROJECTS ONGOING / UPCOMING

| Project | Status | Investment | Revenue Impact |
|---|---|---|---|
| **Hose capacity 16.5M → 20M metres** | Commissioned Mar 2026 | ₹54+ Cr (Phase 1) | ₹650–675 Cr at full utilisation |
| **Miniature Metal Bellows** | Commercialising Q4 FY26 | ₹23 Cr (Phase 2) | ₹30–50 Cr incremental (FY27+) |
| **Hyd-Air MIDC Chakan revamp** | Ongoing FY26–FY27 | ₹18 Cr (Phase 3) | ₹40–50 Cr from ₹20 Cr currently |
| **Liquid Cooling: 2K → 15K units/yr** | Target Jun 2026 | Part of Phase 1 | Significant; scale-dependent |
| **Rooftop Solar** | Commissioned ✓ | Minor | ~50–80 bps energy cost saving |

Total sanctioned capex: **₹97.56 Cr** funded via internal accruals + ₹55 Cr preferential equity allotment (30.1L shares @ ₹182.70). No debt required. CWIP at ₹24 Cr (Sep 2025) confirms active deployment.

## A5. FINANCIALS + GROWTH

### Annual P&L Summary (₹ Crore)

| Metric | FY22 | FY23 | FY24 | FY25 | TTM |
|---|---|---|---|---|---|
| **Revenue** | 241 | 269 | 318 | 373 | **388** |
| **Revenue Growth** | — | +12% | +18% | +17% | — |
| **Operating Profit** | 47 | 53 | 62 | 79 | 87 |
| **OPM %** | 20% | 20% | 20% | 21% | 22% |
| **Depreciation** | 4 | 5 | 6 | 11 | **21 ⚠** |
| **PBT** | 37 | 41 | 57 | 69 | 66 |
| **PAT** | 28 | 30 | 42 | **52** | **49*** |

| Metric | FY22 | FY23 | FY24 | FY25 | TTM |
|---|---|---|---|---|---|
| **PAT Margin** | 12% | 11% | 13% | 14% | 13% |
| **EPS (₹)** | 12.06† | 2.64 | 3.23 | **4.01** | 3.77 |

*† FY22 EPS on pre-split basis. *TTM PAT below FY25 due to depreciation step-up (₹11 Cr → ₹21 Cr). Underlying EBITDA growth is intact.*

⚠ **Depreciation Drag:** New capex commissioned in FY25–FY26 has pushed D&A from ₹6 Cr (FY24) to ₹21 Cr (TTM), suppressing TTM PAT below FY25 levels. This is a transient phenomenon — evaluate on EBITDA, not PAT, during this capex absorption phase.

### Quarterly Trend (Live Screener Data)

| Quarter | Sales (₹Cr) | OPM% | PAT (₹Cr) | EPS (₹) | Remarks |
|---|---|---|---|---|---|
| Jun 2024 | 88 | 21% | 12 | 0.96 | — |
| Sep 2024 | 94 | 22% | 14 | 1.05 | — |
| Dec 2024 | 97 | 22% | 15 | 1.15 | — |
| Mar 2025 | 94 | 20% | 11 | 0.86 | Seasonal Q4 dip |
| Jun 2025 | 79 | 20% | 8 | 0.59 | Seasonal Q1 dip |
| Sep 2025 | 102 | 24% | 14 | 1.06 | Recovery + margin uptick |
| **Dec 2025 ✦** | **113** | **25%** | **16** | **1.26** | **Record quarter — highest ever Rev, EBITDA, PAT** |

**✦ Q3 FY26 (Dec 2025):** Record quarterly Revenue (₹113 Cr), EBITDA margin (25%), and PAT (₹16 Cr). Export growth +30% YoY. First commercial dispatch for data center liquid cooling completed. Management guiding 24–25% EBITDA margin for FY27.

## A6. REGULATORY CHANGES & IMPACT

**Regulatory Risk: LOW.** No specific licensing requirements for SS hose exports. ISO/ASME/PED certifications maintained.

- **Export compliance:** 90-country diversification minimises bilateral tariff risk. No BIS restrictions on SS hose exports.
- **Data Center sector:** Government actively promoting data center investment (₹20,000 Cr incentive scheme) — tailwind.
- **BIS standard tightening** for industrial hoses would benefit certified players (Aeroflex) vs. unorganised sector.
- **PLI Scheme:** Aeroflex may qualify for productivity-linked incentives on export-oriented production — upside optionality.
- **Environmental compliance:** ISO 14001:2015 certified; rooftop solar signals ESG orientation.

## A7. RESEARCH REPORTS & DATA MIX

| Analyst / Firm | Rating | Target Price | Date / Remarks |
|---|---|---|---|
| **Consensus (TrendLyne — 79 analysts)** | BUY | ₹286 avg \| ₹357 high | Apr 2026 |
| **MarketsMojo** | SELL (downgraded) | ₹178 (low target) | Jan 19, 2026 — valuation & weak technicals |
| **ICICIDirect** | TRACKING | Not disclosed | Covered re: data center order wins |
| **Nuvama Wealth (Mgmt Meet)** | POSITIVE | Not disclosed | FY26/27 guidance note |
| **Alpha Spread / Simply Wall St** | CAUTION | ₹~140–178 (DCF) | ~45% overvalued on intrinsic value basis |

Analyst mix: 79 buy ratings dominate on growth momentum. Valuation-discipline models (DCF) flag significant overvaluation at 68x PE. High conviction entry requires either a pullback or a visible acceleration in earnings.

*Sources: TrendLyne | MarketsMojo | Alpha Spread*

## A8. BALANCE SHEET + CASH FLOWS [FRAUD FILTER]

### Balance Sheet Summary (₹ Crore) — Screener.in Live

| Item | Mar 2022 | Mar 2023 | Mar 2024 | Mar 2025 | Sep 2025 |
|---|---|---|---|---|---|
| **Total Networth** | 86 | 114 | 293 | 342 | **359** |
| **Borrowings** | 39 | 45 | **0** | **1** | 9 |
| **Fixed Assets** | 46 | 56 | 83 | 149 | 152 |
| **CWIP** | 7 | 1 | 5 | 9 | **24** |
| **Investments** | 0 | 0 | 0 | 28 | 28 |
| **Total Assets** | 184 | 214 | 375 | 424 | 460 |

### Cash Flow Statement (₹ Crore)

| Year | Operating CF | Investing CF | Free CF | CFO/OPF% | Remarks |
|---|---|---|---|---|---|
| FY22 | 32 | -13 | **19** | 68% | Strong FCF generation |
| FY23 | 7 | -10 | -2 | 14% | Working capital buildup post-IPO |
| FY24 | 44 | -64 | 6 | 95% | Capex + IPO proceeds deployed |

| Year | Operating CF | Investing CF | Free CF | CFO/OPF% | Remarks |
|---|---|---|---|---|---|
| FY25 | 30 | -78 | -52 | 58% | Hyd-Air acquisition + heavy capex |
| FY26E | ~55 | ~-40 | ~+15 | ~65% | Capex tail-off; FCF inflection expected |

### Fraud Filter

- ✅ **CFO vs PAT**OCF ₹30 Cr vs PAT ₹52 Cr in FY25 (58%). FY24 was 95%+. Temporary compression from WC; not a quality concern.
- ⚠️ **Debtor Days**118 days (FY25) — elevated but standard for a 74% export business with global corporate clients and 90–120 day payment terms.
- ✅ **Inventory Build**Inventory Days 96 days — reasonable for an industrial manufacturer with lumpy export orders.
- ✅ **Promoter Pledge**Zero promoter pledge reported across all quarters.
- ✅ **Related Party Transactions**SAT Industries parent; all RPTs disclosed. No unusual related party transactions flagged.
- ✅ **Auditor Opinion**Clean audit opinion — audited by S R Batliboi (EY network affiliate). No qualifications.
- ✅ **Debt Trajectory**Systematically reduced from ₹99 Cr (FY18) → ₹45 Cr (FY23) → ₹0 (FY24). Current ₹9 Cr for capex only.
- ✅ **Dividend Track Record**₹0.30/share dividend maintained since FY23. Consistent return to shareholders.

## A9. P&L DEEP-DIVE

- **Revenue CAGR (FY22–FY25):** 16%. Accelerating — FY26 run-rate ₹450–480 Cr; H2 exit rate implies ₹500 Cr+ trajectory.
- **OPM trend:** 20% (FY22–24) → 21% (FY25) → **25% (Q3 FY26)** — structural margin expansion as assemblies & data center scale.
- **Depreciation step-up:** ₹6 Cr (FY24) → ₹11 Cr (FY25) → **₹21 Cr (TTM)**. Capex drag on PAT. EBITDA is the cleaner metric during this phase.
- **Tax rate:** Consistent 24–27% (FY23–FY25). No deferred tax benefit inflation — clean earnings quality.
- **Other Income:** ₹2–4 Cr (interest + minor forex) — non-material. Core operating quality is genuine.
- **Interest cost:** Near zero post-IPO debt repayment (₹1 Cr in FY25). Nil interest risk.
- **EPS CAGR (FY23→FY25):** ~23% on post-split normalised basis — healthy.

## A10. VALUATIONS

### Peer Comparison (Live Screener Data)

| Company | CMP (₹) | P/E | Mcap (₹Cr) | ROCE% | Q Rev (₹Cr) | Q PAT Gr% |
|---|---|---|---|---|---|---|
| **APL Apollo Tubes** | 1,935 | 47.0x | 53,712 | 22.4% | 5,815 | **+42.9%** |
| **Ratnamani Metals** | 2,256 | 26.5x | 15,826 | 21.5% | 1,066 | **-7.8%** |
| **Usha Martin** | 407 | 27.8x | 12,416 | 18.8% | 917 | **+27.4%** |
| **Shyam Metalics** | 797 | 23.0x | 22,284 | 12.1% | 4,421 | -0.2% |
| **Welspun Corp** | 828 | 14.1x | 21,815 | 21.2% | 4,532 | **-32.9%** |
| **Peer Median (81 cos)** | — | 18.1x | 685 | 14.0% | 202 | +5.1% |
| **AEROFLEX ★** | **251** | **68.2x** ⚠ | 3,320 | **22.2%** | 113 | **+10.1%** |

**Valuation Premium:** At 68.2x PE, Aeroflex trades at 3.8x the sector median (18x). This premium is predicated on: (1) data center segment scaling significantly, (2) 20%+ EPS CAGR sustained for 3–5 years, and (3) successful execution across 3 simultaneous growth tracks. Any miss on these triggers de-rating.

### Scenario Analysis

**BEAR CASE**

**₹130–150**

Data center ramp delays. Capex overruns. FY26 revenue ₹420 Cr only. PAT ₹42 Cr. Re-rates to 35x on growth miss.

Trigger: Concall disappointment + DII selling acceleration.

**BASE CASE**

**₹260–320**

₹480–500 Cr revenue FY26. 22% EBITDA. PAT ₹60–65 Cr. Hyd-Air integrating. Liquid cooling orders steady. PE 50–55x on FY26E EPS ₹5.0.

10–30% upside from CMP.

**BULL CASE**

**₹380–450**

Data center scales to ₹100+ Cr by FY27. 20M metres fully utilised. Revenue ₹650–700 Cr FY28. 24% EBITDA. PAT ₹130 Cr+.

Multiple large customers; 55x FY27E.

## A11. TRACK RECORD + MANAGEMENT QUALITY

- **Yusuf M. Kagzi (MD & Founder):** Built company since 1999. Grew revenue from ₹122 Cr (FY18) to ₹373 Cr (FY25) while expanding EBITDA from 8% to 21%. Proven operator in a niche segment.
- **Asad Daud (Promoter, SAT Industries):** MBA Finance (Rutgers/NYU). Drove SAT's venture portfolio (125+ startups — ConfirmTkt, PeeSafe, inc42, LenDenClub). Executed IPO (FY24), Hyd-Air acquisition, and the exclusive data center partnership.
- **Capital allocation:** IPO proceeds used for debt repayment + capex. No unrelated diversification. Consistent dividend since FY23. Disciplined deployment.
- **Balance sheet transformation:** Debt reduced from ₹99 Cr (FY18) to near zero (FY24) over 6 years — strong capital stewardship signal.
- ⚠ **Execution caveat:** Miniature bellows and liquid cooling are new capabilities. Track record on these specific technologies is shorter; monitor closely.

## A12. ISSUES & RISKS

| Risk | Severity | Probability | Mitigation |
|---|---|---|---|
| **Valuation risk — 68x PE vs 18x sector median** | HIGH | HIGH | Requires 20%+ EPS CAGR sustained; any miss = sharp de-rating |
| **Capex execution — technology unproven at scale** | HIGH | MEDIUM | ₹24 Cr CWIP deployed; on-track; bellows/liquid cooling are new |
| **Customer concentration — 1 data center client** | HIGH | MEDIUM | 5-yr exclusive India agreement provides visibility; diversification needed |
| **DII selling — 6.76% → 3.50% over 8 quarters** | MEDIUM | OBSERVED | Smart domestic money exiting — warrants caution |
| **Working capital intensity — 124 day CCC** | MEDIUM | STRUCTURAL | Export business; manageable but limits FCF generation |
| **Depreciation drag on PAT (TTM)** | MEDIUM | ONGOING | D&A ₹21 Cr TTM vs ₹6 Cr FY24. Watch EBITDA, not PAT |
| **Export dependency — 74% revenue; FX + tariff risk** | MEDIUM | MEDIUM | 90-country diversification; domestic growing; partial natural hedge |
| **Competition — global players entering data center cooling** | MEDIUM | LOW-MED | Exclusive agreement is moat; IP protection critical |
| **Hyd-Air integration risk** | LOW | MEDIUM | Dedicated team; 2-3 yr roadmap; sub-₹20 Cr investment |

## A12(B). KEY MILESTONES / METRICS TO TRACK

| Milestone / Metric | Target / Trigger | Watch Period |
|---|---|---|
| **Liquid cooling capacity: 15,000 units/yr** | Operational confirmation | Q1 FY27 (Jun 2026) |
| **Miniature bellows — first commercial revenues** | ₹5 Cr+ quarterly milestone | Q4 FY26 (Mar 2026) |
| **Hyd-Air revenue run-rate** | ₹10 Cr+/quarter milestone | Quarterly |
| **EBITDA margin expansion to 24–25%** | Sustained for 2 consecutive quarters | FY27 |
| **FII entry above 1%+ sustained** | Institutional validation signal | Monitor quarterly |
| **DII reversal — accumulation above 5%** | Smart money re-entry signal | Monitor quarterly |
| **Data center order book update** | ₹50 Cr+ confirmed pipeline | Each concall |
| **Revenue ₹500 Cr full year** | Growth acceleration confirmation | FY27 Annual |
| **Second data center customer announcement** | Concentration risk de-risked | CY2026 |

| Milestone / Metric | Target / Trigger | Watch Period |
|---|---|---|
| **FCF positive post-capex** | Investment phase concluding | FY27 full year |

## A13. OWNERSHIP PATTERN — SMART MONEY

PROMOTERS
**65.47%**
Stable (dilution = pref allotment, not selling)

FIIS
**0.52%**
⚠ Absent & inconsistent

DIIS
**3.50%**
↓ Falling (was 6.76% Sep 23)

PUBLIC
**30.51%**
↑ Rising (retail accumulation)

**Shareholding Trend (Screener.in — Live)**

| Quarter | Promoters | FII | DII | Public | # Shareholders |
|---|---|---|---|---|---|
| Sep 2023 | 66.99% | 1.13% | 6.76% | 25.12% | 94,506 |
| Dec 2023 | 66.99% | 0.36% | 5.83% | 26.82% | 97,153 |
| Mar 2024 | 66.99% | 0.29% | 6.16% | 26.56% | 94,670 |
| Jun 2024 | 66.99% | 0.21% | 5.91% | 26.89% | 92,602 |
| Sep 2024 | 66.99% | 0.13% | 5.59% | 27.27% | 93,397 |
| Dec 2024 | 66.99% | 1.57% ↑ | 5.66% | 25.76% | 95,796 |
| Mar 2025 | 66.99% | 0.66% | 5.91% | 26.43% | 1,04,640 |
| Jun 2025 | 66.99% | 0.39% | 3.87% ↓↓ | 28.74% | 1,17,540 |
| Sep 2025 | 66.99% | 0.23% | 3.43% ↓ | 29.34% | 1,11,985 |
| Dec 2025 | 66.99% | 0.99% | 3.55% | 28.46% | 1,03,736 |
| **Feb 2026** | 65.47% ↓* | 0.52% | 3.50% | 30.51% | 1,04,822 |

** Promoter dilution in Feb 2026 is due to 30.1L share preferential allotment at ₹182.70 (₹55 Cr equity raise) — NOT open-market selling.*

🔴 **DII Exodus Signal:** Domestic institutions have systematically reduced from 6.76% (Sep 2023) to 3.50% (Feb 2026) — a 48% reduction in DII holding over 6 quarters. Smart domestic money (MFs, insurers) is *not* accumulating at current levels. FIIs are inconsistent and shallow. Only retail is buying near 52W highs. This is a genuine contrarian flag.

# ▣ PART B — TECHNICALS

## B0. STAGE ANALYSIS + SETUP

**Current Stage: STAGE 2 Uptrend (base → breakout phase).** Stock recovering from 52W low of ₹145 to current ₹251 (+73%). Now pressing against 52W high resistance at ₹264. Critical juncture.

- **IPO (Aug 2023) at ₹180.** Post-listing likely ran up on euphoria, then sold into Stage 4 decline to ₹145 (52W low).
- **Recovery phase:** From ₹145 → ₹251 is a +73% Stage 2 base breakout. All moving averages (20/50/200) now bullish with price well above.
- **SETUP 1 — BREAKOUT:** If ₹264 (52W high) clears on volume surge (>1.5× 30-day avg), confirms Stage 2 continuation. Episodic Pivot potential on next data center catalyst.
- **SETUP 2 — FLAG / CHEAT ENTRY:** If stock consolidates ₹230–264 for 2–4 weeks, forms a high-tight flag. Cheat entry at ₹240 on tight stop.
- **NOT A SETUP:** If stock reverses hard from ₹264 on weak concall / volume dry-up — risk of Stage 3 topping. Weekly MACD remains bearish (watch closely).

## B1. MOMENTUM + VOLUME + PRICE ACTION

| Indicator | Signal | Level / Reading | Interpretation |
|---|---|---|---|
| **RSI (14-day)** | NEUTRAL | 61.89 | Room to run; not overbought (<70). Healthy momentum. |
| **20-Day EMA** | BULLISH | ~₹184 (well below price) | Price significantly above short-term MA. Strong momentum. |
| **50-Day EMA** | BULLISH | ~₹185 (well below price) | All MAs in bullish alignment. Price leading all averages. |
| **200-Day SMA** | BULLISH | ~₹191 (below price) | Long-term uptrend intact. Golden cross in effect. |
| **Daily MA Signals** | STRONG BUY | 11 Buy / 1 Sell | Overwhelming daily buy signals. |
| **Weekly MACD** | BEARISH ⚠ | Negative histogram | Weekly momentum decelerating. Watch for crossover signal. |
| **Bollinger Bands (Weekly)** | CAUTION ⚠ | Near upper band | Overbought on weekly basis; risk of short-term mean reversion. |
| **1-yr Stock Return** | UNDERPERFORMED | -28.58% vs BSE500 +7.5% | Negative RS on 1-yr basis; RS line only now turning up. |

## B2. KEY PRICE LEVELS

| RESISTANCE LEVELS | |
|---|---|
| 52W High / Breakout | ₹264 |
| CMP (Apr 1, 2026) | ₹251 |
| IPO Price | ₹180 |

| SUPPORT LEVELS | |
|---|---|
| Flag / Consolidation Zone | ₹230–235 |
| 200-Day SMA | ₹~191 |
| 20/50-Day EMA (Strong) | ₹184–185 |
| 52-Week Low | ₹145 |
| DCF Intrinsic (bear) | ₹140–178 |

## B3. TREND + RELATIVE STRENGTH

- **Primary Trend: BULLISH** — Stock above 20, 50, and 200-day moving averages. Golden cross in place. Stage 2 characteristics.
- **Relative Strength vs BSE500: NEGATIVE on 1-year basis** (-28.58% vs +7.53%). RS line is recovering from lows but has NOT yet broken into new highs — not yet a confirmed RS leader.
- **RS vs BSE Industrials:** Recovering. Aeroflex lagged industrials on the downswing; now catching up. Watch for RS line breakout.
- ⚠ **Weekly MACD bearish** — until weekly MACD crosses positive, institutional money will remain cautious. This is the key technical gating signal.
- For a high-conviction technical buy, need: (1) price >₹264 with volume, and (2) weekly MACD turning positive. Both not yet confirmed.

## B4. RISK : REWARD

| AGGRESSIVE — NEAR CURRENT (₹251) | |
|---|---|
| Entry | ₹255 |
| Stop Loss | ₹220 |
| Target 1 | ₹300 |
| Target 2 | ₹380 |
| R:R (T1) | 1.3 : 1 |
| R:R (T2) | 3.6 : 1 |

| BREAKOUT ENTRY — POST ₹264 CLEARANCE | |
|---|---|
| Entry | ₹268 |
| Stop Loss | ₹235 |
| Target 1 | ₹320 |
| Target 2 | ₹420 |
| R:R (T1) | 1.6 : 1 |
| R:R (T2) | 4.6 : 1 |

| CONSERVATIVE — PULLBACK TO FLAG (₹230–240) | |
|---|---|
| Entry | ₹235 |
| Stop Loss | ₹210 |
| Target 1 | ₹300 |

| VALUE — EMA CONFLUENCE ZONE (₹185–195) | |
|---|---|
| Entry | ₹190 |
| Stop Loss | ₹170 |
| Target 1 | ₹300 |

| | |
|---|---|
| Target 2 | ₹400 |
| R:R (T1) | 2.6 : 1 ✓ |
| R:R (T2) | 7.6 : 1 ✓ |

| | |
|---|---|
| Target 2 | ₹400 |
| R:R (T1) | 5.5 : 1 ✓✓ |
| R:R (T2) | 10.5 : 1 ✓✓ |

**At CMP ₹251:** R:R is sub-2:1 on T1. The aggressive entry does not meet minimum 2:1 threshold for a swing trade. Best entries are pullback to ₹230–240 (flag) or confirmed breakout above ₹264 with volume.

## B5. ENTRY / EXIT / MILESTONES

### Preferred Entry Criteria

- **PREFERRED:** Pullback to ₹230–240. Tighten stop to ₹215. R:R improves to 3:1+ on T1 ₹300. Best risk-adjusted entry.
- **BREAKOUT ENTRY:** Close above ₹264 with volume >1.5× 30-day avg + weekly MACD crossing positive. Strong confirmation. Enter ₹268–272.
- Avoid entering into a vertical move without pullback. RSI 61 + weekly Bollinger near upper band warrants patience.

### Stop Loss & Exit Criteria

- **Hard stop:** Weekly close below ₹210 — invalidates Stage 2 base structure.
- **Trailing stop (for existing holders):** ₹220 — 10% below CMP; on break, exit and reassess.
- **Fundamental exit trigger:** Quarterly results miss + management guide-down + DII selling acceleration.

### Targets & Catalysts (Episodic Pivot Potential)

- **Target 1 (6M):** ₹300–320 — Base case at 50–55x FY26E EPS ₹5.0.
- **Target 2 (12–18M):** ₹380–420 — Bull case; data center ramp + capacity utilisation; 55x FY27E EPS ₹7.
- **Episodic Pivot trigger 1:** Q4 FY26 concall (Apr/May 2026) — ₹110 Cr+ revenue + 24%+ EBITDA + liquid cooling pipeline disclosure.
- **Episodic Pivot trigger 2:** Second data center customer announcement — concentration risk de-risked; likely institutional re-rating.
- **Episodic Pivot trigger 3:** Miniature bellows ₹10 Cr+ quarterly revenue confirmation — validates new product thesis.

## PRIMAEGIS SUMMARY VERDICT

| | |
|---|---|
| A– | BUSINESS QUALITY |
| A– | MANAGEMENT |
| B+ | FINANCIALS |
| A | BALANCE SHEET |
| A | OPPORTUNITY |
| D | VALUATION |
| B– | TECHNICALS |
| C | SMART MONEY |

ACTIONABLE STANCE

**WATCHLIST / CONDITIONAL BUY**

Strong niche business with a compelling data center optionality and clean balance sheet. However, at 68x PE, the stock prices in near-perfect execution across simultaneous tracks (capacity ramp, liquid cooling ramp, Hyd-Air integration, miniature bellows launch). The DII exodus (6.76% → 3.50% over 6 quarters) is a notable smart-money warning. **Accumulate in the ₹220–240 zone on dips**, or on a **confirmed breakout above ₹264 with volume + weekly MACD positive**. Hard stop: ₹210. Base case 12M: ₹300–320. Bull case 18M: ₹380–420.

**Sources:** Screener.in | Q3 FY26 Concall Transcript | TrendLyne Consensus | ICICIDirect | Alpha Spread | MarketsMojo