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Aerospace segment continues to drive growth...

About the stock: Dynamatic Technologies (DTL), is primarily into designing and building highly engineered products for Automotive, Aeronautic, Hydraulic and Security applications. With manufacturing facilities are located in Europe and India, DTL caters to clients across six continents

Investment Rationale:

- Burgeoning growth opportunities in global aerospace sector:** Aerospace segment (~47% of total revenue in 9MFY26) continues to be the leading contributor of the company, led by healthy demand for the products (includes wings, rear fuselages, wing flaps and other major aero structures and assemblies) from its global OEM customers (such as Airbus, Boeing, Bell Helicopters, Dassault Aviation, Deutsche Aircraft, HAL). As per Industry reports, there is global demand of 40000+ new passenger & freight aircrafts over the next 20 years. In India's perspective, recently at Air Wings 2026 event, Airbus official stated that Indian carriers are expected to triple the size of their fleets to 2,250 jets over the next decade, riding on resilient economic growth, expanding middle-class and surge of first-time flyers. With the recent trade deals between India-US and India-Europe, sourcing from Indian aircraft components suppliers is expected to increase considerably in global aerospace market. DTL has also partnered with L&T-BEL consortium for 5th gen fighter jet project (Advanced Medium Combat Aircraft - AMCA), positions itself as one of the leading contenders in this project. We estimate revenue CAGR of ~28% over FY25-28E in this segment (as compared to ~19% CAGR over FY22-25)
- Recovery expected in hydraulics and metallurgy segments would further drive revenue growth and profitability:** Hydraulics segment (~30% of 9MFY26 revenue) is also witnessing steady demand from tractor OEMs and industrial customers. Also, company continues to focus on operational restructuring, rationalization of product lines across Bangalore & Swindon, and cost optimization initiatives. We estimate revenue CAGR of ~7% over FY25-28E in this segment (as compared to ~3% CAGR over FY22-25). In Metallurgy segment (~22% of 9MFY26 revenue), though the operational performance has been impacted by weakness in German automotive sector, the company's focus is on cost discipline and actively pivoting capacities towards higher-growth aerospace and defence applications. We estimate revenue CAGR of ~11% over FY25-28E in this segment (as compared to ~10% CAGR decline over FY22-25)

Rating and Target Price

- DTL is well positioned to witness healthy growth in aerospace segment (driven by strong industry tailwinds). Moreover, Hydraulics and Metallurgy segments are also expected to see meaningful recovery in coming period
- We estimate revenue CAGR of ~17% over FY25-28E with EBITDA margin improving gradually to 15.2% by FY28E (vs 11.3% in FY25), translating into EBITDA and PAT CAGR of ~29% and ~65% over the same period. We maintain our BUY rating on DTL with revised Target Price of ₹ 12700 per share (based on 45x FY28E EPS)

DYNAMATIC TECHNOLOGIES

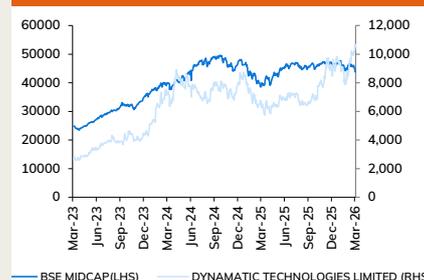
Particulars

Particulars	Amount (Rs crore)
Market Capitalisation	6,716
FY25 Gross Debt	451
FY25 Cash	46
EV	7,121
52 Week H/L	11500 / 5437
Equity Capital	6.8
Face Value	10.0

Shareholding pattern

	Mar-25	Jun-25	Sep-25	Dec-25
Promoter	41.9	41.9	41.9	41.9
FII	13.3	13.2	12.2	10.3
DII	13.5	12.9	13.9	15.4
Others	31.3	32.1	32.1	32.5

Price Chart



Key risks

- Global economic uncertainty
- Intense competitive set-up
- Technological evolution

Research Analyst

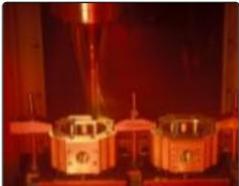
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Key Financial Summary

(Rs crore)	FY22	FY23	FY24	FY25	3 Year CAGR (FY22-25)	FY26E	FY27E	FY28E	3 Year CAGR (FY25-28E)
Revenues	1,253	1,316	1,429	1,404	3.9	1,639	1,924	2,290	17.1
EBITDA	169	181	159	158	(2.2)	200	263	348	29.0
EBITDA margin (%)	13.5	13.8	11.2	11.3		12.2	13.7	15.2	
Net Profit	15	43	122	43	40.6	44	117	179	64.9
EPS (Rs)	24.4	67.8	192.1	67.9		68.6	184.5	282.2	
P/E (x)	237.7	156.3	55.1	156.0		102.5	57.4	37.5	
EV/EBITDA (x)	42.0	38.9	44.0	44.4		35.3	26.8	20.2	
RoCE (%)	10.9	10.4	12.1	9.6		12.0	15.3	18.7	
RoE (%)	7.4	7.9	18.2	6.0		8.6	13.3	16.9	

Exhibit 1: Company's segmental product portfolio and customers details

<p>AEROSPACE</p> <p>50% of Q3 FY2026 Revenue</p>		<ul style="list-style-type: none"> Wings, rear fuselages, ailerons, wing flaps and major airframe structures Ramp structure assembly AFT Pylon assembly 	<ul style="list-style-type: none"> Airbus Boeing Bell Deutsche Aircraft Spirit Aerosystems HAL Dassault Aviation
<p>HYDRAULICS</p> <p>29% of Q3 FY2026 Revenue</p>		<ul style="list-style-type: none"> Hydraulic valves Hydraulic gear pumps Combined displacement pump packages Fan drive systems Fixed displacement pumps 	<ul style="list-style-type: none"> Cummins Eicher Escorts John Deere JCB Mahindra & Mahindra New Holland Same Deutz-Fahr Terex MacDon
<p>METALLURGY</p> <p>21% of Q3 FY2026 Revenue</p>		<ul style="list-style-type: none"> Casting, forging and machining 	<ul style="list-style-type: none"> Audi BMW Daimler IHI MAN Volkswagen BorgWarner AGCO

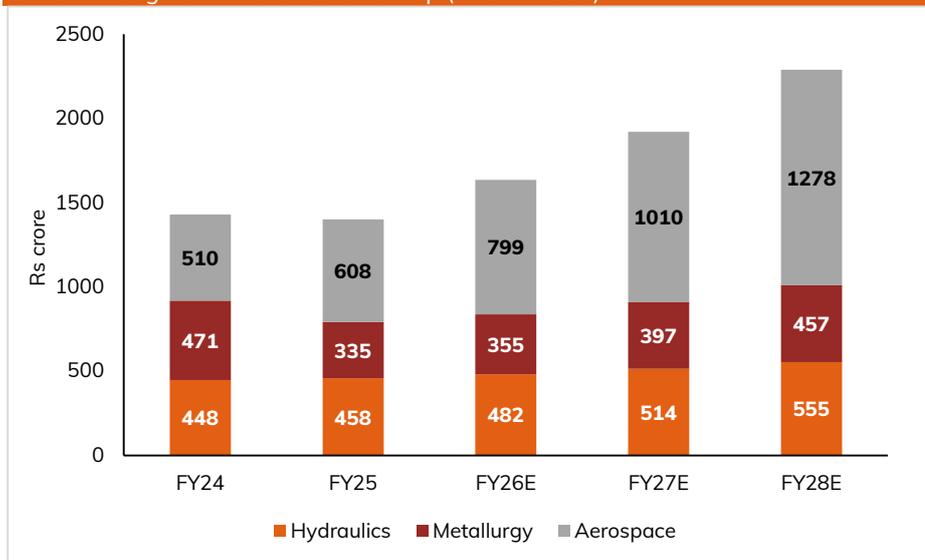
Source: Company, ICICI Direct Research

Exhibit 2: Q3FY26 and 9MFY26 segmental break-up

Segment		Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY
Aerospace	Revenue	214.0	150.9	41.8%	178.5	19.9%	565.4	435.1	30.0%
	EBITDA	45.4	41.5	9.4%	47.9	-5.3%	133.3	114.5	16.4%
	Margin (%)	21.2%	27.5%		26.8%		23.6%	26.3%	
Hydraulics	Revenue	123.7	97.9	26.4%	126.3	2.0%	356.2	347.6	2.5%
	EBITDA	14.2	4.3	234.3%	7.2	97.2%	25.1	26.2	-4.1%
	Margin (%)	11.5%	4.4%		5.7%		7.0%	7.5%	
Metallurgy	Revenue	87.1	66.6	30.8%	87.5	-0.4%	266.6	240.5	10.9%
	EBITDA	(0.5)	1.4	-	(1.5)	-	(0.3)	6.2	-
	Margin (%)	-0.6%	2.1%		-1.7%		-0.1%	2.6%	

Source: Company, ICICI Direct Research

Exhibit 3: Segmental revenue break-up (FY24-FY28E)



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Revenue	1,404	1,639	1,924	2,290
% Growth	(1.8)	16.7	17.4	19.0
Other income	22.8	28.5	31.4	34.3
Total Revenue	1,404	1,639	1,924	2,290
% Growth	(1.8)	16.7	17.4	19.0
Total Raw Material Costs	654	801	960	1,143
Employee Expenses	320	339	373	418
other expenses	272	298	328	382
Total Operating Expenditure	1,245	1,438	1,661	1,942
Operating Profit (EBITDA)	158	200	263	348
% Growth	(0.7)	26.6	31.4	32.0
EBITDA Margin	11.3	12.2	13.7	15.2
Interest	57	58	61	61
PBDT	124	171	234	321
Depreciation	69	77	84	92
PBT before Exceptional Items	55	93	150	229
Total Tax	12	28	33	50
PAT before MI	43	44	117	179
PAT	43	44	117	179
% Growth	(64.7)	1.1	169.0	52.9
EPS	63.4	64.1	172.3	263.5

Source: Company, ICICI Direct Research

Exhibit 5: Cash Flow Statement ₹ crore

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Profit after Tax	43	44	117	179
Depreciation	69	77	84	92
Interest	57	58	61	61
Cash Flow before WC changes	169	179	262	332
Changes in inventory	(41)	(55)	(70)	(86)
Changes in debtors	9	(47)	(53)	(74)
Changes in loans & Advances	(1)	(0)	(0)	(1)
Changes in other current assets	(41)	(6)	(12)	(39)
Net Increase in Current Assets	(65)	(109)	(136)	(200)
Changes in creditors	45	39	47	66
Changes in provisions	(1)	2	4	3
Net Inc in Current Liabilities	40	45	55	73
Net CF from Operating activities	144	115	180	205
Changes in def tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(102)	(100)	(100)	(100)
Net CF from Investing activities	(94)	(101)	(100)	(102)
Dividend and Dividend Tax	(1)	(3)	(8)	(13)
Net CF from Financing Activities	(65)	(8)	(61)	(66)
Net Cash flow	(16)	5	19	37
Opening Cash/Cash Equivalent	61	46	51	70
Closing Cash/ Cash Equivalent	46	51	70	107
FCF	41.9	14.8	80.0	104.7

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet ₹ crore

(₹ Crore)	FY25	FY26E	FY27E	FY28E
Equity Capital	6.8	6.8	6.8	6.8
Reserve and Surplus	711	759	876	1,050
Total Shareholders funds	718	766	883	1,057
Total Debt	451	496	496	496
Total Liabilities	1,299	1,392	1,509	1,683
Gross Block	915	1,100	1,200	1,300
Acc: Depreciation	412	489	573	664
Net Block	585	611	628	636
Capital WIP	18	15	15	15
Total Fixed Assets	640	663	679	687
Non Current Assets	16	20	20	22
Inventory	347	402	472	558
Debtors	289	337	390	464
Loans and Advances	2	2	3	3
Other Current Assets	117	123	135	174
Cash	46	51	70	107
Total Current Assets	804	918	1,074	1,311
Current Liabilities	230	269	316	383
Provisions	90	91	92	92
Total Current Liabilities	351	396	450	524
Net Current Assets	453	523	623	787
Total Assets	1,299	1,392	1,509	1,683

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY25	FY26E	FY27E	FY28E
EPS	67.9	68.6	184.5	282.2
Cash per Share	217.0	215.0	244.9	302.6
BV	1,131.5	1,207.7	1,391.9	1,666.6
Dividend per share	2.0	5.0	13.0	20.0
EBITDA Margin	11.3	12.2	13.7	15.2
PAT Margin	3.1	2.7	6.1	7.8
RoE	6.0	8.6	13.3	16.9
RoCE	9.6	12.0	15.3	18.7
RoC	7.9	10.2	13.7	17.7
EV / EBITDA	44.4	35.3	26.8	20.2
P/E	156.0	102.5	57.4	37.5
EV / Net Sales	5.0	4.3	3.7	3.1
Sales / Equity	2.0	2.1	2.2	2.2
Market Cap / Sales	4.8	4.1	3.5	2.9
Price to Book Value	9.4	8.8	7.6	6.4
Asset turnover	1.2	1.3	1.4	1.5
Debtors Turnover Ratio	4.8	5.2	5.3	5.4
Creditors Turnover Ratio	6.8	6.6	6.6	6.6
Debt / Equity	0.6	0.6	0.6	0.5
Current Ratio	3.0	2.9	2.9	2.9
Quick Ratio	1.6	1.6	1.5	1.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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