

September 29, 2026

Aerospace scaling up; operational recovery broadens 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 in Europe and India, DTL caters to clients across six continents

Investment Rationale:

- Aerospace remains the key growth engine with increasing participation across global OEM programmes:** Aerospace segment (~48% of FY26 revenue) continues to be the company's largest growth and margin contributor, with revenue growing 17% YoY in Q1FY27 and EBITDA margin improving to 23.8%. Growth was supported by execution across commercial aerospace and defence programmes and expanding portfolio towards complex components. The company has made significant progress on the Airbus A220 doors programme, with the first complete shipset of all eight doors industrialised and delivery-ready ahead of schedule, while the Dassault Falcon 6X rear fuselage programme and Deutsche Aircraft D328eco programme are also progressing. The company has further strengthened its OEM relationships through its strategic agreement with Dassault Aviation and Memorandum of Agreement (MoA) with Hutchinson for next-generation aerospace composites. With this segment now manufacturing over 250,000 detail parts annually and the company focusing on high-value aerostructures, advanced manufacturing and defence/unmanned technologies, we expect continued ramp-up of existing programmes and addition of new platforms to support long-term growth. We estimate segment's revenue CAGR of ~24% over FY26-28E with EBITDA margins inching towards 24%+ by FY28E
- Recovery in Hydraulics and Metallurgy could drive further improvement in revenue and profitability:** Hydraulics (~30% of FY26 revenue) is showing improving operating performance, with EBITDA margin improving to double-digit 12.5% in Q1FY27 (noticeable improvement as compared to earlier quarters), supported by strong domestic tractor demand, product-mix optimisation and benefits from the UK restructuring. The transfer of selected production from Swindon to Bangalore and product-line rationalisation should further improve the cost structure over the medium term. In Metallurgy (~22% of FY26 revenue), revenue improved reflecting early recovery at Erla, Germany, while EBITDA margin improved to 3.7% (vs flattish margin seen over FY26). The company is also actively shifting the segment towards aerospace, defence and specialised engineering applications, which could improve the product mix and profitability over time

Rating and Target Price:

- We believe that DTL is well poised to capture sizable opportunity in aerospace components while further recovery expected in hydraulics and metallurgy segments. We maintain our BUY rating on DTL with a revised TP of ₹ 15340 (based on 55x P/E on FY28E)

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	1,429	1,404	1,621	6.5	1,918	2,256	18.0
EBITDA	159	158	183	7.1	267	346	37.5
EBITDA margin (%)	11.2	11.3	11.3		13.9	15.3	
Net Profit	122	43	32	(48.4)	118	177	133.6
EPS	192.1	63.4	47.7		174.1	260.4	
P/E (x)	66.6	202.0	144.9		73.5	49.2	
EV/EBITDA (x)	56.4	56.9	49.7		34.0	26.2	
RoCE (%)	12.1	9.6	10.3		14.9	18.1	
RoE (%)	18.2	6.0	7.6		13.0	16.3	

Source: Company, ICICI Direct Research


DYNAMATIC TECHNOLOGIES

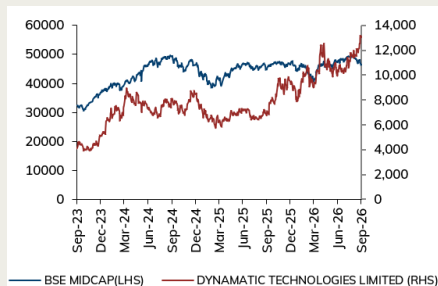
Particulars

Particulars	Amount
Market Capitalisation (₹ Crore)	8,693
FY26 Gross Debt (₹ Crore)	529
FY26 Cash (₹ Crore)	68
EV (₹ Crore)	9,155
52 Week H/L (₹)	13507/6760
Equity Capital	6.8
Face Value	10.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	41.9	41.9	41.5	41.5
FII	12.2	10.3	10.1	10.3
DII	13.9	15.4	15.6	15.9
Others	32.1	32.5	32.7	32.4

Price Chart



Key risks

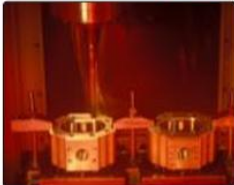
- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials

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

AEROSPACE 48% of Q1 FY2027 Revenue		- Wings, rear fuselages, ailerons, wing flaps and major airframe structures - Ramp structure assembly - AFT Pylon assembly	- Airbus - Boeing - Bell - Deutsche Aircraft - Prestwick Aerosystems - HAL - Dassault Aviation
HYDRAULICS 27% of Q1 FY202 Revenue		- Hydraulic valves - Hydraulic gear pumps - Combined displacement pump packages - Fan drive systems - Fixed displacement pumps	- Cummins - Eicher - Escorts - John Deere - JCB - Mahindra & Mahindra - New Holland - Same Deutz-Fahr - Terex - MacDon
METALLURGY 25% of Q1 FY2027 Revenue		Casting and forging	- Audi - BMW - Daimler - IHI - MAN - BorgWarner - AGCO

Source: Company, ICICI Direct Research

Exhibit 2: Segmental performance over past quarters

Segment		Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26	Q1FY27
Aerospace	Revenue	135.9	148.3	150.9	172.8	172.9	178.5	214.0	210.2	202.3
	EBITDA	36.5	36.5	41.5	43.3	40.0	47.9	45.4	44.3	48.2
	Margin (%)	26.9%	24.6%	27.5%	25.1%	23.1%	26.8%	21.2%	21.1%	23.8%
Hydraulics	Revenue	119.1	130.6	97.9	110.5	106.1	126.3	123.7	131.2	116.0
	EBITDA	9.3	12.6	4.3	(2.0)	3.6	7.2	14.2	10.8	14.5
	Margin (%)	7.8%	9.6%	4.4%	-1.8%	3.4%	5.7%	11.5%	8.2%	12.5%
Metallurgy	Revenue	91.3	82.5	66.6	94.4	91.9	87.5	87.1	91.6	106.3
	EBITDA	3.6	1.2	1.4	3.8	1.7	(1.5)	(0.1)	3.2	4.0
	Margin (%)	4.0%	1.5%	2.1%	4.0%	1.9%	-1.7%	-0.1%	3.4%	3.7%

Source: Company, ICICI Direct Research

Financial summary

Exhibit 3: Profit and loss statement

₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	1,404	1,621	1,918	2,256
% Growth	(1.8)	15.5	18.3	17.6
Other income	22.8	29.7	32.7	37.1
Total Revenue	1,404	1,621	1,918	2,256
% Growth	(1.8)	15.5	18.3	17.6
Total RM Costs	654	814	961	1,130
Employee Expenses	320	328	361	403
other expenses	272	297	330	377
Total Operating Expenditure	1,245	1,439	1,651	1,910
(EBITDA)	158	183	267	346
% Growth	(0.7)	15.4	46.1	29.5
EBITDA Margin	11.3	11.3	13.9	15.3
Interest	57	58	64	65
PBDT	124	154	236	318
Depreciation	69	77	84	91
PBT before Exc. Items	55	78	152	227
Total Tax	12	18	33	50
PAT before MI	43	32	118	177
PAT	43	32	118	177
% Growth	(64.7)	(24.7)	264.9	49.5
EPS	63.4	47.7	174.1	260.4

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement

₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	43	32	118	177
Depreciation	69	77	84	91
Interest	57	58	64	65
Cash Flow before WC chg	169	167	266	333
Changes in inventory	(41)	(65)	(59)	(80)
Changes in debtors	9	(29)	(70)	(68)
Changes in loans & Advances	(1)	(0)	(0)	(0)
Changes in other CA	(41)	(7)	(12)	(37)
Net Incr in Current Assets	(65)	(99)	(144)	(186)
Changes in creditors	45	26	60	62
Changes in provisions	(1)	6	2	3
Net Inc in Current Liabilities	40	35	65	68
Net CF from Op activities	144	103	187	215
Chg in deferred tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(102)	(144)	(120)	(120)
Net CF from Inv activities	(94)	(138)	(122)	(121)
Dividend and Dividend Tax	(1)	(3)	(8)	(13)
Net CF from Fin Activities	(65)	58	(64)	(69)
Net Cash flow	(16)	22	1	24
Opening Cash/Cash Eq	61	46	68	68
Closing Cash/ Cash Eq	46	68	68	93

Source: Company, ICICI Direct Research

Exhibit 5: Balance sheet

₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	6.8	6.8	6.8	6.8
Reserve and Surplus	711	787	905	1,077
Total Sh. funds	718	794	912	1,084
Total Debt	451	529	529	529
Total Liabilities	1,299	1,459	1,577	1,750
Gross Block	997	1,128	1,240	1,360
Acc: Depreciation	412	488	573	664
Net Block	585	640	668	696
Capital WIP	18	7	15	15
Total Fixed Assets	640	707	742	771
Non-Current Assets	16	37	40	41
Inventory	347	412	470	550
Debtors	289	318	389	457
Loans and Advances	2	2	3	3
Other Current Assets	117	124	136	173
Cash	46	68	68	93
Total Current Assets	804	925	1,070	1,280
Current Liabilities	230	256	315	377
Provisions	90	91	92	92
Total Current Liab.	351	390	455	523
Net Current Assets	453	535	615	757
Total Assets	1,299	1,459	1,577	1,750

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	63.4	47.7	174.1	260.4
Cash per Share	202.6	210.2	211.5	247.0
BV	1,056.5	1,168.4	1,342.2	1,595.7
Dividend per share	1.9	4.7	12.1	18.7
EBITDA Margin	11.3	11.3	13.9	15.3
PAT Margin	3.1	2.0	6.2	7.8
RoE	6.0	7.6	13.0	16.3
RoCE	9.6	10.3	14.9	18.1
RoIC	7.9	8.4	13.3	16.7
EV / EBITDA	56.9	49.7	34.0	26.2
P/E	202.0	144.9	73.5	49.2
EV / Net Sales	6.4	5.6	4.7	4.0
Sales / Equity	2.0	2.0	2.1	2.1
Market Cap / Sales	6.2	5.4	4.5	3.9
Price to Book Value	12.1	11.0	9.5	8.0
Asset turnover	1.2	1.2	1.3	1.4
Debtors Turnover Ratio	4.8	5.3	5.4	5.3
Creditors Turnover Ratio	6.8	6.7	6.7	6.5
Debt / Equity	0.6	0.7	0.6	0.5
Current Ratio	3.0	3.0	2.8	2.8
Quick Ratio	1.6	1.5	1.5	1.5

Source: Company, ICICI Direct Research

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Reduce: -15% to -5%;

Sell: <-15%

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