

30th March 2026

CMP – ₹1,470

View – **Buy**



Buy Range: ₹1380-1480 | Target : ₹2050 (~40%)

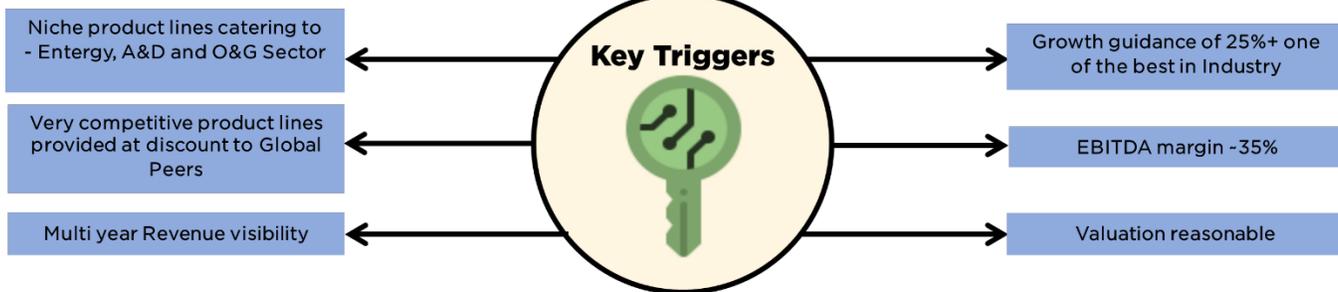


W2W Lighthouse - A Quick Perspective

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Critical Precision Manufacturing with Structural Growth Tailwinds

Azad Engineering Limited (AEL) is an India-based precision engineering company engaged in manufacturing highly engineered, complex, and mission- and life-critical components for global aerospace, defense, energy, and oil & gas industries. Founded in 2008 by Rakesh Chopdar, the company has built a strong presence as a Tier-1 supplier to leading global OEMs through its expertise in precision machining, proprietary manufacturing processes, and stringent quality standards. Azad currently serves customers across 12 countries, with ~92% of FY25 revenue derived from exports and 96% from private sector clients. The company has a portfolio of ~1,700 qualified parts supported by 45+ qualified manufacturing processes, reflecting deep technical capability and regulatory compliance. Operating in industries characterized by long qualification cycles and high entry barriers, Azad has positioned itself as a reliable supplier of critical turbine and aerospace components while continuing to expand its manufacturing capacity and global footprint.

Important Statistics

Nifty	22,460
Sensex	72,366
CMP (₹)	1,470
MCAP (₹ crs)	~9,525
52-week H/L (₹)	1899/1159
BSE Code	544061
NSE Code	AZAD
Bloomberg Code	AZAD:IN

Shareholding Pattern (%)	June'25	Sept'25	Dec'25
Promoters	55.42%	55.42%	55.84%
FII	16.16%	15.76%	15.33%
DII	8.91%	9.84%	10.73%
Public	19.53%	18.99%	18.08%

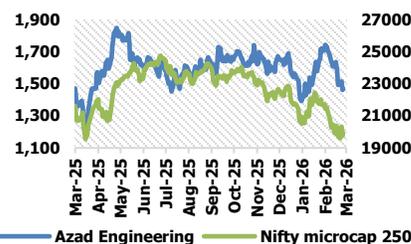
Positive Triggers

- **High Entry Barriers and Strong Supplier Stickiness:** AEL operates in a niche precision manufacturing segment where components undergo long qualification cycles of 30–48 months and require extremely stringent quality standards, including “zero parts per million” defect requirements. Once approved, OEMs invest significant time and resources in design validation, tooling, testing, and certification, making supplier switching highly difficult and costly.
- **Structural Demand Tailwinds in Aerospace and Energy:** The company is well positioned to benefit from rising global demand for aircraft engines and industrial turbines. Strong aircraft order backlogs and increasing global power demand, particularly from data centers and industrial applications, are driving sustained demand for turbine components.
- **Strong Cost Competitiveness in Global Supply Chains:** AEL benefits from India’s favorable manufacturing ecosystem and operational efficiency, enabling it to offer products at ~15-20% lower prices than Chinese competitors, ~35-40% lower than European players, and 40-50% lower than US manufacturers, while maintaining strong margins.
- **Long-Term Revenue Visibility through a Robust Order Book:** The company has an order book of ~₹65bn, providing revenue visibility of nearly a decade. These orders are typically secured after extensive qualification processes, resulting in high stickiness and stable margin visibility.
- **Strong Growth Outlook with Capacity Expansion:** Azad delivered ~39% revenue CAGR during FY21-FY25 and is expected to maintain strong growth momentum. AEL has raised ₹7,000mn via QIP for its phase 1 expansion.
- **Strategic Positioning in Global OEM Supply Chains:** The company supplies

Financial Snapshot

Particulars	2024	2025	2026E	2027E	2028E
Revenue	3408	4574	6040	8139	10981
EBITDA	1166	1613	2186	2959	3932
EBITDA Margin	34.2%	35.3%	36.2%	36.4%	35.8%
PAT	586	865	1127	1563	2149
PAT Margin	17.2%	18.9%	18.7%	19.2%	19.6%
EPS	9.91	14.64	17.45	24.19	33.27
ROE	13.80%	8.49%	7.77%	9.86%	12.14%
PE	150.7	102.0	85.6	61.7	44.9

Source: Company, Way2Wealth Research



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critical components to leading aerospace and turbine OEMs, positioning itself as a key partner in highly regulated industries where supplier reliability, technical expertise, and manufacturing precision are critical.

View & Target Price

Global energy demand is expected to rise significantly over the coming years, driven by the rapid expansion of data centers and digital infrastructure. Meeting this incremental demand will require significant deployment of gas, nuclear, and steam turbines, creating a strong structural tailwind for turbine OEMs. These OEMs are already experiencing heightened order activity, particularly from data center-led power requirements, marking a meaningful shift in the energy landscape. Azad Engineering is strategically positioned to capitalize on this structural transformation. The company has expanded its capabilities across multiple critical sections of the turbine value chain, ranging from compressor airfoils to highly complex combustion components. Given its structurally superior margins, deep integration with global OEMs, strong entry barriers, and multi-year growth visibility across aerospace, energy, and oil & gas verticals, we believe Azad Engineering is well positioned to sustain industry-leading profitability and scalability over the medium term. We value Azad Engineering at a **target price of ₹2,050 per share**, based on **~60x P/E multiple on FY28E earnings** (P/E below historical average), implying a **potential upside of ~40%**.

Historical P/E Trend

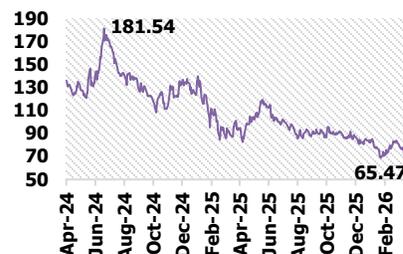


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INVESTMENT RATIONALE

Manufacturing Expansion & Capacity Deployment

Azad Engineering currently operates 4 advanced manufacturing facilities in Hyderabad, Telangana, with an operational area of ~20,000 sq. mts., focused on high-precision forged and machined components for complex, mission- and life-critical applications. To support future growth, the company is developing two additional large facilities, one at Tuniki Bollaram, Siddipet district (~94,899 sq. mts.) and another at Mangampet, Sangareddy district (~67,267 sq. mts.).

- **Phase 1 (Tuniki Bollaram Expansion):** The Tuniki Bollaram facility is being developed with dedicated and exclusive manufacturing setups for key customers, strengthening long-term strategic integration. The facility will focus on high-entry-barrier components such as airfoils/blades and special machined parts for gas and thermal turbines. Out of the planned ~94,899 sq. mts., ~22,000 sq. mts. has already been allocated to marquee customers; Mitsubishi Heavy Industries (7,200 sq. mts., March 2025), GE Vernova (7,600 sq. mts., April 2025), and Siemens Energy (7,200 sq. mts., September 2025) leaving ~72,899 sq. mts. available for future allocations. Each plant is at a different stage and under stabilization, Management indicated that stabilization in the industry is not immediate as the Aerospace and energy components require stringent validation, certification and customer audits before full utilization can be achieved. Phase 1 will ultimately comprise five additional lean manufacturing facilities and one forging facility, enhancing backward integration and throughput capabilities. To fund this expansion, the company raised ~₹7,000mn via QIP in February 2025. The proceeds are earmarked for Phase 1 capex deployment, including ~₹2,000–2,500mn toward infrastructure, ~₹4,500–5,000mn toward plant & machinery, and the balance toward installation, ancillary costs, and working capital stabilization. As of 9MFY26, ~₹2,500mn has already been deployed toward plant & machinery, with the remaining QIP proceeds to be utilized over the next 1–2 years. The Management estimates stable operating levels by FY27, and maximum utilization begins by FY28. AEL is building multifold scalable infrastructure which is designed to support long term growth visibility for which the company has already orders in place.
- **Phase 2 (Mangampet Facility):** Under Phase 2, Azad is developing a second large-scale facility at Mangampet village (~67,267 sq. mts.), further strengthening long-term scalable capacity aligned with customer commitments and future order visibility.

Strategic Acquisitions

- Azad acquired **VTC Surface Technologies Private Limited** in May 2024 (now Azad VTC) for a cash consideration of ₹19.2mn, a company specializing in advanced wear, corrosion, and heat-resistant coatings. This acquisition enhances control over supply chain, cost structures, and quality while strengthening in-house surface engineering capabilities across Aerospace, Power Generation, and Industrial segments.
- **Azad Prime** brings four decades of expertise (established in 1984) in high-precision component manufacturing, with capabilities spanning components from 1 gram to 120 tons and diameters ranging from 3 mm to 3000 mm. AEL has signed a share purchase agreement to acquire a 51% stake in certain assets of Leo Primecomp (now Azad Prime) a for cash consideration of ₹124mn. The target entity manufactures large, critical, and advanced technology components such as control valves, rotors, casings, diaphragms, and heavy engineering systems used in nuclear, gas, and thermal turbine engines. Its manufacturing strengths include comprehensive machining of ferrous and non-ferrous materials, Swiss-type auto lathes, multi-axis CNC machining with sub-micron tolerances, high-precision engineering plastic injection molding, and heavy engineering components for power generation applications. With exports across 17 countries, Azad Prime significantly broadens the group’s end-to-end manufacturing capabilities from precision machining to specialized surface treatments enabling comprehensive solutions across automotive, aerospace, medical, and heavy engineering sectors.

Exhibit 1: Manufacturing facilities

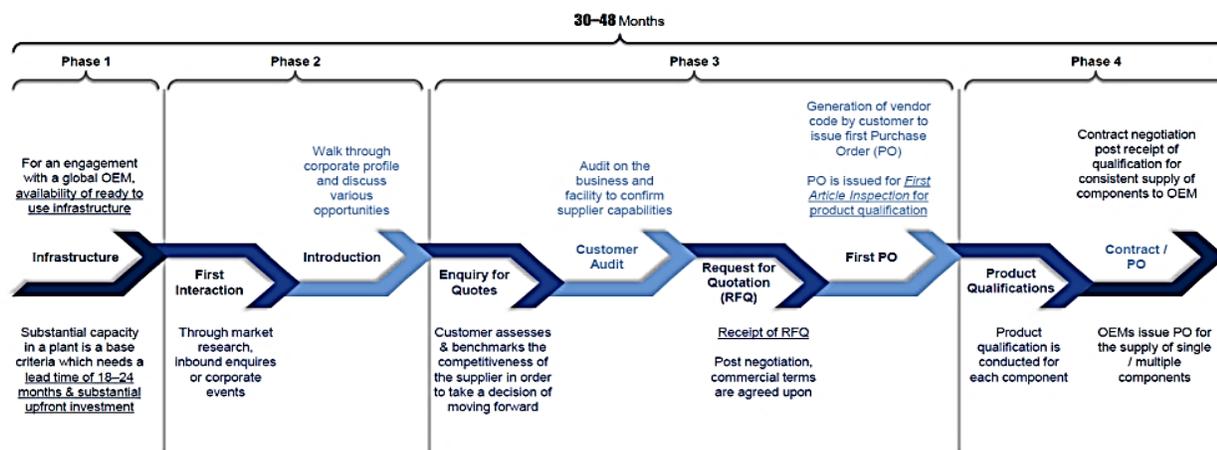
Phase	Location	Total Area (sq. mts.)	Allocation Date	Customer	Area Allocated (sq. mts.)	Available (sq. mts.)	Utilization (%)
Phase 1	Tuniki Bollaram, Siddipet, Telangana	94,899	12-Mar-25	Mitsubishi Heavy Industries	7,200	72,899	23%
			29-Apr-25	GE Vernova	7,600		
			18-Sep-25	Siemens Energy	7,200		
Total		94,899			22,000	72,899	23%
Phase 2	Mangampet, Sangareddy, Telangana	74,867	-	-	-	74,867	0%

Source: Company, Way2Wealth Research

High entry barriers

AEL operates in a highly capital-intensive and technically demanding industry, manufacturing highly engineered, complex, life- and mission-critical components. The business requires substantial upfront investment in advanced manufacturing plants, CNC machinery, and technology infrastructure, along with a strong base of skilled engineers to maintain stringent quality oversight. The cost of procuring CNC machines has increased materially to ~\$1.5mn per machine compared to ~\$500,000 earlier, further raising the capital threshold for new entrants. The company’s products are subject to extremely stringent quality standards, with certain components requiring “zero parts per million” defect levels. Given the critical nature of applications, every component must undergo a rigorous and lengthy qualification process. Typically, onboarding a qualified supplier takes 30-48 months, vendors must undergo a separate qualification process for each component supplied, further increasing complexity and entry barriers. During this qualification phase, the company incurs costs without receiving revenue. Once a contract is awarded, both the OEM and the supplier invest substantial time and capital into design validation, manufacturing processes, First Article Inspection (FAI), and product-specific testing and certification. This time- and quality-intensive engagement creates deep integration between the OEM and supplier. As a result, switching costs become extremely high, and OEMs are generally reluctant to change suppliers unless there is a price difference exceeding 20%. Azad is competitively positioned in this framework, offering products at 15-20% lower prices than Chinese players, ~35-40% lower than European competitors, and 40-50% lower than US players. This cost advantage, combined with high qualification barriers, strengthens supplier stickiness and long-term revenue visibility. The industry also requires holding large inventories, as specialized alloys must be procured in bulk, adding to working capital intensity. Continuous innovation in manufacturing processes, expansion of in-house capabilities, and an integrated global supply chain further reinforce operational resilience. Management has indicated that it could take a new entrant ~18-20 years to replicate Azad’s model and achieve its current level of qualification status and customer trust. The combination of capital intensity, technical precision, multi-year qualification cycles, stringent defect requirements, and high switching costs creates a formidable and durable entry barrier for the company.

Exhibit 2: Order qualification process



Source: QIP, Way2Wealth Research

Order book

AEL order book consists of sectors like Energy, A&D and oil & gas which is estimated to be ₹65bn as of 31st Dec’25 which stands at 14x company’s FY25 revenue, these are long term contracts with a tenure of 5–6-year period. ~58% of the order book consists of the energy segment, ~30% consists of the A&D segment and the rest is from oil and gas. AEL has consistently grown its order book which reflects increasing trust from global OEMs and AEL is expanding its wallet share across both new and existing customers.

- A&D:** The company continues to strengthen its A&D order book with multi-year contracts from leading global OEMs, reinforcing visibility and customer stickiness. In January 2024, it secured a 7-year long-term contract from Rolls-Royce for the production and supply of critical engine parts for defense/military aircraft engines, followed by another 7-year production order in February 2025 for similar applications. In May 2024, the company entered an engagement with GTRE (DRDO, Ministry of Defense) for

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end-to-end manufacturing, assembly and integration of an Advanced Turbo Gas Generator Engine, the management has indicated that ~75% progress has been made. It further secured an order from Honeywell Aerospace (October 2024) for the manufacturing and supply of high-complex aviation components (\$16mn). In November 2025, it added Pratt & Whitney Canada for development and manufacturing of aircraft engine components. The A&D order inflow highlights long qualification cycles translating into repeat, multi-year business with global engine OEMs. AEL has signed an MoU with Safran Aircraft Engines for the development of critical aircraft rotating engine components for strategic defence platforms.

Exhibit 3: Aerospace & Defence orders wins

Company	Date	Contract Details	Value (mn)
Rolls Royce	29-01-2024	long term contract to produce/supply critical engine parts for their Defence / Military Aircraft engines. Duration of the order is 7 years.	Not specified
GTRE (DRDO, Ministry of Defence)	23-05-2024	End-to-end manufacturing, assembling, and integration of complete assembled Advanced Turbo Gas Generator Engine (entry into propulsion system). Start delivering 1st batch of fully integrated turbo engine by early 2026	Not specified
Honeywell Aerospace	24-10-2024	Manufacturing and supply of high complex components for aviation industry	USD16mn
Rolls Royce	05-02-2025	Production and supply of critical engine parts for Defence/Military Aircraft Engines. Duration of the order is 7 years.	Not specified
Pratt & Whitney Canada corp	18-11-2025	Development & mfg of aircraft engine components	Not specified

Source: Company, Way2Wealth Research

- 2. Energy:** The energy vertical has witnessed sizeable and diversified order wins across gas, thermal and nuclear turbine applications. In March 2024, the company secured a 7-year order (\$35mn) from GE Vernova (Steam Power) for high-complex rotating airfoils. This was followed by multiple orders including from Siemens Energy (July 2024; 5-year contract for advanced gas & thermal turbine components; January 2025; 6-year contract worth ₹8,110mn for mission-critical combustion and rotating components), Mitsubishi Heavy Industries (November 2024; 5-year LTCPA worth ₹7,000mn; September 2025; ₹6,510mn order for rotating and stationary airfoils), and Framatome (December 2024; ₹3,400mn for nuclear components). Additional wins from Bharat Heavy Electricals Limited (January 2025) and further orders from GE Vernova (January 2025 – ₹9,600mn for 6 years; May 2025 – ₹4,524.8mn) underscore strong order momentum. The mix of long-term (5–7 years) contracts across leading global turbine OEMs provides revenue visibility and deepens share of business in high-entry-barrier turbine components, further reinforced by the recent designation as a Single Source Supplier Partner by Mitsubishi Heavy Industries with an 8-year LTCPA for highly engineered hot-section nozzle vane segments for gas turbine engines.

Exhibit 4: Energy order wins

Company	Date	Contract Details	Value (mn)
GE Vernova (Steam Power)	13-03-2024	supply of high-complex rotating airfoils for Nuclear, Industrial and Thermal power industry. Duration of the order is 7 years.	USD35mn
Siemens Energy Global GmbH & Co.	11-07-2024	manufacture and supply critical rotating components for Advanced Gas & Thermal Turbine Engines. Duration of the order is 5 years.	NA
Mitsubishi Heavy Industries	03-11-2024	LTCPA for supply of highly engineered & complex rotating and stationary airfoils for Advanced Gas & Thermal power turbine engines. Duration of the order is 5 years.	7000
Arabelle Solutions France	12-11-2024	supply of critical and highly complex rotating and stationary components for the nuclear power generation industry. Duration of the order is 5 years.	3400
GE Vernova (Steam Power)	15-01-2025	supply of highly engineered, complex rotating and stationary Airfoils for Advanced Gas Turbine Engines. Duration of the order is 6 years.	9600
BHEL	27-01-2025	Supply of advanced, high complex rotating airfoils for supercritical turbines. Duration of the order is 1 years.	NA
Siemens Energy Global GmbH & Co.	29-01-2025	manufacturing and supply of mission critical components, including combustion commodities, cold blades & vanes, machined parts & assemblies. Duration of the order is 6 years.	8110
GE Vernova (Steam Power)	04-05-2025	supply of high-complex rotating airfoils for Nuclear, Industrial and Thermal power industry	4524.8
Mitsubishi Heavy Industries	26-09-2025	supply of highly engineered, complex rotating and stationary Airfoils	6510
Mitsubishi Heavy Industries	26-03-2026	Single Source Supplier Partner and signed LTCPA for 8 years for supply of highly engineered & complex hot-section Nozzle Vanes Segments of gas turbine engines	NA

Source: Company, Way2Wealth Research

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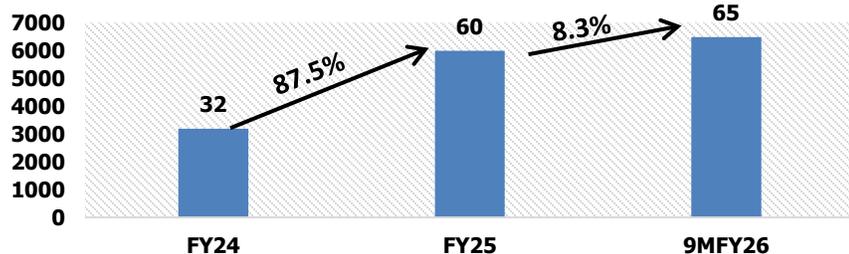
- O&G** - In the Oil & Gas segment, the company has secured multi-year contracts focused on high-complex and critical components for drilling and oilfield services. Orders include engagements with Baker Hughes and its subsidiaries, including Nuovo Pignone (part of Baker Hughes), during 2024 and 2025 for the supply of precision machined and critical components, each typically carrying 5-year tenures (with certain contracts extendable up to 3+1 years). Additionally, in May 2024, the company entered MoU with Baker Hughes to set up a facility for manufacturing and supplying precision components and sub-assemblies (1-year tenure). The O&G order book reflects increasing participation across upstream and oilfield services applications, supported by long-duration contracts and repeat business from established global customers.

Exhibit 5: Oil & Gas order wins

Company	Date	Contract Details	Value (mn)
Nuovo Pignone Srl (part of Baker Hughes)	06-03-2024	supply high-complex and critical components for the Oil & Gas sector. Duration of the order is 5 years.	Not specified
Subsidiary of Baker Hughes	07-03-2024	supply of high-complex and critical components. Duration of the order is 5 years.	Not specified
Baker Hughes	12-03-2024	Supply medium-high complex precision machined components for Oil Field Services (extendable). Duration of the order is 5 (extendable 3+1) years.	Not specified
Baker Hughes	23-05-2024	MoU to set up a facility to manufacture and supply precision components, sub-assemblies, assemblies. Duration of the order is 1 years.	Not specified
Nuovo Pignone Srl (part of Baker Hughes)	20-05-2025	supply high-complex and critical components for the Oil & Gas sector. Duration of the order is 5 years.	Not specified

Source: Company, Way2Wealth Research

Exhibit 6: Order book growth (bn)



Source: Company, Way2Wealth Research

Indigenous Jet Engine – Structural Monopoly Moat

The 100% indigenous jet engine program (currently ~70–75% complete) represents a strategic long-term competitive advantage. Aerospace qualifications cycles are lengthy and capital intensive, creating significant entry barriers. If successfully executed, this initiative could position Azad as a near-monopoly supplier for select Indian defense propulsion applications, including UAVs and missile systems. In May 2024, DRDO’s Gas Turbine Research Establishment (GTRE) formally identified Azad Engineering Limited as its industry partner for manufacturing and full-scale assembly of the Advanced Turbo Gas Generator engine. The mandate includes end-to-end manufacturing, assembly, and integration of fully assembled engines for defense applications. This partnership marks a strategic expansion of Azad’s capabilities from precision components in power and aviation to integrated propulsion system manufacturing. The collaboration is structured as a long-term engagement.

Company Overview

Azad Engineering Limited (AEL) was founded in 2008 by Mr. Rakesh Chopdar with a clear vision to build a globally respected precision engineering company focused on highly engineered, complex, and mission and life critical components. Over the past 17+ years, the company has steadily evolved into a preferred Tier-1 supplier to leading global OEMs operating in some of the most regulated and technically demanding industries, including aerospace, defense, energy, and oil & gas.

AEL has built a strong international footprint, supplying 12 countries, with ~92% of FY25 revenue derived from exports and ~96% coming from private sector clients. The company operates across four key segments: Aerospace, Defense, Energy, and Oil & Gas

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catering to industries characterized by large addressable markets and high structural entry barriers. Despite this scale of opportunity, Azad currently holds less than 1% market share in its addressable market, indicating significant headroom for growth.

The company has developed a portfolio of ~1,700 qualified parts supported by 45+ qualified manufacturing processes, reflecting strong regulatory compliance and engineering sophistication. It has delivered over 3.09mn units to date, including components subject to stringent “zero parts per million” defect requirements an indicator of the critical applications it serves. Operating in an environment where vendor qualification cycles typically span 30–48 months, Azad benefits from high entry barriers and long-term customer stickiness once approved.

AEL possesses end-to-end in-house capabilities spanning engineering, design, tooling, material development, advanced finishing, and assembly operations. This integrated model enables tight quality control, process optimization, and continuous efficiency improvements, allowing the company to consistently meet demanding global standards. Over the years of manufacturing mission-critical portions of turbine engines, Azad has developed proprietary process design capabilities that differentiate it on quality, cost efficiency, and execution reliability.

One of its key areas of expertise lies in the manufacturing of complex 3D rotating airfoil and blade components used in turbine engines. These components represent some of the most critical rotating and stationary parts within the compression section of turbines and must withstand extreme pressure and temperature conditions. Manufactured using exotic and super alloys through unique, company-designed processes, this precision forged and machined components serve structurally critical applications across industrial, gas, nuclear, and coal-based energy turbines, as well as commercial and military aircraft and spacecraft.

The company currently operates ~20,000 sq. mts. of manufacturing space, with an additional ~94,899 sq. mts. under construction, including three inaugurated facilities underscoring its ongoing capacity expansion and confidence in long-term demand. Through a combination of technical depth, vertical integration, export orientation, and exposure to structurally critical end markets, Azad Engineering has positioned itself as a high-entry-barrier, precision manufacturing platform with significant long-term growth potential.

Exhibit 7: Revenue mix (FY25)

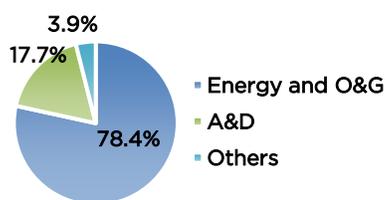


Exhibit 8: Revenue Composition

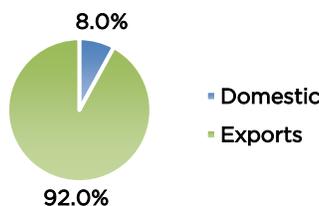
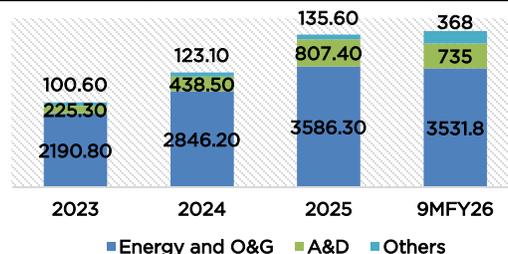


Exhibit 9: Segment wise revenue breakup (₹ mn)



Source: Company, Way2Wealth Research

Exhibit 10: Segments

Business segments	Energy	A&D	O&G
CY29 TAM (Rs bn)	310	2190	930
Customers	Siemens Energy, Mitsubishi Heavy Industries, Man Energy SOLUTIONS, GE Vernova, BHEL	Honeywell Aerospace, General Electric, Eaton Aerospace, Rolls Royce, GTRE, Pratt & Whitney Canada corp	Baker Hughes, Nuovo Pignone (Part of Baker Hughes)
Products	Gas, nuclear and thermal turbine parts	Aircraft engine, aircraft accessories, helicopter, SPU, space and missile components	Drilling and completion services
Parts	Airfoils/blades, rotor and stator, combustion components, engine accessories, fasteners and hardware, special machined parts	Airfoils/blades, housings, wings, rings, shrouds, casings, assemblies and sub-assemblies of APUs, hydraulic and actuator systems	Airfoils/blades, combustion components, drill bits, slips, reamers, flex shaft, bonnet, frames, safety valves, rings, hatch cover

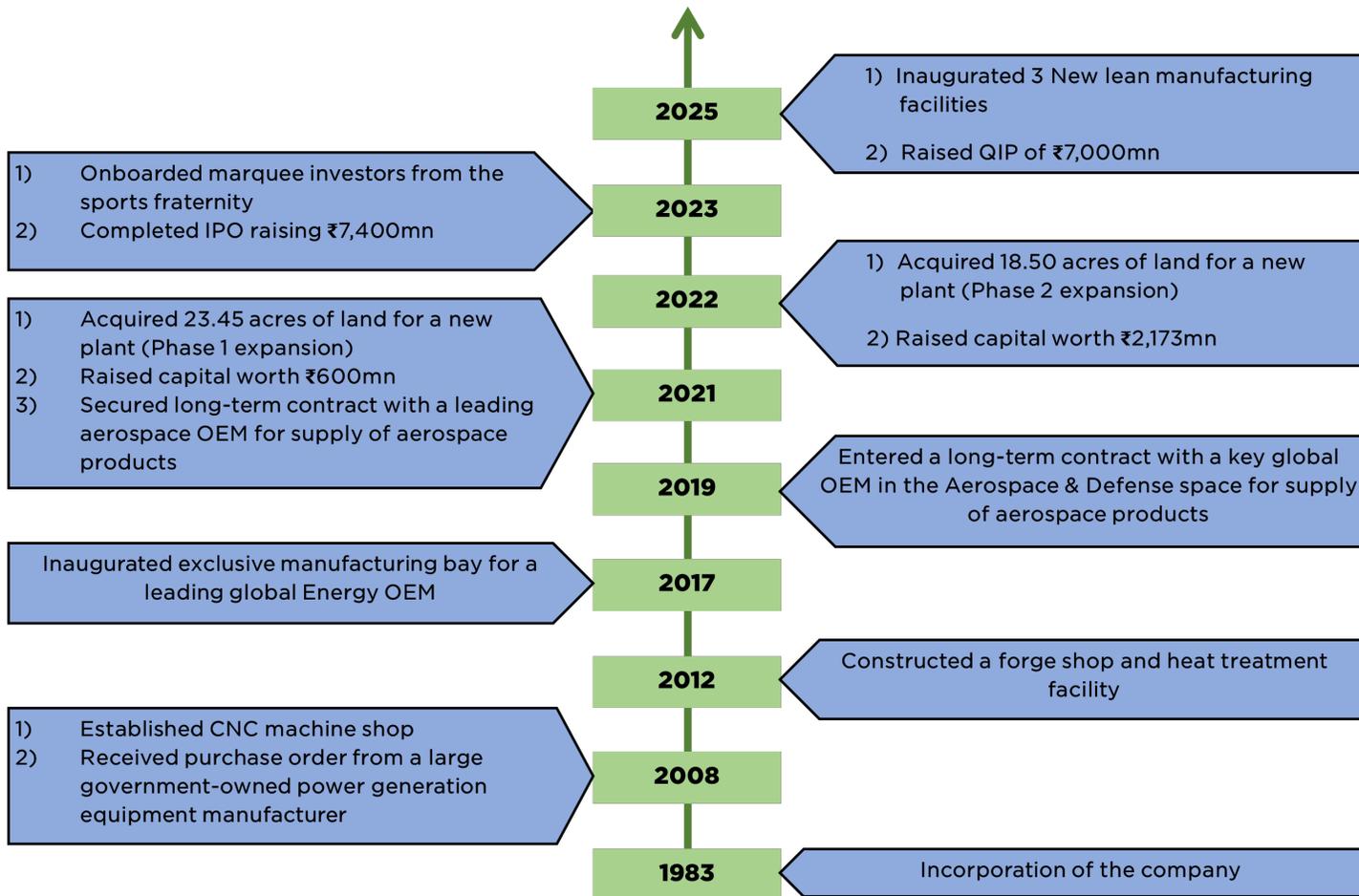
Source: Company, Way2Wealth Research

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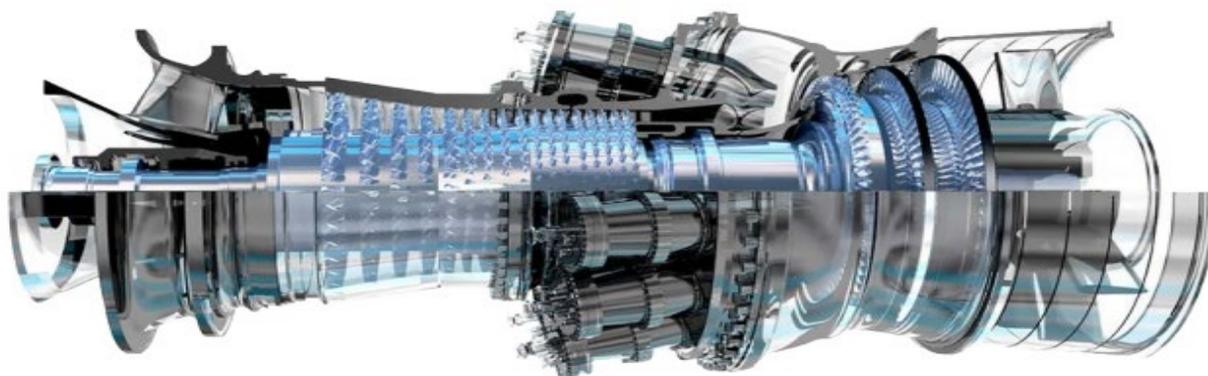
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Exhibit 11: Azad's Journey



Source: Company, Way2Wealth Research

Exhibit 12: Aircraft gas turbine engine



Source: Company, Way2Wealth Research

Business Verticals

Aerospace & Defense Vertical – Building Critical Systems for Global Platforms

AEL has established itself as a trusted Tier-1 supplier within the global aerospace and defense ecosystem, manufacturing mission- and life-critical components that form the backbone of modern aircraft and defense systems. The company supplies a wide range of precision components including critical engine assemblies, auxiliary power unit (APU) parts, airfoils and blades, actuators, hydraulic systems, unison rings, structural components, and fluid distribution assemblies. These components are integral to both commercial and military aircraft platforms, where performance reliability and zero-defect standards are non-negotiable.

AEL’s components are deployed across some of the world’s most recognized aircraft platforms, including the Boeing 737, 737 MAX, 747, 777, and 777X, as well as the Airbus SE A320, A350, and A350 XWB, in addition to platforms such as the Gulfstream Aerospace G550. Beyond commercial aviation, the company’s products are also integrated into advanced defense systems and missile applications. The aerospace market remains structurally concentrated, dominated by Boeing and Airbus, which together account for over 90% of global market share and hold a combined aircraft backlog of ~15,000 units, of which around 84% are narrow-body platforms. This significant backlog provides long-term visibility for component suppliers embedded within these programs.

AEL manufactures medium to highly complex precision components and sub-assemblies such as airfoils and blades for engines and APUs, fan blisks, mixed flow impellers, turbine wheels, housings, nozzle assemblies, lever arms, aero-structures, and systems related to hydraulics, fuel inerting, flight controls, and actuating mechanisms. Production involves advanced processes including investment castings, forgings, bar stock machining, tube and plate fabrication, followed by rigorous machining, testing, special processes, and advanced coatings such as high-velocity oxygen fuel (HVOF) thermal spray.

A key differentiator lies in its aerospace-standard fluid distribution systems, which are integrated into aircraft hydraulic systems spanning nose-to-tail and wing-to-wing configurations. These parts are produced using precision forging and servo-controlled screw press technology, enabling high dimensional stability in finished components. Materials used include aircraft-grade steel, aluminum, titanium, copper alloys, and super/exotic alloys engineered to withstand elevated and extreme operating conditions.

AEL’s products undergo rigorous examination and testing, including approvals under globally recognized qualification programs such as those administered by the Performance Review Institute and listing under Qualified Manufacturers List (QML) frameworks. The long qualification cycles, continuous audits, and sustained execution across multiple years have reinforced Azad’s reputation as a reliable supplier of life-critical aerospace components.

Growth in this vertical is supported by rising global defense spending focused on modernization and next-generation aircraft platforms, technological advancements in engine architecture, and sustained demand for commercial aircraft. With OEM backlogs at elevated levels and a concentrated market structure, Azad is well positioned to scale alongside platform ramp-ups while gradually increasing its content per aircraft and expanding into adjacent engine and operational systems over time.

Exhibit 13: Key components used in an aircraft



Source: Q3FY26 PPT, Way2Wealth Research

Exhibit 14: Aerospace and Defence Industry

Product Category	Products	End-Use Industry/Application									
 Aero Engine Assembly  Auxiliary Power Unit ("APU")  Air Generation & Valve Assembly	<table border="1"> <tr> <td>Airfoils, Unison Rings, Arm, Levers</td> <td>Body, Assembly</td> <td>Housing, Compressor & Mount</td> </tr> <tr> <td>Body, Valve</td> <td>Plate Butterfly</td> <td>Seal, Shaft & Bearing Rod</td> </tr> <tr> <td>Piston Plate, Sealing Ring</td> <td></td> <td></td> </tr> </table>	Airfoils, Unison Rings, Arm, Levers	Body, Assembly	Housing, Compressor & Mount	Body, Valve	Plate Butterfly	Seal, Shaft & Bearing Rod	Piston Plate, Sealing Ring			Business Jet Aircrafts Commercial Aircrafts Defence Aircrafts Training Jet Aircrafts Helicopters
Airfoils, Unison Rings, Arm, Levers	Body, Assembly	Housing, Compressor & Mount									
Body, Valve	Plate Butterfly	Seal, Shaft & Bearing Rod									
Piston Plate, Sealing Ring											
 Actuator & Hydraulic Systems  Airframes & Booster	<table border="1"> <tr> <td>Cover & Housing, Actuator</td> <td>Guide, Poppet</td> <td>Tees & Elbows</td> <td>Nipples & Adaptors</td> </tr> <tr> <td>Aft & Fore End Skirt</td> <td>BB2KP Base</td> <td>B1 Ignitor Body – 1 & 2</td> <td></td> </tr> </table>	Cover & Housing, Actuator	Guide, Poppet	Tees & Elbows	Nipples & Adaptors	Aft & Fore End Skirt	BB2KP Base	B1 Ignitor Body – 1 & 2		Defence and Missile Manufacturing	
Cover & Housing, Actuator	Guide, Poppet	Tees & Elbows	Nipples & Adaptors								
Aft & Fore End Skirt	BB2KP Base	B1 Ignitor Body – 1 & 2									

Source: Q3FY26 PPT, Way2Wealth Research

Energy Vertical – Deep Integration into Global Turbine Supply Chains

AEL has built a strong presence within the global energy ecosystem by positioning itself as a critical precision supplier to leading turbine OEMs that collectively control ~75% of the global land-based gas turbine market. The company currently serves five major turbine manufacturers worldwide, embedding itself within the core supply chains of dominant global players and reinforcing long-term strategic relationships.

AEL manufactures high-precision rotating and stationary 3D airfoils/blades, special machined parts (SMP), critical machine parts (CMP), and has also qualified critical components for combustion sections. These components are deployed in land-based turbines used across industrial and energy plants operating on diverse fuel types including natural gas, nuclear, hydrogen, and thermal power sources. This diversified fuel exposure provides resilience amid evolving global energy transitions.

Airfoils and blades form some of the most critical components within the compression section of turbines, designed to operate under extremely high-pressure and high-temperature conditions. Manufacturing these components requires advanced metallurgical expertise and precision engineering.

Azad produces them using exotic and super alloys through proprietary, stage-wise process engineering. The company's capabilities are further strengthened by in-house forging and machining operations supported by internally designed forging dies, tooling, and fixtures creating tight process control and quality consistency.

The qualification intensity, material science complexity, and precision required in turbine components create substantial entry barriers. Each component undergoes rigorous validation, reinforcing supplier stickiness once approved. This high technical threshold positions Azad in a niche, high-value segment of the turbine manufacturing ecosystem.

Demand in this vertical is supported by sustained industrial power requirements, replacement cycles for ageing turbine fleets given their finite operational lifespan, and the continued importance of conventional energy sources in complementing renewable capacity additions. The growth drivers include deeper penetration within existing OEM customers through additional component lines, expansion into combustion-section content, steady industrial turbine demand, and recurring replacement demand across the installed turbine base.

30th March 2026

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Exhibit 15: Airfoils (Key components manufactured in energy sector)



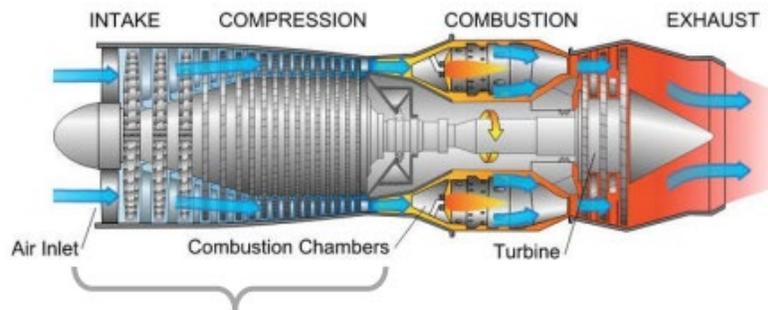
Source: QIP, Way2Wealth Research

Exhibit 16: Energy and Oil & Gas Industry

Product Category	Products	End-Use Industry/Application
<p>Nuclear Power Turbine – Turbine Airfoil Assembly</p>	<p>Fixed Airfoil</p> <p>Last Stage Airfoil – Rotary & Welding Chamfers</p> <p>Last Stage Airfoil - Stationary</p>	<p>Electric Power Generation</p> <p>Combined Heat & Power Plants</p> <p>Renewable Energy Integration</p> <p>Industrial Applications</p> <p>Marine Propulsion</p> <p>District Heating & Cooling</p> <p>Waste-to-Energy</p> <p>Desalination Plants</p>
<p>Hydrogen / Natural Gas Turbine – Turbine Airfoil Assembly</p>	<p>Stator & Rotor Airfoils</p> <p>Compressor Airfoils</p> <p>Hot Gas Parts</p>	
<p>Thermal Power Turbine – Turbine Airfoil Assembly</p>	<p>Fixed, Moving and Last Stage Airfoil/Blade</p>	
<p>Oil & Gas – Up & Mid Stream Subsystems</p>	<p>Slips</p> <p>Drill Bits</p> <p>Hatch Cover</p> <p>Bonnet</p> <p>Frame</p>	<p>Discovery & Extraction of Fossil Fuels</p>

Source: Q3FY26 PPT, Way2Wealth Research

Exhibit 17: Segments in Power Turbine



Source: Q3FY26 PPT, Way2Wealth Research

Oil & Gas Vertical – Extending Precision into Energy Infrastructure

Building on its core strength in precision manufacturing, AEL has strategically expanded into the oil & gas segment, applying its expertise in highly engineered components to another technically intensive and mission-critical industry. The company leverages its experience in complex machining and metallurgical processes to serve demanding applications across the oil & gas value chain.

Within this vertical, AEL manufactures critical components for drilling rigs, including drill bits and other high-precision components used in drilling equipment. These components play a vital role during the exploration and production of oil and natural gas extraction, where operational reliability and durability are essential given the harsh and high-pressure environments.

AEL’s presence spans both upstream and midstream segments of the industry.

- In the **upstream segment**, its components support exploration and production activities, such as drilling operations linked to geological surveys across onshore and offshore fields, including deep-water environments. These applications require components capable of withstanding extreme mechanical stress and challenging operating conditions.
- In the **midstream segment**, the company’s products cater to transportation and storage infrastructure. This includes pipelines, tanker systems, storage facilities, and natural gas processing plants where raw gas is treated to remove impurities and separate natural gas liquids.

Exhibit 18: Oil and Gas Components



Source: QIP, Way2Wealth Research

Industry Overview

Exhibit 19: Addressable market size (₹ mn)

Market size (Rs000mn)	2023	2029	CAGR
Energy turbine components	314	308	-0.3%
Power generation:			
Gas turbine blades	57	57	0.0%
Gas turbine non-blades	186	187	0.1%
Nuclear turbine blades	4.0	4.0	0.0%
Nuclear turbine diaphragm	7.0	7.0	0.0%
Coal turbine blades	48	40	-3.0%
Industrial gas turbine blades	12	12	0.0%
A&D components	1187	2192	11%
Oilfield drilling equipment:			
Drill Bits	340	433	4%
Downhole drilling tools	389	496	4%
Total	2544	3736	7%

Source: QIP, Way2Wealth

Aerospace & Defense

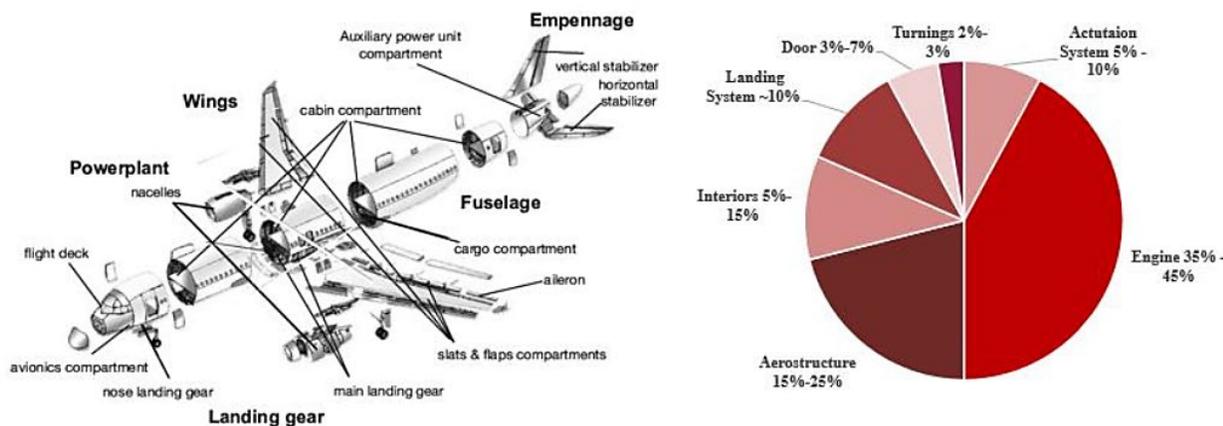
The aerospace and defense market size will grow from \$846.94bn in 2025 to \$899.65bn in 2026 at a CAGR of 6.2% and further will grow to \$1185.07bn in 2030 at a CAGR of 7.1% (as per The Business Research Company). The growth in the forecast period can be attributed to rising demand for next-generation military platforms, increasing investments in space commercialization, adoption of autonomous and unmanned aerial systems, growing focus on cybersecurity for defense systems, shift toward sustainable aviation technologies. Major trends in the forecast period include growing demand for next-generation military aircraft modernization, rising adoption of composite materials in aircraft manufacturing, increasing investments in advanced missile defense systems, expansion of commercial space exploration programs, greater integration of multifunctional weapon and command systems.

The **global aircraft APU** (Auxiliary Power Unit) market size was valued at \$6.11bn in 2025 and is projected to grow from \$6.62bn in 2026 to \$14.85bn by 2034, exhibiting a CAGR of 10.61% during the forecast period. North America dominated the global aircraft APU market with a market share of 31.91% in 2025 (as per Fortune Business Insights). The APU is a compact gas turbine engine, usually installed in the tail of an airplane. It provides independent electrical power, compressed air and air conditioning when the main engines are not running. The majority of market share is driven by top players such as Honeywell International Inc., Safran Group, Pratt & Whitney, PBS Velka Bites and Lufthansa Technik.

The **aircraft hydraulic system** market is projected to grow from \$2.91bn in 2025 to \$3.29bn in 2026 at a CAGR of 13.2 and further reach to \$5.2bn in 2030 at a CAGR of 12.1% (as per the business research company). The growth in the forecast period can be attributed to anticipated adoption of more efficient hydraulic pumps to improve aircraft energy management, growing shift toward hybrid hydraulic–electromechanical systems in next-generation aircraft, increasing demand for lightweight and compact hydraulic components to reduce aircraft weight, expansion of global fleet modernization stimulating upgrades of legacy hydraulic systems, technological innovations improving hydraulic system reliability, leakage control, and operational safety.

The **global aeroengine** market is projected to grow from \$28,120mn in 2026 to \$35,360mn by 2034, exhibiting a CAGR of 4.1% during the forecast period (as per intel market research). An aeroengine is the propulsion system component for aircraft that generates mechanical power. These engines are primarily categorized into jet engines, turbine engines, piston engines, and other specialized variants. They are critical for applications such as fighter aircraft, transport aircraft, helicopters, passenger aircraft, and unmanned aerial vehicles (UAVs). The industry is highly consolidated, with key players like GE Aviation Group, Rolls-Royce, Pratt & Whitney, and Safran Aircraft Engines dominating ~97% of the market share. The market growth is driven by increasing demand for fuel-efficient engines and advancements in aerospace technology. However, stringent regulatory standards and high manufacturing costs pose challenges. Recent developments include collaborations for next-generation engine technologies and expansion into emerging markets to capitalize on rising air travel demand.

Exhibit 20: Aircraft Breakdown by Sub-systems (%)



Source: Researchgate and Frost & Sullivan Analysis, Way2Wealth Research

The **Indian aircraft components** market is expected to witness a strong growth between CY2024 and CY2030. By CY2030, significant growth is anticipated across all segments. The engine market is projected to reach ₹12.45bn (\$0.15bn), aerostructures at ₹104.58bn (\$1.24bn), and interiors at ₹9.96bn (\$0.12bn). Landing systems are expected to grow to ₹39.84bn (\$0.47bn), doors to ₹7.47bn (\$0.09bn), turnings to ₹21.17bn (\$0.25bn), and actuation systems to ₹22.41bn (\$0.27bn). The CAGR from CY2024 to CY2030 highlights notable expansion. Engines are set to grow at 29.03%, followed by actuation systems at 12.95%, aerostructures at 11.66%, and landing systems at 11.96% (as per Aequus RHP). Increasing aircraft production, technological advancements, and rising demand for lightweight and fuel-efficient components are driving this growth. Investments in next-generation materials and automation will further boost the sector.

Energy

A **turbine** is a rotary mechanical device that extracts energy from a fluid flow and converts it into useful work. The work produced can be used for generating electrical power when combined with a generator. A turbine is a turbomachine with at least one moving part called a rotor assembly, which is a shaft or drum with blades attached. Moving fluid acts on the blades so that they move and impart rotational energy to the rotor. Modern steam turbines frequently employ both reaction and impulse in the same unit, typically varying the degree of reaction and impulse from the blade root to its periphery.

The **global gas turbine** market size was valued at \$25.26bn in 2025 and is projected to grow from \$26.61bn in 2026 to \$37.29bn by 2034, exhibiting a CAGR of 4.31% during the forecast period (as per Fortune Business Insights). A gas turbine can be defined as a combustion turbine which is a type of continuous and internal combustion engine. It consists of a combustor, an upstream rotating gas compressor, and a downstream turbine on the same shaft as a compressor. There is one more component called turbo fans that is used mainly to increase efficiency and to convert power into either electric or mechanical form. These turbines are very effective and are replacing the traditional gas-fired or oil-fired power plant with combine cycle power plant using such turbines primarily running on natural gas.

The **nuclear power market** is expected to grow from 402.60GW in 2025 to 404.98GW in 2026 and is forecast to reach 417.06GW by 2031 at 0.59% CAGR over 2026-2031 (as per Mordor Intelligence). Sustained capacity additions remain modest, yet the sector is undergoing a structural transition in which lifetime-extension programs shore up existing baseload generation even as small modular reactors (SMRs) move from the development stage toward commercial roll-out. Developers are focusing on factory-built modules to mitigate construction risk, while traditional gigawatt-scale projects contend with rising capital costs, lengthy lead times, and stricter financing rules.

The **steam turbine market** size will grow from \$17.11bn in 2025 to \$17.44bn in 2026 at a CAGR of 1.9%. It will grow to \$18.78bn in 2030 at a CAGR of 1.9% (as per Research and Markets). The growth in the forecast period can be attributed to rising investments in clean and efficient power generation, modernization of aging power plant infrastructure, increasing adoption of cogeneration systems in industries, growth of waste to energy and biomass plants, and rising electricity demand in emerging economies.

Oil & Gas

The Oil Field Equipment Market grew from \$130.48bn in 2025 to \$139.19bn in 2026. It is expected to continue growing at a CAGR of 7.28%, reaching \$213.42bn by 2032 (as per Research and Markets). The sector is navigating a complex intersection of aging field infrastructure, the imperative for lower emissions, and the adoption of digital and automated systems that reshape capital and operating decisions. Operators are balancing near-term production continuity with mid- and long-term commitments to decarbonization and risk management, which elevates the strategic importance of equipment selection, lifecycle management, and aftermarket services.

Peer Comparison

Exhibit 21: Margin profile of AEL compared to peers

Gross margin	2021	2022	2023	2024	2025
Howmet Aerospace	22.2%	22.9%	24.0%	27.4%	30.7%
Aecc Aero Engine	27.2%	26.7%	26.7%	26.8%	-
Woodward Inc	24.5%	22.0%	23.9%	26.4%	26.8%
Peer Avg	24.7%	23.9%	24.9%	26.9%	28.8%
Azad Engineering	88.7%	89.3%	88.0%	86.5%	86.1%

EBITDA margin	2021	2022	2023	2024	2025
Howmet Aerospace	16.9%	17.2%	18.5%	22.3%	25.8%
Aecc Aero Engine	14.5%	13.5%	13.6%	14.3%	-
Woodward Inc	11.6%	9.0%	10.9%	13.8%	13.5%
Peer Avg	14.3%	13.2%	14.3%	16.8%	19.6%
Azad Engineering	22.9%	32.0%	28.7%	34.2%	35.3%

PAT margin	2021	2022	2023	2024	2025
Howmet Aerospace	5.2%	8.3%	11.5%	15.5%	18.3%
Aecc Aero Engine	12.4%	14.0%	13.7%	13.8%	-
Woodward Inc	9.3%	7.2%	8.0%	11.2%	12.4%
Peer Avg	9.0%	9.8%	11.1%	13.5%	15.3%
Azad Engineering	9.4%	15.1%	3.4%	17.2%	18.9%

Source: Company data, LSEG, Way2Wealth Research

Azad's superior margins vs peers reflect structural advantages in high-precision segments, with pricing power and product mix playing a larger role than pure cost leadership.

Exhibit 22: AEL's Capex/ Revenue expected to be elevated compared to peers

Capex/ Revenue	2021	2022	2023	2024	2025
Howmet Aerospace	4.0%	3.4%	3.3%	4.3%	5.5%
Aecc Aero Engine	16.9%	13.8%	19.0%	17.7%	-
Woodward Inc	1.7%	2.2%	2.6%	2.8%	3.7%
Peer Avg	7.5%	6.5%	8.3%	8.3%	4.6%
Azad Engineering	16.6%	60.2%	33.3%	20.9%	64.1%

Source: Company data, LSEG, Way2Wealth Research

Azad's capex is expected to be elevated going ahead as it is currently setting up its manufacturing facility in Phase 1 after which phase 2 will also begin. FCF is expected to remain constrained on the company as incremental revenue is dependent on capex as the management had mentioned that AEL is operating at ~88% capacity utilization and incremental revenue company will receive from the new facilities, so capex is expected to stay high for the company going forward as well.

Exhibit 23: AEL's FCF compared to peers

FCF	2021	2022	2023	2024	2025
Howmet Aerospace	250.0	540.0	682.0	977.0	1431.0
Aecc Aero Engine	29.7	16.1	-3.9	-170.9	-
Woodward Inc	427.1	140.8	232.5	345.1	340.4
Peer Avg	235.6	232.3	303.6	383.7	885.7
Azad Engineering	-156.1	-962.1	-939.5	-780.9	-2395.9

Source: Company data, LSEG, Way2Wealth Research

Azad's negative FCF reflects its ongoing investment phase driven by capacity expansion and capability building whereas Howmet Aerospace, being a mature player, benefits from prior capex cycles and now generates strong FCF due to scale, stable margins, and more efficient capital deployment. The working capital requirements are also expected to stay elevated, which will also put a strain on the FCF generation capability of the company.

Exhibit 24: AEL's working capital days expected to stay elevated compared to peers

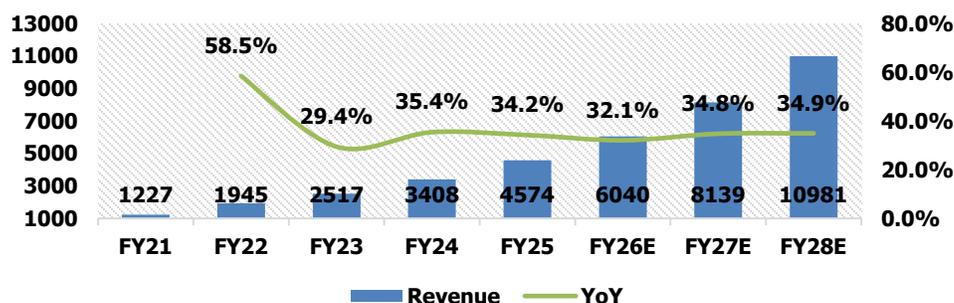
WCC	2022	2023	2024	2025
Howmet Aerospace	58	59	61	60
Aecc Aero Engine	140	172	371	-
Woodward Inc	70	62	58	58
Peer Avg	89	98	163	59
Azad Engineering	130	177	219	234

Source: Company data, LSEG, Way2Wealth Research

Financials

Revenue is expected to grow at ~30-35% from FY26 to FY28, supported by strong order visibility and capacity ramp-up. The management has indicated that FY26 will be a year of stabilization, with stronger growth momentum anticipated from FY27 onwards as new facilities scale up. The company has already demonstrated robust execution, delivering a revenue CAGR of 39% over FY21–FY25, and is expected to sustain a healthy ~30-35% CAGR over FY26–FY28, reflecting continued scale-up across aerospace and energy segments.

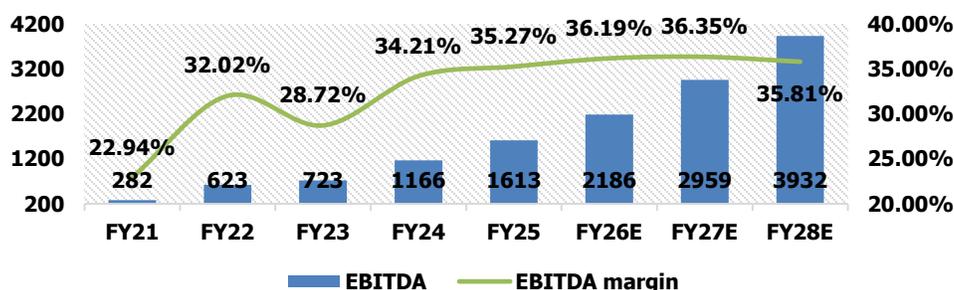
Exhibit 25: Revenue growth over the year (₹ mn)



Source: Company, Way2Wealth Research

EBITDA registered a strong CAGR of ~55% over FY21–FY25, reflecting operating leverage and improving scale across key programs. EBITDA is projected to grow at a healthy ~34% CAGR over FY26–FY28, supported by capacity ramp-up and steady execution of the order book. The company has consistently expanded its EBITDA margins over the years, and margins are expected to remain in the ~33-35% range, underpinned by cost efficiencies. Despite expansion related cost and ongoing ramp up activities, margins remain stable, this reflects operating discipline, product mix strength and execution consistency.

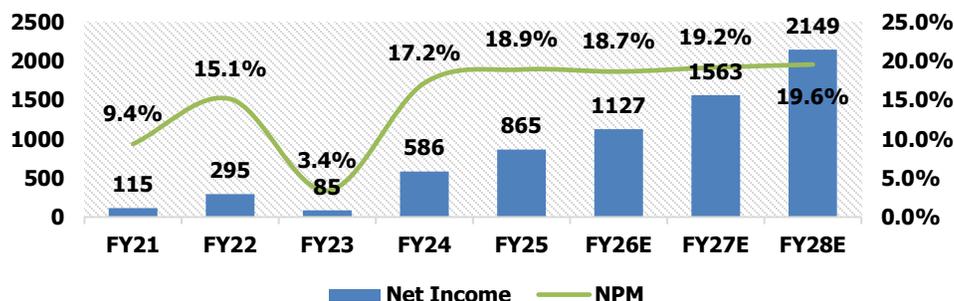
Exhibit 26: EBITDA (₹ mn)



Source: Company, Way2Wealth Research

PAT recorded a strong CAGR of ~66% over FY21-FY25, reflecting robust operating performance and margin expansion. Over FY26-FY28, PAT is expected to grow at a healthy ~38% CAGR, supported by revenue scale-up and sustained EBITDA margins. The temporary dip in PAT during FY23 was primarily attributable to higher finance costs arising from structured debt instruments raised from Piramal Structured Funds and DMI Finance to fund capacity expansion, with profitability impacted due to coupon adjustments and provisioning. Additionally, fire-related expenses during the year further weighed on earnings. The company has since exited these structured instruments through IPO proceeds, resulting in a cleaner balance sheet and improved earnings visibility going forward. Management indicated that the focus remains profitable growth and AEL is not chasing scale at the cost of margins.

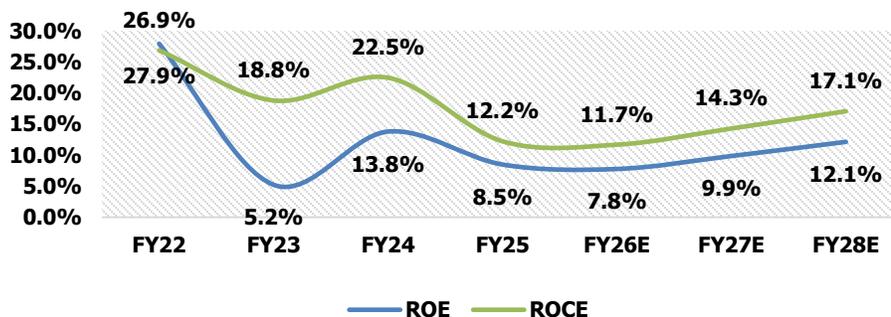
Exhibit 27: PAT (₹ mn)



Source: Company, Way2Wealth Research

ROE declined from ~26.9% in FY22 to ~5.2% in FY23, primarily due to the impact of structured debt instruments and expansion-related costs, before recovering to ~13.8% in FY24 and moderating to ~8.5% in FY25. ROCE followed a similar trajectory, declining from 27.9% in FY22 to 18.8% in FY23 and 12.2% in FY25, reflecting higher capital employed amid ongoing capacity additions. As new facilities ramp up and utilization improves, both ROE and ROCE are expected to strengthen progressively, with ROE projected to improve from ~7.8% in FY26E to ~12.1% in FY28E, and ROCE expected to rise from ~11.7% to ~17.1% over the same period. The recovery in return ratios will be driven by operating leverage, better absorption of fixed costs, and improved asset turns as capex begins contributing meaningfully to earnings.

Exhibit 28: ROE and ROCE chart



Source: Company, Way2Wealth Research

Exhibit 29: Dupont

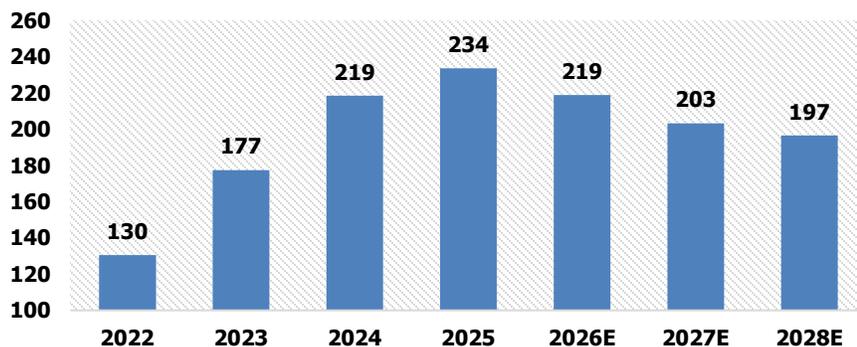
Dupont	2022	2023	2024	2025	2026E	2027E	2028E
NPM	15%	3%	17%	19%	19%	19%	20%
Asset t/o	0.59	0.51	0.49	0.34	0.31	0.38	0.44
Leverage	3.13	3.07	1.63	1.30	1.34	1.37	1.40
ROE	27.9%	5.2%	13.8%	8.5%	7.8%	9.9%	12.1%

Source: Company, Way2Wealth Research

Working Capital Optimization with Clear Path to Normalization (Target: 140–150 Days as per management)

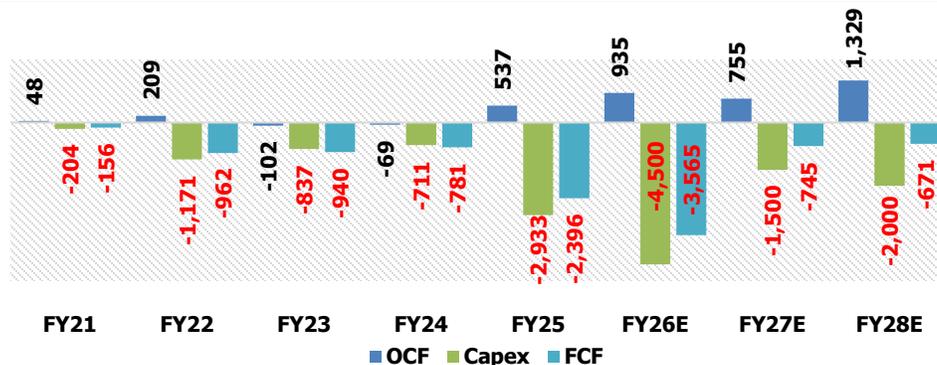
Azad Engineering currently operates with elevated working capital days, primarily due to its increasing exposure to the aerospace and defense segments, where extended qualification cycles require higher inventory holding during the initial stages. The need to procure specialized alloys in bulk and maintain buffer inventory during product approvals contributes to higher working capital intensity. However, this intensity is expected to moderate over time. Management is actively working to optimize working capital by increasing local sourcing of raw materials, which should reduce procurement lead times and inventory days. The use of bill discounting mechanisms is expected to improve receivables efficiency and compress overall working capital days. Importantly, as programs transition from the qualification phase to steady-state production, inventory requirements are likely to normalize, leading to structurally better cash conversion. Management is confident of achieving a working capital cycle of 140-150 days.

Exhibit 30: Working Capital days



Source: Company, Way2Wealth Research

Exhibit 31: Operating cash flows are expected to fund future expansion



Source: Company, Way2Wealth Research

Structural Cost Advantage with Margin Resilience

Azad Engineering benefits from a structural cost advantage supported by India’s favorable manufacturing ecosystem, disciplined procurement practices, and strong operational efficiencies. The company is able to offer products at ~15-20% lower prices than Chinese competitors, ~35-40% lower than European players, and ~40-50% lower than US manufacturers, while continuing to maintain healthy gross margins. **This dual advantage of competitive pricing and margin resilience enhances its ability to secure long-term contracts with global OEMs without sacrificing profitability.**

Order Book & Revenue Visibility

Azad Engineering has a robust order book of ~₹65bn, providing revenue visibility of ~10 years. These orders are secured after stringent and time-intensive qualification processes, making them inherently sticky in nature. Once designated as a qualified

supplier, it becomes difficult for OEMs to switch vendors due to long requalification timelines and high switching costs. Management has indicated that margins on these orders are largely locked in, underpinning confidence in sustaining EBITDA margins within the ~33–35% range over the medium term.

Limited Tariff Risk Due to Essential Products and High Switching Barriers

Management has indicated that tariff changes are unlikely to impact AEL, as its products fall under essential categories within critical aerospace and energy supply chains. Given the 30-48-month qualification cycle and the stringent approval processes involved, developing and qualifying an alternate supplier would require significant time, effort, and cost for OEMs. Even in a scenario where tariffs were to increase substantially, the high switching costs and long requalification timelines make supplier substitution impractical, thereby insulating the company from near-term tariff-related disruptions.

Capital Structure, Capex Deployment & Asset Turn Guidance

The company raised ₹2,400mn through its IPO, of which ₹1,800mn was utilized toward debt reduction, with minimal IPO proceeds allocated toward expansion capex. The major capacity build-out has been funded through the ₹7,000mn QIP, which is primarily earmarked for infrastructure and plant & machinery deployment.

As per management guidance, ₹2,000-2,500mn is being invested toward infrastructure development, while ₹4,500-5,000mn is allocated toward plant and machinery, which will drive incremental output. In addition, 10–15% of the plant & machinery investment is being deployed toward ancillary costs, including installation and related expenses, amounting to ₹1000–1500mn. Out of the broader capital allocation,

₹1,000–1,500mn has also been directed toward debt stabilization, with the balance supporting long-term working capital and select machines funded through debt outside the QIP framework.

During 9MFY26, the company capitalized ₹2,500mn toward plant and machinery, including facilities dedicated to Mitsubishi Heavy Industries (MHI), GE Vernova, and Siemens. The remaining QIP proceeds are expected to be deployed over the next 1-2 years, largely across FY27 and FY28.

From an asset-turn perspective, the company generated ₹4500mn revenue from its existing facilities last year. With the incremental ₹4,500-5,000mn investment in plant and machinery, management expects an asset turn of 1.7-2.0x, translating into incremental revenue potential of ₹8,000-10,000mn. This provides a clear roadmap for scaling revenues from ₹4,000-4,500mn levels to ₹15,000-16,000mn and beyond as the new capacities ramp up.

AEL has maintained its net debt free status, with a cash balance of ₹3,478mn compared to borrowing of ₹2,937mn.

Risks

- **Working Capital Intensity:** High-precision manufacturing is inherently capital-intensive. AEL's debtor days remain elevated at 157 days, reflecting a stretched receivable cycle. Although management is working toward normalization, sustained high working capital could impact cash flows and return ratios. The working capital has risen primarily due to the A&D segment. The inventory days for the company are expected to stay elevated as AEL needs to procure the raw materials in specific quantities; the inventory is expected to stay elevated till the products are in the qualification stages, which also applies to the receivables. Also, the company needs to maintain higher inventory for the recently added customers for the qualification cycle.
- **Customer Concentration Risk:** AEL has significant dependence on a limited set of customers. The loss of any key client could materially impact revenue visibility, financial performance, and overall growth outlook.
- **Raw Material & Supplier Dependence:** The company relies heavily on third-party suppliers for critical imported raw materials such as aluminium, stainless steel, titanium, Nimonic alloy, Inconel, and other superalloy grades. Any supply disruption, delay, shortage, or price volatility could adversely affect production schedules and margins. Any delay in procurement of the raw material will adversely affect the company.
- **OEM Approval Risk:** Project execution is contingent upon timely approvals from OEMs. Any delay in certifications or technical approvals could disrupt project pipelines and defer revenue realization.
- **Geographic Concentration Risk:** All manufacturing facilities are located in Hyderabad. Any natural calamity, regional disruption, or infrastructure-related issue could impact operations.
- **Approval & Ramp-Up Delays from Customers:** Delays in customer approvals and production ramp-up can defer revenue recognition, potentially leading to revisions or slippage in company guidance.

30th March 2026

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Management Profile

Exhibit 32: Management Details

Name	Designation	Background & External Credentials	Prior Experience
Rakesh Chopdar	Chairman & CEO	Founder of Azad Engineering; associated with the company since inception; recognized as <i>Young Asian Entrepreneur 2019–20</i> by CNBC-TV18	Led Azad’s transformation into a global precision engineering supplier across aerospace, energy and oil & gas
Murali Krishna Bhupatiraju	Managing Director	PhD (Ohio State University), MBA (Michigan State University), MSc (Georgia Institute of Technology)	Bharat Forge America, Dyson Corporation, Gerdau Macsteel
Vishnu Malpani	Whole-Time Director	B.Tech (IIT Guwahati); Executive education from ISB	Wipro Technologies, Jubilant MotorWorks, Visaka Industries
Jyoti Chopdar	Whole-Time Director	Bachelor of Arts; over 8 years associated with Azad	Administrative leadership within Azad
Subba Rao Ambati	Independent Director	Bachelor’s in Pharmacy (Hons), Business Management Diploma (FITS & Indian Merchants’ Chamber)	Mars Therapeutics & Chemicals Ltd
Madhushree Vemuru	Independent Director	Member, Bar Council of Andhra Pradesh	Andhra Paper Ltd, Dr. Reddy’s Foundation
Michael Joseph Booth	Independent Director	Higher National Diploma in Mechanical Engineering (Kilmarnock Technical College)	GE Caledonian Ltd; Turbine Services Ltd (Chromalloy)
Deepak Kabra	Independent Director	Chartered Accountant (ICAI)	ICICI Bank, YES Bank, Tata Chemicals

Source: Company, Way2Wealth Research

30th March 2026

CMP – ₹1,470

View – Buy

Financial Summary

Exhibit 33: Profit & Loss (₹ mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Total Operating Income	3408	4574	6040	8139	10981
YoY %	35.40%	34.20%	32.10%	34.80%	34.90%
Gross Margin	2947	3937	5299	7124	9572
GPM	86.50%	86.10%	87.70%	87.50%	87.20%
Employee benefits	743	929	1271	1683	2291
Other expenses	1039	1395	1842	2482	3349
Total Operating Expenses	2242	2960	3854	5180	7049
EBITDA	1166	1613	2186	2959	3932
EBITDA margin	34.21%	35.27%	36.19%	36.35%	35.81%
Depreciation & Amortisation	205	295	458	564	661
Other Income	320	106	258	261	264
EBIT	1281	1424	1986	2656	3535
Less: Finance cost	473	184	442	515	591
Recurring Pre-tax Income	808	1240	1544	2140	2943
Less: Taxation	222	375	417	578	795
Net Income	586	865	1127	1563	2149
Growth	591.37%	47.72%	30.24%	38.64%	37.52%
Recurring Net Income	586	865	1127	1563	2149
Growth	591%	48%	30%	39%	38%
NPM	17.20%	18.90%	18.70%	19.20%	19.60%
EPS	9.91	14.64	17.45	24.19	33.27
EPS growth YoY	453%	48%	19%	39%	38%

Exhibit 35: Ratios

Particulars	2024	2025	2026E	2027E	2028E
Growth %					
Revenue	35.4%	34.2%	32.1%	34.8%	34.9%
EBITDA	61.3%	38.4%	35.5%	35.4%	32.9%
PAT	591.4%	47.7%	30.2%	38.6%	37.5%
Margins %					
Gross Profit margin	86.5%	86.1%	87.7%	87.5%	87.2%
EBITDA margin	34.2%	35.3%	36.2%	36.4%	35.8%
PAT margin	17.2%	18.9%	18.7%	19.2%	19.6%
Profitability (%)					
ROE	13.8%	8.5%	7.8%	9.9%	12.1%
ROCE	22.5%	12.2%	11.7%	14.3%	17.1%
Efficiency ratio (%)					
Fixed Asset turn	1.2	1.1	0.9	0.9	1.0
Asset turn	0.5	0.3	0.3	0.4	0.4
Liquidity Ratios (%)					
D/E	0.11	0.23	0.24	0.23	0.23
Net Working Capital / Total Assets	40.6%	52.0%	32.8%	30.2%	27.3%
Interest Coverage Ratio	2.7	7.7	4.5	5.2	6.0
Debt Servicing Capacity Ratio (DSCR)	1.6	0.6	0.7	0.9	1.1
Current Ratio	4.3	5.2	3.5	3.0	2.5
Valuation Metrics					
PE	150.66	101.99	85.55	61.71	44.87
Price to BV	13.68	6.33	6.40	5.80	5.14
Price/sales	28.29	21.08	15.96	11.85	8.78
EV / EBITDA	82.78	61.03	45.22	33.46	25.21
EV / Sales	28.32	21.53	16.37	12.16	9.03

Source: Company, Way2Wealth Research

Exhibit 34: Balance Sheet (₹ mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Cash & Bank balance	282	408	409	410	411
Other Balances with Bank	307	6562	3062	2062	1062
Inventory	1330	1893	2118	2857	3854
Trade receivables	1700	2235	2644	3568	4663
Other financial assets	0	32	42	57	78
Other Current Assets	599	840	1085	1479	1984
Total Current Assets	4217	11970	9361	10433	12052
Fixed Assets	2545	4166	7587	8297	9336
Add: Capital Work in Progress	454	798	1420	1645	1945
Total Fixed Assets	3000	4964	9006	9942	11281
Right of use assets	27	194	194	194	194
Financial Asset	247	265	414	557	662
Other Non-Current Assets	480	1214	1390	1851	2497
TOTAL NON-CURRENT ASSETS	3754	6637	11004	12544	14634
TOTAL ASSETS	7971	18607	20365	22977	26686
Short term borrowings	100	727	927	977	1027
Trade Payable	500	801	845	1277	1835
Other Financial Liabilities	119	498	420	564	768
Other Current Liabilities	229	67	264	355	676
Short term provisions	4	6	6	6	6
Lease liabilities	3	23	23	23	23
Current Tax Liabilities (Net)	28	179	194	288	423
Total Current Liabilities	982	2301	2679	3491	4758
Long term borrowings	271	1709	1909	2009	2109
Other Financial Liabilities	0	172	194	288	423
Long term provisions	36	46	46	46	46
Deferred Tax liabilities	211	274	305	348	407
Lease liabilities	20	175	175	175	175
Total Non-Current Liabilities	538	2376	2629	2866	3160
Share Capital	118	129	129	129	129
Reserves	6332	13809	14936	16498	18647
Net Worth	6451	13938	15065	16627	18776
NCI	0	-8	-8	-8	-8
Total Liabilities & Shareholders' Equity	7971	18607	20365	22977	26686

Exhibit 36: Cash Flow (₹ mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Cash Flow from Operating Activities	-69	537	935	755	1329
Cash Flow from Investing activities	-553	-9177	-892	-389	-886
Cash flow from Financing activities	710	8767	-42	-365	-441

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Disclosure of Interest Statement: Azad Engineering Limited (AEL) as on March 30, 2026

Name of the Security	Azad Engineering Limited (AEL)
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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