Rossell Techsys (ROSTEC)

ICICI Direct

CMP: ₹ 1377 | Target ₹ 1625 (18%) | Target Period: 12 months | BUY

September 21, 2026

Fund raise to strengthen balance sheet & support growth further...

About the stock: Rossell Techsys (RTL) is an aerospace and defence engineering and manufacturing company. The company's competencies span across electrical wiring and interconnect systems, electrical panel assemblies tailored for power distribution and control, electronic systems. The company conducts business in two primary models namely Built-To-Specification (BTS) and Built-To-Print (BTP)

Investment Rationale:

- Large and expanding opportunity across aerospace, defence and semiconductor manufacturing: Rossell Techsys continues to benefit from increasing electronics content across aerospace and defence platforms, supported by rising aircraft production, defence indigenisation and global supply chain diversification. During Q1FY27, the company onboarded a major global semiconductor OEM following a rigorous qualification process, while RTI secured multiple strategic qualifications across aerospace, defence and space, expanding its addressable market and strengthening long-term revenue visibility.
- Higher value addition and customer diversification to support sustainable growth: The company continues to transition from a predominantly BTP model towards higher-value BTS opportunities while increasing system integration capabilities. Management indicated strong demand visibility across both Aerospace & Defence and Semiconductor customers, supported by expanding participation in Defence MRO, commercial aerospace and advanced manufacturing. The company has also reiterated that FY27 revenue growth is expected to be in line with FY26 (>80% YoY), with Q1 execution tracking broadly in line with internal expectations.
- Capacity expansion and strong order pipeline underpin multi-year growth: Rossell Techsys is scaling manufacturing capacity to support the next phase of growth, with the newly leased Aerospace Park facility expected to become operational during H2FY27. Business development remains robust with ₹ 350 crore of bids submitted during the quarter and ₹ 240 crore of fresh purchase orders received building up an order book of ₹ 800 crore (1.6x FY26 revenue). Alongside increasing customer qualifications, expanding manufacturing capabilities and a strong balance sheet supported by the ₹300 crore fund raise, the company remains well positioned to sustain high growth over the medium term.

Rating and Target Price:

- We believe that RTL is strongly positioned to capture strong opportunity from global commercial and defence ecosystem. With strong order inflows, improving contract mix, expanding product portfolio and improving execution and continuous order flows, we estimate revenue & PAT CAGR of ~61% & ~158% respectively over FY26-28E
- We maintain BUY on RTL with a revised TP of ₹1625 (valued at 45x P/E on FY28E diluted EPS)

ROSSELL TECHSYS

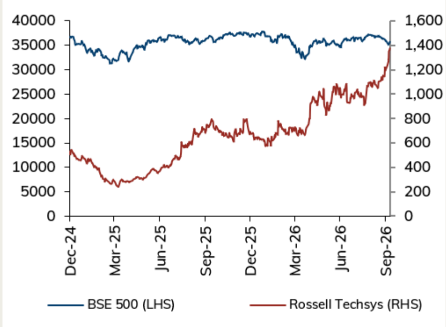
Particulars

Particulars	Amount
Market Capitalisation (₹ Crore)	5,545
FY26 Gross Debt (₹ Crore)	409.4
FY26 Cash (₹ Crore)	47
EV (₹ Crore)	5,907
52 Week H/L (₹)	1463/ 552
Equity Capital	7.5
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	74.8	74.8	74.8	74.8
FII	1.5	1.5	1.6	1.7
DII	2.4	2.8	3.5	0.8
Others	21.3	20.9	20.1	22.7

Price Chart



Key risks

i. Slower than expected contract mix

ii. High customer concentration

iii. Availability of key raw materials

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Company Update

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY24	FY25	FY26	2 Year CAGR (FY24-26)	FY27E	FY28E	2 Year CAGR (FY26-28E)
Revenues	217.0	259.7	485.1	49.5	868.4	1,259.1	61.1
EBITDA	32.1	36.2	62.6	39.6	138.3	217.9	86.5
EBITDA margin (%)	14.8	14.0	12.9		15.9	17.3	
Net Profit	11.2	7.9	21.9	39.8	90.0	145.6	157.9
Diluted EPS (Rs)	10.4	2.1	5.8		23.9	38.6	
P/E (x)	95.6	474.9	165.6		41.7	25.8	
EV/EBITDA (x)	38.5	36.1	22.9		8.9	6.1	
RoCE (%)	8.9	7.6	9.6		18.3	22.2	
RoE (%)	8.9	5.9	14.6		16.6	21.4	

Source: Company, ICICI Direct Research

Fund raise through preferential issue to strengthen balance sheet

- Company has notified fund raise of ~₹300 crore through preferential issue of 25.72 lakh equity shares at the price of ₹ 1166/share. We believe that the fund will be utilised primarily for debt reduction by the similar amount, resulting in significant reduction of interest cost. The issue of shares is subjected to receipt of the requisite statutory and regulatory approvals, including approval of the shareholders of the Company.
- EPS dilution post issue of equity shares would be ~6.4%. Also, the promoter holding is expected to come down to 65.4% from 70% at present.

Exhibit 1: Product offerings

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	259.7	485.1	868.4	1,259.1
% Growth	19.7	86.8	79.0	45.0
Other income	2.7	5.1	5.3	5.6
Total Revenue	259.7	485.1	868.4	1,259.1
% Growth	19.7	86.8	79.0	45.0
Total Raw Material Costs	140.4	302.7	551.4	799.5
Employee Expenses	58.0	83.0	116.2	151.0
other expenses	25.0	36.8	62.5	90.7
Total Operating Expenditure	223.4	422.5	730.1	1,041.2
Operating Profit (EBITDA)	36.2	62.6	138.3	217.9
% Growth	12.8	72.8	120.8	57.6
Interest	17.2	24.3	9.6	14.3
PBDT	21.7	43.4	134.0	209.2
Depreciation	10.5	13.7	15.6	17.6
PBT before Exceptional Items	11.2	29.6	118.4	191.6
Total Tax	3.3	6.7	28.4	46.0
PAT before MI	7.9	21.9	90.0	145.6
PAT	*(29.4)*	*176.9*	*311.1*	*61.8*
% Growth	2.1	5.8	22.3	36.2
EPS	259.7	485.1	868.4	1,259.1

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	8	22	90	146
Depreciation	10	14	16	18
Interest	17	24	10	14
Cash Flow before WC chg	36	60	115	178
Changes in inventory	(42)	(97)	(113)	(175)
Changes in debtors	(12)	(43)	(86)	(88)
Changes in loans & Advances	-	-	-	-
Changes in other CA	(2)	(15)	(14)	(18)
Net Incr in Current Assets	(56)	(155)	(213)	(281)
Changes in creditors	(14)	18	45	41
Changes in provisions	-	-	-	-
Net Inc in Current Liabilities	(19)	16	55	51
Net CF from Op activities	(39)	(79)	(43)	(52)
Chg in deferred tax assets	-	-	-	-
(Pur)/Sale of Fixed Assets	(14)	(23)	(35)	(35)
Net CF from Inv activities	(13)	(22)	(35)	(35)
Dividend and Dividend Tax	(1)	(1)	(4)	(7)
Net CF from Fin Activities	55	144	37	69
Net Cash flow	2	43	(41)	(18)
Opening Cash/Cash Eq	2	4	47	6
Closing Cash/ Cash Eq	4	47	6	(12)

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	7.5	7.5	8.1	8.1
Reserve and Surplus	126	147	533	672
Total Shareholders' funds	134	155	541	680
Total Debt	240	409	159	249
Total Liabilities	379	571	707	936
Gross Block	133	166	182	217
Acc: Depreciation	43	57	73	90
Net Block	99	108	109	127
Capital WIP	3	2	20	20
Total Fixed Assets	117	127	146	163
Non Current Assets	-	-	-	-
Inventory	218	315	428	604
Debtors	73	116	202	290
Other Current Assets	11	25	39	57
Cash	4	47	6	(12)
Total Current Assets	306	504	676	938
Current Liabilities	28	46	90	131
Provisions	1	2	2	2
Total Current Liabilities	43	60	115	166
Net Current Assets	262	445	561	773
Total Assets	379	571	707	936

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
EPS	2.0	5.4	22.3	36.2
Cash per Share	1.0	11.8	1.6	(2.9)
BV	33.2	38.4	134.3	168.8
Dividend per share	0.2	0.3	1.0	1.7
Dividend payout ratio	10%	6%	5%	5%
EBITDA Margin	14.0	12.9	15.9	17.3
PAT Margin	3.0	4.5	10.4	11.6
RoE	5.9	14.7	16.6	21.4
RoCE	7.6	9.6	18.3	22.2
RoIC	7.0	9.5	17.7	21.3
EV / EBITDA	47.4	29.4	11.8	8.0
P/E	701.3	244.5	61.6	38.1
EV / Net Sales	6.6	3.8	1.9	1.4
Sales / Equity	1.9	3.1	1.6	1.9
Market Cap / Sales	5.7	3.1	1.7	1.2
Price to Book Value	41.5	35.8	10.3	8.2
Asset turnover	0.7	0.9	1.2	1.4
Debtors Turnover Ratio	3.9	5.1	5.4	5.1
Creditors Turnover Ratio	7.5	13.2	12.8	11.4
Debt / Equity	1.8	2.6	0.3	0.4
Current Ratio	10.2	9.7	7.3	7.2
Quick Ratio	2.8	3.0	2.6	2.6

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

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