Investorstack Research Report

Aeroflex Industries Limited

What Aeroflex Industries Limited does

Aeroflex Industries Limited is a manufacturer of metallic flexible flow solutions – the pipes, hoses, assemblies, bellows and skid systems that move solids, liquids and gases across industrial processes. Incorporated in 1993, the company is part of the Aeroflex Enterprises Limited (formerly Sat Industries Limited) group and operates three manufacturing facilities: Taloja in Navi Mumbai, Lodha Industrial Estate in Palava/Thane and MIDC-Chakan in Pune. It employs 556 people and exports to 90-plus countries across Asia, the Americas, Europe and Africa.

The company makes stainless steel corrugated flexible hoses (braided and unbraided), assemblies with welded end fittings, composite and interlock hoses, precision metal bellows (including miniature bellows down to 10 mm diameter) and advanced flow control skid assemblies for liquid cooling. A wholly owned subsidiary, Hyd-Air Engineering, adds hydraulic fittings, fluid connectors, valves and flanges to the portfolio. Aeroflex sells to end-users in steel, oil & gas, petrochemicals, chemicals, pharmaceuticals, power generation, solar energy, bulk terminals, firefighting, HVAC, railways, shipbuilding, defence, aerospace, robotics, semiconductors and data centers.

The company holds ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications, plus TUV Nord Germany accreditation. Its in-house R&D lab is NABL-accredited, supporting 58 products under development as of FY2025. Aeroflex is the largest exporter of stainless steel flexible hoses from India and the largest manufacturer of hose assemblies in the country. "We are the largest manufacturer in India for hose assemblies, right? So from the economies of scale perspective, we are extremely competitive in terms of our pricing." – MD, Q4 FY26 concall (May 2026).

Business segments

Aeroflex reports five operating segments, with revenue-mix derived from FY26 results (total income INR 443.3 crores):

Hoses (SS flexible, composite, interlock) – ~43% of revenue. This segment includes stainless steel corrugated hoses with and without braiding, composite hoses and interlock hoses. These are used for high-pressure, high-temperature and chemical-resistant fluid transfer in steel plants, oil refineries, petrochemicals, chemicals, pharmaceuticals, power generation, solar thermal and bulk terminals. The segment benefits from scale: Aeroflex has 16.5 million metres per annum of hose capacity (expanding to 20 million by Q2 FY27) and has added higher-diameter hoses (6–14 inches) where competition is limited. The company is the largest exporter from India in this category.

Assemblies & Fittings – ~50% of revenue. Complete hose units with welded or soldered end fittings, including flanges, valves and connectors. This is the highest-margin core segment, with 40 assembly stations currently and 30 more planned by March 2026. The company has commissioned two robotic welding lines to improve precision and throughput. End markets include all of the above plus aerospace, defence, railways, shipbuilding and heavy machinery. Management targets 60–70% of revenue from this segment over the next 3–4 years. The segment also includes bellows (~1.8% of revenue), which are discussed separately.

Metal Bellows (including Miniature Bellows) – ~1.8% of revenue (INR 8 crores in FY26). Precision-engineered bellows and expansion joints made from stainless steel, Inconel and Monel, ranging from 10 mm to 3,000 mm. Production began in January 2025 at the Lodha facility. Phase 1 capacity is 1,20,000 pieces per annum, with a peak revenue potential of ~INR 85 crores at full utilisation. Miniature bellows capacity was rationalised from 2,40,000

pieces to 50,000 pieces per annum (capex reduced from INR 23 crores to INR 10.5 crores) to redeploy capital into liquid cooling. End markets include aerospace, defence, robotics, semiconductors, data center liquid cooling, automotive and medical. The sales cycle is longer than for hoses, but margins at peak utilisation are 28–30% EBITDA.

Liquid Cooling Skid Assemblies – 5% of revenue (INR 21.2 crores in FY26). Advanced flow control skid assemblies and components for high-performance liquid cooling in data centers and AI infrastructure. Aeroflex has an exclusive 5-year agreement with a US-based corporation (a listed company with a market cap over USD 50 billion) for the India market. Capacity was scaled from 2,000 to 6,000 units per annum in FY26 and is on track to reach 15,000 by Q2 FY27. At 75–80% utilisation, peak revenue is estimated at INR 325–330 crores. The company is the first manufacturer of these skid assemblies in India. The product is not exported currently; all sales are domestic.

Hyd-Air Engineering (subsidiary) – ~7.1% of revenue (INR 31.64 crores in FY26). Acquired in April 2024, Hyd-Air manufactures high-precision hydraulic fittings, fluid connectors, valves and flanges using German technology. It serves railways (coach factories), shipyards (Mazagon Dockyard), steel (SAIL, JSW, ArcelorMittal), BHEL and other heavy industries. Current capacity utilisation is around 60%, with peak revenue potential of INR 45–50 crores at current capacity. Hyd-Air will increasingly supply fittings internally for Aeroflex's assemblies and skid units, improving vertical integration.

The shift towards value-added products is structural: value-added (assemblies, bellows, skid assemblies) contributed 52% of revenue in FY26, up from 48% in FY25. Domestic sales as a share of total revenue increased from 26% to 31% in FY26, driven by skid assemblies and Hyd-Air.

Products and business detail

Stainless Steel Corrugated Flexible Hoses (with/without braiding) – Seam-welded SS tubes with hydro-formed or mechanically formed corrugations. Sizes range from ¼ inch to 14 inches. They are used for high-pressure and high-temperature fluid transfer in steel plants, oil refineries, chemical processing, solar thermal, power generation and bulk terminals. The company has invested in larger-diameter hoses (6–14 inches), where competition is lower and margins are higher. Capacity expansion is adding 2.5 million metres per annum to reach 20 million metres by Q2 FY27.

Assemblies & Fittings – Complete hose units with welded or soldered end fittings, customisable for specific connections. These are sold to OEMs, distributors and assemblers in steel, oil & gas, chemical, railway, shipbuilding and heavy engineering. Aeroflex has 40 assembly stations and will add 30 more by March 2026, plus robotic welding lines. The company also supplies to data center applications (fire hose assemblies, annealed hoses) under development.

Composite Hoses & Interlock Hoses – Lightweight, flexible hoses for medium-pressure chemical transfer and protective jacketing. Helically coiled metal strips with interlocked edges. Used in chemical transfer, food processing, pharmaceuticals and pneumatic systems. Aeroflex has 6 composite hose lines (3 added in December 2024 for sizes up to 20 inches).

Metal Bellows & Expansion Joints – Precision bellows (50 mm to 3,000 mm) and miniature bellows (10–50 mm) made from SS, Inconel, Monel. Designed to absorb vibrations, thermal expansion and misalignment in high-dynamic applications. The first phase (1,20,000 pieces) started in January 2025. The company is pursuing aerospace and defence customers and has received orders from Europe, Canada and South America. Miniature bellows capacity is 50,000 pieces per annum after redeployment of capital to liquid cooling.

Liquid Cooling Skid Assemblies – Advanced flow control skid assemblies for data center liquid cooling. Jointly developed with a US partner under an exclusive 5-year India agreement. The skid assemblies are designed to reduce operational cooling costs for data centers. Each skid assembly sells at an average of ~INR 3–3.25 lakhs. Capacity is scaling from 2,000 to 15,000 units per annum. The company is also developing 16-plus new products for data centers (annealed hoses, fire hose assemblies, gas hoses EN14800) expected to start contributing from Q1 FY27.

Hyd-Air Products – High-precision hydraulic fittings, fluid connectors, flanges and valves. The facility in Chakan, Pune, is ISO 9001:2015 certified. Customers include railway coach factories, Mazagon Dockyard, SAIL, BHEL, JSW and ArcelorMittal. The subsidiary is being integrated to supply internal fitting needs for Aeroflex's assemblies and skid units.

Buying relationship and switching costs: Customers include large industrial companies such as Tata Steel, ONGC, IndianOil, Kirloskar Pneumatics, Blue Star, DCM Shriram, Pidilite, Welspun World and a large US-listed corporation that accounts for ~25–26% of total sales. The buying decision is based on quality certifications, delivery reliability, engineering support and price. Aeroflex estimates a landed cost advantage of 25–30% versus US manufacturers and a smaller advantage versus European competitors. Switching costs are high because customers require long qualification processes, audits and certifications. For the US customer, there are no cancellations of existing orders despite tariff fluctuations; only deferrals. The largest customer works on annual contracts with quarterly purchase orders. The skid assembly agreement is exclusive for India for 5 years. Customer concentration is a risk, but the company is diversifying into new markets (domestic, EU, other exports) and new products.

Customers

Aeroflex serves over 90 countries. The geographic revenue split for exports (as of FY26): US 55%, Europe 30%, Asia 10%, Africa 3%, others 2%. Domestic sales accounted for 31% of total revenue in FY26, up from 26% in FY25.

The largest single customer is a US-listed corporation that contributes ~25–26% of total sales. This customer is the exclusive partner for skid assemblies in India and also buys hose assemblies for other applications. The relationship is multi-year and has remained strong despite US tariff increases on Indian steel products (from 3.5% to 10% in early 2025, then reduced). The company reported no order cancellations from this customer; only deferrals of about INR 5–6 crores from Q2 to Q3 in FY26.

Other key customers include Tata Steel, ONGC, IndianOil, Kirloskar Pneumatics, Blue Star, DCM Shriram, Pidilite, Welspun World, and through Hyd-Air: Mazagon Dockyard, SAIL, BHEL, JSW and ArcelorMittal.

The customer mix by channel: for exports, 30% OEMs, 5% distributors, 65% assemblers. For domestic, 75–80% direct to end-users (steel plants, oil & gas, ports) and 20–25% distributors/assemblers. The company has long-standing relationships with many customers; some have been buying for over 15 years.

Competitive landscape

The global metallic flexible hose market is fragmented, with three tiers of competitors: large multinationals (Parker Hannifin, Senior), regional manufacturers (Turkey, China, Europe) and Indian domestic players. Aeroflex is the largest producer in India by scale and the largest exporter of SS flexible hoses from India.

Key competitors:

- **Parker Hannifin (US, listed)** – A global leader in motion and control technologies, including flexible hoses. Parker is larger and more diversified, but has higher cost structures due to US manufacturing and raw material tariffs. Aeroflex competes on price and customisation for mid-range applications.

- **Senior plc (UK, listed)** – A UK-based engineering group with a flexible hose division. Senior has a strong presence in Europe and North America. Aeroflex competes on price (landed cost advantage of ~25–30%) and for European customers, the new EU-India FTA will improve competitiveness versus Turkish manufacturers.
- **Turkish manufacturers** – Turkey has duty-free access to the EU under existing trade agreements, giving them a price advantage in Europe. Turkish competition is strongest in low-end commodity hoses. Aeroflex differentiates on quality, certifications and engineering support.
- **Chinese manufacturers** – Primarily compete on low price in commodity segments. Aeroflex does not compete on that tier; it targets higher-value, certified products.
- **Indian domestic players** – Several small manufacturers serve the local market. Aeroflex is the largest and has broader product range and export capabilities.

Why Aeroflex wins: Scale – it is the largest manufacturer in India, allowing cost advantages in raw material procurement and production. Quality – it holds multiple international certifications and a NABL-accredited lab. Relationships – many customers have worked with the company for over a decade, creating high switching costs. Tariff advantage – even with US tariffs of 10%, Aeroflex's landed cost in the US is still 25–30% lower than US manufacturers. The company is also a first mover in metal bellows and liquid cooling skid assemblies in India.

Where Aeroflex loses: In the EU, Turkish competitors have a price advantage due to duty-free access, though the EU-India FTA signed in early 2026 will narrow that gap. In the US, if tariffs were to increase significantly (e.g., 25–30%), the price advantage would shrink. For new customer onboarding, tariffs have slowed qualification cycles. In commodity hoses, lower-cost producers from China and Turkey dominate.

Industry

Global metallic flexible hoses market: USD 3,363.7 million in CY2024, projected to reach USD 6,959.0 million by CY2035, CAGR 6.8% (source: Aeroflex Annual Report FY2025, citing Future Market Insights). Growth is driven by expanding industrial operations in emerging economies, increasing oil & gas exploration, renewable energy investments and the substitution of rubber and polymer hoses with stainless steel alternatives. The corrugated hose segment holds the largest share due to versatility and high-pressure/temperature capabilities.

Indian metallic flexible hose market: USD 136.9 million in CY2024, projected to reach USD 288.0 million by CY2035, CAGR 7.1% (source: same). India is a net exporter of SS flexible hoses. Aeroflex is the largest exporter from the country.

Global metal bellows market: USD 2,830.5 million in CY2024, projected to reach USD 5,607.7 million by CY2035, CAGR 6.4% (source: Annual Report FY2025). Growth is led by aerospace, defence, automotive, semiconductor and energy sectors.

Global data center liquid cooling market: Approximately USD 3 billion in 2026, growing at ~33% CAGR, expected to reach USD 21 billion in 6–7 years (source: Q3 FY26 concall). The shift from air cooling to liquid cooling is driven by rising chip power densities and the need for lower operational costs. Aeroflex is the first manufacturer of liquid cooling skid assemblies in India.

Demand drivers: Industrialisation in Asia-Pacific, particularly India and China, creates demand for hoses in steel, oil & gas, chemicals and power. The push for renewable energy (solar thermal, hydrogen, wind) increases demand for high-temperature and corrosion-resistant hoses. EV and battery manufacturing require cooling and fluid transfer solutions. The AI and data center buildout is a multi-decade growth driver for liquid cooling. Regulatory compliance for safety and environmental standards favours durable stainless steel hoses over rubber or polymer alternatives.

India's role in the global supply chain: India is a significant exporter of stainless steel flexible hoses, with Aeroflex being the largest. The country benefits from a strong base of stainless steel production (raw material), skilled labour and lower manufacturing costs. The EU-India Free Trade Agreement signed in early 2026 is expected to boost Indian exports to Europe by eliminating or reducing duties, making Indian products more competitive against Turkish suppliers.

Regulation: Aeroflex complies with ISO 9001:2015 (quality), ISO 14001:2015 (environment) and ISO 45001:2018 (occupational health and safety). It holds TUV Nord Germany certification, required for European markets. Its in-house lab is NABL-accredited. For metal bellows, the company obtained certification from the American Society of Mechanical Engineers (ASME) and is pursuing additional certifications. The company also complies with SEBI listing regulations as a publicly traded entity.

Cyclicality: The business is tied to global industrial capital expenditure cycles. Demand from oil & gas, steel and petrochemicals is cyclical. Geopolitical events – US-China trade tensions, West Asia conflicts, US tariff policies – cause short-term deferrals but not cancellations. Raw material price volatility (stainless steel wire and coil) can affect margins, though the company manages with back-to-back ordering and long-term contracts. The data center liquid cooling segment is less cyclical and offers structural growth independent of traditional industrial cycles.

Growth triggers

- Liquid cooling skid assemblies: The exclusive five-year agreement with a US-based corporation for supply of skid assemblies to the Indian data center market is scaling rapidly. From zero revenue in early FY26, the segment generated INR21.2 crores from 617 units in just four months of production. Capacity is being expanded from 2,000 to 15,000 units per annum by Q2 FY27, with a target of ~60% peak utilisation by March 2027 and full peak (~75%) in FY29. (Q4 FY26 concall, May 2026)
- Metal bellows expansion: Production commenced in January 2025 with a Phase 1 capacity of 1,20,000 pieces per annum and miniature bellows capacity of 50,000 pieces. The current annual run rate is INR12 crores, with management targeting INR36 crores in the next few quarters and peak revenue potential of ~INR85 crores at full utilisation. (Q3 FY26 concall, Feb 2026; Q4 FY26 concall, May 2026)
- EU-India Free Trade Agreement: Signed in early 2026, this agreement is expected to make Indian exports more competitive in Europe by matching the duty-free access of Turkish manufacturers. Europe contributes ~30% of Aeroflex's exports, and management noted a 30% YoY export growth in Q3 FY26 partly driven by European demand. (Q3 FY26 concall, Feb 2026)
- Capacity expansion in hoses and assemblies: The company is increasing hose manufacturing capacity from 16.5 million metres to 20 million metres per annum, with 2.5 million metres to be commissioned by Q2 FY27. An additional 30 assembly stations (from 40 to 70) are planned by March 2026. Robotic welding lines and an annealing plant (commissioning by end of calendar 2025) will improve automation and quality. (Q3 FY26 concall, Feb 2026; Q4 FY26 concall, May 2026)
- New product development pipeline: 16+ products are under development, focused on data center applications such as annealed hoses, fire hose assemblies, and gas hoses (EN14800 compliant). These are currently under customer approval and expected to start contributing from Q1 FY27. (Q4 FY26 concall, May 2026)
- Inorganic growth: The company is actively evaluating acquisition targets both domestically and internationally. A QIP of up to INR400 crores has been approved by shareholders but will only be launched once an acquisition is finalised. (Q1 FY26 concall, Aug 2025)

- Domestic market growth: Domestic sales contribution increased from 26% to 31% in FY26, driven by skid assemblies, Hyd-Air, and orders from the steel and ports sectors. Management expects domestic share to rise further as skid assemblies are entirely sold domestically. (Q4 FY26 concall, May 2026)

Key risks

- Tariff risk on US exports: US tariffs on Indian steel products have fluctuated from 3.5% to 10% and back down. Aeroflex has absorbed part of the tariff through discounts and cost optimisation, but a large increase (e.g., 25-30%) would erode the price advantage over American manufacturers and could reduce demand from US customers.
- Raw material price volatility: Stainless steel wire and coil are key inputs. While the company uses back-to-back ordering and long-term contracts with suppliers, significant volatility in stainless steel prices could compress margins despite these safeguards.
- Customer concentration: The largest international customer contributes ~25-26% of total sales. A loss or significant reduction in orders from this customer would materially impact revenue. The company is diversifying its customer base, but concentration remains high.
- Skid assembly design and quality bottlenecks: Delays in design finalisation and rigorous end-customer audits have caused a slower-than-expected ramp-up in the liquid cooling business. If these bottlenecks persist, revenue targets for the segment could be delayed.
- Tax litigation: The company faces an income tax demand of ~INR40 crores related to a waiver of interest from a prior stressed company acquisition. Management is confident of a favourable outcome, but an adverse ruling could have a material financial impact.
- Geopolitical disruptions: West Asia tensions, US political uncertainty, and global trade conflicts can cause demand deferrals and logistical disruptions. This was evident in Q1 FY26 when exports were weak due to tariff uncertainty and geopolitical issues.
- Competition from low-cost producers: Turkish and Chinese manufacturers compete in European and Middle Eastern markets. The EU-India FTA helps level the playing field, but price competition remains a risk, especially if tariff differentials change.

Walk the talk

At the start of FY26, after a weak Q1, management guided for EBITDA growth of 25% for the full year and said the internal target was to achieve the annual plan.

> *"our EBITDA growth would continue to be in the range of more than 20%" and "internal target is to achieve our annual targets"*
>
> **MD, Q1 FY26 CONCALL (AUG 2025)**

By the end of FY26, EBITDA grew 26% to INR99.7 crores, with margins improving from 21.5% to 22.6%. The company delivered on its guidance.

> *"EBITDA stood at almost INR100 crores, INR99.7 crores to be precise, translating to an EBITDA margin of 22.6% and a growth of 26% in value terms on a year-on-year basis."*
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> **MD, Q4 FY26 CONCALL (MAY 2026)**

During Q2 FY26, when US tariffs were a major concern, management stated that no existing orders had been cancelled, only deferrals of about INR5-6 crores from Q2 to Q3.

> *"We have not received any cancellation of our existing orders from our U.S. customers. Although a few shipments have been deferred from Q2 to Q3 but there has been no cancellations."*
>
> **MD, Q2 FY26 CONCALL (NOV 2025)**

By Q3 FY26, management confirmed that repeat orders from existing US customers had started, and export growth was 30% YoY in Q3.

> *"We have started to receive repeat orders from our existing customers."*
>
> **MD, Q3 FY26 CONCALL (FEB 2026)**

In the Q3 FY26 concall, management announced an expansion of skid assembly capacity to 15,000 units per annum, expected to be completed by June 2026.

> *"We are expanding our skid assembly capacity to 15,000 units per annum, and the same is expected to be completed by June 2026."*
>
> **MD, Q3 FY26 CONCALL (FEB 2026)**

By the Q4 FY26 concall in May 2026, capacity had already been scaled from 2,000 to 6,000 units per annum, and management said they were on track to reach 15,000 in the next two quarters.

> *"Currently, we have scaled our skid assemblies capacity from 2,000 units per annum to 6,000 units per annum, and we are on track to further expand the same by the next two quarter to 15,000 skids per annum."*
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> **MD, Q4 FY26 CONCALL (MAY 2026)**

In Q3 FY26, the company rationalised the Miniature Metal Bellows capex from INR23 crores to INR10.5 crores, reducing planned capacity from 240,000 to 50,000 pieces per annum.

> *"We have decided to rationalize the capital expenditure for the Miniature Metal Bellows project from the earlier planned outlay of INR23 crores to INR10.5 crores. Accordingly, the proposed installed capacity for this particular project would be revised from 240,000 pieces per annum to about 50,000 pieces per annum."*
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> **MD, Q3 FY26 CONCALL (FEB 2026)**

In Q4 FY26, management confirmed that the redeployed capital was being used for the liquid cooling vertical, and no further expansion of miniature bellows was planned.

> *"We have redeployed the capital that we had allocated to miniature metal bellows to the liquid cooling vertical."*
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> **MD, Q4 FY26 CONCALL (MAY 2026)**

In Q2 FY26, management said the liquid cooling business would start contributing to the top line from Q3 onwards.

> *"The liquid cooling business will start contributing to the top line from Q3 onwards."*
>
> MD, Q2 FY26 CONCALL (NOV 2025)

By Q4 FY26, the segment had reported sales of 617 skid assemblies worth INR21.2 crores, with initial dispatches in Q3 and strong traction in Q4.

> *"In the last financial year, we achieved a strong traction in our skid assemblies business with the sales of 617 skid assemblies, which resulted in an overall sales of approximately INR21.2 crores."*
>
> MD, Q4 FY26 CONCALL (MAY 2026)

Scenarios

Bull case

The liquid cooling skid business ramps faster than expected. The 15,000-unit capacity is fully utilised by FY28 instead of FY29, driven by accelerating data center buildout in India. The exclusive partner extends the agreement to include exports, opening a global revenue stream. Metal bellows gain traction in aerospace and defence, reaching peak utilisation by FY28. The EU-India FTA boosts European sales by 40% over three years. EBITDA margins steadily improve to 25% as value-added products become a larger share of revenue. The company successfully executes a value-accretive acquisition, adding new capabilities and customers without major integration issues. Domestic revenue grows to 40% of total, reducing export concentration risk.

Base case

The skid assembly business grows steadily, reaching 60% utilisation on 15,000 units by March 2027 and contributing 20-22% of revenue by FY27. Metal bellows achieve a run rate of INR36 crores by mid-FY27 and reach peak utilisation by FY29. The hose and assemblies business grows 15-20% annually, supported by steady US demand and gradual European expansion under the FTA. EBITDA margins hover around 23% as the benefit of higher-margin products is partly offset by capex-related depreciation and raw material volatility. The tax litigation is resolved in the company's favour, removing a potential overhang. Inorganic growth remains an option but doesn't materialise within the next 12 months.

Bear case

The US imposes a 25-30% tariff on Indian steel products, significantly eroding Aeroflex's price advantage. US customers defer orders or shift to alternative suppliers, causing export revenue to decline 15-20%. The liquid cooling skid business faces persistent design and quality audit delays; the 15,000-unit capacity expansion is delayed by six months, and utilisation remains below 40% through FY27. Metal bellows fail to gain traction in key markets, with utilisation stuck below 30%. The income tax demand of INR40 crores is upheld, creating a large one-time charge. Competition from Turkish manufacturers intensifies in Europe, limiting the benefit of the FTA. EBITDA margins compress to 18-19%, and the company's growth story stalls, forcing a reassessment of growth capex plans.