

16 August 2025

India | Equity Research | Re-initiating Coverage

## Astra Microwave Products

Defence

### A compounding story

Astra Microwave Products (AMP) reported a good set of numbers. Consol. EBITDA registered impressive growth of 71% YoY to INR 410mn driven by 29% YoY growth in revenues to INR 2bn, which in-turn was propelled by 71% YoY surge in defence revenues. The mix improvement in defence to 86.4% vs. 65.2% YoY helped gross margin expand 300bps to 43.8%. This, coupled with operating leverage, pushed EBITDA margin to 20.5% vs. 15.5% in the previous year. Management continues to guide for 20% revenues growth with PBT margins to be similar to FY25 levels. Opportunity size for AMP is expected to be INR 240–250bn over FY28, which should drive earnings for years to come. We reinitiate coverage on the stock with a **BUY** rating and target price of INR 1,190 (based on 40x FY28E EV/EBITDA).

### Good set of numbers; defence execution picking up

AMP's Q1FY26 standalone EBITDA improved 65% YoY to INR 384mn, implying subsidiaries' EBITDA of INR 25mn – an improvement from INR 8mn YoY. Key highlights: 1) Order book (OB) at INR 1.89bn, a tad lower than its sequential OB of INR 1.95bn as defence execution was higher. AMP added INR 1.38bn worth of orders during Q1. 2) Defence/space/exports revenue contribution was at 86.4%/2.4%/10% vs. 65.2%/11.5%/21% YoY. 3) Stronger execution in defence inflated gross margin, which coupled with operating leverage translated to strong EBITDA margin of 20.5%. 4) Defence/space/meteorological/exports mix in OB stands at 66%/13%/13%/8%.

### Sizeable opportunity; execution is the key

AMP's TAM remains high, at INR 240–250bn by FY28, providing good confidence revenue visibility. The company has won additional orders worth INR 1.35bn from DRDO in Aug'25 for the upgradation of ground-based radar system. Key points ahead: 1) AMP is L-1 in the contract for AAAU module of Virupaksha radar and certain modules in EW pods for Su-30MK-I. 2) AMP is likely to supply sub-systems in Project Kusha and QRSAM. 3) Developing 3 new radar systems, qualified for X band seeker for mobile and anti-drone systems over long-range and non-standard frequencies – expected to drive revenues for the company.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	9,088	10,512	12,715	15,272
EBITDA	1,916	2,690	2,968	3,860
EBITDA Margin (%)	21.1	25.6	23.3	25.3
Net Profit	1,211	1,535	1,654	2,241
EPS (INR)	12.8	16.2	17.4	23.6
EPS % Chg YoY	49.8	32.2	8.6	37.3
P/E (x)	87.6	66.3	61.0	44.4
EV/EBITDA (x)	50.3	36.6	33.0	25.1
RoCE (%)	13.5	14.6	12.6	14.4
RoE (%)	16.6	17.0	14.9	17.4

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#### Market Data

Market Cap (INR)	96bn
Market Cap (USD)	1,091mn
Bloomberg Code	ASTM IN
Reuters Code	ASTM.BO
52-week Range (INR)	1,196 /584
Free Float (%)	87.0
ADTV-3M (mn) (USD)	9.0

Price Performance (%)	3m	6m	12m
Absolute	9.6	60.7	21.2
Relative to Sensex	10.5	54.6	19.3

ESG Score	2023	2024	Change
ESG score	63.1	NA	NA
Environment	32.9	NA	NA
Social	68.4	NA	NA
Governance	81.4	NA	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

#### Previous Reports

24-05-2025: [Q4FY25 results review](#)

09-02-2025: [Q3FY25 results review](#)

## Outlook

AMP's core business is design and manufacturing of RF and microwave sub-systems used in radars, electronic warfare, missile electronics and electronic warfare. The recent conflicts across globe out a limelight on the defence counter measures and offence measure opening up a sizable opportunities for the company. As per AMP its addressable market opportunity is in the range of INR 240-250bn by FY28, providing potential revenue growth visibility of 20% or above with potential margin expansion as revenues is tilted towards defence. We are building 21% revenue CAGR over FY25-28E with PBT CAGR of 24% (keeping some cushion). We re-initiate the coverage with Buy rating and target price of INR 1,190 (based on 40x FY28E EPS).

## Key risks

- Delay in ordering by DPSUs.
- Delay in development of solutions.

## Q1FY26 conference call: Highlights

- **Guidance:** Topline growth of 18-20% with PBT margin of 18%.
- Management mentioned that the total TAM is at INR 200-250bn divided into: 1) INR 100-110bn on radar programs; 2) INR 50-60bn on turnkey projects; 3) 18-20bn on missiles and telemetry; 4) meteorology: INR 9-10bn; and 5) exports INR 15-20bn.
- **Order inflow** in FY26 is expected at INR 13-14bn, out of which INR 2.6bn already booked and remained confident of meeting the guidance.
- **JV, Astra Rafael Comsys (ARC)** has an OB of INR 4bn and management sounded confident of adding USD 100mn worth of order by FY26 end.
- ARC is guiding for INR 3.5bn topline with 10% PBT margins in FY26.
- Astra Space incorporated to focus on space business; recruiting man power for assembly. Activities shall be carried out from Bangalore and to be supported by Hyderabad.
- The company is in the process of developing multiple products – 1) 3 new radar systems to be delivered over the next 12. 2) Working on hand-held ground penetrating radar, which is currently imported from Russia. 3) Successfully delivered and qualified the X-band seeker for missiles. 4) Developing AI-based weather prediction system. 5) Tank protection system using pulse Doppler radar (prototype completed).
- **Uttam Radar** – HAL is increasing the order quantity in imported system due to testing delays from DRDO. Phase-I can fetch 10-12 nos.
- **Virupaksha radar** order execution is expected, in discussion with DRDO.
- **Seeker** – DRDO is planning trial in Oct/Nov'25; qualification expected by Dec'25.
- FY26 capex is likely to be INR 850mn, of which INR 450mn would be in equipment procurement to augment operations and another INR 400mn to take care of expected jobs.

**Exhibit 1: Astra Microwave Q1FY26 performance review**

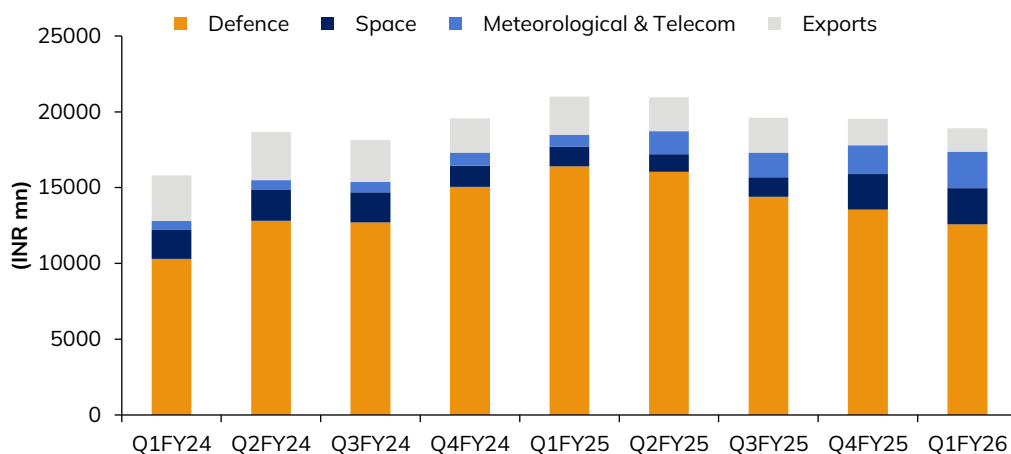
(INR mn)	Q1FY26	Q1FY25	% Chg YoY	Q4FY25	% Chg QoQ
<b>Net sales</b>	<b>1,997</b>	<b>1,552</b>	28.7	<b>4,079</b>	(51.0)
Gross Margin	934	679	37.4	1,879	(50.3)
Gross Margin (%)	46.7	43.8		46.1	
Employee cost	325	296	10.0	458	(29.0)
Other expenditure	199	144	38.4	226	(12.0)
<b>EBITDA</b>	<b>410</b>	<b>240</b>	70.6	<b>1,196</b>	(65.7)
Margin (%)	20.5	15.5		29.3	
Other Income	25	21	19.3	110	(77.1)
Depreciation	93	82	13.7	111	(15.7)
EBIT	341	179	90.7	1,195	(71.4)
Interest	146	104	40.0	192	(24.0)
<b>PBT</b>	<b>211</b>	<b>94</b>	125.4	<b>991</b>	(78.7)
Tax expense:	48	21	123.7	256	(81.3)
<b>PAT</b>	<b>163</b>	<b>72</b>	125.9	<b>735</b>	(77.9)

Source: Company data, I-Sec research

**Exhibit 2: Revenue breakdown**

(%)	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Defence Space	65.2%	80.1%	85.0%	84.0%	86.4%
Space	11.5%	4.9%	3.3%	5.2%	2.4%
Exports	21.0%	11.7%	8.4%	7.2%	10.0%
Meteorological	1.4%	2.5%	2.7%	2.4%	0.4%
Others	0.9%	0.8%	0.6%	1.2%	0.8%

Source: I-Sec research, Company data

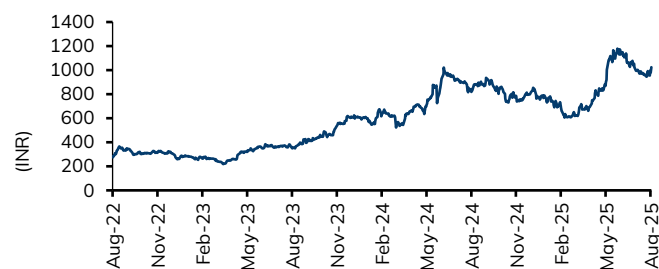
**Exhibit 3: Quarterly OB breakdown**


Source: Company data, I-Sec research

**Exhibit 4: Shareholding pattern**

%	Dec'24	Mar'25	Jun'25
Promoters	6.5	6.5	6.5
Institutional investors	20.6	20.6	20.9
MFs and others	10.8	11.2	11.0
FIs/Banks	1.0	0.9	0.8
Insurance	3.6	3.2	2.6
FIIIs	5.2	5.3	6.5
Others	72.8	72.9	72.6

Source: Bloomberg, I-Sec research

**Exhibit 5: Price chart**


Source: Bloomberg, I-Sec research

## Financial Summary

### Exhibit 6: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Net Sales	9,088	10,512	12,715	15,272
<b>Operating Expenses</b>	<b>1,713</b>	<b>2,048</b>	<b>2,184</b>	<b>2,377</b>
EBITDA	1,916	2,690	2,968	3,860
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>25.6</b>	<b>23.3</b>	<b>25.3</b>
Depreciation & Amortization	250	350	429	481
EBIT	1,666	2,340	2,539	3,379
Interest expenditure	313	571	608	670
Other Non-operating Income	117	175	184	193
Recurring PBT	1,470	1,944	2,115	2,902
<b>Profit / (Loss) from Associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Less: Taxes</b>	<b>379</b>	<b>502</b>	<b>550</b>	<b>752</b>
PAT	1,090	1,442	1,565	2,150
Less: Minority Interest	(120)	(94)	(89)	(91)
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,090	1,442	1,565	2,150
<b>Net Income (Adjusted)</b>	<b>1,211</b>	<b>1,535</b>	<b>1,654</b>	<b>2,241</b>

Source Company data, I-Sec research

### Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	12,714	16,149	18,444	20,672
of which cash & cash eqv.	1,309	982	2,010	2,882
Total Current Liabilities & Provisions	2,858	3,686	4,321	4,931
<b>Net Current Assets</b>	<b>9,856</b>	<b>12,463</b>	<b>14,123</b>	<b>15,741</b>
Investments	238	322	322	322
Net Fixed Assets	1,702	2,290	2,920	3,352
ROU Assets	-	-	-	-
Capital Work-in-Progress	130	31	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	111	114	114	114
<b>Total Assets</b>	<b>12,038</b>	<b>15,220</b>	<b>17,480</b>	<b>19,530</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>2,376</b>	<b>4,235</b>	<b>4,718</b>	<b>4,718</b>
<b>Deferred Tax Liability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
provisions	-	-	-	-
other Liabilities	-	-	-	-
Equity Share Capital	190	190	190	190
Reserves & Surplus	9,472	10,795	12,571	14,621
<b>Total Net Worth</b>	<b>9,662</b>	<b>10,985</b>	<b>12,761</b>	<b>14,811</b>
Minority Interest	0	0	0	0
<b>Total Liabilities</b>	<b>12,038</b>	<b>15,220</b>	<b>17,480</b>	<b>19,530</b>

Source Company data, I-Sec research

### Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Operating Cashflow</b>	<b>149</b>	<b>1,720</b>	<b>1,876</b>	<b>2,452</b>
Working Capital Changes	(1,437)	(492)	(632)	(746)
Capital Commitments	(436)	(723)	(1,244)	(913)
<b>Free Cashflow</b>	<b>(288)</b>	<b>998</b>	<b>632</b>	<b>1,539</b>
<b>Other investing cashflow</b>	<b>1</b>	<b>(40)</b>	<b>184</b>	<b>193</b>
Cashflow from Investing Activities	(436)	(763)	(1,060)	(720)
Issue of Share Capital	-	-	-	-
Interest Cost	(192)	(412)	(608)	(670)
Inc (Dec) in Borrowings	2,669	2,016	483	-
Dividend paid	(153)	(191)	(191)	(191)
Others	-	-	-	-
Cash flow from Financing Activities	2,324	1,413	(316)	(861)
<b>Chg. in Cash &amp; Bank balance</b>	<b>2,037</b>	<b>2,370</b>	<b>500</b>	<b>872</b>
Closing cash & balance	2,037	2,370	500	872

Source Company data, I-Sec research

### Exhibit 9: Key ratios

(Year ending March)

	FY24A	FY25A	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	11.5	15.2	16.5	22.6
Adjusted EPS (Diluted)	12.8	16.2	17.4	23.6
Cash EPS	15.4	19.9	21.9	28.7
Dividend per share (DPS)	1.6	1.6	1.6	1.6
Book Value per share (BV)	101.8	115.7	134.4	156.0
Dividend Payout (%)	13.9	10.5	9.7	7.1
<b>Growth (%)</b>				
Net Sales	11.4	15.7	21.0	20.1
EBITDA	29.8	40.4	10.3	30.0
EPS (INR)	49.8	32.2	8.6	37.3
<b>Valuation Ratios (x)</b>				
P/E	87.6	66.3	61.0	44.4
P/CEPS	65.4	50.7	45.9	35.1
P/BV	9.9	8.7	7.5	6.5
EV / EBITDA	50.3	36.6	33.0	25.1
P / Sales	10.5	9.1	7.5	6.3
Dividend Yield (%)	0.2	0.2	0.2	0.2
<b>Operating Ratios</b>				
Gross Profit Margins (%)	39.9	45.1	40.5	40.8
EBITDA Margins (%)	21.1	25.6	23.3	25.3
Effective Tax Rate (%)	25.8	25.8	26.0	25.9
Net Profit Margins (%)	12.0	13.7	12.3	14.1
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.1	0.3	0.2	0.1
Net Debt / EBITDA (x)	0.4	1.1	0.8	0.4
<b>Profitability Ratios</b>				
RoCE (%)	13.5	14.6	12.6	14.4
RoE (%)	16.6	17.0	14.9	17.4
RoIC (%)	15.6	16.5	14.3	16.5
Fixed Asset Turnover (x)	1.8	2.0	2.1	2.2
Inventory Turnover Days	228	243	228	210
Receivables Days	224	310	290	263
Payables Days	47	41	52	52

Source Company data, I-Sec research

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