

14 February 2026

India | Equity Research | Results Update

Astra Microwave Products

Defence

Aiming to double revenues by FY29; growth to be back-ended

Astra Microwave' (ASTM)'s Q3FY26 EBITDA of INR 825mn was 12% higher than consensus estimates. The surprise came on the margin front, which jumped 220bps/940bps YoY/QoQ to 32% on better mix. ASTM witnessed strong order inflows (OI) of INR 4.8bn during the quarter and over INR 8bn in 9M, meeting the guidance. OB spiked to INR 22.3bn. FY26 revenue growth has been slow due to moderation in the pace of execution at clients' end, and delays in order awards. However, the company maintained its guidance of doubling revenues by FY29 as execution of QRSAM, Uttam AESA and Virupaksha AESA pick up. We have factored in revenue growth of 19% over FY25–28E, with growth largely being potentially back-ended. Maintain **BUY** with a target price of INR 1,200, based on 40x FY28E EPS.

Margin surprise on better mix

ASTM's Q3FY26 EBITDA stood at INR 825mn, which was higher than consensus estimates; with growth of 16%/32% YoY/QoQ. Highlights: 1) EBITDA margin was at 32% expanding by 220bps/940bps YoY/QoQ due to execution of better product mix. 2) Sequentially, revenue from defence improved to 81.9%, from 77.4% QoQ, dipping from 85% YoY. 3) OI was ~INR 4.8bn, accounting for +60% of defence orders; while order book (OB) was at ~INR 22.3bn; of which, 65%+ are of defence segment and 11%+ of space. 4) In Q4FY26, OI of INR 5–6bn is expected – for which, negotiations have concluded mainly of radars and EW suits. 5) JV ARC received orders worth USD 18.2mn; OB is at USD 80mn, as of end-Dec'25. Management is confident of achieving FY26 targets of ~10% top-line growth and OI of ~INR 13nn.

Guiding for exponential growth FY28 onwards

Management has guided for revenue growth of 10% in FY26 and 15% in FY27. However, management maintained its four-year target of doubling revenues, implying growth would largely emerge FY28 onwards. Incrementally, defence and space segments would drive growth, implying margins will likely expand further. The improvement over the years would be mainly due to the commissioning of QRSAM execution in FY27, Uttam AESA in FY28 and Su-30 Virupaksha execution in FY29 and so on.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	10,512	11,976	14,076	17,937
EBITDA	2,690	2,941	3,549	4,624
EBITDA Margin (%)	25.6	24.6	25.2	25.8
Net Profit	1,442	1,585	1,993	2,757
EPS (INR)	15.2	16.7	21.0	29.0
EPS % Chg YoY	32.2	9.9	25.8	38.3
P/E (x)	59.5	54.2	43.1	31.1
EV/EBITDA (x)	54.1	54.3	44.8	34.3
RoCE (%)	17.1	15.6	16.7	19.4
RoE (%)	808.4	881.4	1,097.4	1,500.7

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Market Data

Market Cap (INR)	86bn
Market Cap (USD)	946mn
Bloomberg Code	ASTM IN
Reuters Code	ASTM.BO
52-week Range (INR)	1,196 /584
Free Float (%)	89.0
ADTV-3M (mn) (USD)	2.9

Price Performance (%)	3m	6m	12m
Absolute	(11.0)	(11.7)	37.6
Relative to Sensex	(8.8)	(14.3)	29.1

ESG Score	2024	2025	Change
ESG score	NA	NA	NA
Environment	NA	NA	NA
Social	NA	NA	NA
Governance	NA	NA	NA

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

Source: SES ESG, I-sec research

Previous Reports

14-11-2025: [Q2FY26 results review](#)

16-08-2025: [Q1FY26 results review](#)

Outlook: Growth story to unveil from FY28

ASTM's FY26 revenues growth is expected to be moderate at 10%, before climbing to 15% in FY27, which seems lower than some of the peers. However, during the past decade, AMW was in a capability build-up phase; now, with the Indian defence system flourishing, it is time for the company to reap the benefits. Management has showed strong confidence of trebling revenue in 5–6 years, driven by many aerospace projects taking off. ASTM guides for additional INR 5-6bn OI, taking total OI to INR 13–14bn in FY26. Management expects PBT margin of 18% in FY26. We believe, ASTM will likely be a key beneficiary of aero defence and aircraft manufacturing ecosystem in India.

We maintain **BUY** with an unchanged TP of INR 1,200 (based on 40x FY28E EPS).

Key risks

- Delay in ordering by DPSUs or execution of projects.
- Delay in development of solutions.

Q3FY26 conference call: Highlights

- **In Q3FY26:** 1) EBITDA margin improvement was due to favourable revenue mix and a strong order execution. 2) Advances for customers accounted for ~25% of the gross receivables; thus, reducing net receivables significantly.
- **Guidance:** 1) Management reaffirms its targets for FY26: i) ~10% top-line growth; and ii) OI in the range of INR 13-14bn. 2) Management guides: i) ~15% 10% top-line growth; and ii) OI of INR 15bn in FY27. 3) Orders worth ~INR 5-6bn is expected in Q4FY26, mainly for radars and EW suits. 4) Orders from BEL for QRSAM and DRDO for R&D projects, along with production orders for Samudrika, DHARASHAKTI – EW system is expected in FY27. 5) Export orders to the tune of INR 1-1.25bn are expected in FY27.
- **OB:** OB stands at INR 22.26bn, as of Dec'25, which includes: 1) INR 14.77bn from defence, PSS and DRDO Labs; 2) INR 2.5bn from space; 3) INR 3.7bn from metrology and hydrology; and iv) INR 1.3bn from exports.
- **Key updates:** Delivered Athlesia and Rohini modules, X band, DWR, AATRU telemetry product, etc. for QRSAM and IFSPA. 2) Signed MoU with BEL for design, development and manufacturing of advanced systems in key defence technologies. 3) Received orders worth ~INR 4.8bn. 4) JV Astra-Rafael Comsys (ARC) has bagged two orders worth ~INR 3bn. 5) Negotiated contracts worth INR 5.5-6bn; expected to be converted into orders by end-Q4FY26.
- **JV ARC:** 1) Executed orders worth USD 18.2mn in Q3FY26; with current OB of USD 80mn. 2) Management anticipates to do INR 3.5bn+ in topline for FY26; and ~INR 4bn+ in FY27. 3) PBT is expected to be in the range of 10-12%.
- **Portable SDRs:** In the final stages of trials; expected to be concluded in Mar'25.
- **Advances for order:** Generally, advances for: 1) development orders are 20-25%; 2) export orders are ~30%; 3) production orders have none; and 4) space/metrology orders are 20-25%.

Exhibit 1: Astra Microwave Q3FY26 performance review

(INR mn)	Q3FY26	Q3FY25	% Chg YoY	Q2FY26	% Chg QoQ	9MFY26	9MFY25	% Chg YoY
Net sales	2,602	2,585	0.7	2,146	21.3	6,746	6,433	4.9
Gross Margin	1,439	1,241	15.9	1,090	32.0	3,462	2,859	21.1
Gross Margin (%)	55.3	48.0		50.8		51.3	44.4	
Employee cost	407	355	14.7	348	16.8	1,081	960	12.5
Other expenditure	207	124	66.2	263	(21.5)	669	404	65.5
EBITDA	825	762	8.3	478	72.5	1,713	1,495	14.6
Margin (%)	31.7	29.5		22.3		25.4	23.2	
Other Income	32	23	43.7	57	(43.4)	115	65	75.7
Depreciation	114	95	19.2	101	12.8	308	240	28.5
EBIT	744	689	8.0	435	71.0	1,520	1,320	15.1
Interest	130	149	(12.8)	135	(3.2)	411	379	8.3
PBT	663	616	7.6	324	104.6	1,197	1,046	14.4
Tax expense:	172	141	21.5	85	102.5	(209)	(203)	2.7
PAT	468	474	(1.3)	239	95.8	870	800	8.7

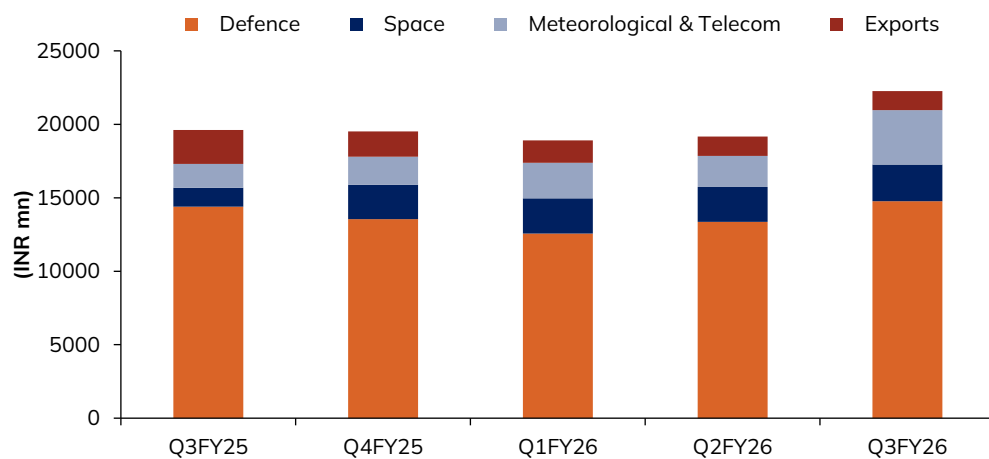
Source: Company data, I-Sec research

Exhibit 2: Revenue breakdown

(%)	Q3FY25	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Defence Space	85.0%	84.0%	86.4%	77.4%	81.8%
Space	3.3%	5.2%	2.4%	2.0%	2.6%
Exports	8.4%	7.2%	10.0%	14.2%	11.5%
Meteorological	2.7%	2.4%	0.4%	5.8%	3.4%
Others	0.6%	1.2%	0.8%	0.6%	0.7%

Source: I-Sec research, Company data

Exhibit 3: Quarterly OB breakdown



Source: Company data, I-Sec research

Exhibit 4: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	6.5	6.5	6.5
Institutional investors	20.9	21.0	21.0
MFs and others	11.0	11.2	12.3
FIs/Banks	0.8	0.6	0.5
Insurance	2.6	2.7	1.9
FIIIs	6.5	6.5	6.3
Others	72.6	72.5	72.5

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)

	FY25A	FY26E	FY27E	FY28E
Net Sales	10,512	11,976	14,076	17,937
Operating Expenses	2,048	2,184	2,377	2,566
EBITDA	2,690	2,941	3,549	4,624
EBITDA Margin (%)	25.6	24.6	25.2	25.8
Depreciation & Amortization	350	421	484	532
EBIT	2,340	2,520	3,066	4,092
Interest expenditure	-	-	-	-
Other Non-operating Income	175	184	193	203
Recurring PBT	1,944	2,127	2,665	3,677
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	502	543	672	919
PAT	1,442	1,585	1,993	2,757
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	1,442	1,585	1,993	2,757
Net Income (Adjusted)	1,442	1,585	1,993	2,757

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	16,149	18,208	20,218	23,508
of which cash & cash eqv.	982	2,754	3,717	4,529
Total Current Liabilities & Provisions	2,639	2,650	2,937	3,472
Net Current Assets	13,510	15,557	17,281	20,036
Investments	322	322	322	322
Net Fixed Assets	2,290	2,929	3,358	3,739
ROU Assets	-	-	-	-
Capital Work-in-Progress	31	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	114	114	114	114
Total Assets	16,267	18,923	21,076	24,212
Liabilities				
Borrowings	1,441	1,817	2,077	2,554
Deferred Tax Liability	-	-	-	-
provisions	3,841	3,841	3,841	3,841
other Liabilities	-	-	-	-
Equity Share Capital	190	190	190	190
Reserves & Surplus	10,795	12,591	14,484	17,143
Total Net Worth	10,985	12,781	14,674	17,333
Minority Interest	-	-	-	-
Total Liabilities	16,267	18,923	21,076	24,212

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,055	2,307	2,311	1,964
Working Capital Changes	(1,305)	(275)	(760)	(1,943)
Capital Commitments	485	767	980	1,746
Free Cashflow	1,540	3,074	3,291	3,710
Other investing cashflow	(84)	-	-	-
Cashflow from Investing Activities	401	767	980	1,746
Issue of Share Capital	-	-	-	-
Interest Cost	(571)	(577)	(594)	(618)
Inc (Dec) in Borrowings	229	376	261	477
Dividend paid	152	152	152	152
Others	(1,593)	(1,737)	(2,145)	(2,909)
Cash flow from Financing Activities	(1,784)	(1,786)	(2,327)	(2,898)
Chg. in Cash & Bank balance	(327)	1,289	964	812
Closing cash & balance	982	2,270	3,717	4,529

Source Company data, I-Sec research

Exhibit 9: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	15.2	16.7	21.0	29.0
Adjusted EPS (Diluted)	15.2	16.7	21.0	29.0
Cash EPS	18.9	21.1	26.1	34.6
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	115.7	134.6	154.6	182.6
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	15.7	13.9	17.5	27.4
EBITDA	40.4	9.3	20.7	30.3
EPS (INR)	32.2	9.9	25.8	38.3
Valuation Ratios (x)				
P/E	59.5	54.2	43.1	31.1
P/CEPS	47.9	42.8	34.7	26.1
P/BV	7.8	6.7	5.8	5.0
EV / EBITDA	54.1	54.3	44.8	34.3
P / Sales	8.2	7.2	6.1	4.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	45.1	42.8	42.1	40.1
EBITDA Margins (%)	25.6	24.6	25.2	25.8
Effective Tax Rate (%)	25.8	25.5	25.2	25.0
Net Profit Margins (%)	13.7	13.2	14.2	15.4
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Debt / EBITDA (x)	0.1	(0.4)	(0.6)	(0.5)
Profitability Ratios				
RoCE (%)	17.1	15.6	16.7	19.4
RoE (%)	808.4	881.4	1,097.4	1,500.7
RoC (%)	-	-	-	-
Fixed Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	243	217	204	200
Receivables Days	310	280	255	243
Payables Days	-	-	-	-

Source Company data, I-Sec research

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