BUY (Maintained)

CMP: **INR 1,397** Target Price: **INR 1,600 (INR 1,200)** ▲ 15%

ICICI Securities

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28 May 2026

India | Equity Research | Results Update

Astra Microwave Products

Defence

Aiming to triple revenue by FY30/31; building up the OB is a key monitorable

Astra Microwave's (ASTM) Q4FY26 EBITDA of INR 1.6bn was 8%/16% higher than our/consensus estimates, driven by better gross margin aided by mix. ASTM's orderbook (OB) stood strong at INR 21bn, with guidance of order inflow (OI) worth INR 16bn. FY26 revenue growth has been slow due to delays in order awards in H1 and the company pulling out from low-margin export orders. However, management sounded confident of tripling its revenue in the next five years (backed by QRSAM, Uttam AESA and Virupaksha AESA) as it is set to reap the benefits of capabilities built up over the last decade. We have built in a revenue CAGR of 28% over FY26-28E and an EPS CAGR of 32%. Maintain **BUY** with a revised target price of INR 1,600, based on 45x FY28E EPS.

A strong finish to FY26

ASTM's Q4FY26 EBITDA was well ahead of our/Street expectations, with a growth of +36%/+97% YoY/QoQ. Highlights: 1) Revenue was at INR 4.9nm (+20%/+88% YoY/QoQ), driven by an increased top-line contribution from the space segment. 2) EBITDA margin improved to 33.3%, expanding by 400bps/160bps YoY/QoQ, driven by higher space satellite subsystem deliveries and an IP-rich ARC export mix. 3) OI was ~INR 4bn, accounting for ~54% of defence orders, while the standalone OB was at ~INR 21bn, and the consolidated OB was at INR 26bn. 4) In Q1FY27, an OI of INR 3bn is expected, for which negotiations are ongoing. 5) JV ARC OB was at INR 5.5bn, with a full-year top line of INR 3.6bn, which surpassed guidance. Management has reaffirmed its FY27 targets of 15-20% top-line growth and an OI of ~INR 16bn.

Maintains revenue growth guidance at 3x; order pipeline robust

The 4-5year revenue tripling aspiration (implying ~INR 30bn+ by FY30-31) remains underpinned by 5-6 specific programmes: 1) QRSAM; 2) Virupaksha AESA; 3) Su-30 EW pod; 4) defence satellite constellations; 5) ARC JV exports; and 6) electronic mines. Growth is structurally back-ended as QRSAM production orders are expected in H2FY27, Uttam ESAR in FY28 and Virupaksha production in FY29–30. Astra-branded IP products (counter-drone radar, low-level lightweight radar) also represent upside not in the base case. Management believes near-term margins have peaked out and FY27/28 would be slightly lower.

Financial Summary

Y/E March (INR mn)	FY25A	FY26A	FY27E	FY28E
Net Revenue	10,512	11,628	13,918	19,144
EBITDA	2,690	3,338	3,796	5,304
EBITDA Margin (%)	25.6	28.7	27.3	27.7
Net Profit	1,442	1,852	2,200	3,299
EPS (INR)	15.2	19.5	23.2	34.7
EPS % Chg YoY	32.2	28.5	18.8	50.0
P/E (x)	92.0	71.7	60.3	40.2
EV/EBITDA (x)	24.9	24.4	34.9	25.0
RoCE (%)	17.6	18.8	19.4	23.4
RoE (%)	13.1	14.1	14.3	17.5

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Market Data

Market Cap (INR)	133bn
Market Cap (USD)	1,384mn
Bloomberg Code	ASTM IN
Reuters Code	ASTM.BO
52-week Range (INR)	1,433 /836
Free Float (%)	89.0
ADTV-3M (mn) (USD)	8.2

Price Performance (%)	3m	6m	12m
Absolute	44.3	47.8	28.0
Relative to Sensex	50.9	59.3	35.0

ESG Score	2024	2025	Change
ESG score	NA	65.2	NA
Environment	NA	37.9	NA
Social	NA	76.1	NA
Governance	NA	82.0	NA

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

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY27E	FY28E
Revenue	(1.1)	6.7
EBITDA	7.0	14.7
EPS	10.4	19.7

Previous Reports

14-02-2026: Q3FY26 results review

14-11-2025: Q2FY26 results review

Outlook: Set to reap benefits of multi-year capability build-up

ASTM continues to guide for a 3x increase in revenue over the next five years, aided by capacity built over the last decade, a graduation from component to subsystem and system manufacturing and upcoming government projects such as QRSAM, Su-30 upgrades, radars, etc. However, growth could be back-ended, with FY27 guidance at 15-20%, accelerating yearly as these programmes enter the execution phase. This bodes well with our defence thesis, as aerospace, aero-defence, radars, missiles and drone companies are expected to benefit significantly from the changing fabric of warfare. Furthermore, a higher contribution from space programmes could aid margins post-FY28.

We have increased our EPS by 10%/20% for FY27/28E to account for better revenue and margin profile. Consequently, our TP is revised to INR 1,600 (vs. INR 1,200) at a revised target multiple of 45x. The multiple was increased to factor in a portion of the back-ended growth and an improved outlook. Maintain **BUY**.

Exhibit 1: Earnings revision

(INR mn)	FY27E			FY28E		
	New	Old	% Chg	New	Old	% Chg
Sales	13,918	14,076	(1.1)	19,144	17,937	6.7
EBITDA	3,796	3,549	7.0	5,304	4,624	14.7
PAT	2,200	1,993	10.4	3,299	2,757	19.7

Source: I-Sec research

Key risks

- Delays in ordering by DPSUs or executing projects.
- Delays in developing solutions.

Q4FY26 conference call: Highlights

In Q4FY26

- Margin expansion was driven by exiting low-margin build-to-print (BTP) exports and rising defence/space contribution.
- Top-line growth was due to major execution across radar, EW, satellite and Doppler weather radar programmes.

Guidance

- Management maintained its top-line growth guidance of 15-20% (INR 13-14bn) for FY27.
- JV (Astra Rafael Comsys -ARC) is expected to achieve an INR 6bn top line in FY27, with ~50% YoY growth in OB and sales. EBITDA margin is targeted at 18-20%, as per management.
- Management maintains yearly capex of INR 400-500mn.
- Management reaffirms its target of tripling revenue over the next 4-5 years.
- Management anticipates ~INR 16bn in new orders for FY27, with 25% from R&D and the rest from production. Segment-wise, radar is expected to contribute ~45% of FY27 OI; EW and missile ~25%; space and meteorology ~25%; and balance from other strategic areas.
- Management expects finance costs to remain broadly flat despite higher revenue.

Orderbook

- OB stood at ~INR 21bn (standalone), while consolidate OB was ~INR 26bn.
- OI of ~INR 4bn was booked in Q4.
- OI (PNCF contracts) worth ~INR 3bn is expected over the next two months.
- Upcoming orders include: i) Negotiations for the Uttam radar are expected to finalise by Q2/Q3FY27 and; ii) initial QRSAM production orders are expected in 3-4 months.

Key updates

- Successfully completed and handed over shipborne radar systems to DRDO for final testing.
- The Board has approved the in-principle demerger of the Space, Metrology and Hydrology (SMH) business into a separate entity to create a sharper strategic focus and cleaner investment proposition. A formal scheme is expected in the coming weeks.
- The Board recommended a dividend of INR 2.40/share (120% of face value) for FY26, subject to AGM approval.

Cash/debt

- Operating cashflow improved significantly to INR 3.7bn in FY26, driven by accelerated receivable realisation.

JV Astra Rafael Comsys (ARC)

- Recorded an FY26 revenue of INR 3.6bn and an OB of INR 5.5bn, surpassing guidance.
- PAT was impacted by a ~USD 2mn forex provision in FY26.
- Management expects the OB to reach ~INR 12bn by FY27.

Virupaksha radar (Su-30 AESA)

- Development of the AAAU module is nearing completion and is expected to be handed to the DRDO in the next 2–3 months.
- DRDO qualification of the full radar is expected by FY28, with production orders expected is FY29-30, as per management.

Su-30 ASPJ EW Pod

- Astra is one of two DCPPs selected for this DRDO programme.
- Development is ongoing, and qualification is expected within 12 months, as per management.

QRSAM

- Astra has started receiving FOPM sub-orders and expects formal production orders 3–4 months after the BEL contract is awarded.

Uttam AESA radar

- HAL negotiations are at an advanced stage; the order expected in Q2/Q3FY27.

Exhibit 2: Astra Microwave Q4FY26 performance review

(INR mn)	Q4FY26	Q4FY25	% Chg YoY	Q3FY26	% Chg QoQ	FY26	FY25	% Chg YoY
Net sales	**4,882**	**4,079**	19.7	**2,602**	87.6	**11,628**	**10,512**	10.6
Gross Margin	2,458	1,879	30.8	1,439	70.8	5,920	4,738	25.0
Gross Margin (%)	50.3	46.1		55.3		50.9	45.1	
Employee cost	581	458	26.8	407	42.7	1,661	1,418	17.1
Other expenditure	253	226	12.1	207	22.5	922	630	46.3
EBITDA	**1,624**	**1,196**	35.9	**825**	96.8	**3,338**	**2,690**	24.1
Margin (%)	33.3	29.3		31.7		28.7	25.6	
Other Income	70	110	(36.4)	32	115.5	185	175	5.4
Depreciation	130	111	16.8	114	14.1	437	350	24.8
EBIT	1,565	1,195	31.0	744	110.3	3,085	2,515	22.7
Interest	145	192	(24.5)	130	11.2	556	571	(2.7)
PBT	**1,410**	**991**	42.3	**663**	112.9	**2,608**	**2,037**	28.0
Tax expense:	351	256	36.8	172	104.2	(559)	(459)	21.7
PAT	**1,060**	**735**	44.2	**468**	126.4	**1,930**	**1,535**	25.7

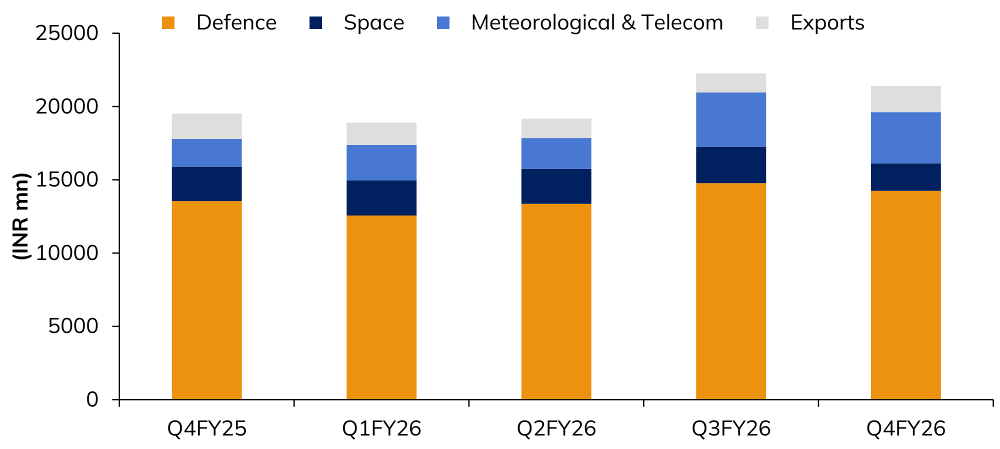
Source: Company data, I-Sec research

Exhibit 3: Revenue breakdown

(%)	Q4FY25	Q1FY26	Q2FY26	Q3FY26	Q4FY26
Defence Space	84.0%	86.4%	77.4%	81.8%	58.4%
Space	5.2%	2.4%	2.0%	2.6%	19.5%
Exports	7.2%	10.0%	14.2%	11.5%	16.9%
Meteorological	2.4%	0.4%	5.8%	3.4%	4.9%
Others	1.2%	0.8%	0.6%	0.7%	0.3%

Source: I-Sec research, Company data

Exhibit 4: Quarterly OB breakdown



Source: Company data, I-Sec research

Exhibit 5: Shareholding pattern

%	Sep'25	Dec'25	Mar'26
Promoters	6.5	6.5	6.5
Institutional investors	21.0	21.0	23.1
MFs and others	11.2	12.3	14.0
FIs/Banks	0.6	0.5	0.5
Insurance	2.7	1.9	1.0
FIIs	6.5	6.3	7.6
Others	72.5	72.5	70.4

Source: Bloomberg, I-Sec research

Exhibit 6: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 7: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Net Sales	10,512	11,628	13,918	19,144
Operating Expenses	**2,048**	**2,583**	**2,377**	**2,533**
EBITDA	2,690	3,338	3,796	5,304
EBITDA Margin (%)	**25.6**	**28.7**	**27.3**	**27.7**
Depreciation & Amortization	350	437	481	529
EBIT	2,340	2,900	3,315	4,775
Interest expenditure	-	-	-	-
Other Non-operating Income	175	185	203	224
Recurring PBT	1,944	2,530	2,935	4,386
Profit / (Loss) from Associates	**-**	**-**	**-**	**-**
Less: Taxes	**502**	**678**	**736**	**1,087**
PAT	1,442	1,852	2,200	3,299
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,442	1,852	2,200	3,299
Net Income (Adjusted)	**1,442**	**1,852**	**2,200**	**3,299**

Source Company data, I-Sec research

Exhibit 8: Balance sheet

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Total Current Assets	15,573	16,205	18,790	23,714
of which cash & cash eqv.	982	2,528	3,281	3,671
Total Current Liabilities & Provisions	2,487	2,862	3,174	3,982
Net Current Assets	**13,087**	**13,343**	**15,616**	**19,732**
Investments	424	719	719	719
Net Fixed Assets	2,229	2,605	2,584	2,455
ROU Assets	-	-	-	-
Capital Work-in-Progress	31	93	193	293
Total Intangible Assets	61	65	65	65
Other assets	77	64	64	64
Deferred Tax Assets	118	129	141	156
Total Assets	**16,026**	**17,018**	**19,382**	**23,483**
Liabilities				
Borrowings	**4,235**	**2,871**	**2,934**	**3,629**
Deferred Tax Liability	**-**	**-**	**-**	**-**
provisions	161	191	210	231
other Liabilities	528	728	728	728
Equity Share Capital	190	190	190	190
Reserves & Surplus	10,795	12,956	15,238	18,623
Total Net Worth	**10,985**	**13,146**	**15,428**	**18,813**
Minority Interest	0	-	-	-
Total Liabilities	**16,026**	**17,018**	**19,382**	**23,483**

Source Company data, I-Sec research

Exhibit 9: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26A	FY27E	FY28E
Operating Cashflow	**(651)**	**4,119**	**1,751**	**721**
Working Capital Changes	(3,115)	1,320	(1,500)	(3,706)
Capital Commitments	(838)	(880)	(560)	(500)
Free Cashflow	**(1,489)**	**3,239**	**1,191**	**221**
Other investing cashflow	**(52)**	**(282)**	**-**	**-**
Cashflow from Investing Activities	(890)	(1,162)	(560)	(500)
Issue of Share Capital	-	-	-	-
Interest Cost	(571)	(556)	(583)	(612)
Inc (Dec) in Borrowings	1,903	(1,164)	63	695
Dividend paid	152	152	152	152
Others	(271)	157	(70)	(66)
Cash flow from Financing Activities	1,213	(1,410)	(438)	169
Chg. in Cash & Bank balance	**(327)**	**1,547**	**753**	**390**
Closing cash & balance	982	2,528	3,281	3,671

Source Company data, I-Sec research

Exhibit 10: Key ratios

(Year ending March)

	FY25A	FY26A	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	15.2	19.5	23.2	34.7
Adjusted EPS (Diluted)	15.2	19.5	23.2	34.7
Cash EPS	18.9	24.1	28.2	40.3
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	115.7	138.5	162.5	198.1
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	15.7	10.6	19.7	37.5
EBITDA	40.4	24.1	13.7	39.7
EPS (INR)	32.2	28.5	18.8	50.0
Valuation Ratios (x)				
P/E	92.0	71.7	60.3	40.2
P/CEPS	74.0	58.0	49.5	34.7
P/BV	12.1	10.1	8.6	7.1
EV / EBITDA	24.9	24.4	34.9	25.0
P / Sales	12.6	11.4	9.5	6.9
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	45.1	50.9	44.4	40.9
EBITDA Margins (%)	25.6	28.7	27.3	27.7
Effective Tax Rate (%)	25.8	26.8	25.1	24.8
Net Profit Margins (%)	13.7	15.9	15.8	17.2
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.3	0.0	(0.1)	0.0
Net Debt / EBITDA (x)	1.1	(0.1)	(0.3)	(0.1)
Profitability Ratios				
RoCE (%)	17.6	18.8	19.4	23.4
RoE (%)	13.1	14.1	14.3	17.5
RoIC (%)	-	-	-	-
Fixed Asset Turnover (x)	2.8	2.7	2.7	3.4
Inventory Turnover Days	243	216	208	218
Receivables Days	310	241	243	257
Payables Days	30	40	42	51

Source Company data, I-Sec research

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