Astra Microwave Products (ASTMICS)

ICICI Direct

CMP: ₹ 1711 Target ₹ 1980 (16%) Target Period: 12 months **BUY**

August 11, 2026

Result Update

Gearing up for the next growth phase...

About the stock: Astra Microwave Products (AMPL) is engaged in the business of design, development and manufacture of sub-systems for radio frequency and microwave systems used in defence, space, meteorology and telecommunication

- Product range includes radars, missile electronics, electronic warfare, satellites, MMIC (Monolithic Microwave Integrated Circuit) and communication systems

Investment Rationale:

- **Entering structural focused earnings upcycle:** AMPL remains focused on strengthening its position in defence electronics (including radars, electronic warfare, space, and strategic electronics) through strong in-house design and manufacturing capabilities. Though Q1FY27 execution was muted, management has maintained its revenue growth guidance of 15-20% YoY for FY27E. Company is now moving towards a significant larger revenue from its current base with an estimated ~₹5000 crore order backlog (4.4x TTM revenue) including the recent ₹2,205 crore Uttam radar order, providing strong near-term visibility and marks the start of a much larger production cycle. Management is expecting ₹8,000-9,000 crore of order inflows over the next 3-4 years from Uttam, QRSAM, Su-30/Virupaksha, AMCA, ARC JV and other programmes, while FY29 onwards could see a sharper revenue ramp-as large production orders scale. Apart from this recurring defence orders from Tejas Mk1A, LCH, BrahMos, semiconductors and new radar/EW/counter-UAV products provide multiple additional growth levers
- Building a differentiated defence-electronics platform with scope for sustained high growth: Company is increasingly moving beyond individual subsystems towards complete radar, EW and counter-UAV solutions, while developing its own IP-led products and semiconductor capabilities. This expands its addressable market and creates opportunities for higher-value products, lifecycle revenues and exports, which are still largely absent from current estimates. The proposed Space & Meteorology demerger (expected by April 2027) further sharpens the focus of the core defence business while creating an additional value-creation opportunity. With strong engineering capabilities, established relationships with DRDO/large defence OEMs and improving execution infrastructure, we believe Astra is transitioning from a component supplier to a broader defence-electronics systems player, supporting a structurally higher growth trajectory and justifying a premium valuation programme. Management also believes that margin profile to remain healthy in the coming period (similar-to FY26 levels), with some further improvement levers in-place

Rating and Target Price:

- We value the defence business FY28E earnings (assuming ~85% revenue share with similar margin profile as consolidated margins) at 65x and other businesses revenue (~15% of total) at 10x (in-line with valuations of key private space-tech companies including start-ups)
- We maintain BUY on AMPL with a revised TP of ₹ 1980

Astra Microwave Products Limited

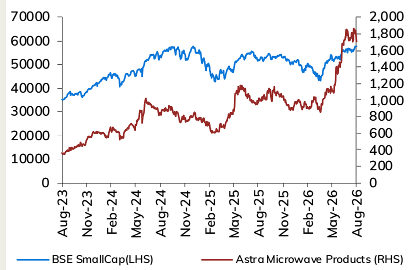
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	16,283
FY26 Gross Debt (₹ Crore)	288
ssFY26 Cash (₹ Crore)	254
EV (₹ Crore)	16,317
52 Week H/L (₹)	1960 / 836
Equity Capital	19.0
Face Value	2.0

Shareholding pattern

	Sep-25	Dec-25	Mar-26	Jun-26
Promoter	6.5	6.5	6.5	6.5
FII	6.5	6.3	7.6	10.7
DII	14.6	14.8	15.4	16.1
Others	72.4	72.5	70.5	66.6

Price Chart



Key risks

i. Dependent on govt. contracts

ii. High working capital requirement

iii. Availability of key raw materials components

Research Analyst

Vijay Goel
vijay.goel@icicisecurities.com

Kush Bhandari
kush.bhandari@icicisecurities.com

ICICI Securities – Retail Equity Research

Key Financial Summary

Key Financials (₹ Crore)	FY23	FY24	FY25	FY26	3-year CAGR (FY23-26)	FY27E	FY28E	2-year CAGR (FY26-28E)
Revenues	816	909	1,051	1,163	12.6	1,355	1,653	19.2
EBITDA	148	192	269	334	31.2	386	480	19.9
EBITDA margin (%)	18.1	21.1	25.6	28.7		28.5	29.0	
Net Profit	70	121	154	193	40.3	246	317	28.2
EPS (Rs)	8.1	12.8	16.2	20.3		25.9	33.4	
P/E (x)	212.2	134.2	105.8	84.2		66.1	51.3	
EV/EBITDA (x)	110.6	85.3	61.7	48.8		42.2	34.0	
RoCE (%)	15.6	14.8	16.7	19.3		19.7	21.3	
RoE (%)	10.9	12.5	14.2	14.7		16.0	17.4	

Source: Company, ICICI Direct Research

Q1FY27 Result Summary

- Revenue from operations at ₹177 crore, down 11.5% YoY (-63.8% QoQ), primarily due to lower execution during the quarter
- EBITDA declined 19.3% YoY (-79.6% QoQ) to ₹33 crore, with EBITDA margin at 18.7% (-179 bps YoY, -1,455 bps QoQ),
- PAT declined 24.1% YoY (-88.3% QoQ) to ₹12 crore

Q1FY27 highlights

- Revenue execution for the quarter was impacted by temporary delays in customer approvals, inspections, technical clearances and supply-chain issues. However, management expects the delayed execution to be largely recovered in H2FY27 and reiterated FY27 revenue growth guidance of 15%+ (~₹1,350 crore)
- Management expects EBITDA margins to remain broadly at FY26 levels with some scope for improvement. While new system-level products may have different initial margins, AMC, upgrades and lifecycle revenues should support overall profitability
- Standalone order book stood at ₹2,156 crore Jun-26, while consolidated order book stood at ₹2,849 crore. Most of the existing order book is executable over the next two years, providing good near-term revenue visibility
- Company secured its largest-ever order from HAL for ~₹1,870 crore excluding GST, for critical Uttam radar subsystems, taking the consolidated order book to ~₹4,300 crore. This order has a 5-year execution period, with the first 12 units targeted by Sep'27 and 25 units annually thereafter; management plans a faster completion by FY30-31
- Management expects FY27 order inflows of ₹1,600+ crore and FY28 revenue at ~₹1,600 crore. Growth is expected to accelerate materially from FY29E as Uttam, and other large production programmes ramp up
- Over the long-term management expects ₹8,000-9,000 crore of order inflows in the next 3-4 years from identified opportunities, including ~₹700-800 crore from QRSAM, ~₹500-750 crore from ARC JV and ~₹3,000 crore from Su-30/Virupaksha/Angad. This excludes recurring orders from existing programmes, semiconductor, counter-UAV, Electronic Warfare (EW) and developing export opportunities
- Company continues to strengthen its position across Tejas Mk1A, Su-30/Virupaksha, AMCA, QRSAM and other airborne platforms. The Tejas Mk1A EW opportunity could add ~₹500-600 crore, while LCH-related programmes could provide another ~₹100-124 crore
- Astra and BEL have emerged L1/L2 for the AMCA active antenna array development programme. The company is also developing EW systems for Su-30 and remains involved in multiple radar and EW subsystems, providing long-term exposure to aerospace and defence programmes
- The company demonstrated its EW and vehicle-mounted anti-drone system during Q1. It is also developing an interceptor-drone capability; these products, along with upcoming radars and electronic-intelligence products, are not currently included in order-book or revenue guidance
- Company has secured a ₹45 crore BEL order for RF chipsets and expects the semiconductor business to scale meaningfully. BrahMos also remains an opportunity, with the company supplying RF components/telemetry and developing a next-generation seeker
- Export opportunity is gradually shifting from low-margin BTP/offset work towards components, IP-led products and complete solutions. The company is pursuing opportunities in the US and Europe, although meaningful export orders could take 1-2 years to materialise

- ARC JV remains on track with an order book of ~₹836 crore and FY27 revenue target of ~₹360 crore. Management expects the JV to contribute ~₹500-750 crore of additional orders over the medium term
- Space, Meteorology and Hydrology business is being demerged into a separate listed entity from Apr-27. The business is expected to generate ~₹120-150 crore revenue in FY27, with management targeting ₹300+ crore revenue and 18-20% PBT margin in its first year as a standalone entity
- The new Space entity plans to launch its own satellite within six months of listing and is evaluating satellite-data monetisation and global LEO supply-chain opportunities. The meteorology business has supplied 40-45 doppler weather radars and has execution visibility for the next two years, with management expecting strong demand over the next 8-10 years
- Management expects the company to scale revenue by 6-7x over the next five years, supported by the current order book and a growing pipeline
- Execution capability remains the key focus as the order book scales up. Company is strengthening its purchase, quality, R&D, sales and HR teams, while improving automation and processes to support higher production volumes

Exhibit 1: Q1FY27 consolidated result overview (₹ crore)

Particulars	Q1FY27	Q1FY26	YoY (%)	Q4FY26	QoQ (%)	Comments
Operating Income	176.7	199.7	-11.5	488.2	-63.8	Lower execution due to temporary delays from customers
Other income	2.4	2.5		7.0		
Total Revenue	179.1	202.2		495.2		
Raw materials costs	93.1	106.4		242.4		
Employees Expenses	32.3	32.5		58.1		
Other Expenses	18.2	19.9		25.3		
Total Expenditure	143.6	158.8		325.8		
EBITDA	33.1	41.0	-19.3	162.4	-79.6	
EBITDA margins (%)	18.7	20.5	-179 bps	33.3	-1455 bps	Margin also impacted due to lower execution
Interest	10.8	14.6		14.5		
Depreciation	11.9	9.3		13.0		
Tax	3.4	4.8		35.1		
PAT	12.3	16.3	-24.1	106.0	-88.3	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 2: Profit and loss statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Revenue	1,051.2	1,162.8	1,354.7	1,652.7
% Growth	15.7	10.6	16.5	22.0
Other income	17.5	18.5	20.3	22.4
Total Revenue	1,051.2	1,162.8	1,354.7	1,652.7
% Growth	15.7	10.6	16.5	22.0
Total RM Costs	577.4	570.8	664.5	810.6
Employee Expenses	141.8	166.1	194.4	227.4
Other expenses	63.0	92.2	109.7	134.9
Total Operating Exp.	782.2	829.0	968.5	1,172.9
EBITDA	269.0	333.8	386.2	479.7
% Growth	40.4	24.1	15.7	24.2
Interest	57.1	55.6	57.5	58.1
PBDT	229.4	296.7	349.0	444.0
Depreciation	35.0	43.7	47.1	53.7
PBT before Excep.	194.4	253.0	301.8	390.3
Total Tax	50.2	67.8	80.9	104.6
PAT before MI	144.2	185.2	220.9	285.7
PAT	153.5	193.0	245.9	316.9
% Growth	26.8	25.7	27.4	28.9
EPS	16.2	20.3	25.9	33.4

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	153.5	193.0	245.9	316.9
Depreciation	35.0	43.7	47.1	53.7
Interest	57.1	55.6	57.5	58.1
CF before WC chg.	245.7	292.3	350.6	428.8
Changes in inventory	(101.4)	(0.4)	(88.8)	(141.6)
Changes in debtors	(281.0)	98.5	(110.3)	(175.5)
Changes in loans & adv	-	-	-	-
Changes in other CA	27.5	(11.0)	(9.9)	(15.8)
Net Inc. in Curr. Assets	(355.4)	91.5	(209.1)	(332.9)
Changes in creditors	(7.2)	36.8	18.2	29.0
Changes in provisions	1.1	2.3	1.2	1.9
Net Inc. Curr. Liabilities	48.6	34.1	41.6	65.4
Net CF from Op act.	(61.2)	417.9	183.2	161.2
Chg. in def. tax assets	(0.3)	(1.4)	1.9	(1.0)
(P)/S of Fixed Assets	(84.0)	(87.4)	(80.0)	(100.0)
Net CF from Inv act.	(79.3)	(93.7)	(103.6)	(104.0)
Div. and Dividend Tax	(19.0)	(22.8)	(26.6)	(33.2)
Net CF from Fin Act.	83.3	(147.9)	(84.1)	(91.3)
Net Cash flow	(57.1)	176.2	(4.5)	(34.1)
Opening Cash/Cash Eq	134.9	77.8	254.0	249.5
Closing Cash/ Cash Eq	77.8	254.0	249.5	215.4

Source: Company, ICICI Direct Research

Exhibit 4: Balance sheet ₹ crore

(₹ Crore)	FY25	FY26	FY27E	FY28E
Equity Capital	19.0	19.0	19.0	19.0
Reserve and Surplus	1,059.1	1,295.6	1,514.9	1,798.7
Total Sh. funds	1,078.1	1,314.6	1,533.9	1,817.6
Total Debt	423.5	287.6	287.6	287.6
Total Liabilities	1,570.5	1,694.1	1,890.6	2,175.3
Gross Block	439.7	521.1	560.3	640.3
Acc: Depreciation	216.8	260.6	307.7	361.4
Net Block	222.9	260.5	252.6	278.9
Capital WIP	3.1	9.3	50.0	70.0
Total Fixed Assets	232.0	275.7	308.6	354.9
Non-Curr. Assets	29.7	41.6	42.3	47.4
Inventory	615.9	616.3	705.2	846.7
Debtors	786.1	687.6	798.0	973.5
Other Curr. Assets	50.8	61.8	71.8	87.6
Cash	77.8	254.0	249.5	215.4
Total Current Assets	1,537.0	1,621.7	1,826.2	2,125.0
Current Liabilities	76.7	113.5	131.8	160.7
Provisions	90.0	91.0	92.0	93.0
Total Curr. Liab.	260.4	294.5	336.1	401.4
Net Current Assets	1,276.6	1,327.2	1,490.2	1,723.6
Total Assets	1,570.5	1,694.1	1,890.6	2,175.3

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Diluted EPS	16.2	20.3	25.9	33.4
Cash per Share	8.2	26.8	26.3	22.7
BV	113.5	138.5	161.6	191.4
EBITDA Margin	25.6	28.7	28.5	29.0
PAT Margin	14.6	16.6	18.2	19.2
RoE	14.2	14.7	16.0	17.4
RoCE	16.7	19.3	19.7	21.3
RoIC	16.4	21.5	21.6	22.5
EV / EBITDA	61.7	48.8	42.2	34.0
P/E	105.8	84.2	66.1	51.3
EV / Net Sales	15.8	14.0	12.0	9.9
Sales / Equity	1.0	0.9	0.9	0.9
Market Cap / Sales	15.5	14.0	12.0	9.8
Price to Book Value	15.1	12.4	10.6	8.9
Asset turnover	0.7	0.7	0.7	0.8
Debtors Turnover Ratio	1.6	1.6	1.8	1.9
Creditors Turnover Ratio	13.1	12.2	11.0	11.3
Debt / Equity	0.4	0.2	0.2	0.2
Current Ratio	13.2	8.5	8.8	9.1
Quick Ratio	7.6	4.7	4.8	5.0

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Jeetu Jawrani Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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