Astra Microwave Products (ASTMIC)

CMP: ₹ 1712 | Target ₹ 2085 (16%) | Target Period: 12 months | BUY

November 16, 2026

Large order wins; new products to drive growth...

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:

- **Strong order inflows and large programme wins provide visibility for the next growth phase:** Astra Microwave reported Q2FY27 revenue of ₹262.8 crore, (+22.5% YoY), indicating an improvement in execution during the quarter driven by a favourable defence production. During H1FY27company secured order inflows of ₹2,036 crore including the landmark ₹1,844 crore Uttam AAU radar order from HAL, taking its consolidated order book to ₹4,708 crore. Management expects another ₹1,200 crore of order inflows in FY27 and is targeting an order base of ₹8,000–10,000 crore over the coming years, excluding the main QRSAM order. With FY27 revenue guidance of ₹1,300–1,350 crore and EBITDA margins of 26–28%, the company is targeting annual revenue of ₹2,500–3,000 crore in the coming years
- Building a differentiated defence-electronics platform with scope for sustained high growth: Transition towards complete systems and proprietary products can expand the addressable market: Astra is increasingly moving beyond individual subsystems towards developing complete systems and owning the underlying technology and IP. During the quarter, the company showcased three in-house products a complete counter-drone system, bird detection radar and low-level lightweight radar opening additional opportunities beyond its existing order book. Management estimates an opportunity of ₹200–300 crore for bird detection radar over the next 2–3 years and around ₹1,000 crore for the lightweight radar over five years. The counter-drone opportunity is significantly larger, with the company developing an integrated solution combining radar, detection and jamming capabilities, while also working towards hard-kill integration. Further, its presence across electronic warfare, telemetry, seekers, surveillance radars and communication systems provides multiple growth avenues. The 50% stake in its Rafael JV, ERC, also provides access to advanced defence technologies and a separate revenue stream. We believe increasing participation in complete systems, indigenous product development and exports can support a structurally larger business over the longer term

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 ₹ 2085

Astra Microwave Products Limited

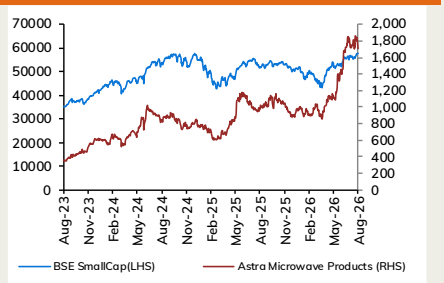
Particulars

Particular	Amount
Market Capitalisation (₹ Crore)	16,283
FY26 Gross Debt (₹ Crore)	288
FY26 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

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Result Update

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	1,349	1,652	19.2
EBITDA	148	192	269	334	31.2	377	488	20.9
EBITDA margin (%)	18.1	21.1	25.6	28.7		28.0	29.5	
Net Profit	70	121	154	193	40.3	234	317	28.1
EPS (Rs)	8.1	12.8	16.2	20.3		24.7	33.3	
P/E (x)	212.3	134.3	105.9	84.2		69.4	51.4	
EV/EBITDA (x)	110.6	85.4	61.6	48.8		43.2	33.5	
RoCE (%)	15.6	14.8	16.5	19.3		19.2	21.7	
RoE (%)	10.9	12.5	13.9	14.7		15.4	17.5	

Source: Company, ICICI Direct Research

Q2FY27 Result Summary

- Revenue from operations at ₹262.8 crore, up 22.5% YoY (+48.8% QoQ), indicating an improvement in execution during the quarter
- EBITDA increased 83.7% YoY (+165.8% QoQ) to ₹87.9 crore, with EBITDA margin expanding by 1,114 bps YoY (+1,472 bps QoQ) to 33.4%. PAT increased 113.7% YoY (+313.7% QoQ) to ₹51.1 crore)
- For H1FY27, revenue grew 6.1% YoY to ₹439.5 crore, while EBITDA increased 36.2% to ₹120.9 crore, with margins expanding 609 bps to 27.5%. PAT increased 57.9% YoY to ₹63.4 crore

Q2FY27 highlights

- Management maintained FY27 revenue guidance of ₹1,300–1,350 crore, implying around 15% growth, with EBITDA margin guidance of 26–28%. The longer-term target is to reach ₹2,000 crore revenue by FY29 and ₹2,500–3,000 crore in the following years
- Q2 order inflows stood at ₹2,036 crore, largely driven by defence orders, taking the standalone order book to ₹3,937 crore and consolidated order book to ₹4,708 crore, including ₹251 crore of service orders.
- The ₹1,844 crore Uttam Active Antenna Array (AAU) radar order from HAL was the key order win during the quarter. The company expects to deliver two units by March 2027 and 12 units by March 2028, followed by around 25 units in FY29.
- Management expects another ₹1,200 crore of order inflows in FY27, of which around ₹600 crore has already been concluded and is expected to be received shortly. The company is also targeting an overall order base of ₹8,000–10,000 crore over the coming years, excluding the main QRSAM order.
- Management introduced three in-house products a complete counter-drone system, bird detection radar and low-level lightweight radar (TLLR). The bird detection radar has an estimated opportunity of ₹200–300 crore over 2–3 years, while TLLR has an estimated opportunity of around ₹1,000 crore over five years.
- The counter-drone system has been demonstrated to customers, with the company already participating in enquiries. Management sees a large opportunity in the segment and is also working towards integrating hard-kill capabilities with its existing soft-kill solution.
- Other products under development include small and medium-range surveillance radars, next-generation RF seekers, wideband jammers and ammunition electronics, with several expected to enter field trials from Q3FY27.
- The company is moving beyond individual subsystems towards complete systems and proprietary products, supported by in-house radar design, digital signal processing and radar data processing capabilities.
- The JV business, AAS, reported H1FY27 sales of ₹334 crore and an order book of ₹913 crore, with additional orders of over ₹500 crore expected in the next two quarters. Management expects revenue of ₹ 600 crore in FY27E and sees a healthy order pipeline across airborne and ground-based SDRs.
- The space business is being demerged into Astra Space Technologies Limited (ASTL) and is expected to carry forward an order book of ₹900 crore by March 2027, which includes space and radar. Management expects a cumulative revenue of ₹2,250–2,500 crore over the next 4 years, with annual revenue expected to reach ₹800–900 crore by FY31, excluding any global supply chain opportunities

- The company is targeting a reduction in its cash conversion cycle to around 350 days and aims to become near debt-free over the next 12–18 months. Inventory has increased partly due to advance procurement of components with longer lead times

Exhibit 1: Q2FY27 consolidated result overview (₹ crore)

Particulars	Q2FY27	Q2FY26	YoY (%)	Q1FY27	QoQ (%)	Comments	H1FY27	H1FY26	YoY (%)
Revenue from operations	262.8	214.6	22.5	176.7	48.8	Strong execution in-line with guidance	439.5	414.3	6.1
Other income	1.9	5.7		2.4			4.3	8.3	
Total Revenue	264.7	220.3		179.1			443.7	422.6	
Raw materials costs	112.3	105.6		93.1			205.4	212.0	
Employees Expenses	41.1	34.8		32.3			73.4	67.4	
Other Expenses	21.5	26.3		18.2			39.7	46.2	
Total Expenditure	174.9	166.7		143.6			318.5	325.5	
EBITDA	87.9	47.8	83.7	33.1	165.8		120.9	88.8	36.2
EBITDA margins (%)	33.4	22.3	1114 bps	18.7	1472 bps	Margins driven by a favorable domestic production mix	27.5	21.4	609 bps
Interest	12.8	13.5		10.8			23.6	28.1	
Depreciation	12.8	10.1		11.9			24.7	19.4	
Tax	16.7	8.5		3.4			20.1	13.3	
PAT	51.1	23.9	113.7	12.3	313.7		63.4	40.2	57.9

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	1,348.8	1,652.3
% Growth	15.7	10.6	16.0	22.5
Other income	17.5	18.5	20.3	23.6
Total Revenue	1,051.2	1,162.8	1,348.8	1,652.3
% Growth	15.7	10.6	16.0	22.5
Total RM Costs	577.4	570.8	667.7	806.3
Employee Expenses	141.8	166.1	194.4	227.4
Other expenses	63.0	92.2	109.6	130.4
Total Operating Exp.	782.2	829.0	971.6	1,164.2
EBITDA	269.0	333.8	377.2	488.2
% Growth	40.4	24.1	13.0	29.4
Interest	57.1	55.6	48.8	48.8
PBDT	229.4	296.7	348.8	463.0
Depreciation	35.0	43.7	50.6	57.8
PBT before Excep.	194.4	253.0	298.2	405.1
Total Tax	50.2	67.8	79.0	107.4
PAT before MI	144.2	185.2	219.2	297.8
PAT	153.5	193.0	234.2	316.5
% Growth	26.8	25.7	21.3	35.2
EPS	16.2	20.3	24.7	33.3

Source: Company, ICICI Direct Research

Exhibit 3: Cash flow statement ₹ crore

(₹Crore)	FY25	FY26	FY27E	FY28E
Profit after Tax	153.5	193.0	234.2	316.5
Depreciation	35.0	43.7	50.6	57.8
Interest	57.1	55.6	48.8	48.8
CF before WC chg.	245.7	292.3	333.5	423.2
Changes in inventory	(101.4)	(0.4)	(85.8)	(144.4)
Changes in debtors	(281.0)	98.5	(106.9)	(178.8)
Changes in loans & adv	-	-	-	-
Changes in other CA	27.5	(11.0)	(9.6)	(16.1)
Net Inc. in Curr. Assets	(355.4)	91.5	(202.3)	(339.3)
Changes in creditors	(7.2)	36.8	17.7	29.5
Changes in provisions	1.1	2.3	1.2	1.9
Net Inc. Curr. Liabilities	49.7	32.9	40.4	66.6
Net CF from Op act.	(60.0)	416.7	171.6	150.5
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)	(103.5)	(104.1)
Div. and Dividend Tax	(19.0)	(20.9)	(26.6)	(34.2)
Net CF from Fin Act.	107.5	(171.8)	(75.4)	(83.0)
Net Cash flow	(31.8)	151.2	(7.3)	(36.6)
Opening Cash/Cash Eq	134.9	103.1	254.3	247.0
Closing Cash/ Cash Eq	103.1	254.3	247.0	210.4

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	1,083.3	1,295.6	1,503.2	1,785.6
Total Sh. funds	1,102.3	1,314.6	1,522.2	1,804.5
Total Debt	423.5	287.1	287.1	287.1
Total Liabilities	1,594.7	1,693.5	1,878.3	2,161.6
Gross Block	439.7	515.6	594.8	689.8
Acc: Depreciation	216.8	255.1	305.6	363.5
Net Block	222.9	260.5	289.2	326.3
Capital WIP	3.1	9.3	10.0	15.0
Total Fixed Assets	232.0	275.7	305.1	347.3
Non-Curr. Assets	29.7	41.6	42.3	47.4
Inventory	615.9	616.3	702.1	846.5
Debtors	786.1	687.6	794.5	973.3
Other Curr. Assets	50.8	61.8	71.5	87.6
Cash	103.1	254.3	247.0	210.4
Total Current Assets	1,562.3	1,622.0	1,817.0	2,119.7
Current Liabilities	76.7	113.5	131.2	160.7
Provisions	90.0	91.0	92.0	93.0
Total Curr. Liab.	261.5	294.5	334.8	401.4
Net Current Assets	1,300.8	1,327.5	1,482.2	1,718.3
Total Assets	1,594.7	1,694.4	1,879.2	2,162.5

Source: Company, ICICI Direct Research

Exhibit 5: Key ratios

(Year-end March)	FY25	FY26	FY27E	FY28E
Diluted EPS	16.2	20.3	24.7	33.3
Cash per Share	10.9	26.8	26.0	22.2
BV	116.1	138.5	160.3	190.1
EBITDA Margin	25.6	28.7	28.0	29.5
PAT Margin	14.6	16.6	17.4	19.2
RoE	13.9	14.7	15.4	17.5
RoCE	16.5	19.3	19.2	21.7
RoIC	16.4	21.5	20.9	22.9
EV / EBITDA	61.6	48.8	43.2	33.5
P/E	105.9	84.2	69.4	51.4
EV / Net Sales	15.8	14.0	12.1	9.9
Sales / Equity	1.0	0.9	0.9	0.9
Market Cap / Sales	15.5	14.0	12.1	9.8
Price to Book Value	14.7	12.4	10.7	9.0
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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Sell: <-15%

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