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India | Equity Research | Results Update

Astra Microwave Products

Defence

Bags orders worth INR 2.4bn in Q2; guides for 2x revenue by FY28

Astra Microwave's (AMW) Q2FY26 EBITDA of INR 478mn was lower than consensus estimate. However, EBITDA margin improved YoY/QoQ to 22.3% on better product mix. It bagged orders worth INR 2.4bn in Q2 and INR 3.8bn in H1; o/s standalone OB spiked to INR 19.2bn while consol. OB surged to INR 22.1bn in Q2FY26. Management maintains guidance of ~15% revenue growth and EBITDA margin of ~22.3% for FY26. Further, AMW expects to double its revenue by FY28 and triple by FY30 as the execution of QRSAM, Uttam AESA, Virupaksha AESA picks up. We have factored in revenue growth of 20% over FY26-28 in our estimates with majority of it coming in FY28. Maintain **BUY** with a revised target price of INR 1,200, based on 40x FY28E EPS.

EBITDA disappoints; margins improve led by gross margin

EBITDA of INR 478bn was lower than consensus estimates. Key points: 1) EBITDA margin improved to 22.3% owing to better product mix (gross margin was better). 2) Defence revenue contribution fell to 77.4% from 80.1% YoY and 77.4% QoQ. Exports contributed 14% vs. 12% YoY and 10% QoQ. 3) Received orders worth INR 2.4bn in Q2 with >95% OI from defence segment. O/s OB increased to INR 19.2bn, this includes 70% from defence, 12% from space segment and rest from others. 4) Expected to book orders worth INR 4bn in Q3 and INR 6bn+ in Q4. 5) Its JV, ARC, has received orders worth INR 2.9bn for advanced communication system from IAF to be delivered in next 11 months; o/s OB increased to INR 3.4bn. It expects another INR 5-6bn OI in H2 and guides revenue at INR 3.5bn for FY26. 6) Incurred capex of INR 134.6mn in H1 vs. its guidance of INR 850mn for FY26. 7) CFO improved to INR 2,363mn in H1 due to working capital release as receivables declined.

Guiding exponential revenue growth by 2030-31

Management has guided for revenue of INR 11.5-12bn in FY26 and INR 20bn by FY28/29. Thereafter, in the next three years, it expects to double its revenue again. Incrementally, defence and space segments will drive this growth, implying margins to expand further. The improvement over the years will be mainly due to commissioning of QRSAM execution in FY27, Uttam AESA in FY28, Su-30 Virupaksha execution in FY29 and so on. We have factored in ~20% revenue growth for FY25-28E with margin expanding to 25.5% by FY28E.

Financial Summary

Y/E March (INR mn)	FY25A	FY26E	FY27E	FY28E
Net Revenue	10,512	12,069	14,296	18,165
EBITDA	2,690	2,691	3,440	4,646
EBITDA Margin (%)	25.6	22.3	24.1	25.6
Net Profit	1,442	1,394	1,897	2,753
EPS (INR)	15.2	14.7	20.0	29.0
EPS % Chg YoY	32.2	(3.3)	36.0	45.1
P/E (x)	66.9	69.1	50.8	35.0
EV/EBITDA (x)	54.1	59.5	46.4	34.3
RoCE (%)	17.1	14.3	16.4	19.8
RoE (%)	808.4	781.0	1,046.5	1,498.3

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Market Data

Market Cap (INR)	96bn
Market Cap (USD)	1,087mn
Bloomberg Code	ASTM IN
Reuters Code	ASTM.BO
52-week Range (INR)	1,196 /584
Free Float (%)	87.0
ADTV-3M (mn) (USD)	6.9

Price Performance (%)	3m	6m	12m
Absolute	(0.8)	13.1	37.7
Relative to Sensex	(5.7)	9.0	28.9

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

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

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

Outlook: Capability in place; time to reap the benefits

AMW's H1 revenue growth was subdued at 8% YoY; however, the execution is skewed towards H2, and thus, we still expect c.15% revenue growth for FY26 (orderbook in place). This apart, management has showed strong confidence of quadrable revenue in 5-6 years driven by many aerospace side projects taking off. Further, its JV ARC is also doing well as it has already won orders worth INR 2.9bn recently for advanced communication system; AMW guides for additional INR 5-6bn OI, taking the total order inflow to INR 8-9bn in FY26. Management sounded confident of achieving its guidance: i) Revenue growth of 15-20% annually for the next few years, ii) order inflow of INR 13-14bn in FY26 and iii) PBT margin of 18% in FY26. We have factored in 20% revenue CAGR over FY25-28E with PBT CAGR of 24%. We maintain **BUY** with a revised target price 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.

Q2FY26 conference call: Highlights

- Management guidance for FY26 includes: i) Revenue of INR 11.5-12bn, ii) order inflow of INR 13-14bn and iii) PBT margin of 18%.
- Received orders worth INR 2.4bn in Q2 with >95% OI from defence segment. O/s OB increased to INR 19.2bn. Expected to book orders worth INR 4bn in Q3 and INR 6bn+ in Q4.
- Management sounded very optimistic of a quantum jump in its revenue over the next 5-6 years as major radar, EWS and space-related projects are expected to take off and AMW has already build-up capabilities to capitalise on the same.
- AMW has guided for revenue of INR 11.5-12bn in FY26 with stable margin and 2x revenue by FY28 with better margin as majority of growth is coming from better product segments (QRSAM, Uttam AESA in FY28, Su-30 Virupaksha execution in FY29 and so on with the ultimate aim of achieving USD 1bn revenue.
- JV ARC has won orders worth INR 2.9bn recently for advanced communication system; AMW guides for an additional INR 5-6bn OI, taking the total order inflow to INR 8-9bn (USD 100-120mn) in FY26. ARC is expected to book revenue of INR 3.5bn and PBT margin of 10% in FY26.
- Cashflow from operations improved due to working capital release.
- EBITDA margin improvement is mainly on account of favourable revenue mix.
- AMW is now moving up in the value chain from sub-system and component supplier to complete system integrator and solution provider.

Exhibit 1: Astra Microwave Q2FY26 performance review

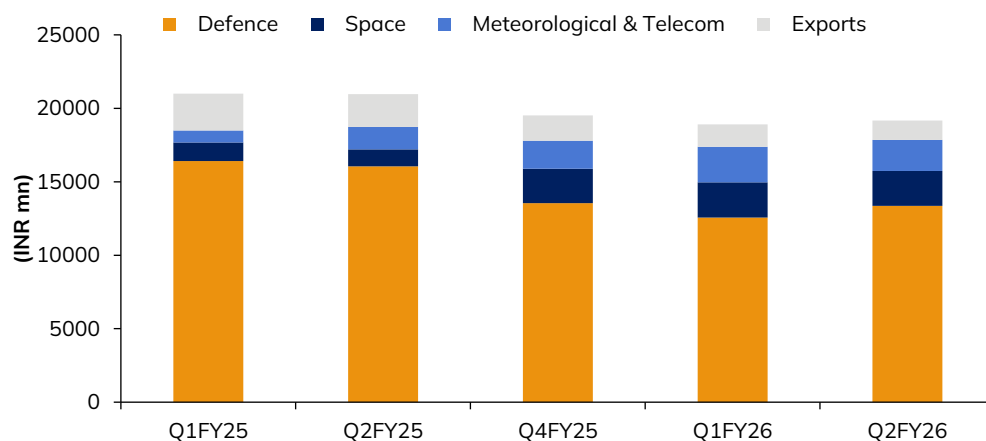
(INR mn)	Q2FY26	Q2FY25	% Chg YoY	Q1FY26	% Chg QoQ	H1FY26	H1FY25	% Chg YoY
Net sales	2,146	2,296	(6.5)	1,997	7.4	4,143	3,848	7.7
Gross Margin	1,090	939	16.1	934	16.8	2,024	1,618	25.1
Gross Margin (%)	50.8	40.9		46.7		48.8	42.0	
Employee cost	348	310	12.4	325	7.2	674	606	11.2
Other expenditure	263	136	93.4	199	32.3	462	280	65.2
EBITDA	478	492	(2.8)	410	16.8	888	733	21.2
Margin (%)	22.3	21.4		20.5		21.4	19.0	
Other Income	57	22	163.4	25	128.1	83	43	92.5
Depreciation	101	62	62.2	93	7.8	194	144	34.6
EBIT	435	452	(3.8)	341	27.5	776	631	23.0
Interest	135	126	7.0	146	(7.8)	281	230	22.0
PBT	324	337	(3.9)	211	53.7	535	431	24.2
Tax expense:	85	83	2.0	48	76.6	(37)	(62)	(40.4)
PAT	239	254	(5.9)	163	46.9	402	326	23.3

Source: Company data, I-Sec research

Exhibit 2: Revenue breakdown

(%)	Q2FY25	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Defence Space	80.1%	85.0%	84.0%	86.4%	77.4%
Space	4.9%	3.3%	5.2%	2.4%	2.0%
Exports	11.7%	8.4%	7.2%	10.0%	14.2%
Meteorological	2.5%	2.7%	2.4%	0.4%	5.8%
Others	0.8%	0.6%	1.2%	0.8%	0.6%

Source: I-Sec research, Company data

Exhibit 3: Quarterly OB breakdown

Source: Company data, I-Sec research

Exhibit 4: Shareholding pattern

%	Mar'25	Jun'25	Sep'25
Promoters	6.5	6.5	6.5
Institutional investors	20.6	20.9	21.0
MFs and others	11.2	11.0	11.2
FIs/Banks	0.9	0.8	0.6
Insurance	3.2	2.6	2.7
FIIIs	5.3	6.5	6.5
Others	72.9	72.6	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	12,069	14,296	18,165
Operating Expenses	2,048	2,184	2,377	2,566
EBITDA	2,690	2,691	3,440	4,646
EBITDA Margin (%)	25.6	22.3	24.1	25.6
Depreciation & Amortization	350	403	463	510
EBIT	2,340	2,288	2,976	4,136
Interest expenditure	-	-	-	-
Other Non-operating Income	175	184	193	203
Recurring PBT	1,944	1,872	2,540	3,678
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	502	478	643	925
PAT	1,442	1,394	1,897	2,753
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,442	1,394	1,897	2,753
Net Income (Adjusted)	1,442	1,394	1,897	2,753

Source Company data, I-Sec research

Exhibit 7: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	16,149	18,119	20,009	23,229
of which cash & cash eqv.	982	2,369	3,165	4,003
Total Current Liabilities & Provisions	2,639	2,716	3,000	3,511
Net Current Assets	13,510	15,403	17,009	19,718
Investments	322	322	322	322
Net Fixed Assets	2,290	2,947	3,396	3,799
ROU Assets	-	-	-	-
Capital Work-in-Progress	31	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax Assets	114	114	114	114
Total Assets	16,267	18,302	20,358	23,470
Liabilities				
Borrowings	1,441	1,870	2,130	2,587
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	12,400	14,197	16,851
Total Net Worth	10,985	12,590	14,387	17,041
Minority Interest	-	-	-	-
Total Liabilities	16,267	18,302	20,358	23,470

Source Company data, I-Sec research

Exhibit 8: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	1,055	1,892	2,180	2,053
Working Capital Changes	(1,305)	(505)	(810)	(1,871)
Capital Commitments	485	576	884	1,741
Free Cashflow	1,540	2,468	3,064	3,794
Other investing cashflow	(84)	-	-	-
Cashflow from Investing Activities	401	576	884	1,741
Issue of Share Capital	-	-	-	-
Interest Cost	(571)	(600)	(630)	(661)
Inc (Dec) in Borrowings	229	430	259	458
Dividend paid	152	152	152	152
Others	(1,593)	(1,546)	(2,049)	(2,905)
Cash flow from Financing Activities	(1,784)	(1,564)	(2,267)	(2,956)
Chg. in Cash & Bank balance	(327)	903	797	838
Closing cash & balance	982	1,885	3,165	4,003

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	14.7	20.0	29.0
Adjusted EPS (Diluted)	15.2	14.7	20.0	29.0
Cash EPS	18.9	18.9	24.9	34.4
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	115.7	132.6	151.5	179.5
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	15.7	14.8	18.4	27.1
EBITDA	40.4	0.0	27.8	35.1
EPS (INR)	32.2	(3.3)	36.0	45.1
Valuation Ratios (x)				
P/E	66.9	69.1	50.8	35.0
P/CEPS	53.8	53.6	40.8	29.6
P/BV	8.8	7.7	6.7	5.7
EV / EBITDA	54.1	59.5	46.4	34.3
P / Sales	9.2	8.0	6.7	5.3
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	45.1	40.4	40.7	39.7
EBITDA Margins (%)	25.6	22.3	24.1	25.6
Effective Tax Rate (%)	25.8	25.5	25.3	25.2
Net Profit Margins (%)	13.7	11.6	13.3	15.2
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Debt / EBITDA (x)	0.1	(0.3)	(0.4)	(0.4)
Profitability Ratios				
RoCE (%)	17.1	14.3	16.4	19.8
RoE (%)	808.4	781.0	1,046.5	1,498.3
RoC (%)	-	-	-	-
Fixed Asset Turnover (x)	-	-	-	-
Inventory Turnover Days	243	224	209	201
Receivables Days	310	281	257	244
Payables Days	-	-	-	-

Source Company data, I-Sec research

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