

May 26, 2025

Growth outlook remains strong...

About the stock: Astra Microwave Products 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
- Company's order backlog stands at ₹ 2304 crore as of Mar-2025 end

Q4FY25 Result: Operational performance during the quarter remains healthy on YoY basis, led by well-planned execution. Revenue increased by 15.2% YoY (+57.8% QoQ) to Rs 407.9 crore. EBITDA margin also improved by 651 bps YoY (-16 bps QoQ) to 29.3%, on account of lower raw material costs and execution of higher margin domestic contracts. Subsequently, EBITDA grew by 48.1% YoY (+56.9% QoQ) to Rs 119.6 crore. PAT was up to 35.1% YoY at Rs. 73.5 crore.

Investment Rationale:

- Strong domain expertise in key defence electronic systems:** AMPL is strongly placed to capture a substantial share in defence & space electronics opportunity considering the company's design & development & manufacturing capabilities (critical sub-systems/systems for various airborne, naval & ground-based platforms). Company has been moving up in the value chain from manufacturing sub-systems/components to development & manufacturing of various high-end, high-value systems like Gallium Nitride (GaN) Transmit/Receive Modules (TRMs), NavIC (Navigation with Indian Constellation) chips and other key radars & Electronic Warfare systems etc
- Healthy order-book & robust pipeline gives strong visibility:** Increasing share of higher-margin domestic contracts to drive profitability: Consolidated order backlog of ₹ 2304 crore as of Mar 2025 (2.2x FY25 revenue) provides healthy revenue visibility. Order inflows remained strong at ₹ 1056 crore during FY25, in-line with management's guidance. With a strong emphasis on improving product mix and getting orders with higher complexity, company guides order inflows of ~₹ 1400 crore in FY26E. Order pipeline remains strong for AMPL in both domestic and export markets, considering the substantial opportunity in defence & space sectors. Margins and profitability are expected to improve further led by execution of higher-margin domestic contracts

Rating and Target Price

- AMPL is well placed to witness healthy growth led by strong sector tailwinds. We estimate revenue & PAT to grow at ~19% & ~26% CAGR respectively over FY24-27E
- We maintain BUY on AMPL with a Target Price of Rs 1270 (based on 50x FY27E EPS)



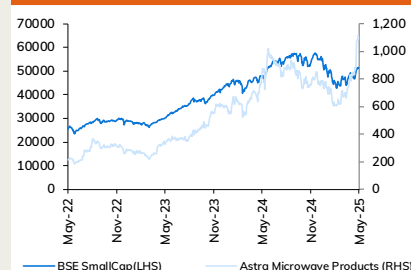
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	10,330
FY25 Gross Debt (Rs Crore)	424
FY25 Cash (Rs Crore)	98
EV (Rs Crore)	10,655
52 Week H/L (Rs)	1060 / 510
Equity Capital	19.0
Face Value	2.0

Shareholding pattern

	Jun-24	Sep-24	Dec-24	Mar-25
Promoter	6.5	6.5	6.5	6.5
FII	4.7	5.7	5.2	5.3
DII	13.6	15.0	15.4	15.3
Others	75.2	72.8	72.9	72.9

Price Chart



Key risks

- Dependent on govt contracts
- High working capital requirement
- Availability of key raw materials components

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Key Financial Summary

(Year-End March)	FY22	FY23	FY24	2 Year CAGR (FY22-24)	FY25	FY26E	FY27E	3 Year CAGR (FY24-27E)
Revenues	750	816	909	10.0	1,051	1,261	1,514	18.5
EBITDA	89	148	192	46.5	269	325	393	27.1
EBITDA margin (%)	11.9	18.1	21.1		25.6	25.8	26.0	
Net Profit	38	70	121	78.8	154	193	241	25.8
EPS (Rs)	4.4	8.1	12.8		16.2	20.4	25.4	
P/E (x)	248.8	134.9	85.3		67.3	53.5	42.9	
EV/EBITDA (x)	115.7	70.5	54.5		39.6	32.7	27.2	
RoCE (%)	11.2	15.6	14.8		16.5	18.1	19.3	
RoE (%)	6.5	10.9	12.5		14.0	15.2	16.1	

Source: Company, ICICI Direct Research

Q4 and FY25 Result Summary

- Operational performance during the quarter remains healthy on YoY basis, led by well-planned execution. Revenue increased by 15.2% YoY (+57.8% QoQ) to Rs. 407.9 crore
- EBITDA margin also improved substantially by 651 bps YoY (-16 bps QoQ) to 29.3%, led by execution of high-margin contracts during the quarter and lower raw material costs
- Subsequently, EBITDA increased by 48.1% YoY (+56.9% QoQ) to Rs 119.6 crore.
- PAT was up to 35.1% YoY at Rs. 73.5 crore
- For FY25, revenue is up 15.7% YoY to Rs. 1051.2 crore with EBITDA margin standing at 25.6% (vs 21.1% in FY24). The EBITDA and the PAT for the year stood at Rs 269 crore (+40.4% YoY) and Rs 153.5 crore (+26.8% YoY).

Q4 and FY25 Earnings call highlights

- Consolidated order backlog stands at Rs 2303.8 crore as of Mar-25 end (Standalone order book stood at Rs 1951.5 crore) including Rs 150 crore service orders. Order inflows during the FY25 stands at Rs 1098 crores
- The major orders executed in FY25 consisted of Radars (Rs 556 crores), Electronic Warfare (EW) Systems (Rs 226 crores), Telemetry (Rs 36 crores), Space (Rs 60 crores), Exports (Rs 79 crores), rest from (metallurgy and hydrology sectors)
- Defence contributes 84% of the quarterly revenue, while exports segment contributes 7.2% and space, meteorological and others contribute 8.8%.
- Company has targeted its guidance for revenue growth at 20% for FY26E with PAT at 18%, with order inflows at Rs 1300-1400 crore
- In Q4FY25 the company has secured orders of Rs 352 crore from defence, Rs 20.9 crore for space, Rs. 44 crore for meteorological and Rs 4 crore worth of export orders
- Apart from these orders in the quarter the company has been selected for technology demonstration in supplying AAAU radar towards LCA Mk-2 and Sukhoi-30 upgradation projects, which the management believes will have significant business in years to come
- For FY26E company expects to book orders of almost Rs 1300-1400 crore of which ~Rs 1000 crore are expected in domestic orders
- During the year, the company has delivered key programs including Rohini modules, 3D core prime modules, and subsystems for Medium Power Radar (MPR), Weapon Locating Radar (WLR), and Electronic Warfare (EW), such as Himshakti and Nayan. They also provided subsystems for the Anvesha space program and a precision approach radar to HAL, which is currently being installed and integrated.
- Regarding the performance of ARC (JV), the company has done well in terms of topline growth though a dip was seen in profitability due to low level of performance in Q4. However, the management sees a huge potential in the JV and estimates to reach a revenue of Rs 350+ crore with a PBT margin of ~12%
- The company is anticipating an order for QRSAM programme where it caters towards supplying radars, subsystems and missile components. The order is expected post it is handed out by Defence Research and Development Organisation (DRDO) to Bharat Electronics (BEL)
- In terms of capital expenditure, the company plans to majorly internal fund ~Rs. 90 crore towards building additional space and purchase of various test equipment to augment existing operations
- In accordance to the increase in inventory, management stated it to be primarily as a result of one large programme they are executing a MPR

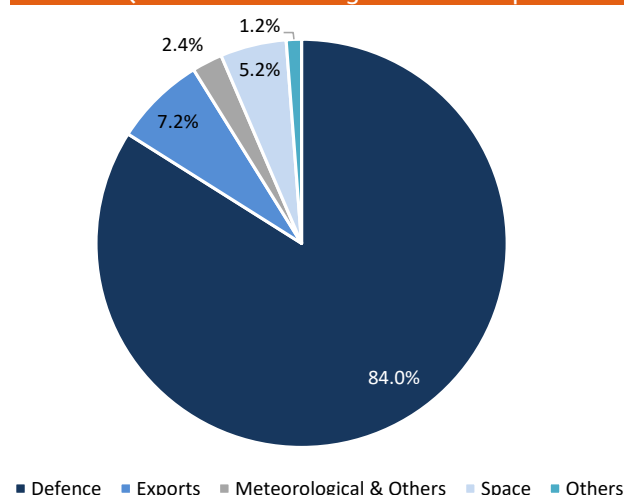
programme for Belgium. Most of the other inventory pertains to orders that are likely to be delivered this year

- Regarding the subsidiary Aerospace Private Limited, the company is in the process of constructing a satellite, and serve as a technology demonstrator for which it is currently in an advance stage of development. Additionally, they are participating in several RFPs issued by In-space, where private companies are permitted to develop satellite constellations, operate them, and sell the data.
- Regarding the LCA Uttam-radar the management expects a delay of 1-2 quarter and plans for its execution by Q4FY26E
- The company is experiencing traction in its products such as Counter drone systems, jammers, Akash missile radar systems and expects the anti-drone market to significantly rise in the future.
- Going forward the management expects the margin to improve as indigenisation in the products have increased and also few products have moved from development to production stage
- Regarding the Virupaksha AESA radar the company has been declared L1 status and is anticipating order to flow in soon which would initially be for 100.
- The MMIC Navic chip for Virupaksha AESA radar would not face delays or supply chain issues as per the company as it has a stand by tie-up with an European partner for the supply of gallium nitride
- The management predicts a Total Addressable Market (TAM) to be ~Rs 20000-25000 crore for its product portfolio and plans to majorly capture it in the next few years. The Software Defined Radio (SDR) market size is also expected to reach Rs 5000-6000 crore in the same period
- The company has approved the allotment of up to 20,13,885 convertible warrants (each convertible into one equity share of the company within the period of 18 months) at a price of Rs 864, aggregating up to ~Rs 174 crore. Promoters and existing investors are involved in the fund raise

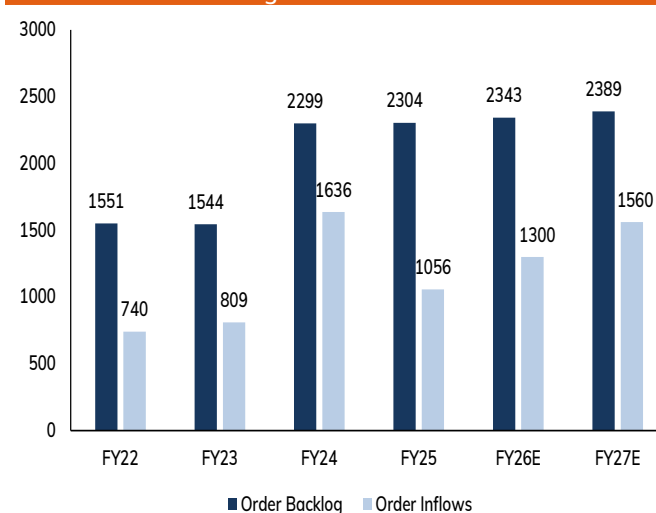
Exhibit 1: Q4FY25 and FY25 result snapshot (₹ crore)

	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	Comments	FY25	FY24	YoY(%)
Revenue from operations	407.9	354.0	15.2	258.5	57.8	Better than expectation execution , led by strong execution in domestic contracts	1,051.2	908.8	15.7
Other income	11.0	2.7		2.3			17.5	11.7	
Total Revenue	418.8	356.7		260.8			1,068.7	920.5	
Raw materials costs	219.9	219.0		134.4			577.4	545.9	
Employees Expenses	45.8	36.1		35.5			141.8	113.7	
Other Expenses	22.6	18.2		12.4			63.0	57.6	
Total Expenditure	288.3	273.3		182.3		EBITDA margin improved on account of lower raw material costs and execution of higher margin domestic contracts.	782.2	717.2	
EBITDA	119.6	80.7	48.1	76.2	56.9		269.0	191.6	40.4
EBITDA margins (%)	29.3	22.8	651 bps	29.5	-16 bps		25.6	21.1	451 bps
Interest	19.2	9.5		14.9			57.1	31.3	
Depreciation	11.1	6.4		9.5			35.0	25.0	
Tax	25.6	16.9		14.1			50.2	37.9	
PAT	73.5	54.4	35.1	47.4	54.9		153.5	121.1	26.8

Source: Company, ICICI Direct Research

Exhibit 2: Q4FY25 Revenue segment break-up


Source: Company, ICICI Direct Research

Exhibit 3: Order backlog and inflow trend


Source: Company, ICICI Direct Research

Financial Summary

Exhibit 4: Profit and loss statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Revenue	908.8	1,051.2	1,261.4	1,513.7
% Growth	11.4	15.7	20.0	20.0
Other income	11.7	17.5	19.3	21.2
Total Revenue	908.8	1,051.2	1,261.4	1,513.7
% Growth	11.4	15.7	20.0	20.0
Total Raw Material Costs	545.9	577.4	695.7	832.5
Employee Expenses	113.7	141.8	170.2	204.2
other expenses	57.6	63.0	70.5	83.9
Total Operating Expenditure	717.2	782.2	936.4	1,120.7
Operating Profit (EBITDA)	191.6	269.0	325.0	393.0
% Growth	29.8	40.4	20.8	20.9
Interest	31.3	57.1	62.0	61.5
PBDT	172.0	229.4	282.3	352.7
Depreciation	25.0	35.0	38.1	45.0
PBT before Exceptional Items	147.0	194.4	244.2	307.8
Total Tax	37.9	50.2	63.5	80.0
PAT before MI	109.0	144.2	180.7	227.7
PAT	121.1	153.5	193.2	240.7
% Growth	73.4	26.8	25.9	24.6
EPS	12.8	16.2	20.4	

Source: Company, ICICI Direct Research

Exhibit 5: Cash Flow Statement ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Profit after Tax	121.1	153.5	193.2	240.7
Depreciation	25.0	35.0	38.1	45.0
Interest	31.3	57.1	62.0	61.5
Cash Flow before WC changes	177.3	245.7	293.3	347.2
Changes in inventory	(95.5)	(101.4)	(75.2)	(138.2)
Changes in debtors	(221.5)	(281.0)	(43.3)	(165.9)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	(41.3)	27.5	(9.7)	(12.1)
Net Increase in Current Assets	(364.0)	(355.4)	(128.3)	(316.2)
Changes in creditors	38.0	(7.2)	27.0	20.7
Changes in provisions	(0.1)	1.1	(0.0)	1.0
Net Inc in Current Liabilities	57.3	48.6	40.5	54.6
Net CF from Operating activities	(129.3)	(61.2)	205.6	85.5
Changes in deferred tax assets	(2.0)	(0.3)	0.4	-
(Purchase)/Sale of Fixed Assets	(39.3)	(83.8)	(90.0)	(90.0)
Net CF from Investing activities	(74.0)	(79.1)	(94.4)	(92.5)
Dividend and Dividend Tax	(19.0)	-	(19.0)	(19.0)
Net CF from Financing Activities	223.3	107.5	(75.7)	(80.5)
Net Cash flow	20.0	(32.7)	35.5	(87.5)
Opening Cash/Cash Equivalent	110.9	130.9	98.2	133.6
Closing Cash/ Cash Equivalent	130.9	98.2	133.6	46.1

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet ₹ crore

(Year-end March)	FY24	FY25	FY26E	FY27E
Equity Capital	19.0	19.0	19.0	19.0
Reserve and Surplus	947.2	1,079.5	1,253.7	1,475.5
Total Shareholders funds	966.2	1,098.5	1,272.7	1,494.5
Total Debt	237.6	423.5	423.5	423.5
Total Liabilities	1,262.3	1,590.9	1,762.3	1,984.1
Gross Block	362.0	452.5	495.6	585.6
Acc: Depreciation	194.6	229.6	267.7	312.7
Net Block	167.4	222.9	227.9	272.9
Capital WIP	13.0	3.1	50.0	50.0
Total Fixed Assets	183.3	232.0	278.7	323.7
Non Current Assets	32.4	29.7	31.3	33.9
Inventory	514.6	615.9	691.2	829.4
Debtors	505.2	786.1	829.4	995.3
Other Current Assets	78.4	50.8	60.5	72.7
Cash	130.9	98.2	133.6	46.1
Total Current Assets	1,234.6	1,557.3	1,721.1	1,949.8
Current Liabilities	83.8	76.7	103.7	124.4
Provisions	10.2	90.0	91.0	92.0
Total Current Liabilities	211.8	260.4	300.9	355.5
Net Current Assets	1,022.8	1,297.0	1,420.2	1,594.4
Total Assets	1,262.3	1,590.9	1,762.4	1,984.1

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios

(Year-end March)	FY24	FY25	FY26E	FY27E
EPS	12.8	16.2	20.4	25.4
Cash per Share	13.8	10.3	14.1	4.9
BV	101.8	115.7	134.0	157.4
EBITDA Margin	21.1	25.6	25.8	26.0
PAT Margin	13.3	14.6	15.3	15.9
RoE	12.5	14.0	15.2	16.1
RoCE	14.8	16.5	18.1	19.3
RoIC	15.5	16.4	18.4	18.6
EV / EBITDA	54.5	39.6	32.7	27.2
P/E	85.3	67.3	53.5	42.9
EV / Net Sales	11.5	10.1	8.4	7.1
Sales / Equity	0.9	1.0	1.0	1.0
Market Cap / Sales	11.4	9.8	8.2	6.8
Price to Book Value	10.7	9.4	8.1	6.9
Asset turnover	0.8	0.7	0.7	0.8
Debtors Turnover Ratio	2.3	1.6	1.6	1.7
Creditors Turnover Ratio	14.0	13.1	14.0	13.3
Debt / Equity	0.2	0.4	0.3	0.3
Current Ratio	10.0	13.2	11.5	12.0
Quick Ratio	5.3	7.6	6.5	6.7

Source: Company, ICICI Direct Research

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Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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