

Date	Report / Update	Report Price (₹)	Buy Range (₹)	Target Price (₹)
07-Mar-24	<a href="#">Quick Insight</a>	620.2	590 – 610	730 – 740


**Target ₹730 – 740**
**Recommendation BOOK PROFITS (52-week High of ₹914.7 on 27May24)**
**Highlights**

- Astra Microwave in Q4FY24 witnessed Revenue growth of 37% YoY and 53.2% QoQ to ₹3.54bn driven by execution of large orders and significant growth of space orders. Gross profit increased to ₹1349mn in Q4FY24 (+70% YoY/+24% QoQ). RM Cost grew 22.25 YoY and 79.8% QoQ to ₹2.19bn due to varied product mix. EBITDA jumped by 135% YoY to ₹807mn and margin expanded by 954bps YoY to 22.8%, expansion in the margin was attributed to better mix. PAT grew +302.3% YoY & +25.4% QoQ to ₹544mn.
- Q4FY24 Revenue Mix (%) – Defence: Space: Exports: Meteorological: Others – 58:14:24.2:3.5:0.3. Margin of export business was comparably low due to domestic business, company is developing own IP for export to improve it.
- Order book as on 31Mar24 was at ₹19.56bn (including JV ₹23bn), which is (2.2x of FY24 revenue. Company's order book comprises 88% of defence market which are largely BTS, commands higher margins, rest 12% is exports.
- Astra Rafael Comsys JV has turned profitable in FY24 with post tax profit of ₹240mn. The share of profit from this JV was ~₹120mn during the year. The JV received orders worth ~₹3.86bn in FY24 with order backlog stands at ₹4.56bn. Order pipeline remains strong at ₹9bn.
- ₹150mn worth subsystem for radar image satellite to ISRO will be completed in 2 quarters.
- Order inflow in FY24 at ₹15.16bn grew 31.1% YoY. Expecting orders like: Advanced version of central acquisition radar for Air Force from BEL, program BR118 which the company listed as a L1 in the EW receiver, AWC mark-1, DER from IMD, EW production from BEL, programs like Nayan Shakti, Varunastra etc.
- Photonics radar subsystem, subsystem for marine communication, APS radar are in advanced stage of completion, worth ₹9bn expected pipeline.
- DRDO has not yet finalised the specification of GaaN based AESA Radar. Expects to participate in global tender for Doppler weather Radar. Due to change in policy, now companies like ASTRA can now develop system directly for Defence requirement with indigenous content. Two large order around ₹1.7bn which is in the final stage of approval. UTTAM MK-1 initial production in next 2 quarters revenue visible start in FY26.
- As of Apr'24, the company order book was at ₹20bn and the management expects order inflow for FY25 to be about ₹12-13bn and topline at ₹10-11bn.
- ₹380mn spend on R&D focused on Radar system, subsystem for seeker, EW subsystems. SDR manpack radio is under development.
- NWC days was at 509 days with plans to bring it down to 240 days, however project cycle is lumpy in nature which elevating the Inventory and receivable.

**Q4FY24 Result Highlights**

- **Strong execution in Q4FY24 enabled 37% YoY growth** – Astra Microwave in Q4FY24 witnessed Revenue growth of 37% YoY and 53.2% QoQ to ₹3.54bn driven by execution of large orders and significant growth of space orders. Gross profit increased to ₹1349mn in Q4FY24 (+70% YoY/+24% QoQ). RM Cost grew 22.25 YoY and 79.8% QoQ to ₹2.19bn due to varied product mix. EBITDA jumped by 135% YoY to ₹807mn and margin expanded by 954bps YoY(-583 bps QoQ) to 22.8%, expansion in the margin was attributed to better mix. PAT grew +302.3% YoY & +25.4% QoQ to ₹544mn.
- **Q4FY24 Revenue Mix (%) - Defence: Space: Exports: Meteorological: Others – 58:14:24.2:3.5:0.3.** Margin of export business was comparably low due to domestic business, company is developing own IP for export to improve it.
- Order book as on 31Mar24 was at ₹19.56bn (including JV ₹23bn), which is (2.2x of FY24 revenue. Company's order book comprises 88% of defence market which are largely BTS, commands higher margins, rest 12% is exports.
- Astra Rafael Comsys JV has turned profitable in FY24 with post tax profit of ₹240mn. The share of profit from this JV was ~₹120mn during the year. The JV received orders worth ~₹3.86bn in FY24 with order backlog stands at ₹4.56bn. Order pipeline remains strong at ₹9bn.
- ₹150mn worth subsystem for radar image satellite to ISRO will be completed in 2 quarters.
- Order inflow in FY24 at ₹15.16bn grew 31.1% YoY. Expecting orders like: Advanced version of central acquisition radar for Air Force from BEL, program BR118 which the company listed as a L1 in the EW receiver, AWC mark-1, DER from IMD, EW production from BEL, programs like Nayan Shakti, Varunastra etc.
- The management views share of defence capital outlay is expected to reach ~37% of total defence budget by FY30 (v/s ~26% in FY24). This translates into orders inflows of ~\$ 186 bn (~₹15.4tn) over FY24- 30.
- Photonics radar subsystem, subsystem for marine communication, APS radar are in advanced stage of completion, worth ₹9bn expected pipeline.
- DRDO has not yet finalised the specification of GaaN based AESA Radar. Expects to participate in global tender for Doppler weather Radar. Due to change in policy, now companies like ASTRA can now develop system directly for Defence requirement with indigenous content .Two large order around ₹1.7bn which is in the final stage of approval. UTTAM MK-1 initial production in next 2 quarters revenue visible start in FY26.
- Management has outlined LEAP strategy for next leg of growth (apart from organic ~20% growth). In this strategy, company is focused on 1) new product developments & increasing IP base (through collaboration with defence PSUs, DRDO, start-ups, academic institutions etc), 2) expansion into new growth areas (like space components, sub-systems, satellites etc), 3) sustained growth in revenue with expansion in margins and working capital efficiency) and 4) expanding base of system integration based Hi-tech products for global markets
- As of Apr'24, the company order book was at ₹20bn and the management expects order inflow for FY25 to be about ₹12-13bn and topline at ₹10-11bn.
- ₹380mn spend on R&D focused on Radar system, subsystem for seeker, EW subsystems. SDR manpack radio is under development.
- NWC days was at 509 days with plans to bring it down to 240 days, however project cycle is lumpy in nature which elevating the Inventory and receivable.
- As per the management, the borrowing may increase by another ₹400-500mn in next 2-3 months with Net D/E at 0.1x within comfort range.
- Management sees revenue growth of 18-22% YoY in the coming periods with gradual improvement in EBITDA margins. Planned maintenance capex of ₹400mn.

**Important Data**

Nifty	22,752
Sensex	74,656

**Key Stock Data**

CMP	₹886.8
MCAP (bn)	₹82.3
52-WHigh/Low	₹915/316
Shares o/s(mn)	94.9
Daily Vol.(3MNSEAvg.)	1,462,989
BSE Code	532493
NSE Code	ASTRAMICRO
Bloomberg Code	ASTM:IN

**Shareholding Pattern (%) – Mar'24**

Promoters	7.2
DIIs	13.6
FIIIs	3.2
Public	76.0

**Financials**

Particulars	FY21	FY22	FY23
Revenue	6,409	7,505	8,155
EBITDA	772	892	1,476
<b>EBITDA Margin (%)</b>	<b>12.0</b>	<b>11.9</b>	<b>18.1</b>
Net Profit	289	379	698
EPS (₹)	3.0	4.0	7.4
DPS (₹)	1.2	1.4	1.6
RoE (%)	5.2	6.5	10.9
RoCE (%)	9.5	10.6	17.2
P/E (x)	285.2	217.3	117.9
EV/EBITDA (x)	106.1	93.2	56.0
P/BV (x)	14.7	14.1	12.8

Particulars	FY24P	FY25E	FY26E
Revenue	9,088	10,947	13,762
EBITDA	1,916	2,398	3,229
<b>EBITDA Margin (%)</b>	<b>21.1</b>	<b>21.9</b>	<b>23.5</b>
Net Profit	1,211	1,445	2,018
EPS (₹)	12.8	15.2	21.3
DPS (₹)	2.0	2.0	2.2
RoE (%)	12.5	14.3	16.8
RoCE (%)	16.0	15.7	17.9
P/E (x)	68.0	57.0	40.8
EV/EBITDA (x)	43.1	34.7	27.1
P/BV (x)	8.5	7.5	6.5

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
<b>AMPL</b>	<b>162.9</b>	<b>570.0</b>	<b>892.8</b>
<b>Nifty-50</b>	24.0	49.5	93.4
<b>Sensex</b>	20.8	47.6	90.9

Source: Company, Way2Wealth

**Jayakanth Kasthuri**
[jayakanthk@way2wealth.com](mailto:jayakanthk@way2wealth.com)

91-22-4019 2914

## VIEW

AMPL reported strong Q4FY24 & FY24 and the business has a long term potential especially in defense electronics with a addressable market size of around ₹240-250bn till FY28, out of which the radar program contributes the most ~42% and followed by Trunkey projects 22% and rest others. The company has participated in various programs and the management expects potential business from Defence & Aerospace at ₹40bn, Space at ₹5bn, Trunkey projects, Metrology & Systems at ₹15bn and Exports at ₹10bn. In recent times lots of defence platforms acquisition and modernization is going across all forces, like (war ships, fighter jets, tanks, underwater platforms, UAVs etc.), and these platforms can deliver in medium to long term which will be beneficial for the company in coming quarters considering its diversified business model and robust order book. Since our initial update on 07Mar24 with **Target range of ₹730-750**, the stock had achieved a **52-week High of ₹914.7 on 27May24** surpassing the range. We advise short-term investor to **BOOK PROFITS** and enter at lower levels, while long-term investors can continue to stay invested as we are positive on the company's prospects, given its robust order book, wide portfolio of products, expectation of new order in coming quarters like radar for MK1, Sukhoi-30MKI up-gradation which will be largely getting executed from FY26 onwards. **The stock is trading at P/E 40.8x FY26E EPS of ₹21.3.**

**Q4FY24 PERFORMANCE**

(₹ mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ(%)	FY24	FY23	YoY (%)
<b>Revenue</b>	<b>3,539.6</b>	<b>2,584.4</b>	<b>37.0</b>	<b>2,310.2</b>	<b>53.2</b>	<b>9,088.2</b>	<b>8,155.2</b>	<b>11.4</b>
Cost of Matl	2,068.3	1,799.6	14.9	1,171.2	76.6	5,583.6	5,395.8	3.5
Inventory Changes	122.1	(6.9)	1,881.4	46.8	(160.9)	(124.4)	(213.0)	(41.6)
Raw Matl Cost	2,190.4	1,792.7	22.2	1,218.0	79.8	5,459.2	5,182.8	5.3
Employee Exps	360.5	274.6	31.3	307.2	17.4	1,136.8	952.4	19.4
Other Exps	181.6	174.4	4.1	123.5	47.0	576.3	543.7	6.0
<b>EBITDA</b>	<b>807.0</b>	<b>342.7</b>	<b>135.5</b>	<b>661.5</b>	<b>22.0</b>	<b>1,915.8</b>	<b>1,476.2</b>	<b>29.8</b>
<b>EBITDA Margin (%)</b>	<b>22.8</b>	<b>13.3</b>	<b>95.4</b>	<b>28.6</b>	<b>-58.3</b>	<b>21.1</b>	<b>18.1</b>	<b>29.8</b>
Other Income	27.0	9.6	182.0	35.9	(24.9)	116.9	54.7	113.7
Finance Cost	94.9	96.3	(1.4)	81.4	16.6	313.1	305.2	2.6
Depreciation	64.1	62.7	2.3	66.4	(3.3)	249.7	236.5	5.6
JV & Associates - Profit/(Loss)	37.8	(13.8)	374.6	25.4	48.9	120.3	(29.7)	505.6
PBT	712.8	179.5	297.0	575.0	24.0	1,590.1	959.5	65.7
Tax Exps	168.7	44.3	280.9	141.2	19.5	379.5	261.2	45.3
<b>Net Profit</b>	<b>544.0</b>	<b>135.2</b>	<b>302.3</b>	<b>433.8</b>	<b>25.4</b>	<b>1,210.7</b>	<b>698.3</b>	<b>73.4</b>
EPS (₹)	5.7	1.6	267.0	4.6	25.4	12.8	8.1	58.2

As % to Sales	Q4FY24	Q4FY23	YoY (bps)	Q3FY24	QoQ (bps)	FY24	FY23	YoY (bps)
Raw Matl Cost	61.9	69.4	(748)	52.7	916	60.1	63.6	(348)
Gross Margin	38.1	30.6	748	47.3	(916)	39.9	36.4	348
Employee Exps	10.2	10.6	(44)	13.3	(311)	12.5	11.7	83
Other Exps	5.1	6.7	(162)	5.3	(22)	6.3	6.7	(33)

Revenue Mix (%) by Industry	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Defence</b>	84.0	53.0	15.0	30.0	45.0	55.8	58.1
<b>Space</b>	8.0	11.0	38.0	4.0	1.0	1.0	8
<b>Exports incl. Deemed Exports</b>	6.0	18.0	44.0	60.0	47.0	39.6	31.5
<b>Meteorological</b>	1.0	17.0	2.0	5.0	6.0	3.1	1.9
<b>Others</b>	1.0	1.0	1.0	1.0	1.0	0.5	0.5

Order Book Mix (%)	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Defence</b>	35.7	8.8	18.2	34.8	48.0	59.2	76.9
<b>Space</b>	29.4	22.6	18.4	14.3	13.2	13.7	7.2
<b>Exports incl. Deemed Exports</b>	31.0	63.4	59.1	46.3	35.5	23.6	11.6
<b>Meteorological</b>	4.0	5.1	4.3	4.6	3.3	3.6	4.4

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24P	FY25E	FY26E
Order Book	4,582	11,670	13,830	15,610	15,510	15,440	19,560	20,800	28,900
Order Inflow	2,990	10,020	5,300	5,500	7,600	8,004	15,160	13,000	17,000
Defence	3,073.3	1,555.5	700.8	1,922.7	3,377.1	4,550.6	5,280.2	6,349.5	7,844.3
Space	292.7	322.8	1,775.5	256.4	75.0	81.6	727.1	985.3	1,376.2
Exports incl. Deemed Exports	219.5	528.3	2,055.8	3,845.5	3,527.2	3,229.4	2,862.8	3,722.1	5,091.9
Meteorological	36.6	498.9	93.4	320.5	450.3	252.8	172.7	164.2	137.6
Others	36.6	29.3	46.7	64.1	75.0	40.8	45.4	54.7	68.8
Revenue	3,658.7	2,934.9	4,672.2	6,409.1	7,504.6	8,155.2	9,088.2	10,947.4	13,761.9
EBITDA	1,108.9	287.8	824.9	771.9	892.2	1,476.2	1,915.8	2,398.0	3,229.0
EBITDA Margin (%)	30.3	9.8	17.7	12.0	11.9	18.1	21.1	21.9	23.5
PAT	610.9	97.6	440.4	288.6	378.7	698.3	1,210.7	1,445.0	2,018.0
EPS (₹)	6.4	1.0	4.6	3.0	4.0	7.4	12.8	15.2	21.3
DPS (₹)	1.2	0.3	1.2	1.2	1.4	1.6	2.0	2.0	2.2
RoE (%)	12.2	2.0	8.2	5.2	6.5	10.9	12.5	14.3	16.8
RoCE (%)	16.0	(0.02)	8.3	9.5	10.6	17.2	16.0	15.7	17.9
Cash Balances	296.8	279.1	532.3	425.3	774.8	1,108.6	1,309.1	3,028.0	3,359.0
FCF	14.5	(1.5)	(26.7)	(30.0)	87.6	(58.8)	(2,251.6)	1,691.0	917.0
Receivable Days	190	239	195	152	100	127	203	185	120
Inventory Days	266	314	390	270	290	295	362	284	255
Payable Days	36	55	84	31	38	32	56	50	35
Net Debt/ Equity (x)	0.01	(0.04)	0.0	0.1	(0.01)	0.1	0.1	0.2	0.1
P/E (x)	134.7	843.0	186.9	285.2	217.3	117.9	68.0	57.0	40.8
EV/EBITDA (x)	74.4	287.7	100.4	106.1	93.2	56.0	43.1	34.7	27.1
P/BV (x)	16.4	16.5	15.2	14.7	14.1	12.8	8.5	7.5	6.5
PEG	22.1	(10.0)	0.5	(8.3)	7.0	1.4	0.9	2.9	1.0

Source: Company, Way2Wealth

**Disclaimer**

**Analyst Certification:** I, Jayakanth Kasthuri, the research analyst and author of this report, hereby certify that the views expressed in this research report accurately reflect our personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst(s), principally responsible for the preparation of this research report, receives compensation based on overall revenues of the company (Way2Wealth Brokers Private Limited, hereinafter referred to as Way2Wealth) and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

It is confirmed that Jayakanth Kasthuri, the author of this report has not received any compensation from the companies mentioned in the report in the preceding 12 months. Our research professionals are paid in part based on the profitability of Way2Wealth, which include earnings from other business. Neither Way2Wealth nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information contained in this report.

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. Way2Wealth is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. The contents of this material are general and are neither comprehensive nor appropriate for every individual and are solely for the informational purposes of the readers. This material does not take into account the specific objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s.

This research has been prepared for the general use of the clients of the Way2Wealth and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient, you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. Way2Wealth will not treat recipients as customers by virtue of their receiving this report. The distribution of this document in other jurisdictions may be restricted by the law applicable in the relevant jurisdictions and persons into whose possession this document comes should inform themselves about, and observe any such restrictions.

The report is based upon information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up to date and it should not be relied upon as such. Way2Wealth or any of its affiliates or employees makes no warranties, either express or implied of any kind regarding any matter pertaining to this report, including, but not limited to warranties of suitability, fitness for a particular purpose, accuracy, timeliness, completeness or non-infringement. We accept no obligation to correct or update the information or opinions in it. Way2Wealth or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. The recipients of this report should rely on their own investigations. In no event shall Way2Wealth be liable for any damages of any kind, including, but not limited to, indirect, special, incidental, consequential, punitive, lost profits, or lost opportunity, whether or not Way2Wealth has advised of the possibility of such damages.

This material contains statements that are forward-looking; such statements are based upon the current beliefs and expectations and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. These uncertainties include but are not limited to: the risk of adverse movements or volatility in the securities markets or in interest or foreign exchange rates or indices; adverse impact from an economic slowdown; downturn in domestic or foreign securities and trading conditions or markets; increased competition; unfavorable political and diplomatic developments; change in the governmental or regulatory policies; failure of a corporate event and such others. This is not an offer to buy or sell or a solicitation of an offer to buy or sell any security or instrument or to participate in any particular trading strategy. No part of this material may be copied or duplicated in any form by any means or redistributed without the written consent of Way2Wealth. In no event shall any reader publish, retransmit, redistribute or otherwise reproduce any information provided by Way2Wealth in any format to anyone. Way2Wealth and its affiliates, officers, directors and employees including persons involved in the preparation or issuance of this report may from time to time have interest in securities / positions, financial or otherwise in the securities related to the information contained in this report.

To enhance transparency, Way2Wealth has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

**Disclosure of Interest Statement: ASTRA MICROWAVE LTD. as on 29<sup>th</sup> May 2024**

Name of the Security	Astra Microwave LTD.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained.	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	Yes (10 Nos,01Nov23)
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

This information is subject to change without any prior notice. Way2Wealth reserves at its absolute discretion the right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, Way2Wealth is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.