




Astra Microwave Products Ltd.

BUY

Sector: Communication Equipment

12th December 2024

Key Changes	Target		Rating		Earnings		Target	Rs.976
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.810	
Small Cap	ASTM:IN	81,526	ASTRAMICRO	532493	12 Months	Return	+20%	

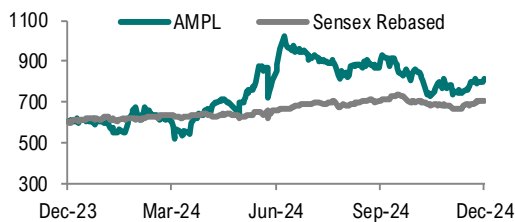
Data as of: 11-12-2024

Company Data	
Market Cap (Rs. cr.)	7,703
52 Week High — Low (Rs.)	1,060–511
Enterprise Value (Rs. cr)	7,934
Outstanding Shares (Rs cr)	9.5
Free Float (%)	93.5
Dividend Yield (%)	0.25
6m average volume (cr)	0.07
Beta	1.1
Face value (Rs)	2.0

Shareholding (%)	Q4FY24	Q1FY25	Q2FY25
Promoters	6.5	6.5	6.5
FII's	3.2	4.7	5.7
MFs/Institutions	13.6	13.6	15.0
Public	76.7	75.2	72.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-8.2%	-13.6%	33.0%
Absolute Sensex	-0.5%	6.1%	16.6%
Relative Return	-7.7%	-19.7%	16.4%

*over or under performance to benchmark index



Y.E March (cr)	FY24A	FY25E	FY26E
Sales	909	1,093	1,361
Growth (%)	11.4	20.3	24.5
EBITDA	192	239	306
EBITDA Margin (%)	21.1	21.9	22.5
PAT Adjusted	121	149	206
Growth (%)	73.4	23.3	38.0
Adjusted EPS	12.8	15.7	21.7
Growth (%)	58.2	23.3	38.0
P/E	63.6	51.6	37.4
P/B	8.0	7.0	6.0
EV/EBITDA	41.4	33.4	26.0
ROE (%)	15.1	14.4	17.2
D/E	0.2	0.3	0.2

Author: Anil R - Sr. Research Analyst

Order book improving...margin to improve

Astra Microwave Products Ltd. (AMPL) is a leading designer and manufacturer of a wide array of radio frequency systems, microwave chips, and microwave-based components and subsystems for defence, telecom, and space.

- In Q2FY25, AMPL reported a 21% increase in revenue, driven by healthy order execution, which was in line with estimates.
- EBITDA grew by 18% YoY, while margins were stable at 21.4%. Reported PAT declined by 15% YoY due to higher interest cost.
- Order inflow was healthy at Rs.234cr, with ~65% of these orders being from domestic defence.
- The current order backlog is at Rs.2,100cr, which is ~2x FY25E projected sales, providing visibility for the next 2 years.
- Order pipeline improving, with cumulative opportunities of Rs.8,000cr within AMPL's Rs.39,000cr of total addressable market until 2030.
- With a shift in order execution mix towards domestic orders (~86% mix), we anticipate EBITDA margin in the range of ~22.2% for the next 2- 3 years.

Outlook & Valuation

Indian defence manufacturing's long-term outlook is improving, led by the government's push for self-reliance and ongoing defence modernization. A notable upswing in the order inflow pipeline in defence electronics is evident. AMPL's higher domestic order execution bodes well for margin expansion and earnings. Therefore, **we value AMPL at P/E 45x FY26E, at a significant premium to its long term, and upgrade to Buy Rating from Accumulate with a target price of Rs.976.**

Quarterly Financials Consol.

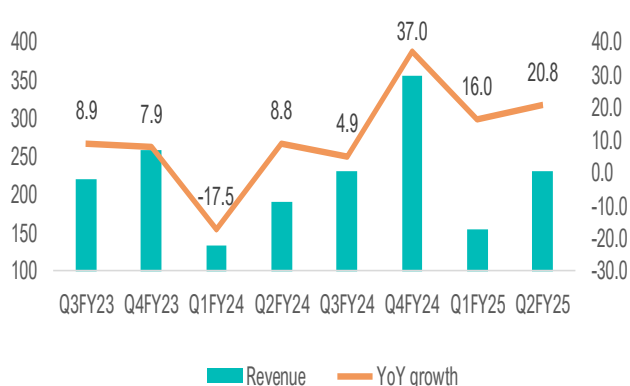
Rs.cr	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	H1FY25	H1FY24	YoY (%)
Sales	230	190	20.8	155	48.0	385	324	18.8
EBITDA	49	42	18.2	24	105.1	73	45	63.8
EBITDA %	21.4	21.9	-46bps	15.5	598bps	19.0	13.8	523bps
EBIT	43	35	(21.6)	16	172.5	59	33	79.3
PBT	33	33	(0.2)	7	336.8	40	25	63.5
Rep. PAT	25	30	15.4	7	252.5	33	23	40.0
Adj.PAT	25	30	15.4	7	252.5	33	23	40.0
EPS (Rs)	2.9	2.4	(23.8)	0.8	252.5	3.8	2.7	40.0



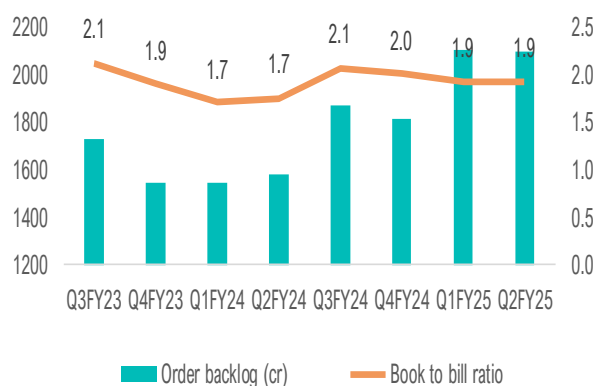
Key Concall Highlights

- In Q2FY25, the order book stands at Rs.2,100cr, which is 2x FY25E projected sales. While the consolidated order book, including JVs, stands at Rs.2,269cr.
- Order inflow during the quarter stands at Rs.230cr, with 98% being domestic orders. H1FY25 order inflow was Rs.530cr.
- While out of total order backlog, 89% is from domestic, which is expected to support margins expansion.
- In H2FY25, order inflow is anticipated in the range of Rs550-600cr comprising radars Rs.350cr, EW systems Rs.60cr, Telemetry & missile communications Rs100-120cr, Meteorology in the range of Rs50-60cr and Other segments Rs30-40cr.
- AMPL has signed an MoU with Premier for the joint development of products. Also signed an MoU with Manjeera Digital Systems for NavIC chips.

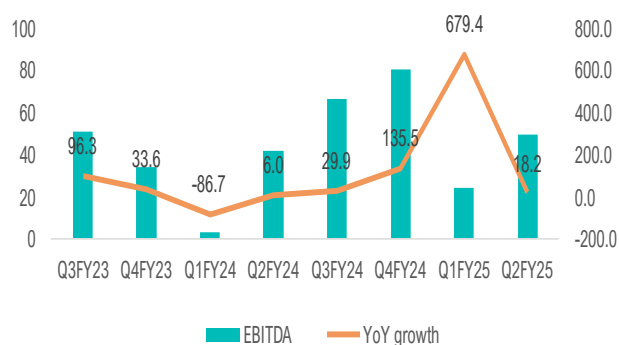
Revenue



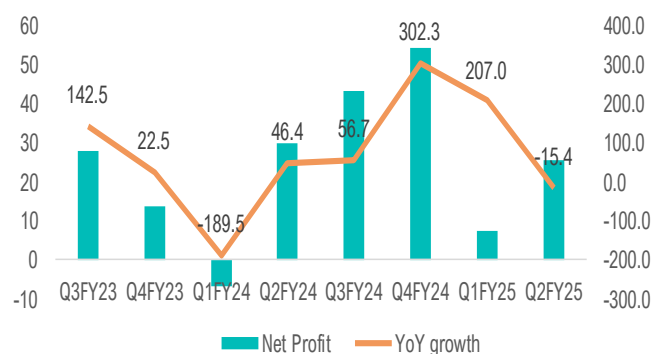
Order backlog



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	1,094	1,361	1,093	1,361	-0.1	-
EBITDA	236	302	239	306	1.4	1.4
Margins (%)	21.6	22.2	21.9	22.5	30 bps	30 bps
Adj. PAT	157	211	149	206	(4.9)	(2.4)
EPS	16.5	22.2	15.7	21.7	(4.7)	(2.3)



Consolidated Financials

Profit & Loss

Y.E March (Rs.cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Revenue	750	816	909	1,093	1,361
% change	17.1	8.7	11.4	20.3	24.5
EBITDA	89	148	192	239	306
% change	13.0	65.5	29.8	25.0	27.9
Depreciation	22	24	25	31	35
EBIT	67	124	167	208	271
Interest	21	31	31	50	49
Other Income	6	5	12	16	20
PBT	52	99	147	174	243
% change	27	89	49	18	40
Tax	12.3	26.1	37.9	44.2	61.9
Tax Rate	23.5	26.4	25.8	25.5	25.5
Profit/loss (JV/Asso.)	(2.3)	(3.0)	12	20	25
Reported PAT	38	70	121	149	206
Adj*	-	-	-	-	-
Adj PAT	38	70	121	149	206
% change	31.3	84.4	73.4	23.3	38.0
No. of shares (cr)	8.7	8.7	9.5	9.5	9.5
Adj EPS (Rs.)	4.4	8.1	12.8	15.7	21.7
% change	31.3	84.4	58.2	23.3	38.0
DPS (Rs.)	1.2	1.2	1.6	1.6	1.6

Cash Flow

Y.E March (Rs.cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Net inc. + Deprn.	60	93	146	181	241
Non-cash adj.	17	34	13	34	29
Changes in W.C	38	(153)	(340)	(193)	(199)
C.F. Operation	115	(25)	(182)	22	70
Capital exp.	(28)	(34)	(44)	(20)	(23)
Change in inv.	(0)	2	(13)	(5)	(5)
Other invest.CF	2	3	7	16	20
C.F – Investment	(26)	(28)	(44)	(9)	(8)
Issue of equity	-	-	225	-	-
Issue/repay debt	(51)	108	49	55	(34)
Dividends paid	(10)	(12)	(15)	(15)	(15)
Other finance.CF	(17)	(21)	(19)	(50)	(49)
C.F – Finance	(79)	75	232	(11)	(98)
Chg. in cash	10	21	7	2	(36)
Closing cash	27	49	63	69	33

Balance Sheet

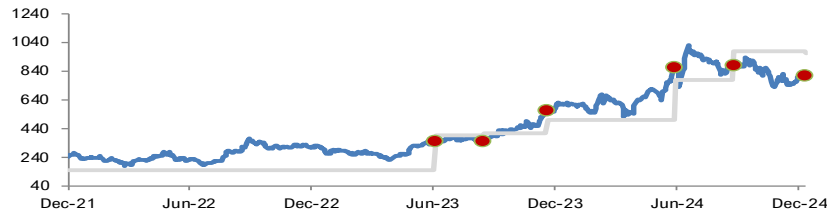
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	27	56	66	69	33
Accounts Receivable	205	284	505	605	671
Inventories	419	419	515	637	771
Other Cur. Assets	136	109	170	204	254
Investments	14	11	24	29	34
Gross Fixed Assets	306	336	353	376	399
Net Fixed Assets	159	166	167	159	147
CWIP	0	2	13	10	10
Intangible Assets	1	1	3	3	3
Def. Tax (Net)	7	9	11	11	11
Other Assets	0	0	0	0	0
Total Assets	969	1,057	1,474	1,726	1,933
Current Liabilities	84	86	138	173	215
Provisions	8	11	14	17	21
Debt Funds	592	1,705	2,313	2,863	2,523
Other Liabilities	2,315	1,471	1,240	1,500	1,546
Equity Capital	0	0	0	0	0
Reserves & Surplus	568	625	947	1,081	1,272
Shareholder's Fund	586	643	966	1,100	1,291
Total Liabilities	969	1,057	1,474	1,726	1,933
BVPS (Rs.)	67	74	101	116	136

Ratios

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
Profitab. & Return					
EBITDA margin (%)	11.9	18.1	21.1	21.9	22.5
EBIT margin (%)	9.0	15.2	18.3	19.0	19.9
Net profit mgn.(%)	6.1	11.5	14.9	14.4	16.3
ROE (%)	6.6	11.4	15.1	14.4	17.2
ROCE (%)	7.9	12.6	14.3	14.4	16.5
W.C & Liquidity					
Receivables (days)	114.8	109.4	158.4	185.3	171.1
Inventory (days)	182.1	187.6	187.5	192.3	188.8
Payables (days)	48.7	60.0	75.0	85.5	85.7
Current ratio (x)	8.5	9.0	8.2	8.0	7.3
Quick ratio (x)	2.8	3.9	4.1	3.9	3.3
Turnover & Leverage					
Gross asset T.O (x)	2.6	2.5	2.6	3.0	3.5
Total asset T.O (x)	0.8	0.8	0.7	0.7	0.7
Int. coverage ratio (x)	3.2	4.1	5.3	4.1	5.5
Adj. debt/equity (x)	0.1	0.3	0.2	0.3	0.2
Valuation					
EV/Sales (x)	9.4	8.8	8.7	7.3	5.8
EV/EBITDA (x)	79.3	48.7	41.4	33.3	26.0
P/E (x)	185.3	100.5	63.6	51.6	37.4
P/BV (x)	12.0	10.9	8.0	7.0	6.0



Recommendation Summary last 3 years)



Dates	Rating	Target
25.June.21	Reduce	150
05.June.23	Hold	388
16.Aug.23	Accumulate	403
20.Nov.23	Reduce	500
29.May.24	Reduce	775
26.Aug.24	Accumulate	976
12.Dec.24	Buy	976

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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