

**ASTRA MICROWAVE PRODUCTS LIMITED**

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CIN : L29309TG1991PLC013203

June 1, 2022

To
The General Manager
Department of Corporate Relations
BSE Limited
Sir Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai -400 001

To
The Vice President,
Listing Department
**The National Stock Exchange of
India Limited**
Exchange Plaza
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Scrip code: 532493

Scrip code: ASTRAMICRO

Dear sir,

Sub: Conference call transcript.

We are sending herewith Conference call transcript held with analysts on 26th May, 2022.

This information is also uploaded on the website of the Company
www.astramwp.com.

Thanking you,

Yours faithfully,
For Astra Microwave Products Ltd

T.Anjaneyulu
G.M - Company Secretary

Works :

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Astra Microwave Products Ltd.

Leaders in RF and Microwave Technologies

CIN: L29309TG1991PLC013203

“Astra Microwave Products Limited Q4 FY22 Earnings Conference Call”

May 26, 2022

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 26th May 2022 will prevail



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**MANAGEMENT: MR. S.G. REDDY - MANAGING DIRECTOR, ASTRA MICROWAVE PRODUCTS PRIVATE LIMITED
MR. M.V. REDDY - JOINT MANAGING DIRECTOR,
ASTRA MICROWAVE PRODUCTS PRIVATE LIMITED**



Moderator: Ladies and gentlemen, good day and welcome to the Astra Microwave Products Limited Q4 and FY22 earnings conference call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S.G. Reddy - Managing Director. Thank you, and over to you sir.

S.G. Reddy: Thank you and good afternoon, everybody. A warm welcome to all of you for the post results earnings call of our company. I with my colleague Mr. M.V. Reddy - Joint Managing Director and SGA our investor related advisors. The Results and Investor Presentation for Q4 and year ended FY22 are uploaded on our company website and stock exchanges. I hope you had a chance to look at it.

As you are aware we are in this business of supply of RF and Microwave components and subsystems for the last 32 years, serving market scenario for Defense, Space, Telecom, Meteorology, and civilian applications. Over the years, our company has moved from components and subsystems to high value-added systems. The company was able to create a solid order book of close to Rs. 1,546 crores on backup over a deep domain expertise. With our proven track record, we are very well placed to capture a bigger pie of the growing defense market which is growing at a very fast pace on back off various government's initiatives like IDDM and make two programs. Many of these programs are especially in the area for radars and electronic warfare systems where Astra has a good expertise. We believe that going forward; our revenue mix will be in favor of domestic market as compared to the previous years where it is skewed in favor of exports which is a high volume and a low margin business. Therefore, we believe that going forward the profitability of the company is likely to improve in a significant way.

I shared with you some numbers in the last conference call, we are confident to book about Rs.3,000 crores worth of orders by the year 2025 and out of a market potential of about Rs.14,500 crores up to year 2028. Our order book as of 31st March 2022 is at about Rs. 1,546 crores which is executable in the next 12 to 13 months. And during the year, the company has booked about Rs. 760 crore orders. It does Rs. 77 crore order coming in Q4. We see newer opportunities in the area of Anti-Drone, EW systems, Satellites, SDRs and Electro Optics which will add up to the order book and business potential of the company in the coming years.

Coming to the specific financial performance of the company for the year ended, we did about Rs. 735 crores of sales after adjusting the late delivery charges and other adjustments which are pertaining to the accounting standards. This is as against Rs. 589 crores of business what we did about in the year 2021 which shows a growth of about 25% year-on-year. EBITDA for the year stood at Rs.87 crores as against Rs.64 crores for the year, for the previous year. The margins



stands at about 11.8% as against 10.9% in previous year, EBITDA margins for exports is around 3% as against a domestic margin of about 23%. The company has reported a profit after tax of about Rs. 40 crores for the year as against Rs.24 crores for the previous year. The board of directors has recommended a dividend of about Rs. 1.40 which is 70% for the year ended FY22. In terms of the sales executers, in terms of the geographies, the domestic sales are about Rs. 53 crores and exports have contributed about 47%. Going forward for the year 2023, we are confident that we will be able to achieve about Rs. 850 crores of sales with an expected PBT of about Rs. 85 crores. This year the composition is likely to be more in favor of domestic which is likely to contribute about 65% and the rest will be coming from exports.

This is all what I can share with you as of now. And I open this call for the question and answers.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Vivek Ganguly from Nine Rivers Capital. Please go ahead.

Vivek Ganguly: You all have an order book of about Rs. 2,100 odd crores. And can you get the breakup between domestic and exports?

S.G. Reddy: You mean the order book you are assorted to is consolidated one?

Vivek Ganguly: Yes.

S.G. Reddy: Our standalone is only about Rs. 1,500 crores.

Vivek Ganguly: And in that how much would be, so the remaining would be coming from the software-defined radio JV?

S.G. Reddy: Yes.

Vivek Ganguly: So, within the Rs. 1,500 crores how would it be between domestic and exports ?

S.G. Reddy: Domestic is about Rs. 1,002 crores and the rest is our exports around Rs. 540 crores.

Vivek Ganguly: So, the domestic and export both of them are on an average executable over 12 to 14 months or there would be, the time span would be different for both.

S.G. Reddy: Out of this Rs. 1,500 crores, we are trying to execute about Rs. 800 crores to Rs. 820 crores and another Rs. 30 crores which are being booked in the first quarter, we are planning for execution. So out of this Rs. 1,500 crore backlog, we are executing around Rs. 820 crores.

Vivek Ganguly: Next year.

S.G. Reddy: Yes, current year.

Moderator: The next question is from the line of RP Sharma from BCK Investments. Please go ahead.



RP Sharma: My first question is regarding in the past, you have mentioned that for opportunities like on the Anti-Drone systems, Electro Optics, there may be requirement to raise funds. Where are we on this?

S.G. Reddy: No. This is still going on. Electro Optics what we mentioned earlier is that we are in advanced stage of discussions with our JV partner, and these announced the potential business opportunity for our JV company. That is what we have mentioned to you. The discussions are still going on but, as and when these things materialize and if there is a requirement to raise funds definitely, we will do that.

RP Sharma: My second question is, can you share some updates on Astra Rafael JV in terms of order book and its performance in the year?

S.G. Reddy: Coming to that. Arc revenues for the year are about Rs. 25 crores. We have just started executing this software-defined radio which was in pipeline for the last two years. I think a small portion of those things were shifted to the Rafael Israel because of that it was able to recover about Rs. 25 crores of revenues for the year with a negative profit of about Rs. 5 crores for the year. And we are expecting revenue of Rs. 200 crores in next 15 to 16 months.

Moderator: Next question is from the line of Ankit Agarwal from Arc Capital. Please go ahead.

Ankit Agarwal: So, I have a couple of questions here. So first one is around the geographic mix, can you get some details with respect to margin from domestic and export sales?

S.G. Reddy: You mean for the current year?

Ankit Agarwal: Yes, current year.

S.G. Reddy: That I have already mentioned, EBITDA margins for the exports is about 3% and the domestic is about 23%.

Ankit Agarwal: And so, as I understand going forward, they are going to be targeting higher sales from domestic, but do we see or going into more high value product, higher value products on the export side other than say like build to print orders.

S.G. Reddy: Actually, we are also discussing with various OEMs in US and the other territories. In fact, one of the customers we are in a very active phase of discussions to develop subsystems for one of their air-borne radar that is if materializes, I think that would be a big order value that I think in maybe a couple of months, I think after that only will come to know about progress on that. Otherwise yes, we have been discussing with a few companies and build to spec offer also apart from build to print for offices.

Ankit Agarwal: And sir, continuing with the margin we have seen that the raw material as a cost of percentage of sales has increased over the last 5-6 years. So, how do we see panning out in the future like are we looking at alternate supply or some thing like that ?

S.G. Reddy: Raw material, the increase in raw material cost is largely because of the sales mix. As I mentioned earlier, Exports is a low margin, high volume business and that was a major contributor for the last three years, because of that the overall raw material cost is on higher side. Going forward, definitely the raw material cost will be much lower compared to the overall sales of the company simply because domestic sales are going to be higher compared to the export sales.

Moderator: The next question is from the line of Ketan Gandhi from Gandhi securities. Please go ahead.

Ketan Gandhi: Sir, if I am not wrong you have said next year guidance around Rs. 850 crore of turnovers and PBT of 85 crores . That is a growth of around 60%-65% in the PBT. Am I right?

S.G. Reddy: Yes. You are right.

Ketan Gandhi: And sir, any guidance on the order book can be received during this financial year.

S.G. Reddy: Yes. Mr. M.V.Reddy will answer that.

M.V.Reddy: Order book last year that is FY22. You want to know the details of order book for the current year?

Ketan Gandhi: Yes, order book guidance.

M.V.Reddy: For the current year we are targeting about Rs. 850 crores worth of orders inflow. From radar segment, we have a clear visibility to book orders worth of Rs. 475 crores, from EW segment app Rs. 125 crores and in communication and telemetry segments together around Rs. 150 crores. Overall defense biz is close to around Rs. 740 crores and Space is about Rs. 5 crores to 10 crores and Meteorology contributes around Rs. 50 crores. This is the break-up of the overall order book from the domestic sector, which is Rs. 795 crores and whereas from exports segment, app Rs. 55 crores we have orders in pipeline.

Moderator: Next question is from the line of Abhijit Mitra from ICICI securities. Please go ahead.

Abhijit Mitra: Just to understand the order book guidance that you see for the next three years, how much of that would be radars and what are the near-term execution orders that you see in radars and also within the defense capital acquisition budget of the country, how much would be dedicated towards radars, any broad idea? These are the three questions they have and also some of the competitors are also started talking up for potential orders in the radar segment especially coming from HAL. So, I am just trying to understand for this entire LCA platform barring Uttam AESA, any other electronic warfare, we are sort of a potential vendor to. Some thoughts on that would be great.

M.V.Reddy: We have potential to book orders around the Rs. 600 crores, out of that we are considering Rs.400 crores to Rs.475 crores from radars segment as I've mentioned earlier and from electronic warfare is about Rs. 125 crores. With regard to the projects are concerned , we had



informed investors that, we have been developing AAAU for AESA radars, which is in final stage of development and will be delivered within couple of weeks to DRDO. And we are expecting the production orders of AAAU's of AESA Uttam radar from FY24 onwards. Also, we have been working on a synthetic aperture radar, digital active phased array radar, Ground based long-range search and tracking radar. For these Radars, we are working with DRDO to develop sub-systems. Apart from that, as we have mentioned earlier, we have been working to develop few Radar system. One among them the coastal surveillance radar for which we got TOT from DRDO. We are working on optimizing design to meet the end user requirements that has both domestic as well as export potential. Also, we are working on the ground penetration radar and Counter drone radars with TOT from DRDO. Apart from these, we are proactively developing bird detection radar, a defense acquisition project which someone had mentioned in the call. As stated earlier , we are working on counter drone system in which we have taken up development of radar and jammer with the basic design know how from DRDO, however we are optimizing the design of the total radar in order to meet the end user requirements and to make it available with a very competitive price. We are also working on the instrumentation radar like PATM which is a telemetry receive system and multifunctional AESA receive system. Development of PATM System is almost completed and SAT is in progress. Multifunctional AESA radar integration has commenced and is nearing completion. These are all few radars which we are into both subsystems as well as systems and have been taken up development. And on the other sector , we have been working on various programs like AESA Seekers which are in development phase and we are hopeful to complete the prototype development in the current year and we are hopeful to book production orders from FY25 onwards. Similarly, the other projects which we have taken up and which are under development like TeraHertz proximity sensor which is an advanced version of proximity sensor and we are working with DRDO. Another project called the Course Correction Fuze. This, project was allotted to us under Technology Demonstration Fund (TDF). This is also in advanced stage of development phase. As far as electronic warfare segment is concerned, we are expecting a good number of orders this year especially from Naval and Army programs like Nayan and Shakti from BEL, Hyderabad. We have been working with DRDO to develop subsystems for Naval and Ground based EW Programs. Apart from that, Doppler weather radar which we have already executed first order for Indian Meteorology department of quantity 10 numbers. Recently we have bagged one more radar from DRDO lab also, we have participated in tenders from IMD for a few more radars I think I have explained to your question.

Abhijit Mitra: So just to understand that 3,000 crores to 4,000 crores of potential order inflow for next three to four years, how much of that is radar? I didn't get it, sorry. How much of that would be the radar?

M.V.Reddy: Against projected 3,000 crores, we have visibility of about Rs. 2000 crores for radar segment.

Abhijit Mitra: And the majority would be these radars for the anti-drone system. Is it right?

M.V.Reddy: All subsystems and systems put together I am talking about.



Abhijit Mitra: And just to understand the customer wise mix because many of the competitors have started giving that mix. So, in terms of say DRDO, HAL, BEL, how would you break it up for this year for the domestic component that you have achieved and how do you see, what are the key customers that you see coming up in that list in FY23?

M.V.Reddy: In FY23, the production orders what we are trying to book is from DRDO for AEW&C radar sub-systems and then Arudhra from BEL there would be as a, there in subsystems to go for some few members from DRDO and also sub-systems for Ashlesha and FLR (Akash). Apart from these programs, we are also participating for many development programs. we are expecting good number of development contracts from DRDO and production orders from BEL for the current year..

Moderator: The next question is from the line of Akshay Kothari from Envision Capital Services. Please go ahead.

Akshay Kothari: I just wanted to know that regarding orders from DRDO what is the process exactly followed like designing or development or how much of it is done by us and how much of it is done by DRDO or outsourced and are these developments being done indigenously or how does it go?

M.V.Reddy: Are talking about subsystems or for a system?

Akshay Kothari: Both, systems, subsystems both.

M.V.Reddy: Basically, DRDO floats tenders with the specifications of the subsystems and of course we are competing in competition with the other players in this area. Based on technical competency companies will get short-listed and once we get qualified and if we are commercially competitive, contracts will be awarded to the L-1 bidder. This is the process what DRDO is following and even systems also in similar process being followed after evaluating companies and identifying potential companies to develop and execute projects. In few cases, tenders have been floated on limited basis. Orders will get distributed to one or multiple depends upon the RFP conditions.

Akshay Kothari: And designing is done by us only or are we outsourcing it?

M.V.Reddy: As far as subsystem are concerned, all the design and developments will be carried out by us only. We get specifications from DRDO.

Akshay Kothari: I think you mentioned that our order execution cycle is around 12 to 13 months, is that right?

M.V.Reddy: Actually, it was around 8 to 10 months, but now due to the crisis of the components and logistics issues, it is now gone beyond the 10 months. We can realise in around 12 months.

Akshay Kothari: So, we have an order book of Rs.1,546 crores are the standalone one. So, our next year revenue guidance should be around the order book only because 12 months would be the order execution cycle?

M.V.Reddy: Whatever orders we book for the current year I think most of them will come for execution in the next year, except very few of them.

Akshay Kothari: So, you have guided revenue of around Rs. 850 crores. So, that doesn't add up. So, where am I going wrong?

M.V.Reddy: We have an order book of about Rs. 1,546 crores out of that and a potential order book of about Rs. 850 crores for the year that will make up close to about Rs. 2,300 crore order book of the company out of that we will be executing about Rs. 850 cores by the end of the financial year which leaves a carryover order book of about Rs. 1,600 crores.

Akshay Kothari: And lastly on the working capital cycle so, how are we planning to reduce this working capital cycle? And I understand that going forward; we would be doing more of domestic business. So, I think our working capital cycle would be elongated on that iso your views on that front?

S.G.Reddy: See, there is no other option like whatever, where you can minimize that working capital cycle, we have to do that. Major portion of that goes in procurement of the raw material. The realization is not an issue there. As long as your final product is meeting the specifications, we should be able to get in about 90 days' time. So, realization is not an issue, but we have to invest in sourcing the material, storing them for the duration of the project. That is where your maximum fund requirement is going to come in.

Akshay Kothari: And how much percent of the project cost do we get as an advance from our customers?

M.V.Reddy: If it is a development order, , we get about 20%. From 15% to 25% we get from DRDO labs and generally for the production orders there is no advance. I am talking about the domestic business.

Akshay Kothari: Could you give the breakup for the revenue mix as a percentage of development order and production revenue?

M.V.Reddy: The development revenue maybe about, around 15% to 20% in a year.

Moderator: The next question is from the line of Bhavik Shah from MK Ventures. Please go ahead.

Bhavik Shah: We saw like Margins hit this quarter, so was it on account of the raw material pressure we are witnessing?

S.G.Reddy: In this quarter again, exports is a significant one where the value addition is very low and also couple of big contracts from Israeli customer got closed in the current quarter. So, there were some adjustments to be carried out in terms of the bill of materials because all these contracts carry a bill of material guarantee from either side. If there is an increase of bill of material, I will be compensated. If there is a saving in bill of materials, then I have to repay to my customer. So, because of that adjustment, the export revenue, export profitability got a hit in the quarter. So, that is a reason where the revenue, the overall profitability is low in the Q4.



Bhavik Shah: So, these will basically we pass on the raw material and inflation costs if there is any?

S.G.Reddy: Yes. In some contracts we got it, and, in some contracts, we have to pay them. Unfortunately, this quarter the net adjustment is worse in their favor.

Bhavik Shah: So, what percentage of our order book will have this RM inflation will be passed on ?

S.G.Reddy: This raw material, guarantee is there only for export orders not for the domestic one.

Bhavik Shah: So, in domestic orders you need to take the retreat?

S.G.Reddy: Yes. We have retreat. There is no guarantee basically...

Bhavik Shah: Are we facing some RM pressure in Q1 like?

S.G.Reddy: Can you repeat this last question? I didn't get you.

Bhavik Shah: Are we witnessing a steep increase in raw material inflation during the first quarter of FY23?

M.V.Reddy: No, again it depends on the overall sales that you are likely to execute. We have projected to do about Rs. 175 crores of sales in Q1 out of that exports are going to be close to about Rs. 50 crores to Rs. 60 crores. So, it all depends on the, The exports are going to be about Rs. 82 crores out of Rs. 175 crores. Therefore, probably the overall raw material cost will be higher in Q1 which is likely to get reduced gradually as we move forward.

Bhavik Shah: And sir, in JV we have witnessed a loss of about Rs. 5 crores; still FY23 is executing around Rs. 200 crores there. So, will there still be loss with that JV turns profitable?

S.G.Reddy: JV is likely to turn profitable at the end of 2023 financial year. There will be a small profit at the end of the year, but 2023, 2024 it should be reasonably good profits will be there in the JV.

Bhavik Shah: In the same JV, we have invested Rs. 20 crores for FDR?

S.G.Reddy: Yes.

Bhavik Shah: So, are we going to see any revenues from there? Or is this just the link of previous orders, which we are going to fulfill?

M.V.Reddy: This SDR is in the development stage for army, Indian army which we have participated that revenue will come only after once we are successful in this tender. At present, Arc that is our joint venture executing the order which they have that bagged almost four years back.

Bhavik Shah: Are we facing any challenge is in our execution of the order book? Because, you have a strong order book of around Rs. 1,550 crores but we have guided for around Rs. 850crores and our general execution period is 12 to 18 months. So, are we facing any executionary challenges?



M.V.Reddy: Actually, in this the cycle time like as per the customer requirement, a few contracts were there for up to 44 months. So, based on the delivery milestones, we have taken numbers from the executable orders. For the current year, we are planning around 850 Cr Sales. And of course, there is a scope to increase little, but it all depends on the component's availability. As I mentioned, we have issue of semiconductors, suppliers are taking almost 8 to 10 months with that, I think we are trying to restrict today's sales figure.

Bhavik Shah: My last question is like on the Anti Drone system, we had invested around Rs.15 crores. So, is there any update on that?

M.V.Reddy: Anti Drone, we have not invested till now as same is in design stage.

Bhavik Shah: We also are in still development phase?

M.V.Reddy: Yes. It is in development phase.

Moderator: The next question is from the line of Santanu Chatterjee from Mount Intra Finance. Please go ahead.

Santanu Chatterjee: My question is, as we are trying to transform from a subsystem player to a system player? Want to know sir, how much order book we have bought from the whole system platform?

M.V.Reddy: The whole system platform as we have mentioned we booked some orders for the instrumentation radar which is close to approximately Rs. 150 crores.

Santanu Chatterjee: Out of Rs.1,500 crore.

M.V.Reddy: Yes. This is Rs. 150 crores from systems.

Santanu Chatterjee: And as you have already mentioned just a few minutes back when I am looking after this quarter result, your top-line is not moving up. Is there any execution issue as you have mentioned the semiconductor could be one of the reasons? Is there any other issue for which the execution is not up to the mark? I am talking about year-on-year basis.

M.V.Reddy: Actually, I have said few contracts which we have bagged, which we will be delivering in FY24. Leaving apart the long duration contracts, most of the other production contracts we are trying to execute in the current year. Only a few contracts we are doubtful because of lead time of the components. In fact, a space contract, which we bagged it in last quarter, because of long lead time of components, we had to shift the entire contract to the next financial year. The major issue is the long lead time of components which is a global crisis and being faced by all industries. We are hopeful for a better situation and improve on lead times. I think, I have already mentioned that there is a little hope to improve sales figure, against what we have indicated now.



Shantanu Chatterjee: And as you have presented in your presentation, we have got four different business verticals, defense, public space, meteorological and exports. Can you have, can you give us the margin profile of different business verticals?

S.G.Reddy: The defense and space, the domestic margins are around 40% that is sales minus material cost. Meteorology is around the 30% to 35%. That's it, whereas the exports the gross margins are around 8%.

Moderator: The next question is from the line of Jitesh Patel from SS Securities. Please go ahead.

Jitesh Patel: I have a couple of questions. My first one is there is a significant increase in your other expense as compared to last year. Are there any one off in this or and what kind of a margin do you expect in the future?

S.G.Reddy: In the current year, order book as I mentioned most of them are from the domestic sector except Rs. 55 crores in Exports the rest are from the domestic sector which has a reasonably good contribution or margin. In this the breakup, I think I have already given, but anyhow I will repeat for this about Rs.475crores from the radar and Rs. 125 crores from the EW and about Rs. 150 crores from the communication.

Jitesh Patel: And out of this Rs. 1,500 crores of this order book, can you give, can you provide a breakup of this?

M.V.Reddy: From defense is about Rs. 754 crores in that radar is around Rs. 409 crores and electronic warfare is about Rs. 143 crores and the telemetry and communications is about Rs. 200 crores. From space, we have components and sub-systems for on-board as well as for the ground application both put together around Rs. 200 crores and meteorology around Rs.42 crores. So, overall domestic is around Rs. 1,002 crores and exports we have about Rs. 540 crores.

Jitesh Patel: And additional Rs. 800 cores what you are going to apply or that would be in which segment primarily?

M.V.Reddy: Yes, defense. That is what I said for defense and that to in particularly radar segment.

Moderator: The next question is from the line of Riya Verma from JR Securities. Please go ahead.

Riya Verma: I have two questions. Firstly, in the presentation the company has mentioned that the business potential till 2028 is Rs. 14,500 crores. So, just wanted to understand the basis of coming up to this quantum of business potential and the foresight for the next six years?

M.V.Reddy: Based on the opportunities what we have seen in our business domain especially in the radar and in the electronic warfare naval segment. There is ample of opportunities for companies like us to grow in this domain. Whatever development contracts we have executed in the past are going for production like Army Akash and then Astra program. And few Radars like fire control radar which is of course being executed by BEL and then Primary radar of AEW&C program



which has been sanctioned. The EW segment we have production orders from BEL, most of them are from Navy and army EW projects. So, in that again it is close to worth of about Rs. 1500 crores to 2000 crores worth of the potential business visibility existing. In space sector, of course we have taken only RISAT satellites for next four-five years. These are all some projects from which we expect to book Rs. 500 crores to Rs. 600 crores orders . But the major portion of business is likely to come from radar segment which is close to about Rs. 10,000 crores that include the total systems like coastal surveillance radar and counter drone systems and radars which MOD is trying to release RFPs like bird detection radars and like other various programs as we have mentioned earlier.

Riya Verma: And so, you are given guidance Rs. 850 crores with a 10% margin. So, this would mean good growth and revenue. Where are we seeing this growth coming from?

S.G.Reddy: Rs. 850 crores, the projection is made out of the existing order book. And the growth in margins is coming in because this year we expect the domestic is going to be the major one compared to the exports. And hence there is an improvement in the gross margins for the company.

Moderator: The next question is from the line of Ketan Gandhi from Gandhi securities. Please go ahead.

Ketan Gandhi: Sir, I am looking at the presentation slide22 where you have mentioned about that by doing extensive investments to strengthen our position as a system vendor exploring the areas in the Anti Drone, EW satellites, STR then. So, I believe a company will be in requirement of the additional capital, any plan to raise the capital by way of equity issue or some other means in the near future?

S.G.Reddy: Yes. We have, we have talks on those lines but as of today I don't have any firm plans to share with you but going forward yes, we are aware that we are in need of some capital resources. Those ideas have to be implemented.

Ketan Gandhi: So, can you please mention the time line? Say one year or two year or six months.

S.G.Reddy: Probably in one year's time we should be, we have to take a call on that, and we come out with some proposal.

Moderator: The next question is from the line of Suraj Kumar, individual investor. Please go ahead.

Suraj Kumar: Sir, I want to know about the finance costs in consolidated profit and loss statement. Finance costs had reduced. What is the reason?

S.G.Reddy: Finance cost is reduced because the company was able to rotate the funds better and utilization of the overdraft facility for day-to-day operations has come down compared to the previous year. So, that is the reason why it has come down.

Suraj Kumar: One more thing government has declared that performance bank guarantee will not be quite more for Defense Company. What is your view on this?



S.G.Reddy: I think as of today, they have only reduced the percentage of the performance guarantee what was submitted earlier. Earlier they used to ask for about 10%, now that got reduced to around 3% or 5%. I don't think totally it was taken out.

Moderator: I now hand the conference over to the management for closing comments.

S.G. Reddy: Thank you everybody for joining the call. We wish to see you at the end of Q1. Thank you very much.

Moderator: Thank you. Ladies and gentlemen, on behalf of Astra Microwave Products Limited that concludes this conference call. Thank you for joining us. And you may now disconnect your lines.