



ASTRA MICROWAVE PRODUCTS LIMITED

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November 19, 2024

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

Scrip code: 532493

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: ASTRAMICRO

Dear Sir,

Sub: Conference call transcript.

We are sending herewith Conference call transcript held with analysts on 13th November, 2024.

The above information is also made available on the Company's website www.astramp.com.

Thanking you,

Yours faithfully,

For Astra Microwave Products Ltd

T.Anjaneyulu
G.M - Company Secretary

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“Astra Microwave Products Limited
Q2 FY '25 Earnings Conference Call”
November 13, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 13th November 2024 will prevail



**MANAGEMENT: MR. S. G. REDDY – MANAGING DIRECTOR – ASTRA
MICROWAVE PRODUCTS LIMITED
DR. M.V. REDDY – JOINT MANAGING DIRECTOR –
ASTRA MICROWAVE PRODUCTS LIMITED
MR. ATIM KABRA – DIRECTOR-STRATEGY AND
BUSINESS DEVELOPMENT – ASTRA MICROWAVE
PRODUCTS LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Astra Microwave Products Limited Q2 FY '25 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinion and expectation of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant lines will be in the lesson 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 star then zero on the 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, Yousuf, and good morning, everyone. A warm welcome to all of you to the post results call of our company. I am with my colleagues, Mr. M.V. Reddy and Mr. Atim Kabra and SGA, our Investor Relations Advisors. The results and investors presentation for Q2 FY '25 are already uploaded on the company website and stock exchanges. I hope you had a chance to look at it.

In terms of the highlights, I'm happy to share with you a continuation of a decent start for the financial year. We were able to deliver good performance for Q2 also. In terms of what particulars, the top line for -- at the consolidated level is about INR230 crores, which is a year-on-year growth of about 21%. This performance is in line with our expectations.

On the profitability front, we continue to maintain our EBITDA margins at a sustainable level at the rate of around 21%. This improved profitability is largely because of the product mix, which is skewed more towards domestic as we have shared with you in recent calls. In terms of the composition of the sales, the defense -- local defense production has contributed to 80% of the top line, followed by exports up to 12% and the rest of the things came from space and meteorology sectors.

In terms of general business development, I wish to inform you that during the quarter, we have signed an MOU with Premier Explosives Limited for a strategic alliance to develop and sell multiple products jointly. And the JV agreement was signed with Manjeera Digital Systems to establish a new entity focused on manufacturing NavIC chips and the GNSS products using NavIC chips.

This joint venture is going to be owned equally by the parties. We believe that both these developments should help the company to explore new opportunities by broadening our offerings and strengthen our overall capabilities. In terms of the order book. As of September '24, at consol level, it is around INR2,269 crores, whereas stand-alone number is about INR2,097 crores. And our order wins continues to be healthy.

In Q2 FY '25, for stand-alone, we received new orders worth of INR230 crores, which is mainly from the domestic defense and meteorology segments. In terms of the breakup of these

new orders received in Q2, INR73 crores came from radars, INR71 crores for EW segment, INR77 crores for meteorology and the rest from space and exports.

Overall, our order book comprise of 98% of domestic orders, which are largely BTS that is built to spec and a 2% of export orders, which are a mix of BTP and BTS. Our consolidated order book consist of INR117 crores worth of service orders, which are typically margin accretive. Further details on order links and the business trends will be shared by Mr. M.V. Reddy.

For the current financial year, we maintain our target which was given previously with an order book range in the range of about INR1,200 crores to INR1,300 crores and a top line in the range of INR1,000 crores to INR1,100 crores with an PBT margin of 17% to 18%. Our joint venture company ARC has done well during the quarter, recording close to about INR100 crores of sales, and we have reached about INR162 crores of sales for the 6 months period with a PBT of INR8 crores.

It is expected to reach close to about INR275 crores of sales for the year with a PBT range in the range of about 8%. It has an outstanding order book of about INR282 crores at the end of Q2 and is expected to book further orders in the range of about INR200 crores for the rest of the years. Our wholly owned subsidiaries are doing well and they are expected to report profit at the end of the year.

With this, I will hand over to Mr. M.V. Reddy, Joint MD, and later, to Mr. Atim Kabra, to share their thoughts. Thank you.

M. V. Reddy:

Thank you. Good morning, everyone. As we review of Q2 and H1 of FY '25, we have been seeing a high positive trend, especially considering the fact of orders booked in the first half of the year and also the opportunities emerging out in this with our business domain. We have a robust order book of INR2,000 crores as of date and seeing a good visibility of good trajectory in all verticals of business segments, which are our main focus area.

As planned, we bagged good development and production orders in radar and electronic warfare domain in the second quarter. Out of INR232 crores order booked, 85% of the domestic segment, which constitutes a 15% of development contract and balance production in nature from DPSUs and IMD. We are hopeful of booking orders of another INR550 crores to INR600 crores more in the second half of FY '25.

Few orders which we booked in the second quarter, like one is that C-Band Doppler Weather Radar, which we booked from IMD. And also, we have received a few development contracts from DRDO and also production orders like Nayan or subsystems and all from BEL. On the sales front, we have picked up momentum and significant improvement as we have seen as compared to Q1 of FY '25. And we don't foresee any major challenges to meet our guidance of INR1,000 crores plus for the current financial year.

Regarding our joint venture, ARC, as Mr. S.G. Reddy just covered, although there was a slight dip in the revenue in the last quarter as compared to the -- what we have given the guidance

due to prevailing geopolitical situation, but we are confident of making overall revenue being planned for the current financial year.

With the order book of INR283 crores and expected to book INR200 crores plus more in next 2 quarters, ARC is expected to book revenue of INR275 crores for the FY '25. We would like to reiterate that going forward, we have a good visibility to maintain sustainable growth with the opportunities emerging in the domain of our operations.

With this brief note, now I hand over to Mr. Atim Kabra to share his thoughts. We will be happy to answer your questions. Thank you.

Atim Kabra:

Good morning, and I'm happy to be back again sharing the direction as well as strategy for Astra. As you know, strategizing is a continuous process which we keep fine-tuning as we go along. And the idea today is to share with you broadly the kind of things which have kept us busy over the last 6 months and also put in place a strategic framework for you to think of whenever you think of Astra.

A 30-year-plus company needs a little bit of new injection of thoughts, especially when the macro environment in which it operates changes dynamically. The challenges of running a INR1,000-crore company are markedly different from running a INR100-crore company and even more different when you are aiming for a INR2,000 crore to INR3,000 crore turnover target over years.

So everything in the company needs to be relooked at right from the IPs which we monetize, and which are the core building blocks which need to be recurring for revenue creation year after year. Same way the systems and processes within the company and, more importantly, our human resources, which make us today what we are need to be relooked at and nurture.

So we started this year with a focus on our core assets, which is our people, and the policies which define us and the way we operate, the way -- the environment in which the functioning of HR happens. We brought in an external Big 4 consultant to look at our policies and our practices. And thereafter, we brought in a very Senior HR Head to implement a new set of policies framework that shall serve our needs as we grow substantially.

In this era, where we are looking at complete systems as the basic building blocks of recurring revenue, a multidisciplinary approach is practical and it implies a very strong coordinated move between teams which have multiple skill sets which have to work together to deliver on the complete systems, which Astra is now delivering.

Our team bandwidth has widened and is widening and will widen with time, with senior management induction and induction of folks at a middle level. And the team and the Board has been very active in identifying the next set of leaders within the company. We are empowering them and incentivizing them to dream big and deliver value to our esteemed shareholders.

I'm personally very happy at the unified vision that the entire top management has bought into and implemented across the Board, across the company with a single mindset and a focused mindset and a common objective. And all this under the leadership of our Managing Director, S.G. Reddy and JMD, Mr. M.V. Reddy. And at the same time, we put in a lot of effort into identifying folks who are unable to keep pace with the fast-moving changes being implemented across the company.

And there is a need to create a mutual dialogue with them, wherein we offer them the assistance needed to shape up in the current circumstances or move on where the skill is better matched with the job so that the employee accountability concept is well established and everybody is contributing without any slack towards the growth objectives.

So while we add more people, we are also looking at how do we rationalize the work for our existing workforce. So as we prepare Astra for the future, we need to clearly lay out and define a few broad areas of operations. And yes, I will repeat that the private sector involvement in the capital equipment procurement in the defense industry is in its infancy with less than -- I believe less than 20% of the total capital outlay of the entire defense sector by a few estimates is right now being met by the private sector combined.

So the Indian industry is just about moving from subsystems to a systems-level player, where we can compete with our own products and our own place in the world. And this is due to the amazing groundwork and the ecosystem which has been created by DRDOs and the ISROs of the world and the various labs.

And while industry has grasped the policy level clarity at the government level and is responding with products. And it's not only us, we've seen folks like Zen, Paras and the like responding to the needs of the industry with various IP-driven innovations and solutions. So in my mind, this is a beginning of a multi-decade opportunity. And I remember the advent of Indian IT industry 2, 2.5 decades back and then followed by BPO.

And over a period of time, India caught up and carved a niche of its own. So to connect it with our framework -- with our LEAP framework, we have been fairly busy enhancing the IP base given that we are in the IP enhancement and encashment business. There are gaps which were identified in our product portfolio.

We have been filling them up assiduously. Our capabilities have been strengthened in the areas of ground penetrating radars, synthetic aperture radars, EOs for satellites, specific passive radars and jammers to complement our active radars, counter-drone systems, NavIC, which S.G. Reddy alluded to system-on-chips, displays, MMIC chips in a partnership mode. And multiple such capabilities are being identified and added to our overall portfolio to create a value-added and cashable IP bank.

At the same time, we are also very focused on the increased borrowings as well as a higher interest outlook on account of higher receivables outstanding number of days. The entire -- I can assure you that the entire Board is sized up on this matter. And our expectation is that as

our learnings from the move into systems, multiple systems which Astra has been delivering now, are absorbed and lessons across the Board are diffused, assimilated within the company.

You will see a dramatically different receivables profile from this market itself as where we are expecting quite significant injection of cash into the company as the receivables are liquidated during the second half of FY '25.

So summing up, this has been, I would say, a steady quarter, and we hope to deliver on our guidance with strong upside potential built in from our various initiatives and the building blocks which we are putting in place will provide us a nice platform to deliver an upward trajectory in sales and profit with a neat balance sheet also in the times to come.

We'll address your questions until you have questions on NavIC, etcetera. As we go along into the question-answer session. With this, I hand it back. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: Congratulations for a steady quarter despite the geopolitical challenges that we have seen. I have 3 questions. The first one is essentially on Slide number 29 and the -- in your prepared remarks, you mentioned about the MOU with Premier Explosives, JV with Manjeera. And it is also mentioned that we are going ahead in anti-drone systems. And also if you can get point by point, that looking for MOU with Premier, when do we expect to certify? What kind of opportunities size in terms of products that we see?

And similarly for NavIC, it has been going on for a while. So what kind of potential we see and when it will start flowing in. Anti-drone has been something very special. So how are we different from our peers in this? So that is my first question. Shall I illustrate all 3 questions or do you want to answer one by one?

Management: Yes. Please go ahead, Amit.

Amit Dixit: Yes. Sir, the second question is, Atim also, I mean, alluded also to that receivable -- particularly we have seen for falling up. And this is not a problem with you, in particular. This is a problem we have seen with all the different companies so far, receivable falling up. So do you see a larger malaise in government not giving money? Or is it because of that revenue would have been bunched up towards the end of the quarter? And what is the sustainable kind of receivable days that we are going to see?

The third question is essentially that INR500 crores to INR550 crores to INR600 crores of order inflow that we expect in H2. So what are the key platforms that we are going to see these orders coming from, how much from BEL, FD etcetera.? So these are the 3 questions, sir.

Management: Yes. I think Atim will answer the first question of the joint venture of Premier and Manjeera. Then other questions, I can answer. Yes, Atim, please go ahead.

Management:

Sir, we are in the warfare business, right? And we are looking at creating products. And our approach has changed dramatically from delivering subcomponents and subsystems to delivering complete solutions, right? So when we are delivering complete solutions we need to -- in a war -- for wars right, and for battlefields, we need to put in the explosives parts in quite a few of our products. It's a licensed business and a specialized business.

Towards that extent, Premier Explosives Limited is in that business, and it's really well placed. We have a good relationship with the company. And therefore, an MOU has been established from the point of view of new products and new systems which are being developed. Let's say, I think there's not a specific example, which I'm giving you to us, and we want to keep our products a little bit under wraps till they are out.

But if we are looking at new kind of rockets coming in or guided rockets coming in, and if they are supplying, let's say, rockets without a navigation system. Can we give some direction to those rockets by putting in some defense electronics. It's a very obvious thing which comes to the mind. Same way if we are looking to provide a hard-kill capabilities into our anti-drone systems, right?

Chances are that if we can incorporate products from Premier into the overall system, which is being made, then we are able to provide a complete solution to the armed forces to not only neutralize the drones whose signature is verified and mapped, but also take out the rogue drones which come in and they have to be taken out in a kinetic manner. So those are the kind of things which we are looking at with Premier, where the complete solution which requires explosives is being created along with them.

On the NavIC portion which you asked me, just been for 3 days back -- or 2 days back in Times of India carried a report that the government said they are launching 7 new navigation satellites. And you are very well aware of the circumstances in which our NavIC -- our navigation of satellites were launched during Kargil war, okay or the concept was finalized and firmed up during the Kargil war.

We need to be -- as a nation, we need to be probably being self-reliant in the area of GPS equivalent coordinates or in the coordinated business. So Russia, the BeiDou system, Glasnost, GPS and NavIC. So the interesting part about our product is that it is soft-coded, which implies that we can code in not only Indian navigational satellites, but also the other navigational satellites.

So wherever -- whichever product -- whichever system is giving you the best coordinates can be taken in. And there's no denial of service on account of, let's say, inadequate coverage by the satellites. In terms of the potential, I think in one of the conference calls we had all discussed, right okay.

Every missile for that matter, right, if it's a GPS-locked or GPS equivalent lock will have a NavIC equivalent lock. You have -- and S.G. Reddy mentioned GNSS systems. We are talking of mapping. We are talking of a whole lot of civilian applications for NavIC. So anything

which you think of from the point of view of GPS is the potential market for NavIC. It is massive.

Now at this point in time, our understanding is that a lot of chips are imported. And those -- the landed cost of those imported chips is fairly cheap because, as you are aware, the cost of producing the chips is directly proportional or inversely -- the cost is inversely proportional to the quantum in which they are made.

So therefore, GPS chips, which are made in massive numbers tend to cost less. So it is expected that there will be some sort of government guidance which will come in, which will level the playing field. And even if -- but at the same time, we are looking to kind of make sure that the product is within the specified cost ranges to make it competitive.

On the anti-drone systems which you mentioned, I can only speak to you about our system. This is a global product which combines active radar with a passive radar with a complete power source and C2, which effectively comes in 3 versions. We will have a short-range version of about 0.5 kilometer. We will have a medium-range version, which is by the way, wearable, which will have a 2-kilometer odd range.

And omni-directional anti-drone system, which can be 5 kilometers plus range. So these are the few product parameters, which are there. And well, we have also got -- we have done some IP acquisition in this area, and I will share it with you. We will be the global production partner for this joint IP which we have now for the anti-drone system in the configuration, which I spoke to you about.

So that's our product change, and I think S.G. Reddy can answer the receivables question and the new order inflow.

Management:

Amit, your other question, I think as far as the technology of counter-drone, as Mr. Atim had mentioned. So we have used a different antenna technology to get extended range and also we did cost optimization so that to increase our percentage of wins in the competitive tenders. So as of now, we have almost 12 cases are active in that many -- almost 6 cases are in RFI response stage and a few of them in RFP stage. And in one particular case, where which we have participated, we have submitted the proposal. And TEC going on. I think we will be conducting the first to demo in December next month in the field. So this is progressing well.

And as Mr. Atim had mentioned, we are going with a soft-kill option for all these cases, whereas wherever a hard-kill are there, we are collaborating with the other OEM who has that hard-kill technology and we are confining ourselves to supply only radar for those programs. So these are all as the counter-drone plan is concerned.

And your other question regarding next 2 quarters' order book, which I mentioned around INR550 to INR600 crores range. In that, I'll just give you a breakup of segment-wise. One is that from radar area, we are expecting around INR350 crores to INR370 crores, and in EW, around INR50 to INR60 crores, and in telemetry and missile communications, around INR100

crores to INR120 crores, and in meteorology, around INR50 crores to INR60 crores, and other segment all put together around INR30 crores to INR40 crores.

So this is a broad segment wise classification as far as the order book is concerned, which we are planning to book in the second half of the financial year. I hope we have answered all your questions.

Management: Yes. I think, S.G. needs to answer on the receivables.

Management: Yes, receivables. Yes, as of today, they are fairly high compared to the normal standards. This is largely because of 2 projects where Astra is involved in. Both are systems-related projects totaling to close to about INR170 crores kind of thing. They are in the final stage of completion, may be in about 3 to 6 months' time. These 2 projects are likely to be delivered completely which will bring our receivables to the normal levels. It has nothing to do with the bunching of sales towards the end of the quarter. It is more to do with the kind of -- the nature of products that has been delivered by the company.

To the components and subsystem level, the realizations are fairly within control. Within about 90 to 100 days, the realizations are happening. But wherever there is a systems delivery, it is taking time because the obligation is to complete the site approval test at the customer end, which invariably takes a good amount of time.

Moderator: Next question is from the line of Ketan Gandhi from Gandhi Securities.

Ketan Gandhi: Congratulations on good growth number. I have 2 questions. Can you have any update on Manpack SDR?

Management: Yes. We are going for the final test in the month of December.

Ketan Gandhi: So when can outcome be known?

Management: I think the trials are planned, I think, to complete before January or so. So we are hopeful of getting the report maybe sometime in February. The chances of opening the commercial bid by March should happen, but it's like it all depends on how fast they conduct these trials and all. We're still hopeful of getting the result by March.

Ketan Gandhi: Sure. Sir, our GAETEC laboratory successfully developed -- indigenously developed silicon carbide wafer that is SiC and GaN-based HEMT-based MMIC technology to X-Band application up to 150 watts and MMIC circuits up to 40-watt for up to X-Band frequencies. So are we have -- do we have any role in this? Or it is the only GAETEC DRDO lab for somebody else?

Management: Actually this foundry is open for even commercial use in the sense that we approached GAETEC recently and we started uploading our designs also. As -- since the foundry was not upgraded until last -- last before 4 year, so we were using the foundries outside the India. But now since GAETEC has upgraded, there's both the GaAs and GaN foundry and as well as have

come out with this silicon. So we are planning to develop a few designs through GAETEC foundry and our design team is interacting with GAETEC.

Moderator: Next question is from the line of Sarjeet Yadav from Mount Intra Finance.

Sarjeet Yadav: Congratulations for the decent numbers. I have 2 questions. Firstly, regarding the Manjeera and Premier Explosives JV, you gave a very detailed overview. I just want to understand in case you can tell us what is the potential of these 2 JVs, and what timeline do we expect some commercials coming from this?

And second question is around the subsidiary of JVs. what kind of products currently they are doing? And what revenue do we expect? It is not very clear from the financial documents.

Management: Atim?

Management: I will take this one. While new products are being developed, and the one system which Astra is developing for which between us and Premier and one more entity, we have almost 95% of what is required already there, okay? Now once we integrate this, and our teams were actually there last week, if I'm not wrong -- or this week.

And once we integrate these products into a viable shape with a common command C2, command and control center. I think the first prototype should be ready in about 5 to 6 months. I'm talking of where we are collaborating with BEL specifically. And there are , trial positioning it across for a global market, the way we see it.

So we are not looking at creating products which are solely going to be dependent on Indian procurement. We should be able to sell them across the world. But in terms of actual dates for realizing commercials out of it, I would hesitate to put timeline on to it honestly. Because there's a lot of work which is involved. The JV was signed and announced just a few weeks back, right? So that's one.

This product, which we are talking about is an external product which should minimize interactions with the existing electronics, etcetera. So that would make it fairly fast enough to be adopted. But still prototype is being under development. Ideas are being exchanged, designs have been exchanged. So that's the timeline. I don't know which specific JV you are referring to in your other subsequent question which you asked. Which JVs are you referring to for the...

Sarjeet Yadav: Astra Rafael.

Management: Astra Rafael. M.V. Reddy?

Management: Yes. Astra Rafael is engaged in design and development and production of software-defined radios. All the revenues which are achieved by the company as of now pertains to these products. Going forward, it is likely to add electro-optics product line also along with Manpack version of software-defined radios, about which we have discussed at a few minutes back with other investors. If you ask me, in simple terms, essentially, it is engaged in software-

defined radios and the electro-optic products. These are the 2 products which the JV is engaged in.

Moderator: Next question is from the line of Omkar Chitnis from Trade Brains.

Omkar Chitnis: You mentioned in FY '24 annual report that we are in the advanced stages of development of technology in photonics radar and submarine communication. Can you provide an update on that for commercialization?

Management: Yes. Photonic radar almost, it is -- final test is going on. Probably we'll be in a position to deliver this system to DRDO by December, before December 31. This is what we are planning. And the other one is you asked about the NSDL, which is the submarine electronics, right? So submarine electronics also, we made a prototype demonstrated to NSDL, and they were very happy to see the performance.

And we are going ahead with the -- to complete the total order quantity. And that order also, we are in a position to complete it mostly by January or February. So by this year-end, both the projects will be executed.

Omkar Chitnis: Okay, understood. Sir, previously provided an export guidance of 22% to 23% for FY '25. Are you maintaining this target? Or is there any change in that?

Management: In terms of the percentage, I'm not really sure. But as of now, most of our exports are deemed exports, that is -- we are supplying to the domestic EOUs which is, again, largely our joint venture company. And also the Bharat Electronics and there's another company called DCX in Bangalore. So these are the 3 entities for whom we are supplying under the EOU concept.

Omkar Chitnis: Okay. Sir, my last question was, can you provide update on the telemetry missile which was export order of INR140 crores which was planned for this financial year. Any update on that?

Management: We don't have any such orders.

Omkar Chitnis: Telemetry missile.

Management: So telemetry missile, under that category, we manufacture subsystems, not system. And these subsystems we have been developing for DRDO and for the production, we are supplying to Bharat Dynamics Limited. The Export order probably you are talking about is which BDL is expecting order for Akash missile. And for that, we have subsystems in place and we are hopeful of getting this particular contract before March or maybe the first quarter of the next year as BDL is yet to finalize this particular contract.

Moderator: Next question is from the line of Rupesh Tatiya from IntelSense Capital.

Rupesh Tatiya: Okay. Sir, my first question is on radar. So can you give an update on 3 radar programs where are we with respect to order received. First is Ashwini LLTR radar, second one is Uttam AESA, and third one is X-Band multifunction radar for which Bharat Electronics recently

received an INR850 crore contract. So these 3 radar programs, if you can give an update from your side?

Management: Yes. The Ashwini as a system, I think the commercial bids have been opened. I think maybe I think all of you are aware BEL has been declared as L1. And so in that subsystems, we have to see how it goes about the execution in the BEL. So that's the one. And Uttam, yes, we have inquiry on hand now for quantities.

So exact quantity and value, I think probably will be in a position to give you by next earnings call. But inquiries on hand now. And third one, we were talking about X-Band program, we are in discussions with BEL for the quantity which we have developed. So that I think we will be expecting some inquiry from BEL soon.

Rupesh Tatiya: So for these 3 programs, sir, can you give some indicative potential value and timelines?

Management: Yes. Actually, this -- in fact, Uttam, we have taken some quantity order by March. And in that, I think we should be around -- as I mentioned, overall, the orders which if we combine these programs, some of the orders like put together, it should be around INR350 crores to INR370 crores. In that, we have not considered any program, which is in a competitive stage.

So these are all only which are -- we are single party to execute and we're the only one qualified supplier. Those cases only we have considered and it is amounting to INR350 crores, INR370 crores orders we are planning to book before March '25.

Rupesh Tatiya: Okay, sir. And then the second question for is this airborne electronic warfare system, NETRA 2, where private sector player was declared L1. So are we working with them? Do we expect some order for NETRA 2?

Management: Yes. Actually, we are also working with the DRDO for that program. And we are there in the - - as a subsystem supplier for pod jammers in EW. And we are awaiting for the formal queries in this particular segment.

Rupesh Tatiya: So that order also we will receive by March '25 or it will...

Management: It will get materialize only in the first quarter of the next year.

Rupesh Tatiya: And can you give some indicative range of what is the potential in this one?

Management: Yes, it's a good potential, like the overall quantity. But how much they will take it in the Phase I, it all depends on the budget of being allocated. So I think it's too early to comment on that. Maybe after a couple of months, we will have more clarity on this.

Moderator: Next question is from the line of Vipul Kumar Anoopchand Shah from Sumangal Investments.

Vipul Kumar Shah: So what will be the investment in this 2 JV, one is this Premier Explosives and another one? What will be the amount we will be investing in it?

Management: We are not looking at any substantial investments in the JV with Premier. It's more on the technical handholding and working together with each of us contributing whatever we can. Maybe we will -- the commercial sector have to be worked out.

Vipul Kumar Shah: My second question relates to inventory. So inventories have increased substantially. So is there any -- can you attribute any specific reason for the rise in inventories this quarter?

Management: See, most of the inventories, if you look at it out of INR534 crores which is there as inventory, almost 50% of that is in the WIP that is a work in progress. We believe that as we have done the process of deliveries in Q3 and Q4, this WIP will be converted into the sales. And therefore, the inventory should come back to the normal levels by the end of the financial year.

Moderator: Next follow-up question is from the line of Rupesh Tatiya from IntelSense Capital.

Rupesh Tatiya: One question is there is this delay in Tejas engine delivery. So how -- I mean, do you -- are you seeing any impact on ordering of Uttam AESA radars? That is one. And then Sukhoi upgrade program, when do you see commercial supplies to start for Sukhoi program?

Management: Yes. Your first question is on the Uttam. As I mentioned, we have now inquiry on hand. So we are hopeful of getting the first phase order maybe by March '25. And on the other hand, the delivery, though there was some issue. I understand HAL, they are prepared to cope with this thing. I think the more likely the issues got resolved.

So I don't think we'll have any effect on overall schedule. And as I said, the -- as far as the radar is concerned, they will go ahead as been planned as they need to get this indigenously manufactured. So lead time of component and all these things, they will be considering that. So with all this, I think I don't see any major issue in placing orders from subsystem manufacturers.

The second contract, which was mentioned Sukhoi-30 upgrades. Yes, as I said, the last time also that they are working out on the configuration. And I think it appears that we'll finalize the configuration. Soon, we will be getting the tender inquiries. So it's going in a competitive mode. And we have to wait and see how it goes about it. But the program is on and the DRDO is working on this.

Rupesh Tatiya: Okay, sir. And then the second question on counter-drone systems. In counter-drone systems, what kind of opportunity do you see what kind of revenue we can expect in 2, 3 years? And because it looks to me a little bit competitive feel. So can you maybe give some color on the margins?

Management: Actually, the differentiator between other existing competitors to us, we have got the indigenously developed technology and total right from the component subsystems to the system. We have everything in-house developed. So we have definitely advantage over others.

And the second is as far as the business potential, yes, definitely it's a competitive field. We have just started bidding these tenders, and we'll come to know how it goes about it. But we

are sure of at least -- to win at least 30% to 35% of the overall market available. So it's difficult to mention any numbers as such now because there are many programs in this. Few of them are with laser-kill with wherein we -- as I said, we are collaborating with other OEMs.

And in a few cases, there is soft-kill, we are going ahead as a lead integrator and supplier. So these programs are there. But definitely, the business size should be -- at least to start with for the next year, we are hopeful of getting at least contracts worth of minimum INR200 crores to INR250 crores range of orders. This is what actually we had targeted. Now -- but by March, I think we'll be in a position to give you exact numbers by how many orders we can book it for the next financial year.

Management: You have to let the numbers think for themselves. There are -- how many people have demonstrated that indigenous technology, complete counter-drone system, right? You guys are in the market, you guys got to figure that out. So we'll rather let the numbers speak. Indigenous radars, indigenous jammers, active radars, and passive radars, okay? I think -- I don't think -- as of right now, it is as competitive as you think. There are a lot of overseas products masquerading as Made in India. Let's see how it pans out over time.

Rupesh Tatiya: Okay. So then the influence from that is the margin would still be okay, if it would be close to company average.

Management: We will let the numbers speak for themselves when it comes in. We don't know what the other is going to bid, right?

Rupesh Tatiya: Okay. And then the final question, sir, is on any update on ATULYA fire control radar?

Management: Yes. Actually, we are waiting -- I think BEL is working on that. We are a component supplier in this particular program. We are expecting a few orders for this particular radar maybe in next couple of quarters.

Moderator: Thank you. As there are no further questions from the participants. I would now like to hand the conference over to the management for the closing comments.

S. G. Reddy: Thank you, ladies and gentlemen, for your participation. I look forward to talk to you again at the end of Q3. Thank you very much.

Atim Kabra: Thank you very much.

M. V. Reddy: Thank you, everybody.

Moderator: Thank you. On behalf of Astra Microwave Products Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines.