

**ASTRA MICROWAVE PRODUCTS LIMITED**

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CIN : L29309TG1991PLC013203

June 3, 2023

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 29th
May, 2023.

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 Ltd.

Leaders in RF and Microwave Technologies

CIN: L29309TG1991PLC013203

“Astra Microwave Products Limited
Q4 and FY’23 Earnings Conference Call”

May 29, 2023

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Astra Microwave Products Ltd.

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**MANAGEMENT: MR. S. G. REDDY – MANAGING DIRECTOR – ASTRA
MICROWAVE PRODUCTS LIMITED
MR. 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 Q4 and FY'23 Earnings Conference Call. This conference call may contain forward-looking statements about the company, which are based on the belief, opinions and expectations of the company as on 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 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 Moderator: by pressing star then zero on a touchstone 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, Mr. Reddy.

S. G. Reddy: Thank you, Nirav. Good morning to everyone and a warm welcome to all the participants to the post results earnings call of our company. I'm with my colleague, Mr. M. V. Reddy, Joint Managing Director; and Mr. Atim Kabra, Director, Strategy and Business Development; and SGA, our Investor Relations Advisors.

The results and investors presentation for the Q4 and year ended are already uploaded on public stock platform. I hope that you had an opportunity to look at it. It has been a milestone year for us, as we have successfully completed our QIP and registered our best financial performance ever across all matrices. We closed the year with a topline of INR807 crores, EBITDA of about 18%. Our order book position is very healthy at INR1,544 crores. We are also happy that the amount of confidence expressed in our abilities by leading institutional investors in India and outside in our capabilities and growth prospects.

Before we talk about our performance in detail, I wish to inform you that, during the quarter we have booked about INR115 crores worth of orders, mainly comprising of INR48 crores from Radar, INR17 crores from EW and INR7 crores from Missile Electronics. On the sales front, out of INR253 crores, Radars have contributed to INR56 crores, EWs about INR29 crores, Missile Electronics INR16 crores and exports about INR138 crores.

During the quarter, the company has responded to INR350 crores worth of businesses through RFPs and closed purchase negotiations for INR134 crores, which is entirely for the domestic market. During the quarter, company has signed MoUs and other means of partnerships with Indian and foreign partners to deepen our products and the technology expertise. I'm not able to get into the specific details because of the strategic reasons.

Overall, there are various tailwinds in the defence space for players like us. Globally, the countries are spending large amounts of money in the military. Our government who spends about close to 3% of GDP on defense every year, is highly focused on increasing self-reliance. This Mission is driven by increase in R&D spend by DRDO labs and also by increasing private sector to invest in developing products on NCNC model.

With our long-standing relationship with our customers under several years of experience in high-tech oriented products, we plan to benefit immensely from this boost. In fact, we are

working on various items which are part of government's negative list and this presents a gamut of opportunities for us.

Coming to our stand-alone performance for the Q4, the revenue stood at about INR256 crores as against INR239 crores for corresponding year of last year, a growth of about 7.3%. Gross margin is about 28%. The domestic sales contributes higher margin compared to the export sales. In the last two quarters, the margins have improved in a very strong way because the domestics were more compared to the exports. However, in the quarter ended Q4, there is a slight correction because the export revenues are higher compared to the domestic sales.

Talking about full year performance, the revenue stood about INR807 crores as against INR735 crores for the last year. Gross profit has increased by about 36.7%. Due to changing geographical mix as compared to the last year, the overall domestic sales are higher in the current year. Similarly, the other gross margins have improved. Profit margins have improved essentially because of the change in the product mix of the company, where domestic sales have contributed more compared to the export sales.

The Board of Directors have recommended a dividend of about INR1.60 per share, that is 80% for the year ended financial year 2023. At the end of the quarter, our stand-alone outlook, as I said earlier, is at about INR1,544 crores. This order book consists of 24% of exports and 76% domestic orders. From this order mix available, it is clear that in the coming years, domestic business will be a major competitor to the overall business of the company, which means improved gross margins.

In the other order book update, I would like to share with you our joint venture partner, a joint venture company, Astra Rafael has very recently won an order of about INR158 crores from Hindustan Aeronautics Limited for supply of software-defined radios, which is executable in the next financial year. With a strong order book and inflow for financial year FY '24, we are confident to have a top line of about INR900 crores to INR950 crores and at a PBT of about INR150 crores, it's basically 10% this way and that way.

We have improved our profitability compared to the last financial year as explained above, and this is likely to improve further because of change in the overall product mix of the company and also with the proper utilization of the QIP fund, which was very recently. That QIP of INR220 crores, which will give a strong boost to our future growth by investing in newer technologies and develop newer products.

Company has identified about 10 products or projects to invest proactively and expect to come out successfully in the next 3 to 4 years. This proactive investment should help the company to sustain and improve its top on bottom line in the long run. The company is also in discussions with start-ups and the small private companies with unique expertise to jointly develop newer products with a joint ownership and sharing of profits. The idea is to have a larger pool of products to target wider market sales within defense and aerospace.

To conclude my opening remarks, I would like to highlight that Atma Nirbhar Bharat is becoming a reality and the industry is making great strides and also is very poised to capture



this opportunity. Now I will hand over to Mr. Atim Kabra, Director, Strategy and Business Development; and to Mr. M. V. Reddy, Joint Managing Director, to share their thoughts. To start with, Mr. Atim Kabra will take over.

Atim Kabra:

Good day, everybody. I want to take this opportunity to sketch out the broad contour of our vision at Astra. As you are very well aware, we have today completed a significant milestone in our journey so far, where we have progressed from being a sub-component manufacturer to a system-level entity, as we have continuously moved up the value chain over the years. This journey is no different from what has been successfully accomplished and demonstrated by India's very successful IT industry. Likewise, we moved from being a sub-component supplier to a component supplier to being a subsystem for guys, and now we deliver complete systems also.

At this point in time, we wish to also focus on creating multiple solutions. On a day trade, Astra branded solutions around our core competencies in RF and microwave domains. We want to transition from merely supplying radars and subsystems and systems to possibly supplying complete solutions, which will encompass radars and sub-components and subsystems as their core and around which solutions will be built, leveraging our extensive R&D capabilities as well as in-house expertise supplemented as SG very rightly pointed out by externally sourced capabilities through collaborations.

And exercise is on within the company to identify strategic growth areas with large total addressable markets where we can identify specific market opportunities and issues where specific solutions can be offered. Yes, I'm going to illustrate this with some broad examples since its early days. Should we be content with offering anti-drone systems? Or shall we be expanding our offering and offer complete anti-drone solutions is a question, which we are debating.

Are there other areas where the core tech powering anti-drone solutions can be applied to address different customer bases and both horizontal expansion of our offering can be achieved with a vertical deepening of our capabilities. Or should we be just supplying ground penetration radars, for example, or create solutions around ground penetration radars, which can help in, let's say, disaster management or better surveillance in our border area, etcetera, etcetera.

Should we be exploring further extended applications of our RF receivers and data loggers to expand our weather-related offerings and other such related offerings, which arise from such capabilities? Should we be exploring launching Astra made satellite payloads? Should we be exploring the next frontline of warfare, which is space? Should we be focusing on establishing satellite communication systems or take our vision as we had mentioned, of a self sufficient India by exploring controlling satellite communication links both ways. These are a few areas and domains which are being explored as we speak.

Work has commented on this and this transition from almost exclusively based -- being a tender-based business to an on-demand ready solutions company comes at a very opportune time where we have the required skill set and the tech within the company to achieve higher

margins and an extended product range, which will give a further significant boost to our top line. We expect to start seeing results from these initiatives over the next couple of years and expect that our solutions will become a significant contributor to our overall revenues over a period of time.

I will add that we further intend to undertake a few initiatives to link Astra with various research-based institutions of higher learning and harness resources and the tech being developed there for our solutions. Besides extending this collaborative framework to other defense companies and early stage companies, we are not the only guys here. There is a whole range of companies, which are engaged in myriad activities under the overall umbrella of defense capabilities.

We hope to keep you posted as concrete plans take shape. I wish to reiterate that our overall target of achieving INR10,000-odd crores worth of sales execution over the next 5 years remains very much insight. And all these initiatives, which I mentioned, are meant to add a further impetus to the sales and margin enhancement efforts of the company while building on our core strengths. I'm confident that with your blessings and support, we will be able to achieve a higher trajectory of both top line as well as margin growth. This is a broad vision, which has been put in place, and as a successful QIP with significant demand for Astra demonstrate, I think we are operating in a very, very favourable environment with headwinds helping us.

With this I'll hand it over to M.V. Reddy to further take you into more details on the order book, etcetera. M.V.?

M. V. Reddy: Yes, good morning to all of you. And I think and Mr. S.G. and Mr. Atim Kabra already shared the plans and also the vision of Astra. And I don't want to repeat the same thing. Now, I think we can open for the questions and answers.

Moderator: The first question is from the line of Amit Dixit from ICICI Securities.

Amit Dixit: I have a couple of questions. The first one is on your defense order book ended -- year ended FY '23, which stands at INR914 crores. If you could throw some more light on the composition of this book, particularly with respect to the plates and the orders that you received in defense, particularly, if you could also throw some light on that, that is the first question?

S. G. Reddy: Yes, overall order book as of 31st March is about INR1,543, in that, we have close to INR914 crores in the defense. You want -- since you ask for the breakup. With Radar, we have INR497 crores. In EW segment, we have INR267 crores. Missile about INR150 crores. And from space sector, we have INR212 crores. Metallurgy and Hydrology segment, we have INR55 crores. And in export front, we have INR362 crores. This is the breakup of order book, what we have as on 31st March 2023.

And coming to your question about the orders which we booked in the last quarter that is in Q4, we have booked close to INR115 crores, in that the breakup is -- all are like the defense segment, we have not booked any orders as such from the space or export front. That's is includes products from R&D and production orders of INR55 crores. And further, the breakup

is INR47 crores from Radar and INR17 crores from EW and INR7 crores from Missile Electronics. I hope I answered your question.

Amit Dixit: Yes. That's very clear, sir. The second question is...

Moderator: Amit, sorry to interrupt you. May I request you to come in a better reception area, please? Your voice is breaking.

Amit Dixit: Yes. So my second question is around contribution of revenue. This quarter, we found that more export order -- export was much higher at 50-odd percent. So going ahead FY24, will this export be roughly 30% or there would be an odd quarter with we have this kind of surprise for export goes to 50% and above?

S. G. Reddy: Yes. In FY '24, again up INR950 crores guidance what we have given, INR300 crores, we are trying to book from export segment. The rest INR650 crores is from the domestic segment.

Moderator: Next question is from the line of Vidit Trivedi from Asian Market Securities.

Vidit Trivedi: My question is that could you please share me the development revenue mix of financial year '22 and '23 in the domestic defense revenue segment?

S. G. Reddy: Domestic development and...

Vidit Trivedi: Yes, it's domestic defense revenue segment.

S. G. Reddy: Yes. I think we will come back to you on that. If you have any other questions, you can ask. We'll reply during the course of call

Vidit Trivedi: My next question is on the line of MoU, which I think signing EL, DIS. What's the start-up on that? Have we started working on that? And what's the revenue that we are expecting from that?

S. G. Reddy: On the NavIC front, right? So our products are almost now being approved and official approval is still waited. The testing has been completed in the last 2 weeks. I think we -- more or less, we are making all the requirement. Official approval will be obtained in next couple of weeks time. And once after that, I think the parallelly the development of products are going on. As I mentioned in the last earnings call, we have launched development of tracking unit, COTS receivers and timing receivers. These are the products which we are developing for NavIC application using the baseband chips.

Vidit Trivedi: And I do -- I have one more question. And I would like to know your view on the Infinite Dome MoU exclusive manufacturing for the Indian market. So your take on that, sir?

S. G. Reddy: Yes, actually, we entered MoU with them, and we are working out modality from that. I think maybe soon, we will come out with the detailed modality from that.

Moderator: The next question is from the line of Jatin Jadhav from Sahasrar Capital.

- Jatin Jadhav:** Sir, my question is regarding the order book. I really wanted to get an idea regarding how much percentage of the entire order book is executed in one particular quarter or it varies quarter-over-quarter? And the second question is I wanted to understand since you are planning to expand into the anti-drone solution. So based on our existing capabilities, will it be easier to enter into that domain? Or do we need to acquire probably a new company or some expanding talent in order to get into that. Those are 2 questions I have.
- S. G. Reddy:** First questions I have not understood. Yes. In terms of the delivery of INR950 crores, you are asking whether it is going to be uniform kind of business, or there will be fluctuations from quarter-on-quarter. I think definitely, there will be fluctuation. We have the quarter wise... We'll give you the quarter wise number. Q1, we are targeting about INR150 crores. And Q2, we have about INR175 crores. And in Q3, around INR200 crores-plus and Q4 around INR250 crores plus.
- And the second question, you talked about anti-drone system. In the anti-drone, yes, we have completed our developments of indigenous counter-drone radar with the basic DOT from LRDE, and we have optimized the technology. And this particular system is being tested internally. And now we are taking into the field. From July onwards, we are planning to go for NCNC trials for a couple of customers, what we identified.
- Atim Kabra:** I think to add to your question to add to MD's answer to your question. As far as the anti-drone system is concerned, we are, I think, almost there on our own capabilities. But as we develop further solutions around it, we may be partnering with a few entities for very specific inputs, which may be required. We are primarily looking at a collaborative model.
- Moderator:** The next question is from the line of Bhavik Shah from MK Ventures. Bhavik, may I request you to unmute your line from your side and go ahead with the question please. Bhavik, your voice is not coming clear. Can I request you to speak through the handset.
- Bhavik Shah:** Sir, in the last question, you did mention the breakup of the sales, which are going to do, right?
- S. G. Reddy:** Come again, Your voice is not very clear.
- Bhavik Shah:** Sir, in the last question, you gave a quarterly breakup of the revenue you're going to book in FY '24, right?
- S. G. Reddy:** Yes.
- Bhavik Shah:** So that doesn't come to INR950 crores. So it comes to around INR750 crores or INR800-odd crores, right. You said Q1, you do INR150 crores, right?
- S. G. Reddy:** Q1 is INR150 crores. And -- okay. Actually some small correction here. Q2 about INR170 crores.
- Bhavik Shah:** Yes. Sir, can you just repeat Q1 INR150 crores, Q2 INR170 crores?
- S. G. Reddy:** Yes. And Q3, I think I mentioned INR200 crores it is INR250 crores. Okay. And the rest in Q4.

- Bhavik Shah:** Okay. The remaining will be done in Q4. Okay. Yes. And sir, regarding the margins, going ahead, so like in FY '24 and FY '25, what kind of margins are we looking at sustainable levels? Like what is our order book margins right now, like?
- S. G. Reddy:** The coming year FY '24, the PBT will be close to about 15% to 18%.
- Bhavik Shah:** So this is at the PBT level or EBITDA level?
- S. G. Reddy:** I'm talking about the PBT what I mentioned to you, 15% to 18%. The EBITDA level should be close to about 20% to 25%.
- Bhavik Shah:** Okay. Yes. And sir, for any guidance for FY '25 going ahead, like, seen in your order book?
- S. G. Reddy:** Specific guidance is not there, but we can assure you that this will be an improvement over whatever we are likely to do for FY '24.
- Bhavik Shah:** And so the new orders which we are booking right now, what kind of margins are we getting on that? Like is it the same levels which we are like showing in FY '24?
- S. G. Reddy:** Yes, mostly, the majority of these orders will come in from the domestic sector, again, mostly from the defense. The exports are likely to thin down over a period of time.
- Bhavik Shah:** Okay. Okay. And sir, regarding the QIP, can you like -- are you more specific on the QIP front? What kind of proceed usage are we looking at?
- S. G. Reddy:** Sorry, what kind of...
- Bhavik Shah:** Usage of proceeds are we looking at? Like where will be the proceeds used?
- S. G. Reddy:** See, as mentioned in the offer document, the majority of this money is going for the working capital, okay? But again, working capital is a general definition of what we have given. But the intent of the company is investing in coming out with the new products. As I mentioned in my opening remarks, we have already identified about 10 programs and the people have started working on that. So I would say that the major of the money is going for proactive development of various products.
- Bhavik Shah:** Okay. Okay. So we'll basically repay the working capital loan will we have and from the free up capital, we will be investing in new avenues, that's what I understand. All right. And sir, any new specific developments which we get to know about in coming quarters?
- S. G. Reddy:** New developments in terms of product developments or otherwise in terms of business developments?
- Bhavik Shah:** Business developments maybe kind of JV or any new orders which we are expecting like big orders which we are expecting?

- S. G. Reddy:** The JV has a potential to book big orders in the coming year -- in the coming period. Only the timing is an issue there. But otherwise, it has a huge order book pipeline to be booked in the next 1 year.
- Bhavik Shah:** Space sector, we were expecting a good year this year, like FY '24, we're expecting to book some revenues over there and like execute our order book. So is there any development on that front?
- S. G. Reddy:** Yes. In fact, it is already due for a good amount of revenue to be booked. But only thing is there is a small issue in terms of the export license, which is required is getting sorted out. In the current year, it should be doing INR200-plus crores of revenues. And it should be turning profitable by the end of the year.
- Bhavik Shah:** Okay. Okay. So we start seeing the numbers. And these numbers are included in your guidance or this will come as an optionality?
- S. G. Reddy:** They are not included in our guidance because the share of profit or loss is going to be shown out of the JV.
- Moderator:** Next question is from the line of Sarjeet Yadav from Mount Intra Finance. Please go ahead.
- Sarjeet Yadav:** Congratulations to all of you for the wonderful results. I'm Col Sarjeet Yadav and I'm representing Mount Intra Finance -- This is better. Okay. So Mr. Reddy I met you like a couple of times in DefExpo and other events. And I've been associated with the SDRs and the various radar programs through Bill since I was serving in Army Air Defence for 22 years.
- Presently my question firstly is regarding the software-defined radio, the order of INR150 crores which you have been received. I just missed out during the brief that order is from whom in case you can share that. This is the first question. And then I will move to the next question. Can you please let us know?
- S. G. Reddy:** Yes. This particular order is from HAL for the -- to supply 47 numbers of products -- sorry SDRs.
- Sarjeet Yadav:** Okay. Next, as for the our assessment, there's an approximate requirement of about 55,000 of these software-defined radios amongst the 3 services. And the -- our calculation says that it's a market opportunity of about INR12,000 crores for all 3 services, and it may take about 8 to 10 years for the requirement to be completed. And linearly, if you put it, the opportunity is about INR1,200 crores to INR1,500 crores per year, although it may not come in the same manner. So I would like to know the -- what's your comment on this opportunity size? And Astra's options in this order? And any competitors in case they are there?
- S. G. Reddy:** Yes. As I said that all these arm forces now trying to replace the convention radios with the software-defined radio towards that airports have started the replacing first, and the Rafael has bagged this contract about 6 years back for 400 sets of radios, which we have been -- our joint venture is manufacturing now. And we are getting repeat orders from various agencies for the various platforms on the Air Force.

Similarly, in the army front, we have participated in a couple of tenders. Recently, we participated one in Infantry and the other one is on code, where we emerged a successful bidder with -- in Infantry RFP , where in other case we lost it on the price front. And these negotiations are going on and probably we will be getting orders in a couple of months' time now.

And apart from that, we have also participated in Mark 2 for the vacant mountain version of this SDR. There again out of many companies who participated in that. I understand only a few companies got shortlisted and we are there among one -- few companies where first round of revaluation has been successfully completed. And we are planning to go for NCNC trial sometime in August, September.

So this is, again, like the other contract, which we are aiming for it. Similarly, the Army is looking for more radios in future once after we conclude -- when they conclude this particular case. Likewise, there is a good amount of potential for this SDRs future. And our team projecting around close to around 10,000 radios in next about 5 to 8 years' time frame.

Sarjeet Yadav: Okay. So I know that one thing, you said that you were successful in the inventory RFP.

S. G. Reddy: Yes. A significant portion of -- to answer your question completely. A portion of the business does slow down to Astra itself.

Sarjeet Yadav: Okay. As subsystem, is that what you're saying? A portion of the -- sorry, hello?

S. G. Reddy: The SDRs which are supplied through the JV, a portion of that flows down into Astra itself.

Sarjeet Yadav: Yes, of course, of course. Thank you, Mr. Reddy, and all the best to team, Astra.

Moderator: Next question is from the line of Aman Vij from Astute Investment Management. Please go ahead.

Aman Vij: Yes. My question is on the Space division. So today successfully launched the NVS-01. And I believe we would be providing the payload for that satellite, I could be wrong on that part. If you can confirm that as well as so ISRO has launched like four -- launches done this year already and five more are planned. So typically, in a year, what is the contribution from Astra to the ISRO payload? And where do you see this number in the next 2, 3 years? This is the first question.

S. G. Reddy: Yes. Obviously, the satellite being launched today that satellite called NVIC-01, NBS-01 and NavIC IRNSS satellite. In that, we don't have any contribution in the satellite payload. But as I mentioned, we have developed this NavIC receiver for the applications. And that will definitely will boost us our business in coming years. So we are there in NavIC. But otherwise, in satellite payload, we are not there in this particular series.

Other -- all other satellites like radar imaging satellites, we have been supplying subsystems to ISRO. Today, whatever order we have on hand is for radar imaging satellite, that is for RF like 1B and as well as 2A. This is under production now. And our communication satellite, we

have been supplying RF and microwave subsystems to ISRO. So going forward, yes, our strategic applications, ISRO is still continuing to build these satellites.

We will be there in that as a subsystem supplier. Apart from that, we also initiated discussions with defense forces to build this SAR payload. And we joined -- we formed the MoU as a --- we enter into an agreement with a start-up company to build this SAR payload for the defense forces. And we are also expanding our capability in terms of building the complete satellite in future. This is as far as this year's business is concerned.

Aman Vij:

Sure, sir. My second question is, on the -- there were some big tenders on the Active Protection side as systems, APS systems as well as on the SDR also. So on SDR, continuing, you have explained it very nicely to the last participant. Normally, the indigenization, if you can talk about what percentage do we do?

Because my understanding is, as of now, gross margins are low, a little better than export but still lower than the domestic defense business. But going forward 2, 3 years down the line, do you see doing more indigenization and the gross margin here? Where can we see the gross margin here on SDR as well as if you can talk about this active protection system, any update on that?

Atim Kabra:

Yes. Active Protection System, we bagged the contract from DRDO to develop this particular system. We -- it's in development stage now. By end of this financial year, we can develop -- we will develop this system and we'll hand over to DRDO. It may take another 1, 1.5 year time frame for us to participate in NCNC trials along with the DRDO technology. That's as far as the APS is concerned.

And coming to your question in SDR, as we have a better margins as compared to the other export business as we have been doing it indigenously, most of the RF portion in Astra. And we are also increasing the indigenization content in complete SDR as joint venture is working on that. We are also developing the waveforms, which is the crucial part of the SDR and all other hardware required for SDR. So going forward, the indigenous content is going up, and the margins also will become much better for both JV as well as for Astra.

Moderator:

The next question is from the line of Abhijit Mitra from Aionios Alpha. Please go ahead.

Abhijit Mitra:

So this question is on the possible acquisition and order book over the next couple of years. So thanks for a detailed presentation. I think in the presentation, I can see almost INR2,000 crores of potential radar orders that can accrue in '24 only. So can you just take us through as to your confidence in winning these orders where exactly have you sort of added value because a couple of them are DRDO programs. I can see long-range radar and LRSAM and AECC11 opportunity. So just to sort of address your confidence in sort of bagging these orders and your value add in this program given that they're expected in '24 only?

S. G. Reddy:

In FY '24, the -- again, as the overall business visibility of INR2,000 crores around in that. We have a few production orders to be received from DPSUs, like one is at MPR for the major contract, which are -- we are planning to book it in sometime in Q2 or so. And apart from that, we also have been working with the BEL as we are one of the qualified suppliers for few

radars like ASR, this is one radar which BEL has received order recently. And the other radars like weapon locating radar. And even for Akash Prime, we are working with BEL to supply these subsystems. These are all production orders.

As far as development is concerned, we are also participating in many of these DRDO development projects like AWC, Mark 2, as well as ISR and 230 radar. These are all going to be in competitive mode, and we have been participating in that.

Abhijit Mitra: Okay. And what about the order opportunity from anti-drone system in '24 because I think that's another big order contract value that I...

S. G. Reddy: Yes, this -- we participated in a few RFIs and going to be converted in RFP soon. And we see at least the potential for it because this is the first year of the market where we are entering into this domain. Maybe we have taken only a small portion of it about close to INR40 crores to INR50 crores in this current year. But going forward, I think we will have more orders in this particular segment.

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

Akshay Kothari: Sir, I just wanted to know we had guided for around INR850 crores of revenue at the beginning of the year. So what was the reason for lower execution?

S. G. Reddy: We have given INR950 crores not INR850 crores.

Akshay Kothari: No, I'm saying last year that we had guided for INR850 crores of revenue, whereas we have done only INR816 crores.

S. G. Reddy: We missed out few R&D projects in the last quarter because of we got into some technical issues, but finally we got sort it out and -- but we couldn't book the sales by 31st March. A couple of R&D projects we missed out.

Akshay Kothari: Okay. Okay. Sir, these were in collaboration with DRDO?

S. G. Reddy: No. Yes, these are order from DRDO.

Akshay Kothari: Okay. Sir, secondly, someone did mention on the call that you would be doing around INR10,000 crores of revenue for the next 5 years. So INR850 crores plus, so if I assume INR2,000 crores of revenue in the first 2 years and around INR8,000 crores of execution needs to be done in next 3 years.

So do you think that this raise is sufficient enough because then since our lot of our investment would also be going into the growth capital part of it. So would we need to raise funds for the further orders, which would come because working capital is always elongated in such orders.

S. G. Reddy: As of today, we don't see any further requirement of raising fund from the capital market. But in terms of the numbers, whatever was quoted earlier, and we already guided in our QIP presentation. Cumulatively, for the next 5 years, we said we should be around INR8,000-plus

crores. So we should -- we are comfortable to reach that number with the existing resources available.

Moderator: Next question is from the line of Dipen Vakil from InCred Capital. Please go ahead.

Dipen Vakil: Sir, just another follow-up question on the INR10,000 crores guidance that you're giving for the next 5 years. While I understand the detail breakup if only possible, but can you tell us as to where can we expect the accelerated growth to come from that, currently we're expecting growth of around 70%. So there has been aggressive growth going ahead from some segments?

Atim Kabra: Your voice is not clear. Can you repeat the question?

Dipen Vakil: So my question is, you mentioned about the INR10,000 crores guidance for 5 years. So I just wanted to know where do you expect that accelerated growth to come from which segment?

Atim Kabra: Yes. Radar is one segment where we expect at least about close to 50% of the business should come from that segment alone. As we've been mentioned in the document and also in the last few earnings calls meetings. We've been entering into the systems domain in the radar apart from the subsystem market, which we are already addressing. In the systems, yes, definitely will give us a good growth as compared to the last few years.

And in this, there is a segment where we are expecting a lot of growth to happen in the coming years. And even in EW front also, like we started entering into the systems, and that also that segment will give us a better business as compared to what we did in the last few years. These are the 2 major segments where we are entering into the systems domain. And apart from that, we are also looking at the satellite payloads and even other business areas, which, in fact, we initiated the development plan.

And the growth, as we informed is the rear-ended growth like last couple of years, like the FY '26 onwards we should have good revenue projections as far as the business is concerned.

Dipen Vakil: Thank you so much for that. My second question is on the Space division. Sir, when do you expect the Space division to be to start meaningfully contribute to your revenues?

Atim Kabra: Come again, come again?

Dipen Vakil: When do you expect your space revenue to start to meaningfully contribute to your revenue?

S. G. Reddy: Space revenue -- the current year -- still just 2 years, we have the order book of INR250 crores, which we're going to execute that, where we will be completing. But the development what we have initiated, I think that will give us business from starting from FY '26.

Moderator: Next question is from the line of Hitanshu Bhatia from Gandhi Securities. Please go ahead.

Hitanshu Bhatia: My question was regarding our progress on the NavIC chip receiver. If you could just guide me with where are we on the progress of finally, I mean, getting the final product on the NavIC chip receiver?

Atim Kabra: I think I just answered this question, but anyway, again, I'll repeat. Our basic chip, like, baseband chip are getting qualified by ISRO. It is almost the testing and have been completed and we are waiting for the final approval, which will happen in the next few weeks' time. And also the end product for the -- using that chip, we are developing a few products like vehicle tracking unit, COTS receiver, timing receiver. These are the products which we will be developing internally, and this will come out maybe in 3 to 4 months time frame from now.

Hitanshu Bhatia: And you might be aware, sir, that Elena Geo Systems had just launched the chips...

S. G. Reddy: Yes, yes. We are aware, we are aware of it.

Hitanshu Bhatia: So any comments on that, sir.

Atim Kabra: No, we don't want to comment on that company product. We only -- we can give you comments on our products, no on other product.

Moderator: Next follow-up question is from the line of Aman Vij from Astute Investments. Please go ahead.

Aman Vij: Yes, sir. My question is on the systems, we are moving towards systems. As of now, what percentage of our revenue do you think will come in systems in FY '24? And where do you see this number in the next 2, 3 years? And if you can also talk about -- there are a lot of programs we are participating in. So where are we strong as a system provider, which you can talk about this?

S. G. Reddy: Yes. In this -- like the current year, we have INR950 crores, close to INR200 crores should come from the systems and the rest is subsystems and products. But going forward, yes, I think from FY '26 onwards, I think the systems business will have a major portion of our revenue as well as these profit.

Aman Vij: And sorry, sir, if you can talk about -- which are the programs because a lot of programs where we will still remain a subsystem provider. But in some programs, we are moving towards system. So which are those programs, if you can talk about this?

S. G. Reddy: See, like we are addressing in both the categories. One is DRDO opportunities and the other one is the Armed Forces, MOD, direct opportunities, where we are participating in RFIs. And a few of them are getting converted into RFCs. To give you a few examples, like one is Border Detection Radar, the other one is Low Level Lightweight Radar, and then we also are participating in ADTCR, that's another RFI which has come.

These are our systems, which we have a core technology and expertise is being already built in our company. So we are developing these systems to participate in these tenders. And apart from that, DRDO is also coming out a few systems where they have identified a few companies, though we are in competition. We are trying to get into those projects.

Aman Vij: Sure, sir. My next question is on the big pipeline for FY '24. So in the presentation, you have clearly given there are a lot of programs coming up in FY '24 itself. So -- and in your previous

call, we have explained that there are some programs where we are like 100%, we will be winning it because we are being the sole player versus some where we have 50% probability because there are some other competition.

So for FY '24 specifically, what is our -- what do you think will be our bid pipeline and out of which were -- which portion do you think -- how much portion do you think we will have like 100% probability kind of scenario?

S. G. Reddy: In INR1,000 crores order book, what we are projecting for the current year, INR500 crores is something which we are proprietary in nature and also single tender. The rest INR500 crores, we have taken it from what 2 categories. One is the limited competition and then the third one is the open competition. And all put together, we are planning to book INR1,000 crores from the current year.

Aman Vij: Okay. But the way you've explained very nicely in the presentation, the bids that is coming up is maybe of INR3,000 crores, INR4,000 crores itself. So you are only incorporating a INR500 crores bid out of that whole pie in our order book, forward order book.

S. G. Reddy: I didn't get you. Come again.

Aman Vij: So sir, in the presentation, you have nicely explained, there are a lot of orders where we don't have proprietary in nature, but still it will be mostly tender-driven, but that whole pie is a much bigger amount than what we are taking into our order book of INR500 crores. So my question was, are we being conservative on that part or this number can be a much, much bigger number?

M. V. Reddy: We are a little conservative because the only issue here is the timing of the orders. We have given the guidance for the next 5 years with that particular number. And we are talking specific to this particular year and little conservative because the -- it all depends on the timing of the projects, since the process time, it is not the budget and all, budgets and have been allocated and even a few contracts have been already in the pipeline and all. So all these things will happen, but when we are talking about the exact number before 31st March 2024. This is what we are a little conservative, but definitely, it may go up also.

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

Santanu Chatterjee: Congratulations for good set of numbers. My first question is, sir, you have shown in the presentation that business potential until 2028 is INR7,000 crores for defense products that is in page number 19. And you have also shown in page number 20 that your total addressable market across all the sectors till FY '28 is INR24,000 crores to INR25,000 crores. My question is, are we envisaging bigger order pie from the other sectors than defense? Can you add some colour into it?

S. G. Reddy: Yes. This INR24,000 crores total accessible market includes some of the non-defense projects like turnkey solutions and also even the NavIC business, which we are targeting also being included in that, apart from the Defense and Aerospace segment. And in the

Metallurgy/Hydrology front also, we are entering into the various systems like adventure radar, even doppler weather radar, also in airport weather monitoring radars.

These are the few projects which -- systems, which we have taken up development. All put together, we have taken around INR24,000 crores INR25,000 crores of total accessible market, apart from the Defense and Aerospace segment.

Santanu Chatterjee: That means can I presume, sir, other than Defense segment will contribute heavily towards future revenue?

S. G. Reddy: Yes. Defense is a major growth factor. Definitely, we'll have more testing in the overall the INR7,000 crores what we have considered in the next five years.

Santanu Chatterjee: Okay, sir. And my second question is, sir, in the current order, can you categorize how much belongs from the subsystem and how much from the whole system?

S. G. Reddy: In the current order in INR1,543 crores, in this, we have close to INR300 crores for systems and rest of them subsystems. Yes, Navin, can we make it to the last two questions. We're running sort of time.

Moderator: Sure, sir. As there are no further questions, I will now hand the conference over to Mr. S.G. Reddy for closing comments.

S. G. Reddy: Yes. Thank you. And thank you, gentlemen, for your participation and look forward to talk to you again at the end of Q1. Thank you very much.

Atim Kabra: Thank you.

M. V. Reddy: Thank you.

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