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August 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 August, 2024.

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

Thanking you,

Yours faithfully,
For Astra Microwave Products Ltd

THALLAPALLI ANJANEYULU
Digitally signed by THALLAPALLI ANJANEYULU
Date: 2024.08.19 17:32:18 +05'30'

T.Anjaneyulu
G.M - Company Secretary

"Astra Microwave Products Limited Q1 FY25 Earnings Conference Call"

August 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 August 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 Q1 FY25 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 the 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 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 evening, everyone. A warm welcome to all the participants 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 Q1 are uploaded on our Company website and stock exchanges and I hope you had a chance to look at it.

In terms of the highlights:

I am happy to share with you that Q1 FY24 (wrongly said, please read it as Q1 FY25) is a good start to the Financial Year FY25. Keeping in mind the seasonality pattern inherent to our business wherein Q1 is the weakest quarter and the major chunk of revenues are captured in the subsequent part of the financial year. We want to highlight that we have also improved our gross margin significantly, which were primarily driven by continuous improvement in the product mix where the domestic defense business contributed to 65% of the topline, followed by exports whose contribution is around 21% and the space with 11.5% with rest of the business coming in from metrology and other sectors. This performance is in line with our expectations and guidance.

Coming to our order book:

We have crossed the milestone of Rs. 2,000 crores mark this time where the standalone order book as of June 2024 stood at Rs. 2,099 crores and our order wins continues to be healthy. As guided in Q4 Earnings Call, we have booked about Rs. 3,002 crores(wrongly said, please read it as 302 crores) of worth of orders in this quarter out of which Rs. 240 crores of orders are from defense industry.

On a consolidated basis, our order book stood at Rs. 2,365 crores as of June 2024. Overall, our order book comprises of 88% of the domestic orders, which are largely BTS, which enjoys good margins and 12% of export, which is a mix of BTP and BTS business. Our consolidated order book consists of Rs. 120 crores worth of service orders, which are typically margin accretive. Our focus remains on getting more orders, which consists of high proportion of complex system projects.

Coming to our standalone financial performance for Q1 FY25:

We recorded a growth of 16% in our topline on year-on-year basis. With a tilt towards the domestic business, our gross margins have taken up healthy 41.8% regarding a significant improvement on year-on-year basis. Employee expenses have slightly gone up because of the increase in the number of skilled and professional employees. This is mainly due to our employee addition at our Bangalore facility. At the end of the quarter, the employees count is close to about 1537, up from 1468 at the end of the financial year. EBITDA stood at Rs. 23 crores as against Rs. 5 crores in the same period of last year and the margin stood at 15% as against 3.50% of previous period. The Company reported profit after tax of Rs. 5 crores which was the loss of Rs. 4 crores at the corresponding period of last year. The execution of space orders continues to be good and more than 11% of revenue is coming from this segment. Export sales revenue was also in line with the previous quarter, remaining stable at a reasonable level of 21%. We are confident about the growth in the overall industry as we believe that the Government's objective has widened and the implications of the Indian Government's Aatmanirbhar Program extends beyond import substitute. It also provides Indian companies like Astra, which has expertise an engineering pattern with a platform on which to build global visibility and businesses. In line with this, we will continue to grow our capabilities strategically and achieve our target step by step.

And lastly, for the current financial year, we maintain our target which was given previously for an order book in the range of about Rs. 1,200-Rs. 1,300 crores and the topline in the range of Rs. 1,000-Rs. 1,100 crore with the profit margin to the tune of about 16%-18% on standalone basis.

Now, I hand over to Mr. M. V. Reddy, followed by Atim Kabra to share their thoughts.

M. V. Reddy: Thank you. Good evening, everyone. As we review 1st Quarter of FY25, we are happy to say that we started well with the positive trend specially continuing the orders booked in the 1st Quarter and also opportunities emerging out in our business to win. We have robust order book of Rs. 2,000 crores plus as on date and seeing a good visibility of growth trajectory in all verticals of business segments which are of same focus area.

With regard to the business highlights of Q1 FY25:

We have backed good development and production orders in radar and electronic warfare domain in the 1st Quarter. Out of Rs. 303 crores (Wrongly said, please read it as 302 crores) orders booked, 80% are from domestic segment, constitutes of 36% of development contracts in nature and rest are in production. We made a breakthrough in replacing imported critical wideband receiver for EW project which DPSU has been using for product of foreign make and the DPSU has the production order. Also, we have bagged precision approach radar and repeat order of Doppler weather radars in this quarter. Our anti drone radar is ready for the deployment in the field and we have been responding RFP's from various agencies. We hope to get few contracts in the last quarter of FY25.

On the sales front:

We had a significant improvement as compared to the last year 1st Quarter and we don't foresee any major challenges to meet our guidance of Rs. 1,000-Rs. 1,100 crores for the current financial year. despite of the current geopolitical situation, our JV's are doing fairly well with the order book of $48 million and expecting to book another $10 million in next two quarters, ARC is expected to book revenue of $37-$38 million for FY25. 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, I now hand over to Mr. Atim Kabra to share his thoughts. We would be happy to answer your questions. Thank you.

Atim Kabra: Thanks, S. G. Thanks, M. V. and welcome everybody. In our QIP documents and our ongoing investor interactions, we had indicated that we believe our growth story is going to be rear-ended. And as in, we M V Ready just emphasized and as he mentioned, our burgeoning order books actually point towards continuation of this trend, and the future looks quite positive. We are very comfortable as reiterated with our growth guidance of 18%-22% organic growth, which we have already shared with you.

In addition, as we had mentioned last time, we have created a framework for growth beyond this organic growth and in the form of a LEAP strategy. Taken together, organic growth plus LEAP creates a momentum for some serious value creation for our shareholders overtime. Our focus we had mentioned about a year back to you was enhancing our ROEs, and I am sure you would have noticed that the RoE is around 14% now with return on capital employed crossing 16%. We are now focusing more on efficient working capital management and under the astute leadership of S. G. Ready, we are quite confident that we will be managing our working capital efficiently without diluting our shareholders for working capital.

I specifically mentioned a long term timeline as the research led products require time to create IP and then time for commercializing the IP so created. As you very well know, we define ourselves to be in the IP business. We are in the business of creating IP, enhancing our IP and that can be done both through our own internal efforts as well as collaborations. But eventually we are in the business of monetizing intellectual property. To put it very simply, IP we believe gives us sustained power and the moat which is critical to competitive pricing that shall allow us to stay ahead in a very competitive arena and enable us to monetize our IP on an ongoing basis. So, in today's session, I had a desire to bring into focus our efforts at IP creation, enhancement and monetization. So, if you look back and step back for the second in time and look at the trajectory of growth of Astra, you will notice that the net turnover of the Company has increased consistently over the last 4 years to more than Rs. 1,000 crores this year, if I am not wrong, we were Rs. 426 odd crores in FY20.

The entire team at Astra has been scrambling to keep up with the sales growth and meet the enhanced order flows. The focus had been on completing the orders and then focusing on the next set of orders.

So, we have embarked on an exercise now aimed at selling out the IP which has been created within the Company and shared to a large extent which we can now either monetize on a standalone basis or combine it with the other IPs which may be available within the Company or externally available to create value. So, to our surprise, we found that we had multiple products and technologies which had been created and then not acted upon any further post order completion and had just been filed away as the teams got busy in fulfilling other orders. So, taken out of cold storage and updated with the current tech standards, we can productize these technologies on their own, or combine them with other technologies and that is a low hanging route for us. The incremental efforts at making this tech viable and commercial in minimal and offer us easy way to monetize our efforts. This exercise has been concurrent with identifying more project leaders within the Company and ensuring that they share the vision which we are defining with you here and again I am glad we took this effort, and I have identified some serious talent which resides within the Company. The idea is going forward to empower these leaders and groom them into future project leaders with P&L responsibility eventually.

Any organization, especially a tech and IP driven organization like ours, is only as good as its people and last 6 months of the senior management time has been spent in identifying talent and working around strategies which will lay the foundations for sustained future growth delivered by our talented next generation talent pool. So, these initiatives are hand in glove with our LEAP strategy. More project managers with a deep grounding impact, with a deep grounding in Company culture not only lays the foundation for organic growth, but also helps us think outside the box on a collaborative effort which underpin our LEAP strategy. I am glad to inform you that the base pillars of LEAP strategy which were around financial accretiveness, productization and lean and learn, implying a collaborative approach with external IP holders also is well on its way to deliver results.

Glad to share that two definitive binding term sheets have been signed this past quarter alone, one in the area of chip design services and another in the radar space while discussions have been initiated with multiple companies, both listed space as well as in the smaller unlisted space for enhanced collaboration with the platform, which Astra provides to further enhance our joint intellectual property and create products which are well suited for the future. We are also in a hurry to monetize things at the fastest possible pace and collaborations are possibly one way to go about doing this. We aim to conclude a few such collaborative arrangements every quarter going forward and that is one of the basic premises of our LEAP strategy.

To conclude, Astra will continue to build on its track record of delivering on its numbers. And we will in all likelihood achieve our targeted 18%-22% organic growth rate. And LEAP strategy has the potential to deliver a further upside onto these numbers. The LEAP framework is very much in place and definitive collaborative agreements have been signed with two partner companies. Many more are in the works. We are grooming our next generation of leaders with eventual responsibilities for project management and P&L responsibility will be run through them and multiple efforts are in place to lay the foundation for a sustained future growth to be led by our next younger generation. So, with this, let us open it up for question and answers, please.

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 Limited. Please go ahead.

Amit Dixit: I have three questions. The first one is essentially, if I look at not Y-o-Y but Q-o-Q our mix in revenue, so our domestic percentage has gone up, export has come down, but still we find that EBITDA margin has gone down compared to Q4. So, if you could just highlight what caused this, whether it is execution of some low margin orders in this particular quarter and how do we see this trajectory going ahead? The second question is on essentially very interesting thing that you highlighted on anti drone radar. So, are we limiting ourselves only to radar or there would be a soft skill and hard skill mechanism also and what kinds of opportunity are we seeing by end of, let us say, FY25? The third question is that recently there was a media article suggesting that we have executed AAAU for the shipborne radar. So, just wanted to understand the opportunity size of this and when we would be able to commercialize this?

Management: Amit, I will take the first question, remaining two Mr. M. V. Reddy will take. So, it is very difficult to pinpoint exactly why this, I have to really look at each individual product sale that has happened in the corresponding quarters to exactly answer your question, but otherwise I would say that in general to a large extent, about 90% the margin variance comes in only because of the product mix. Specifically, to answer your question, probably I have to dig a little deeper and come back. I will not be able to answer right now.

Management: Mr. Amit, regarding your second question, about the anti-drone system, yes, we are working on soft skill anti drone system, but as a part of that we have completed the radar development portion and we have released to the market as few customers are asking for only the radar portion. And also this soft skill system is on the way and maybe another few months we have been in a position to complete development of entire anti drone system with the jammer. As far as hard-kill is concerned we are exploring that option, but we are yet to decide on that particular portion. Regarding your third question, as far as AAAU of SBR, which we bagged from DRDO and executed in the last year and this year, we are going to commission it in the Navy. Yes, there are good number of opportunities there for this what we heard from the customers and the Navy that they are looking for minimum two to three more in next 2 years timeframe. So, this is what we heard from them, but unless we get from RFP on hand, it is difficult to commit anything on that front.

Amit Dixit: So, given the opportunity size, new system that we have ADS and all, so what kind of order flow could we expect, not for this year, but for over next 3 years, let us say if you were to give a cumulative number on the basis of platforms we are involved, etc.?

Management: Actually, we have already responded few RFP's and the current year, the RFP's, what we have responded or we are expecting to be received is the order of at least about Rs. 500 crores, but since we are in competition, we are not sure how much we are going to grab from that particular segment, but actually there is a few inquiries which we are expecting from services that will have a large size for business. For that we are getting prepared ourselves to make full complete system.

Moderator: Thank you very much. The next question is from the line of Hiren Ved from Alchemy Capital Management. Please go ahead.

Hiren Ved: Mr. Atim Kabra mentioned about the LEAP strategy and I want to extend this a little bit further that given our size, which is just about Rs. 1,000 crores this year as per our guidance, what stops us from growing at let us say, 30%-40% right? Is it the lack of external opportunity or are we too narrowly focusing on radars and certain segments of the defense industry? And secondly, if it is the right thing to do, which is to invest in IP, but that requires serious capital. So, how much money are you planning to spend on IP over the next couple of years? And why can't we aspire to have margins which are upwards of 20%-25% if we have our own IP?

Management: I will answer this thing. Let me take the IP question first, right. The IP, think of Astra as a platform for a second right, we have a track record, we have the capability set, we have the marketing ability etc., which has been there and it is only now that we are opening it up from an IP acquisition, IP collaboration point of view. There are products and personally I cannot go into details of these products, but there are products which are being contemplated where let us say if we had the capability to make the radar, right, then can we add in the next logical step which has to be taken in the battlefield if an incoming threat is detected by the radar, right, can my system alone do it. I may not have the necessary IP for that. So, do I create it from scratch? Do I reinvent the wheel or do I collaborate with somebody who has the IP and create a better product and combine our resources and create a product? It may not necessarily require oodles of capital to do so, by the way, right, because it is equally in the interest of the other party also, our collaborators to commercialize the products. As I mentioned, two transactions have been done and they will result in significant IP accretion over a period of time for Astra. We are not really spending much on these acquisitions, on these IP collaborations, if I am to say. So, I would delink IP from owning the IP exclusively, but would rather focus on more collaborative approach with Astra contributing a lot towards commercializing and taking the lead in creating products which also links in with your earlier question. If you look at our history, we were quite small and we will cross Rs. 1,000 cross this year itself and our focus have been to productionize the orders which have been coming in. Productionization of existing orders coming in and keeping pace with the growth in a way did not give us the leeway or the time required or the effort required to productize, so productionization versus productization which is our focus going forward. So, if you see organic, when we talk of organic growth, organic growth is coming in from our regular productionization of the order flows, which is coming in. But now, given our size and as we very rightly said, we have the size now where we can offer ourselves as a platform and that will allow us to focus on products which on a recurring basis when they sell gives us the kind of margin expansion and sales expansion, which we are looking for and that is where probably the surprise which we speak about on account of LEAP strategy will come in, but let us wait for the time. Let the numbers reflect what we are saying. So, right now when we give you the guidance, we focus on the productionization of the orders. I hope I have answered your questions.

Hiren Ved: I have one more last question, we have seen that in many defense companies, supply chain is becoming a big constraint. And are we working on seeing that we are not constrained in terms of productionizing because of supply chain issues and creating enough other sources is something that we have seen with a lot of other players in the industry and just wanted to have your views on how you guys are thinking about this constraint?

Management: I don't think we are expecting any serious supply chain constraints. Well, I guess given the size given our management focus on the productionization front, I think we are fairly well set in this particular area. Where we see constraints are on the evolving technology, where trained manpower is hard to come by for the next gen of products where we need to leap from into. So, to answer your question, we are fairly well appraised of the supply chain challenges, and therefore resilience is being built into the system. Of course, if you have external events like sanctions and all, that is a completely separate game. But other than that we don't significantly see any supply chain challenges.

Management: Just to add to Mr. Atim, see basically we import electronic components and of course few complex PCBs from abroad, but otherwise the rest are like we will be sourcing out from indigenization. And also would like to highlight one point here is we do ourselves with our strategic component as we design and we get it fabricated like MMICs and all. So, these are all components which usually will have a serious impact based on the geopolitical situation. So, that is something which in fact is advantage to us that all these strategic components we have within our control. Otherwise, usually we don't have any supply chain issues for general electronic components or PCBs.

Management: Actually, this is a very important point and when you talk about competition, probably you should consider the fact that we have a very significant net block which has been created. So, the capabilities have been created upfront and now it is the time to reap the benefits from the investments which have been made over the last so many years into the Company. So, our return ratios were not looking good because the investments have been made upfront and now as production scales up, you will see ratios, the proof is there already with you that ratios are improving significantly.

Moderator: Thank you very much. The next question is from the line of Col Sarjeet Yadav from Mount Intra Finance Private Limited. Please go ahead.

Col Sarjeet Yadav: Sir, one question about the Tejas delay. So, we are hearing couple of things that firstly because of the GE engines, it is getting delayed and secondly also the Israeli Company is unable to provide the AESA radar. So, our Company has been supplying AAAU for the AESA, so how do we see these two situations. It looks like a risk because of the delays. At the same time opportunity when we see the Israeli Company, unable to supply, can you comment on this, sir?

Management: On the first part of your question regarding the supply issue of GE engine, of course we cannot authorize to comment on that, but yes, we also heard about this, there were some issues, but also we understand from the customer that they have been making alternate arrangements and I don't think they can put any delay factor as far as the other sensors are concerned. In fact, the Uttam radar, whatever being planned, the discussions are going very actively and maybe the next 3-4 months' timeframe, we should be in a position to get the first contract. So, that is all the discussions are going on. So, we don't see any major delays, but though there will be slight delay and all, but we don't see any major issues as well as that particular party is concerned. And second is regarding the other imported radar which is not being functioned that also again we are not authorized to comment on that. But yes, that is something which the DRDO is trying to push as early as possible to HAL and probably we make it more quantity in case if Israel cannot supply this particular radar. As far as Astra is concerned, we are geared up to produce in numbers. In fact, we enhanced our facility. Recently, we have added auto bonding facility by virtue of which in fact our subsystems that is the tier module of those radars we can produce manifold in the sense about 20 times than what we made it with semi-automatic facility. So, that way we have enhanced our infrastructure, we scaled up our capacity. We are geared up to manufacture as many as numbers as we want.

Moderator: Thank you very much. The next question is from the line of Ketan Gandhi from Gandhi Securities and Investments Private Limited. Please go ahead.

Ketan Gandhi: Just two couple of questions, one, I just missed, did you give any guidance for the order intake for this year?

Management: Yes, we have given.

Ketan Gandhi: Can you please repeat? I just missed it. I am sorry.

Management: In the range of Rs. 1,200-Rs. 1,300 crores.

Ketan Gandhi: And sir, do you want to share any update on Manpack SDR?

Management: Yes, actually the final test they are planning to conduct sometime in mid-October. I think rest all the procedures have been through. I think mostly by mid-October, we will have a field test. So, once after that test, we will come to know whoever all will remain in the frame.

Ketan Gandhi: Total how many final contenders for this, last time you mentioned about 3, is it the same or any changes?

Management: Yes, as of now it is 3.

Moderator: Thank you very much. The next question is from the line of Niraj Mansingka from White Pine Investment Management Private Limited. Please go ahead.

Niraj Mansingka: My question is what are the top 5 programs that would be critical for our order book accretion and revenue growth in the next 2 years?

Management: There are many projects we have been addressing radar and electronic warfare domain especially if you take in the radar, we have been addressing airborne radar and also the ground radars, shipborne radars in all three segments. Like airborne radars, we have been working for AWC Mk1, Mk1A and also we are waiting for the RFPs for Mk2. Similarly, like LCA Mk1A, we are already there and we will be addressing Mk2. So, there many opportunities are coming out. Similarly there is Su-30 opportunities also will come. Of course, we are all in competition. So, we have to wait and see how many we win that. Similarly like in the ground segment, there are many radars like we are talking about Tushar like Akash-NG, Akash Prime, WLR repeat orders, these are all which customers DPSS are likely to get. So, we will be getting subsystems from those particular segments. And shipborne Navy, as I said we are likely to get some repeat orders from Navy. So, these are all some of the opportunities as far as the radars are concerned. And in electronic warfare, we have been working for pod jammer for LCA Mk1 as well as we have been working on the ongoing production programs of BEL like Nayan Shakti**,** Himshakti and all these programs, we are there. And also we are there in the EW programs of like DR118, R118. So, all these programs, we have some orders on hand, and we are likely to get more orders, repeat orders from these customers.

Niraj Mansingka: But anything which comes to your mind that these like for example, we have this Uttam radar, so any large order that you think you were assured but you are, just a delay of the RFP?

Management: The mandate is clear, yes Air Force, HAL plan to take some quantity in the 1st Phase. Exact quantity will come to know in couple of month's timeframe. But yes, Similac has already given the clearance for dual numbers, two for the 1st Phase and then there afterwards they will induct more and more. And going forward, yes, there is as all of you know this 97 numbers more also as and when has been cleared so once HAL get contract, probably they will start working in that also. We are hopeful to get more quantity from Mark1 itself.

Niraj Mansingka: Sir, last question, what is causing delay in the Virupaksha project?

Management: Actually, the customer, DRDO is working on the configuration part. I think what we understand that they are working on this configuration. Once they complete they will be floating RFP's and once they are in the competition mode, so we will be competing in that.

Niraj Mansingka: But any thoughts on when you see this scale up happening?

Management: Actually, the first contract itself that from the DRDO, I think probably we are expecting RFP's mostly by next quarter.

Niraj Mansingka: Sir, last question on the Akash Mitra and BDL has also put an RFP at our RF Seeker Manufacturing Facility. And what we thought was you were the sales suppliers of that. So, any comments on how it will impact you?

Management: What BDL has been set up the facility and manufacturing is I think if I understand better, I think it is gimbal seeker. But what we are working is totally different. We are working on AESA Seekers and in that we got few development contracts from DRDO. In one particular frequency band, we have already delivered and we are expecting some small repeat order also. And other band we are trying to complete it by this month end. So, we are working in a totally different technology as far as seekers are concerned. The other technology which BDL and other companies were working on that those seekers also we have RF components, we have been supplying CSUs and other companies.

Moderator: Thank you very much. The next question is from the line of Rupesh Tatiya from Intelsense Capital. Please go ahead.

Rupesh Tatia: My first question sir is with respect to Uttam radar, so in this we only supply antenna units or we supply other components as well?

Management: We supply Antenna Active Array unit, this is a complete antenna unit and other parts there are three more companies who have been supplying the small portion of it, but the 75% of this radar cost is sourced to the antenna unit only.

Rupesh Tatia: And that is exclusively supplied by us?

Management: As of now, yes, it is exclusively supplied by us.

Rupesh Tatia: And sir, what would be the value per radar package?

Management: No, I don't want to go more specific into the radar cost and also because it is an open conversation, I wanted to maintain confidentiality.

Rupesh Tatia: And sir, then what would be the opportunity size? Uttam will be used in I think Tejas from 28th aircraft onwards. And then would it be also used in Sukhoi or BVRAAM upgrades as well. What is the opportunity size for Uttam radar?

Management: Well, in fact we are expecting around close to Rs. 1,100-1,200 crores worth of business from the Uttam radar in the next 3-4 year’s timeframe.

Rupesh Tatia: But it would be used in all these programs, sir, Tejas, Sukhoi, BVRAAM only in this?

Management: No, I am not talking about Sukhoi. Sukhoi is a different one. I am not discussing about Sukhoi. It is only LCA Mk1 and I have considered more on Phase-1 and Phase-2 put together.

Rupesh Tatia: LCA only Phase-1 and Phase-2, it is Rs. 1,100 crores?

Management: Yes.

Rupesh Tatia: And then second question sir is on Ashwini radar, are we involved in that program in India?

Management: Yes, we also bid for that and we are in competition and I think TEC is going on. So, beyond that we don't want to give any information. So, yes, we have participated in that program.

Rupesh Tatia: So, when is the result expected of that tender Ashwini radar? And then what components would we be supplying and would it be significant to the order size?

Management: No, since it is a tender and RFP and in the competitive tender, I do not want to disclose more details about this.

Rupesh Tatia: But we supply all the components or only one or two components.

Management: That is what I am saying. We do not want to discuss anything beyond that. Please appreciate that fact. This is a competitive tender.

Rupesh Tatia: Also the next question sir is, I think we have a patent with I think one of the labs for Netra Primary radar and I think some order is expected in Netra or order is received, I am not clear. So, can you talk about what kind of commercial orders are expected in Netra? And then will we supply only primary radar or some other components as well?

Management: In Netra, you are talking about AWC Mk1. So, there we supplied subsystems of Primary radar and we have already supplied a few years back and we are getting some repeat contracts for maintenance and also for one more aircraft I think. So, we have orders on hand and also we are likely to get some of them for the space.

Rupesh Tatia: So, Netra sir, there is no kind of like active order. I thought there was an order for some India….

Management: We have orders and are under execution. In this quarter, in Q2, we are going to execute that.

Moderator: Thank you very much. The next question is from the line of Ravindra Shah from RSH Investments. Please go ahead.

Ravindra Shah: Sir, I have two questions. The first question is, can you please elaborate a bit on your Bangalore facility like for which business this facility will be dedicated, domestic defense, space or other business segments?

Management: Originally, we have created that facility for our systems integration and testing, especially in the radar and electronic warfare domain and we have built up NFTR facility also and also assembly hangers to handle and address the radar systems. And also we have created space division in Bangalore facility. We have incorporated 100% subsidiary unit, Astra Space Technologies Limited and that group is basically going to address all future satellite requirements and they are also working in the same facility. We have created the infrastructure to meet that particular requirement.

Ravindra Shah: And what kind of opportunities do we foresee in the global space business on the BTS side?

Management: Actually, we are focusing more in the Indian market as of today. We would like to address this Indian market and then wanted to address the global market. Yes, opportunities are there opportunity size is very large as far as this space segment is concerned. So, that is the reason why we are investing into this particular sector and we are planning to enhance our operations in this particular segment, but to be precise figures and all, we don't have as much as far as the global business is concerned. But for Indian, yes, we have a figure. Based on that, we worked out our business model.

Moderator: Thank you very much. The next question is from the line of Keshav Harlalka from BHH Securities Private Limited. Please go ahead.

Keshav Harlalka: So, I just wanted to know about the seasonality of margins and revenues and profits. So, we did EBITDA margin of 15.5% for Q1 of FY25 versus 2.3% for Q1 of FY24. And for Q4 of FY24, we did a margin of 22.8% versus year-on-year margin of 12.2%. So, can you comment on the seasonality of margin, sir?

Management: See, basically we have used the word seasonality because even as the topline, most of the topline happens in Q3 and Q4, and since the margins are directly related to the topline, we have used the word seasonality of the margins. Then again, answering your specific question in terms of the margins, what you have indicated, which I have already answered earlier, essentially it all depends on the product mix. Suppose if I have major defense product being sold in a particular period, probably my margins will be much higher than the previous quarter where the sales should have been more towards the exports. So, generally the margins are directly related to the product mix and hence the seasonality of the margins is indicated.

Keshav Harlalka: Now, can we have some band or you cannot predict the band. Would it be within 15%-25% is what one could expect or you could don't want to pass any comment on this?

Management: I can give an indicative gross margin. Below that I do not want to get down. The gross margin generally around 40%-45% will be there, if my overall domestic mix is in excess of 70% in any particular period.

Moderator: Thank you very much. The next question is from the line of Nishi Shah from RH Investments. Please go ahead.

Nishi Shah: I have one question. What kind of margins does this space business comes with and is it same as the domestic defense orders or is it better than that?

Management: More or less we carry the same margins between space and defense.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as the last question. I would now like to hand the conference over to the management for closing remarks.

S. G. Reddy: Thank you everyone for attending and sharing your thoughts. Hope we have answered all your questions and look forward to meet you again at the end of Q2. Thank you very much and good evening. Thank you.

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