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August 18, 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 14th August, 2023.

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: 2023.08.18 16:57:03 +05'30'

T.Anjaneyulu
G.M - Company Secretary

"Astra Microwave Products Limited Q1 FY24 Earnings Conference Call"

August 14, 2023

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 the Astra Microwave Products Limited Q1 FY24 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 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 listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference, please signal an operator by pressing '*' and then '0' on your touchtone phone.

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. A warm welcome to all the participants to the post results call of our company. I am with my colleague Mr. M. V. Reddy and Mr. Atim Kabra and SGA, our Investor Relations Advisors. The results and investor presentation for Q1 FY24 are uploaded on our company website and Stock Exchange. I hope you had a chance to look at it.

The quarter gone by was a relatively soft quarter. Our topline performance was in line with quarterly guidance that we have given in the previous quarters. Having said this, the soft performance does not give a complete picture of where we stand as a company. The road ahead is very promising as we continue to have a robust order book of close to about Rs. 1,580 crores. This order book is a good indication of our long-term prospects. During the quarter, we have booked about Rs. 191 crores worth of orders which comprises of about Rs. 176 crores of domestic and Rs. 15 crores of exports.

Coming to our standalone performance for this quarter, our business which is lumpy in nature, we recorded a decline of about 17% in our topline on a year-on-year basis, which has resulted in a revenue of about Rs. 133 crores for this quarter as against Rs. 161 crores for the corresponding quarter of last year. The mix of topline is about 60% of exports and 40% of domestic, which was entirely reverse of our last Q1 performance. But this is the reason why there is a negative impact on the bottomline of the company. Domestic sales, which have a higher margin as compared to the export sales in Q1 of FY2023, since it was closed about 60%, there was a clearly visible improvement in the margins; however this quarter gone by has a lower amount of domestic business coupled with lower margin product mix, which has led to the overall lower margins. As a result, we saw a decline of about 7.6% in our gross margins as compared with 27.5% of last year Q1.

On the expenditure side, we have made a provision on advances as per the accounting standard has contributed an amount of 3 crores. I would like to clarify this is not an actual cost to the company and it will get adjusted as we deliver the goods to the customers. The company reported loss after tax about Rs. 4.3 crores for this quarter, which was about Rs. 11.4 crores of profit in the corresponding quarter of last year. We expect to turn back positive in the coming quarters as major domestic business is scheduled to be delivered in the coming quarters, especially in Q3 and Q4. We maintain our overall guidance of about 900 to 950 crores for the entire year with 300 crores of exports and the rest from the domestic segment. With this revenue mix panning out, we are targeting a business profit of about Rs. 140 crores to Rs. 150 crores. We maintain our guidance as given in the last quarter.

Government of India's initiatives to foster local manufacturing as well as raising the transfer of technology from DRDO and ISRO would benefit firms like Astra. Further, we have been taking steps to move up the value chain from the sub-system vendor to a system vendor where opportunity size is huge. We have identified specific growth areas for the future expansion such as SATCOM systems, wind profile radars, ground surveillance radars, doppler weather radars, anti-drone systems and so on.

Now, I would like to share with you some business updates which have happened in the quarter. Astra has signed a tripartite agreement with LRDE, HAL for supply of critical subsystems for AESA radar. As you know, Astra has manufactured X-Band AAAU for ASEA radar and we'll be the industry partner for HAL for supply of these critical subsystems. On NavIC front, we should have clearance for commercial production by end of September 2023. In the meantime, we have developed a proto vehicle tracking unit by making use of the baseband chips and have completed the internal trails. We have also executed ISRO orders for course and timing receiver. In future, we are planning to develop these modules using our own chipsets. Our software drone radar based on DRDO technology is undergoing integrated testing and validation at LRDE. We will be able to commence internal field trials by mid-September. In the last one month, we have concluded negotiations for a few contracts worth about Rs. 160 crores from DRDO and DPSUs including satellite modules, airborne EW modules, development of airborne radars and production of radar modules. Recently, raised QIP funds are put to use as declared in the offer document.

With this, I'll hand over to Mr. M. V. Reddy and later on to Mr. Atim Kabra to share their views and thoughts. Thank you.

M. V. Reddy: Thank you. Good evening, ladies and gentlemen. First, thank you all joining in Q1 earning call that too late in the evening hours.

Although last quarter was a soft one as Mr. SG had mentioned in terms of P&L. But on the positive front, we made a good beginning by bagging reasonably good orders in line with our plans. Out of Rs. 191 crores which we booked in the Q1, Rs. 176 crores from domestic market, that's from DRDO and DPSUs. 80% of them are production in nature with reasonably good gross margins. We are also delighted to inform that we have concluded contracts worth of Rs. 160 crores and approximately Rs. 140 crores worth of contracts are in the final stage of negotiations. We're seeing a good visibility to meet our order book plan in Q2 and for the rest of FY24 as per guidance given in the beginning of the year.

To share a few business highlights of the last quarter, apart from what Mr. S. G. Reddy had mentioned, we secured a few strategically important development contracts in DRDO and EW segment from DRDO. We further strengthened our footprint in Doppler weather radar market segment by bagging more contracts from IMD and ISRO. We are actively participating in many domestic and global opportunities in the domain of radars, EW and communication segments. We have successfully developed AESA seeker head and terahertz proximity sensor as we mentioned in the last investor call. We have also delivered digital active phased array modules to DRDO. We have initiated development of high frequency MMIC chipsets and few radar systems to meet embodied future requirements.

With these initial remarks, I hand over to Mr. Atim Kobra to share his thoughts. Thank you.

Atim Kobra: Thanks, MV, thanks, SG and hello everybody.

As you know, our business mix comprises of low margin exports, high margin domestic business are which is born out of our R&D capabilities, and it has been our attempt to change the lopsided nature of business wherein revenue gets bunched up in the third and the fourth quarter primarily. And I must admit that we have not been very successful as yet in achieving the optimal mix as of now, even though we have managed to spread out the export orders over quarters almost evenly. The effort made over the first couple of quarters lays the groundwork every year for the surge we normally see in the third and the fourth quarter. So, while expenses have been more or less normalized, we are expecting a surge again as mentioned by SG on the revenue side in the third and fourth quarter. SG has just reiterated that we are on course to achieve our stated guidance of Rs. 140 crores to Rs. 150 crores of PBT in the current year, which would be a substantial jump over the last year on a year-on-year basis. SG and MV will discuss further details on the specific programs that we can talk about, but I wish to talk about our prospects and how we are shaping the company for a very sizable spot in the size and profitability over the next three to five years.

As long-term shareholders, we have all seen substantial value accruing to the shareholders and rest assured that we are laser focused on the continued growth of the company. I had touched upon Astra moving into solutions and systems in the last conference call and a lot of our efforts have been concentrated towards the same direction. As a systems entity and as a systems integrator, the company needs to take a relook at our organizational structure to ensure that the focus attention on the various growth strategies which are being debated and deployed as we speak towards our real assets, which is our employees and our talent pool are functioning optimally in a SBU kind of a concept. We are exploring adjacencies with our current businesses, which I shall briefly explain in detail, and we have alluded to it, SG has alluded to it and as we finalize and get the board approvals for these initiatives, I'm sure you'll be equally excited as what we are.

We believe that our core defense and aerospace business is very well poised to deliver growth on a consistent basis over the next few years, but we want to push the envelope on the growth numbers and expect the capability to create solutions will help us augment what hitherto was a tender based approach towards business generation. We expect solutions to play an important role across both domestic as well as international markets, but we want to keep our focus on defense business and partner with companies in a possible B2B2B format for our solutions business. The first solutions, which has been almost ready for a deeper evaluation by our board uses our core products to deliver a very comprehensive surveillance capability. We intend providing military grade solution in a very cost-effective format, centered around multiple techs within Astra while partnering with multiple industry players to augment our capabilities to create an end-to-end solution, which will find a very receptive market both domestically as well as in the international markets. We will share more on this post the final approval by our board, but we expect revenues from this to start from next year onwards and where we will be offering the solution as a systems integrator. And the sea change happening in the company is evident from the next solution which we are working on. While under wraps, I can share with you the broad contours where earlier we would have supplied our core products as hardware to solve pressing problems for somebody else to build a solution around our core products. The change happening now builds on the hardware as an input for a complete solution, which we shall be creating with applications both again on the military as well as civil industrial side. These ready-made products in our opinion will allow us also to diversify from our dependence on government spending and will serve as a hedge against possible lean periods in government spending and thereby deliver consistent superior growth.

As SG alluded just now, India has emerged as a key player in China Plus One strategy and we have been debating internally whether we should build up our capabilities to provide low cost, scalable production capacities, which we have honed in our export businesses and work on producing electronics in a large volume, though low margin, but internally our belief is that we wish we have the capability to focus on higher value add and higher margins, which is where we should be focusing on and we should not be moving into low value, though large scale business. So, these substantial value-added divisions which exist within our company, be it space where we will come to you with some very exciting news as well as around chip design, which is one of our core capability which has helped us tremendously to create products, right. We are exploring with due seriousness; multiple options and we'll revert back to you as soon as strategies are finalized.

To sum up, we are looking at comfortably meeting our year end guidance and are considering multiple strategies for augmenting growth through adjacent businesses for significant and consistent growth with high profitability going forward. With this, I'll hand it over back to the floor for questions. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: I have a couple of questions. The first one is essentially on the exports. So, while you have indicated in the press release that export component was higher, is it possible to get that what was the execution of export order in this quarter and the remaining export order book that we have that is 19%, over how many quarters it is executable?

Management: Yes, Amit that is the only question? You said you had couple of questions, right?

Amit Dixit: Yes, the second question is that while in long term we are all conversant of the potential of Astra, but in more near term I mean since last two quarters we have seen actually margins dipping and especially in this quarter. My question is on the near-term opportunities that we have, such as if you could quantify that would be great such as Akash or the naval ship orders that are coming up. So, what kind of opportunities do we have in these spaces? Also, in your annual report you alluded to radar for Indian Navy. So, if you could throw some light on that, that would be very helpful, sir. That's it from my side.

Management: The first question is as far as the execution plan for exports for the current quarter and the next two quarters, Q3 and Q4, the export front, the second quarter, we have a sales plan of Rs. 80 crores and third quarter Rs. 73 crores and Q4, we have plan of Rs. 70 crores. This is our execution plan for exports in three quarters. That's the first question. The second question is as far as the flagship contracts like you mentioned about the naval SDR system and all, so that we are planning to book sales in Q3. As we mentioned in our opening remarks, the maximum domestic whatever we have planned in the current financial year will happen in Q3 and Q4. So, we are planning execution of almost 338 in Q3 and 300 in Q4. So, in Q3 and Q4 put together, we are expecting about 625 crores execution and in that, the maximum like the majority share will come from the domestic sector and that too, the main programs from production segment like one is the T/R modules from the CAPS and also we have few contracts from Akash which we bagged in the Q1, we are planning to execute in Q4. So, this is a product mix as far as the Q4 is concerned, so that should give us a reasonably good margin in the last two quarters.

Amit Dixit: So, that was a very elaborate answer. One follow up, if I may, in these export orders that we executed in this quarter, did we make EBITDA level loss in any of them?

Management: No, we have not made any loss as such and actually the export we have again two categories where in one category, we have a very low margin, and the other category is we have a reasonably good margin itself around 10%. So, whatever orders we have executed in Q1, all belongs to the lower margin category. Hence, we couldn't make overall good margin if you see the overall sales compared to the expenses.

Amit Dixit: And going ahead, you expect this to be…

Management: The domestic front also, whatever the projects we have executed in Q1, most of them are development in nature and have competitive scenario and hence these orders doesn't carry much margin. So, overall, we couldn't show profits when you compared them with the last year Q1.

Amit Dixit: So, sir, is it reasonable to expect that as we go from Q2 to Q3 and Q4, the margins are going to improve from here and it would be an upward trajectory?

Management: Yes, Amit, that is what we are stating. Especially in Q3 and Q4, in Q3 out of Rs. 340 crores, the exports are going to be around Rs. 70 crores. Similarly, in Q4, which is around Rs. 300 crores, again the exports are going to be around Rs. 70. Therefore the majority revenues in Q3 and Q4 are coming from domestic. Apart from that, there are one or two production orders in domestic business which have a fairly higher margin and hence our statement that we will be turning profitable, and we'll be able to meet the guided number of about Rs. 140 crores is coming in because of this confidence what we have.

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

Hitansu Bhatia: Sir, if you could just repeat the timeline which you said that we'll be getting the commercial get away from ISRO for our NavIC chip. And I also assume that we would have received the qualification for our basic chip that was supposed to come, I think in the last quarter. And sir, I also had a question with regards to SDR Manpack for the Army, if you could provide any updates on that front as well, sir? Thank you.

Management: On the NavIC front, you are right. We are supposed to get qualification in the last quarter, but in the last final testing, there were few observations and that we have addressed, and we are going to just again in the next week. Probably by September 1st week, we should have approval and also, we should have the production clearance by mid-September. And as far as the SDR Manpack is concerned, as we mentioned, the NCNC trials being scheduled sometime in October, November and we geared up for the trials. We are fully ready with that.

Hitansu Bhatia: And I think Accord also previously in this year after Elena has also launched its chip right for NavIC?

Management: Yes, Accord and Elena, we are aware of that and the product which we are going to launch will have a more few additional features. So, anyway we will disclose once we have our product gets approved.

Moderator: Thank you. The next question comes from the line of Colonel Sarjeet Yadav from Mount Intra Finance Private Limited. Please go ahead.

Col. Sarjeet Yadav: I would like to know there are some orders which are pending about the anti-drone and Arudhra. Have you received these orders or are you still awaiting these two orders?

Management: Arudhra, we got RFQ and we have responded, negotiations have just begun, we are expecting this contract only in Q3 because it is a big contract, so we expect negotiations may go on for another two months. So, probably in October, we should be in a position to close the contract. And as far as the counter drone is concerned, as we mentioned, the radar is ready, internal field testing is going on and we should be in a position to deploy from September last week onwards.

Col. Sarjeet Yadav: So, can you just throw some light, what are some projects from which you are expecting this entire order book of about 950 crores?

Management: We cannot disclose all the projects, but major programs like one is AWC Mark 1 and then we have defense satellite subsystems, we have recently closed the negotiations and also, we have closed negotiations for a few development contracts from DRDO that is one airborne radar and the other one is ground based radar subsystems. And also, we have declared L1 recently and we have closed negotiations for one more contract from ITR, it is about SRTR, short-range tracking radar about 10 crores. Then going forward, in EW, we are expecting some orders from Shakti, DR118 that is RWR of 230 and also NAYAN, like Himshakti, Himshruthi. These are all programs which we have already products qualified and we are expecting production orders from DPSUs.

Col. Sarjeet Yadav: Thank you, sir. Just a follow-up question. The SDR you received 150 crore worth of order for the JV? Is it included as part of the order book of Astra or is part of the JV order book, standalone or consolidated, can you just clarify that?

Management: No, it is not included in standalone. In fact, it is a JV order. So, we expect order in Astra very soon against that.

Moderator: Thank you. The next question is from the line of Vipulkumar Shah from Sumangal Investment. Please go ahead.

Vipulkumar Shah: Can you break your turnover between components of systems and systems for the last financial year?

Management: For the last financial year? We don't have that breakup for the last financial year.

Vipulkumar Shah: So, but systems must have a higher margin naturally, right? But if you can give me some rough breakup, that will also be very helpful.

Management: See, approximately you can consider 20% on systems and 80% in components and subsystems.

Vipulkumar Shah: So, systems carry much higher margin, sir?

Management: Yes, I mean both subsystems and systems more or less will carry the same margins and unless we get large production quantity in systems, this will be remain like since whatever we are executing on development contracts that too we are bagging from in a competitive mode, so the margins are less, but in case we get production orders, obviously the margins will be higher.

Moderator: Thank you. The next question is from the line of Siddharth Purohit from InvesQ Investment Advisors Private Limited. Please go ahead.

Siddharth Purohit: Sorry I missed out the last point. You highlighted certain reasons for the fall in gross margin and was there any one-time cost probably you mentioned. Sorry for repeating, I missed out those points.

Management: No, there is no one time cost as such. What we have stated is in the Q1, the exports is close to about 60%. The rest is the domestic. Exports carry a lower margin, very low margin, I would say around 5% to 7% kind of thing, whereas the domestic has a better margin. Since the mix is skewed towards export, the overall margins have come down. That is what we have stated. That is number one point. Number two, even within the domestic also, the product mix what we have executed in the Q1 has a lower end margin compared to the general higher margins what we enjoy. So, these two things have contributed to the overall lower margins in the company.

Siddharth Purohit: So, in the subsequent quarter, we expect that the domestic business will pick up. Probably at the beginning of the year, we are expecting 65% to 70% probably come from the domestic side for this year. So, are we likely to achieve those all sort of numbers based on the pipeline that is there?

Management: Yes, especially in the current financial year, we are expecting major deliveries to happen in Q3 and Q4 with very high domestic deliveries and hence we are expecting the recovery of the profits, everything to happen towards end of those Q3 and Q4.

Siddharth Purohit: So, one more clarification. Is there any substantial change in the inventory levels? You have mentioned that in a probably it is likely to remain on the higher side because of the global supply chain issues. So, for the first quarter?

Management: No inventory levels, they are more or less like what was there in the previous year, but since two or three domestic programs which are scheduled to deliver in the Q1 are being pushed to Q2 and Q3. The work in progress is at the higher side compared to normal WIP standards.

Moderator: Thank you. The next question is from the line of Palak Shah from Billion Securities. Please go ahead.

Palak Shah: I just have one question like could you please elaborate on your plan to expand into anti-drone solutions like where are we on that and what is the potential from this segment going forward?

Management: We have built the anti-drone radar with the technology knowhow from DDO, and we have a collaboration with one another company for the jammer. So, on integration mode, we have been testing for the last few weeks and we should be in a position to complete in next couple of weeks. As I mentioned, we will be in a position to field the system with the Soft Kill version of counter drone radar system. This will be fielded in sometime in September last week onwards. We have few customers who have been requesting us to arrange demonstrations and that we are planning to demonstration in next four to five months. We expect few contracts by year end or the first quarter of the next year.

Moderator: Thank you. The next question is from the line of Abhishek Poddar from HDFC Mutual Fund. Please go ahead.

Abhishek Poddar: Sir, could you give some understanding regarding the order inflows that you're expecting this year? What could be the quantum of order inflows and also if you could highlight which are the key programs that you're looking at?

Management: Order inflow, this quarter we are expecting around Rs. 330 crores. In Q3 and Q4 put together, we should be in a position to bag Rs. 550 crores. So, overall, as I mentioned, whatever the guidance was given in the beginning of the year, 1000 plus crores, we've been in a position to comfortably achieve that target. And as far as the major programs, I think I have already mentioned few programs I have given like the current quarter, the orders for which we have already closed the negotiations only, I will be able to mention that. One is the defense satellite subsystem contract and the other one is few airborne radars of DRDO and also the subsystems for ground-based radar from DRDO. And EW subsystems for DR118 program of BEL and there are few EW programs for which BEL has received orders and we are expecting subsystem orders like one Shakti, NAYAN, Himshakti and Himshruthi. These are all orders which we are expecting from BEL. Yes, these are all likely to receive in next few months. Apart from that, we do have few more contracts which I don't want to disclose at the moment, but we are very comfortable as we have a clear visibility to book thousand plus orders in this financial year.

Abhishek Poddar: Understood sir. And Arudhra is not part of the list that you have given?

Management: Arudhra is also there. Sorry, I forgot that. Arudhra is there in this. Actually, it is there, in Q3 we have taken back.

Abhishek Poddar: Understood. Because Arudhra in the presentation, you have given 400 crore opportunity. So, that is the similar number you're looking at?

Management: It is 300 crores plus and we will expect some space also, they are yet to finalize, so minimum 300 plus we are expecting from Arudhra.

Abhishek Poddar: And sir, what will be the export mix in the order expectation now and how would the revenue from export shape up in next two years? Would it be like 35%-40% as you had done in the past or should we think it will be 19% or lower in the future?

Management: See exports for the current year that is 23-24, on 900 plus topline, we are expecting around 300 crores of exports. Going forward 24-25, the exports should be at a much lower level. But again, as Mr. M. V. Reddy said sometime back, our exports again has two elements. One is what we actually export outside India. The other one is what we deliver to export oriented units within India, which carries fairly good margin, in fact the gross margins are about 15% to 18%. So that business will be higher in the next year exports whatever we are projecting. Therefore, that export mix may not be a bad thing from the next year onwards.

Abhishek Poddar: So, there will be a defocus from the direct outside in exports from next year?

Management: Yes.

Moderator: Thank you. The next question is from the line of Karthi with Suyash Advisors. Please go ahead.

Karthi: Just wanted to understand the delivery status of the SDR orders from the joint ventures and any pipeline orders there?

Management: Come again?

Karthi: SDR orders, Software Defined Radio orders?

Management: Yes, Software Defined Radio. We have order for Airforce version that is under execution. I think we'll be in a position to complete that. And if you're asking for that Make-II Army, that as I said, we are ready for the trials to be scheduled in sometime in October-November.

Karthi: No, you were mentioning that you will be shipping it out in the first quarter or second quarter. So, I was just wondering whether the pending orders have been delivered or not?

Management: Yes, I think I got your question. We mentioned to you last time there was some export license issue that is not yet resolved. We are expecting that the resolution to happen by the end of this month. The products are ready. The moment the clearance comes in, the shipment will happen. And the joint venture company is expected to close to about 200 crores for the year assuming that this export license issue is going to be resolved.

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

Santanu Chatterjee: My question is on your order book position, sir. On the standalone and consolidated unaudited financial result, you have shown that on group basis, we have already booked 342.85 crore order. I suppose that joint venture order that we have procured during the quarter, that is 150.44 crore is that is included in this?

Management: In the consolidated, it would have been included. It has got an order from HAL, Hindustan Aeronautics Limited for supply of SDRs again, so that was included in the consolidated order book.

Santanu Chatterjee: And if that's so, then on group basis, we have got order book of Rs. 1,942 crores and under joint venture, we have got order book of Rs. 422 crore. Then if we deduct that this joint venture order from this Rs. 1,942 crore, we are getting more or less Rs. 1,520 crore order book. But in our presentation, we have shown Rs. 1,580 crore order book. So, why this mismatch sir, Rs. 60 crore mismatch?

Management: Yes, we should be able to give the clarification to you. Any next question is there? You want to have a reconciliation between the consolidated and standalone?

Santanu Chatterjee: Yes.

Management: We will give you that.

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

Ketan Gandhi: BDL recently supplied Akash-NG Seeker. And I believe we are the subsystem provider for Akash-NG Seeker, RF Seeker. So, what is the opportunity size here? And when serial production will start for this?

Management: Production may start soon like in near timeframe. So, this subsystem what we have supplied is already being qualified. And with that subsystem, they've been tested. So, production we are expecting good number of orders for this. I think it should start in a year timeframe.

Ketan Gandhi: Any ballpark figure, sir? What is the total opportunity size in the next five years?

Management: Next five years, I think the subsystem what we have developed, I think probably we should be in a position to get 120 to 150 crores.

Ketan Gandhi: And sir as per the presentation, we have a mission target of 10,000 crore turnover in next 5 years. So, if I just average it out, so it comes to around 2,000 crore run rate per year. So, when can we see 2,000 crore run rate from which year?

Management: In fact, we are expecting FY26 onwards, I think we are planning about 1500 crores and FY28, we should be in a position to touch somewhere around 2500, 2800 crores. This is what we have plan.

Ketan Gandhi: So, we are geared up all infra and manpower and everything?

Management: Yes, actually we have made up with the infrastructure and we have initiated the development of few major systems. We are also participating in many active tenders actively in domestic as well as in the international market. So, towards that we are travelling.

Management: Ketan, if I may add, as we had discussed earlier also right, company will move into a different orbit in our opinion in FY26. And we are working backwards as we speak to reorganize the company to cater to this new orbit, where we would be operating. So, our resources are human resources, and we are actually very actively working on ensuring that the org structure is optimal for the enhanced level of activities.

Ketan Gandhi: Yes, that's very helpful. And I have one last question. There was some news article that China is not supplying Gallium to the world, and we do a lot of work on Gallium Arsenide and Gallium Nitride, do we find any issues acquiring Gallium or it is just hullabaloo from the China?

Management: I don't believe we are impacted; we don't buy Gallium as such. Where we are using Gallium, I don't think we are experiencing any issues out there.

Management: See actually, what we are using the foundry is basically from Taiwan. And we also have a plan B in sense we have recently qualified for all our designs in France and also few designs now we are getting it qualified from US also in near future. So, in case if China wage Taiwan, also we have a backup plan for all our designs. That is one and then the alternatively GAETEC, which is a DRDO based foundry. They have also upgraded their both GaAs and also GaN services also will be operational, so we started loading designs in the GAETEC foundry also so that we can even think of getting in the indigenous wafers. So, these are all our plans. So, we will have a very short term some issue, but otherwise we have a plan for long term to see that our chips will not get affected even in case if Taiwan is not cooperating with India.

Moderator: Thank you. The next question is from the line of Abhijit Mitra from Aionios Alpha Investment Management. Please go ahead.

Abhijit Mitra: Just to understand in your press release, you have highlighted around 60 crores worth of service orders. So, if you can just give some more color on what's the nature of these orders and some more light on them would be very helpful. Thanks.

Management: Yes, the service orders mostly pertain to our weather-related business. We have installation, commissioning and AMC contracts, which are deferred in nature to the extent of about 5 years. So, in overall order book, we have indicated what is the service order element, whose execution is going to spread over a period of time compared to the normal orders.

Abhijit Mitra: These orders you have not included in that Rs. 191 crores or you have included?

Management: No, it is there. It is a part of that. In the overall order book also, it is part of that. Since we are giving a timeline of about 24 months to 30 months for completion of orders on hand, these service orders which are different from the 24 to 30 months period, it is shown separately.

Abhijit Mitra: Got it. And in the presentation, the breakup of order that has been booked in the quarter that they have shown, where is this service order residing, it's residing under defense?

Management: Probably in this quarter, I think we have not received any service orders. In this quarter, we have not included any service orders.

Moderator: Thank you. I now hand the conference over to Mr. S. G. Reddy, Managing Director for closing comments. Over to you, sir.

S. G. Reddy: Thank you. Thank you, gentlemen for your presence and interactions. Look forward to talk to you again at the end of Q2. Thank you very much.

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