

**ASTRA MICROWAVE PRODUCTS LIMITED**

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November 21, 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 15th
November, 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

T.Anjaneyulu
G.M - Company Secretary

An ISO 9001, ISO 14001, ISO 45001 and ISO 27001 Certified Company

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“Astra Microwave Products Limited
Q2 FY '24 Earnings Conference Call”
November 15, 2023

Disclaimer: E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 15th November 2023 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 Product Limited Q2 FY24 Earnings Conference Call. 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 star then zero 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. Good afternoon to everyone. A warm welcome to all the participants to the post-results earnings 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 investor's presentations for Q2 and half year in FY24 are already loaded on our company website in Stock Exchange. I hope you had a chance to look at it.

I am pleased to share with you that we have reported a healthy set of numbers for the quarter, with a top line registering about 10.6% year on year growth. Our top line performance was in line with the previously indicated quarterly guidance. EBITDA margins also came in at a healthy 22%.

Our order wins continue to be healthy. We have booked about INR405 crores worth of orders in this quarter, which comprise of about INR115 crores from radars, INR233 crores from EW segment, INR9 crores from telemetry, INR19 crores from space, INR26 crores from exports and rest from metrology and hydrology sectors.

Overall order book at the end of half year stands at INR1,867 crores, with majority being domestic orders. At the organizational side, I wish to inform you that we have strengthened our board with the induction of Mr. Suresh Somani as a Non-Executive Director and Mr. S. Varadarajan as an Independent Director.

Mr. Somani has wide experience in the capital market and management areas. Apart from this, his associates holds goods stake in the company. Mr. Varadarajan is a retired director of LRDE and he has a distinguished experience in the radar domain, which we hope is going to help us in a bigger way.

Coming to the specific numbers of stand-alone performance in Q2, as mentioned earlier, year-on-year growth we have recorded about 10.6%, the revenues stood at INR189 crores as against INR171 crores.

Sequentially, we had an even better performance, recording 42% growth in topline. There are other various indicators, which I have already presented in the investors' presentation, which I request you to go through. One important information which I want to share with you is the improvement in the margins is largely because of the change in the product mix only during the quarter, which is skewed more towards the domestic market.

We continue to have similar kind of performance in the coming two quarters. We also would like to reaffirm our year-end guidance of INR900 to INR950 crores, with a PBT of about INR140 to INR150 crores. To achieve these numbers, we are planning to execute about INR200 to INR300 crores in Q3 and the rest will come in Q4, so that the annual guidance can be met.

As I mentioned, since the major sales in the next two quarters will be from the domestic, we are confident to deliver a reasonably good margin in the coming two quarters. As stated earlier, the Government of India's initiatives to foster local manufacturing as well as raising the transfer of technology activities by DRDO and ISRO would benefit companies like Astra. Further, we have been taking steps to move up in the value chain, moving from subsystem to a systems vendor, where operational advantages are fairly large.

We have identified specific growth areas for future expansion, such as adcom systems, wind profile radars, ground surveillance radars, Doppler weather radars, anti-drone and so on. Apart from these specific business-related updates which I would like to share with you, apart from bagging about 405 crores of orders in the quarter, we were able to close P&Cs worth about INR11 crores and are waiting to receive orders for the same very soon.

The company has signed a ToT with IN-SPACe, NSIL, Forexp and MiniSAR, which we hope will help us in terms of getting into the defense radars, apart from the space-related radars in a bigger way. Anti-drone radar, which we kept on sharing with you the developments in the last two quarters, which is being developed with LRDA technology, is in the final stage of testing. We expect to start field trials by the end of this year.

NavIC chip approval is still waiting, unfortunately. There are some technical issues to be resolved, which is taking time. We will keep you informed of the developments on this front. The joint venture company has done very well. The pending export licenses were received by the company in the last quarter. It was able to ship about 50 crores of goods in the last quarter.

As a result, the company has done profitably. It is expected to do about INR110 crores-INR150 crores of business for the whole year, with a good amount of profits.

Again, relating to the joint venture company, the SDR Manpack, which we are developing under the NCNC programme, has successfully completed the first trials of NCNC. It is waiting for the final trials to happen in the first quarter of next year. With this, I will hand over to Mr. M.V. Reddy and later on to Mr. Atim Kabra to share with you the further developments in the company. Thank you.

M V Reddy:

Thank you. Good afternoon, everyone. As it was stated in our last earning call, we have made a good beginning with the performance of Q2, both in terms of order book as well as sales. We would like to reiterate that we have good visibility to meet our guidance for the rest of the two quarters also. Out of INR409 crores bagged in Q2, INR383 crores were booked from the domestic market and the majority comes from the core sector, i.e., radar and electronic warfare segment. Mr. S. G Reddy have already given you a break-up of the domestic sector order book.

We are also pleased to inform that we bagged a few strategically important R&D projects like development of imaging radar for DRDO and also supply of satellite EW payload subsystem for a DRDO-based satellite system. And rest are all in production in nature.

We also have been awarded with project sanction orders for development of radars under MIG-II category for military and metallurgy applications. And also, we have participated in a few RFPs and responded to RFIs to supply CDS and other systems. With regards to sales, we have ramped-up our domestic sales in Q2 and will further get improved in the coming quarters.

Our JVC, Astra Rafael Comsys, has bagged a few strategically important contracts in the last quarter worth of almost \$45 million to deliver software-defined radios for the Indian Army and also for the Indian Air Force through DPSU-HAL in the current year. And actively pursuing more opportunities in the domain of tactical communications and electro-optics.

That's all for my side. I would like to happy to answer your questions. Now I hand over to Mr. Atim Kabra to share his thoughts. Thank you.

Atim Kabra:

Hi, good afternoon. This is Atim. Happy Diwali to all of you. Since we last spoke, the world is further in turmoil. October 7, saw the Israel-Hamas conflict shake the world and further shatter the illusion of relative peace and calm which had come to define the second half of the previous century. My idea here is to give you a direction on where we are going and what is our thought process and how it is being defined in the current context.

Because the asymmetrical nature of warfare and the blurring of lines between civilians and professional combatants has further marred the landscape which had already seen drone-based warfare and its derivatives, profoundly changed the entire history of warfare tactics. I mention this in the context of electronics-based warfare emerging as a central pillar around which the theater of war will converge. And we are a player in this area.

I saw the results of BAE Systems a few days back. And it was interesting to see that defensive sectors are emerging as growth drivers in the economy, even in the US. I am sure you are equally impressed as most of us by the significant increase in our order book this year.

We have an order book in excess of, I think, INR2,300 crores, driven by significant changes in the defense acquisition policy that we are all conversant with. I am very hopeful that we will continue to see positive numbers coming in from our traditional tender-based businesses, as we detailed in our presentations during our QIP. And as we go along, SGR and MVR will be adding more color to this.

In my previous Analyst Meet updates, we had spoken about us exploring various adjacencies to our core businesses, for we wish to diversify our order book, mainly from a tender-based approach. Towards that, as I detailed earlier, we have been working on a few solutions which could be branded as ASTRA solutions. Though I must admit that the search for defining such solutions often takes a backseat to the business exigencies at hand, wherein our current order book being translated into sales has to be clearly prioritized.

However, we hope to have one of our solutions ready before the end of the year, which would not only have a domestic order base, but also will put us on the international map with a semi-off-the-shelf product which can be marketed to the rest of the world. It is equally critical to put concepts being explored on the slow burner if margins and suitability to the market is hazy. While we delve deeper into specific opportunities, as we have gone about defining our solutions, we have slowed a few of our initial concepts being explored, where we found significant competition and non-existence of a deep moat for our products.

So our focus has been on margin-enhancing businesses rather than margin-high volume businesses. So one of the skill sets we explored was our MMIC chip design division, which you are very well aware has been one of the core strengths of Astra. We have been at it since 2005 and have built in a deep expertise in MMIC chip designs.

So our learning was that MMIC is best suited for defense applications and regular commercial chip design is a completely different ballgame, a different skill set where we would have to deploy a significant amount of capital and resources. So we explored and delved deeper into our MMIC strengths. We have tried to explore how we can build our capabilities in our already existing, in our 100% owned Singapore subsidiary, as well as work on a larger format with our clients, both existing and potential future clients.

I'm glad to report that at this juncture, we have significant interest from a few select clients towards significantly enhancing their offtake from us and jointly developing some more capabilities. The key is here to achieve this profitably and optimally without stretching our working capital, while we would love to partake in the proceeds of the jointly developed and marketed products for the long term through royalties. And this concept is quite appealing as it gives us both scalability as well as profitability in a deep-moated business.

So if this joint venture, or if this, not a joint venture actually, if this association comes about, it will be a very significant achievement for our MMIC division. And we hope to keep you posted on this. Likewise, as was just mentioned, our Rafael, JV, ARC is doing quite well, and we will be profitable this year.

And as the order books and execution capabilities pick-up there, we should see a significant flow of business to the parent company, to Astra. Lastly, I need to highlight the induction of the two new Directors on our board, as SGR has mentioned. Mr. Varadarajan is a very well-respected scientist with multiple accomplishments to his credit, while Suresh further strengthens the equity owner's presence on the Board of the company and with its multiple attendant benefits.

With this, I will hand you over to my colleagues to talk to you and walk you further. Thanks. Guys, over to you.

Management: Yes. Let us start the question-and-answers.

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. Please go ahead. As there is no response

from the current questioner, we will move to the next question from the line of Venkatesh Subramanian from LogicTree Consultants Private Limited. Please go ahead.

Venkatesh Subramanian: Yes. Good morning to all of you. Season's greetings. Happy Deepavali. Congratulations on a very good set of numbers. I have basically three questions. Taking off from what you said. One is in terms of what we are pursuing and in the past transcripts we have been talking about broadly looking at a top line revenue in excess of INR8,000-odd crores over a period of time at a run rate of approximately INR2,000 crores. That is one.

But to achieve that kind of numbers, you would need to have an order build-up over the next 18 months to have a visibility for say four years to five years. Do we have some sort of a blueprint to get there? That is one question.

Second question is, sir, which is with respect to NAVIC. I was reading one of the recent interviews of Rajiv Chandrasekhar, the Minister, Honorable Minister, saying NAVIC could be mandatory in a lot of devices. In NAVIC, are we a pure play or do you think we have competition out there and we will only get a piece of the pie? That is second.

Third question is, NMIC, how big can this opportunity be in terms of say over a five years, six-year period of time if things work out for you? And you said you are uniquely positioned in the defense application side.

One suggestion on the fourth one is, sir, if we are doing a little bit of crystal ball gazing over the next five years to seven years, where would our revenue spread broadly come from? Whether it would be in terms of domestic tenders, would it be other services and activities as Atim mentioned, or would it be exports, would it be NMIC? Some sort of crystal ball gazing over a five years, six-year period will give us an idea of where the company is headed to in various strategic segments? And also, would be helpful because the Indian elections are coming up and defense tendering, Atmanirbhar, all that takes a backseat for some reason. Then we will have a plan B in executing revenues over a period of time. That's it from my side.

S G Reddy: Atim, you take a couple of questions on NavIC and NMIC, then we will take the rest.

Atim Kabra: There are two ways to look at NavIC. You can be the basic chip supplier or you can look at being a value-added supplier. NavIC is still some time away, just to be very upfront about this, number one.

Number two, METI had given the contract to two entities on this to develop the chip within the country. One was us and the other is an entity called Accord. We did it in a joint effort along with another partner where we own 50% of the IP. So it's not exclusive to us, number one.

We believe there's another entity by the name of [LNR] Geosystems which has made some claims about this. We don't know much about this for you guys to explore. Our strategy would hinge around having the processor combined with the RF content and then creating some modules around it so we can be a value-added supplier in the NAVIC space. That would be the broad strategy. I'm reiterating, this is still a few years away to the bare minimum.

We recently met some very senior government official, ex-government official and it was reiterated that the intention is there to completely support the ecosystem, but it will take some more time for the product to be developed.

The good thing is we are first coded, which means our products can actually be multiple positioning systems. So we can do GPS from NavIC, NavIC on GPS or for that matter, we can code in BeiDou also, etcetera, etcetera. I hope that answers the question on NavIC.

The MMIC part, which I would like to address here is that we are looking at creating a portfolio of MMIC products wherein a few chips or few products from our existing sale portfolio can be picked up by our marketing partner, while we develop midterm quick reaction product for them jointly. And at the same time, in parallel, these are our capabilities in MMIC to create products over the long term, which could be one to two years, right?

I would -- let's say, we are looking at least seven to 10x maybe that's aggressive, okay, over the five years that you spoke about, okay? But we definitely are looking at about 3x, 4x of the current MMIC portfolio in a few years' time. Now that -- interestingly enough, that would imply creating a long sale of royalty which should come if our current efforts are successful and translate into a business opportunity and that's dedicated to dotting the Is and crossing the Ts in our final agreements, which are going to be done. So it's -- we'll keep you posted as it happens, but this is a long vision, which you guys are looking for. S.G.?

Management:

Yes. So the other part in terms of the visibility for the company for the next three to five years. As we have mentioned in multiple interactions with many of you, basically, we are looking at the overall pie that is available in the areas where we are there in terms of the radar, EWs, missiles and telemetry, sales, exports and turn key projects and special projects. We see a visibility of -- in excess of about INR39,000 crores up to year 2030.

So this visibility, we have split up into three parts where we see definite opportunity for us maybe on a single tender or a preferred tender basis, about INR5,000 crores of opportunity. There are other two segments where there is a limited competition and severe competition, where the success rate we are assuming at about 30% to 40% where there is a medium competition, and about 10% to 15% with severe competition. If you take all these three parameters and looking at the products, what I have indicated, we see a visibility of business in excess of about INR8,000 to INR10,000 crores. That is what we can say as of today.

Venkatesh Subramanian:

So that would be translating broadly to a run rate of about INR2,000 crores approximately per annum, sir, going forward, broadly?

Management:

Yes, that is how we see it. And basing on that only, we have projected accumulative turnover of about INR8,000 crores by the year '27, '28. Yes. As of today, that is how visibility what we have internally.

Venkatesh Subramanian:

Got it. Got it. Thank you so much, sir. And my last question was that the in terms of the various segments that we have, exports, MMIC, NavIC, domestic tenders, other, like you said, limited competition and serious competition, is it possible -- I don't need an answer right now,

sir. But in the future, is it possible that we can say that to achieve that -- if we do a crystal ball gaze five years down the line, what would the company look like in terms of various segments based on your internal workings?

Management: Yes. Probably, we can exchange the information offline. But immediately, whatever I can share with you, this is what I can talk to you right now.

Venkatesh Subramanian: Perfectly sir. This is very good enough sir. Thank you so much. I appreciate it.

Management: Thank you.

Moderator: Thank you. Next question is from the line of Hitanshu Bhatia from Gandhi Securities & Investment Private Limited. Please go ahead.

Hitanshu Bhatia: Hi, sir. I just needed a few updates. So the delay in the approval for NavIC chip, is it because we have some new observations that we've been facing? Or is it a delay from the regulatory side? And roughly, I mean, by when can we expect progress on that front?

Management: No, there is no regulatory as such. Ultimately, whatever chip is designed is to be approved by ASAC. So there are certain observations given by them. The Manjeera, which is our partner, who is working on that is trying to address those issues and that is where the delay is happening.

Hitanshu Bhatia: So in the last quarter, it was like some -- we would have -- we were expecting to address those observations by within a week or so in the first week of September?

Management: Yes, that is what -- that is the reason why I used the word unfortunately, okay? So somehow it is going in cycles. And that is the reason why now in this call, I don't want to commit any date. But the only hitch is some of the observations, the technical side, it is taking time to address.

Hitanshu Bhatia: So roughly, can we expect within the next quarter or so?

Management: Hopefully. That is what our partner has given to us. So we are hopeful that it will be done.

Hitanshu Bhatia: And sir, with regards to the NCMC trials, which was scheduled in October, November and which we were preparing for the SDR Manpack. So any update on that, sir?

Management: Yes. As I mentioned in my opening remarks, it has gone through successfully in the first trial, which is called UTRR, okay? So only three companies have gone through that successfully. Our is one company. Now the final trials are awaited, it is scheduled as of today in the first quarter of next year.

Hitanshu Bhatia: Okay. Thanks a lot.

Moderator: Thank you. Next question is from the line of Col Sarjeet Yadav from Mount Intra Finance Limited. Please go ahead.

Col Sarjeet Yadav: Good afternoon, sir. Congratulations for the good numbers. And Happy Diwali to all of you. I also congratulate Mr. Somani and Mr. Varadarajan, the directors. So my question is, firstly, about the order book. In the presentation, you've mentioned about INR1,867 crores of order, but I just heard some time back about INR2,300 crores of orders. So it is a difference because of the consolidated order book? Or have we received anything after the 30th of September that there's an increase of about INR450 crores? this is first question.

Second is about the AESA radar and can you give an update when you'll expect an order? Especially in view of the upgradation of Su-30, which has now been approved, do we see AESA radar being employed there? Or any of the traction we have for the AESA radar, sir?

Management: Yes. The order book number mentioned by Atim is inclusive of the joint venture company. There is a consolidated order book, whereas whatever number I spoke about is the stand-alone. The other part, AESA radar, I request M.V. to share ideas and an update.

Management: Yes. Hope, you are talking about AESA radar, that is Uttam radar, we were expecting soon production orders from HAL for the first series of limited production. And the other question you asked about the Su-30. We are waiting for the RFPs to be out from DRDO, and we are actively working on that particular opportunity also.

Col Sarjeet Yadav: Sir, just a follow-up question. Do we have -- do we see any competition in this Uttam radar? Or AESA radar, do we see upgradation or it's more like confirmed sort of order?

Management: Yes. For Uttam and its variants, as of today, we are the only player for AAAU. But in future, we never know that some companies may come out in competition. But as of today, we are the major supplier of the radar portion in that segment.

Col Sarjeet Yadav: Okay. Thank you, sir. That's all from my side.

Moderator: Thank you. Next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Yes. Thanks a lot for taking my question. I have got two questions actually. The first one is on slide number 32, where you have indicated the opportunity size of Uttam radar for various platforms. Now, is it possible to let us know that a lot of media articles suggest that Tejas Mk 1A, for instance, there could be additional order of 97 numbers and so on. So, this opportunity size that you have mentioned for Tejas Mk 1A, for how many numbers it is for Tejas Mk 2, how many numbers, if you can just let us know, so that we are at least abreast of, if any future orders come, then we can have it our estimate?

Management: Yes, we have considered the existing lot of LCA 1 production. We are expecting at least 40 plus numbers for the indigenous Uttam RADAR. That is a figure we have considered as of now. And apart from that, the additional sanction of 97 numbers also we have taken it up. For LCA Mk 2 as of today, we have not considered any figure because we are waiting for the final configuration to be decided for that platform.

- Amit Dixit:** Okay, so we have considered 440 numbers of Uttam RADARs, including 97 numbers...
- Management:** It is Mk 1 and also there are other variants like AMCA version is there. So, there are many variants out there.
- Amit Dixit:** Okay. The second question is essentially, I think you covered it in the answer to earlier participant. For Sukhoi upgrade, there is this Virupaksha radar that has been talked about. Now, what components are we supplying in that and in the value per RADAR be very different from Tejas Mark 1A?
- Management:** Discussions are going on in DRDO. As of today, we have not finalized the configuration yet. But yes, there will be likely Uttam variant. Maybe it may go in. But as of today, the configuration is still not being finalized discussions are going on. Maybe I think in couple of months' time, we will come to know about that.
- Amit Dixit:** And we are the only player there or discussions are going on with several players at this moment?
- Management:** No. If it is different from Uttam, then we will have a competition from other players also. But if it is similar to Uttam, then I think we are the only one as of now.
- Amit Dixit:** Okay. So, the last one from my side. Are we affected in any way by this Israel-Palestinian conflict, either in terms of supply chain or in terms of our exports?
- Management:** As of now, we don't see any major issues in supply chain. But yes, going forward, it all depends on how far this war goes on and how that local industry gets affected. But as of today, when we discussed with our partners, they said things are in control. So, with that figures only, we are moving ahead.
- Amit Dixit:** Okay. That's very helpful. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Yug Mehta from AP Capital. Please go ahead.
- Yug Mehta:** Yes, thank you for the opportunity. Sir, our margins are looking for good despite of 48% export contribution to the top line. I understand that this is because of two different types of export orders. One is a direct export order with low margin profile and other one has a better margin. Would it be possible for you to give further bifurcation of both of these export orders individually?
- Management:** You have both questions and answers in your question. Anyway, out of INR78 crores, what we booked in sales in Q2, close to INR65 crores are the deemed exports which is being supplied to joint venture and INR5 crores are direct exports to our partner.
- Yug Mehta:** Okay. Next question, can you throw some color where are we on our various projects that we wanted to pursue with QIP proceeds?
- Management:** I didn't get you. Come again.

- Yug Mehta:** Can you throw some colors on where are we now with our various projects that we wanted to pursue with QIP proceeds?
- Management:** We have taken up multiple projects in in-house development to address the requirement for military application and as well as for the metrology application. We have started some development of few critical MMIC chipsets also as Mr. Atim had mentioned in the opening remarks. So all these development has been started and it is actively pursuing. Right now today, we don't have a clear break up of funds spent or will be invested from QIP particular amount.
- Yug Mehta:** Okay, thank you. That's all from my side.
- Moderator:** Thank you. Next question is from the line of Ketan Gandhi from Gandhi Securities. Please proceed.
- Ketan Gandhi:** Yes. Hi, sir. In project Kush and project Virupaksha, basically we are into GaN based radar and I believe nobody in India has the capability as do we have. So what is your thought on that?
- Management:** I would say we have capability, but I can't talk about others capability unless you know, the tender and the participation until we get the contract on hand, we cannot comment on somebody's capability. But as of today, again I reiterate, we have capability of building the GaN based TR module as well as the radar.
- Ketan Gandhi:** Excellent, sir. Sir, I just couldn't understand what you said about the SDR manpack for Army. Are we in or I mean, where do we stay? I just missed that.
- Management:** Yes. We are very much in. As Mr. SGR has mentioned. We have completed UTRR trials successfully. Only three companies out of eight, got through trials. We are one among them. Final trials have been scheduled sometime in January and February. Once we get through, probable we will get the entry in to highly potential tender.
- Ketan Gandhi:** Sir, is it possible to share the other two competitors' names?
- Management:** No, we can't share. Thank you.
- Ketan Gandhi:** Thank you, sir. Thank you so much.
- Moderator:** Thank you. Next question is from the line of Santanu Chatterjee from Mount Intra Finance Private Limited. Please proceed.
- Santanu Chatterjee:** Thank you very much for this opportunity, sir. And congratulations for a great set of numbers. My question is on your capex cycle, sir. Can you share, what kind of capex that will happen in the next couple of years? And second one is on the working capital days. Your working capital days are hovering around 250 days. So, what is your guidance going forward in the next one year or the next couple of years, sir?

- Management:** In terms of the capex mentioned in our annual report, we are spending about INR45 crores in the next 12 months. Mostly, this is all to augment existing operations to a large extent. Then, in terms of the working capital, working capital is going to be intense and probably the number whatever you have stated, it may be around 250 days to 270 days. I don't see any other way of reducing that number. So, it continues to be very working capital intensive.
- Santanu Chatterjee:** Okay. And sir, on your margin front, can you maintain your guidance that it will remain on the vicinity of 20% or it will increase from here onwards as your product mix will change going forward?
- Management:** There will be some improvement, but I don't see significant improvement due to numbers whatever we have achieved. But it is going to be an improvement from this one, but it is not going to be very significant. Maybe at PBT level, I think we are around 17.5% kind of thing. Probably, it can go up to 18%-18.5% by the end of the year. That is how I look at the numbers.
- Santanu Chatterjee:** Thank you, sir. Thank you very much.
- Moderator:** Thank you. Next question is from the line of Karthi from Suyash Advisors. Please go ahead.
- Karthi:** On the SDR part, Army SDRs will be in the joint venture or will it be in the parent entity, sir?
- Management:** It will be in a joint venture.
- Karthi:** So, one question, sir. You know, last we spoke, you were talking about slightly higher dispatch numbers for the joint ventures, but now you are guiding for a lower number. Sir, if I may ask you, what is the biggest constraint in terms of getting export licenses?
- Management:** Export licenses have been received. That is what I mentioned. Now, like any other product, there are some technical issues out there. So, probably the deliveries may be a little slow in the next, up to the end of the financial year. Opportunity is there to improve on those numbers, but as of today, the indication is that probably it can be a top-line of about INR110 crores-INR150 crores.
- Karthi:** Right. Because originally you were planning to ship more than INR200 crores, if I remember correctly?
- Management:** Internally, even today that is the target, but we see some technical challenges apart from that now because of this war in Israel. There is a problem in terms of the people traveling. They have to come in and address the technical issues. That is another uncertainty which has come in. Because of that, there is some delay. Otherwise, there are no issues.
- Karthi:** Sure. Sir, thanks very much, sir, and extremely inspiring commentary. So, best wishes.
- Moderator:** Thank you. Participants, to ask a question, you may press star and one. As there are no further questions from the participants, I would now like to hand the conference over to the management for the closing comments.

Management: Yes. Thank you, everyone, for participating and having a good conversation. I look forward to talking to you again at the end of the third quarter. Thank you very much.

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