

**ASTRA MICROWAVE PRODUCTS LIMITED**

Regd. Office : ASTRA Towers, Survey No. 12(P), Kothaguda Post,
Kondapur, Hitechcity, Hyderabad, Telangana, INDIA - 500084
Tel : +91 40 46618000, 46618001, Fax : +91 40 46618048
Email : info@astramp.com, website : www.astramp.com
CIN : L29309TG1991PLC013203

November 17, 2022

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 11th November, 2022.

This information is also uploaded on the website of the Company www.astramp.com.

Thanking you,

Yours faithfully,
For Astra Microwave Products Ltd

T.Anjaneyulu
G.M - Company Secretary



Works :

Unit 1 : Plot No. 12, ANRICH Industrial Estate, Bollaram, Medak Dist., Telangana State - 502 325

Unit 2 : Plot No. 56A, ANRICH Industrial Estate, Bollaram, Medak Dist., Telangana State - 502 325

Unit 3 : Sy. No. 1/1, Imarath Kancha, Raviryala (Vil), Maheshwaram (Mdl) R.R. Dist., Telangana State - 500 005

Unit 4 : Sy. No. 1/1, Plot No. 18 to 21, Imarath Kancha, Hardware Park, Raviryala (V), Maheshwaram (M) R.R. Dist., T.S. - 500 005

R&D Centre : Plot No. 51 P, Bengaluru Aerospace Park(KIADB), Survey Nos Parts of 36 to 40, Bengaluru North, K.S. - 562 149.

“Astra Microwave Products Limited Q2 FY2023 Earnings Conference Call”

November 11, 2022

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**MANAGEMENT: MR. S.G. REDDY - MANAGING DIRECTOR - ASTRA
MICROWAVE PRODUCTS LIMITED
MR. M.V. REDDY- JOINT MANAGING DIRECTOR -
ASTRA MICROWAVE PRODUCTS LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 FY2023 Earnings Conference Call of Astra Microwave Products Limited. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantees of future performance of the company 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 this conference call, please signal an operator by pressing ‘*’ then ‘0’ on your touchtone telephone. 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 afternoon to everyone. A warm welcome to all the participants to the post results earnings call of our company. I am with my colleague, Mr. M.V. Reddy and SGA, our Investor Relations Advisors. The results of the company and investors presentation for Q2 FY2023 are uploaded on our company website and stock exchange. I hope you had a chance to look at it. I am happy to inform you that we have reported a very good performance for Q2 and H1 FY2023 and our margins have improved substantially. Before we discuss further about the performance and recent developments, let me give you an update on ongoing projects and activities.

Few radars like PPTR for DRDO is at an advanced stage of completion. We expect to deliver this in the last quarter of the current financial year. In the previous quarter, we had completed the first contract of 10 numbers of Doppler weather radar for IMD. We have participated for tenders for the next requirement for C&X Band DWR for IMD and we are pleased to inform you that we have emerged a successful bidder in C-band case.

Orders for first Avalanche Radar is under field acceptance stage as of now. We have taken new development work with the DRDO on submarine antenna front end. The timeline for this is 12 months and we should be able to complete this development portion. The size of this radar is about Rs.9 Crores for one system and we have completed supply of subsystems for DRDO's long range radar that is LRR. As far as the subsystems are concerned, we have been working in various programs. A few of them are in the development stage and few are in the production phase.

Regarding the performance in this quarter, I am happy to update you that we have reported an excellent performance for Q2 and H1 with our margin profile improving substantially, which was driven mainly by domestic business. Due to our efforts, our business mix is evolving and we have been focusing on increasing our domestic business. Self-reliance in defense has been the foundation of India's new defense production policy. Atmanirbhar Bharat Abhiyan has created good origins for the Indian defense companies and this is

giving a clear push to our domestic business. Further, we will continue our focus on built to specification, that is a BTS opportunities for our domestic as well as global customers and we believe that with a higher focus on BTS, we can sustain our healthy margins.

Order book of Rs.1850 Crores as of September 30, 2022 echoes these trends. Of the total order book, 68% of the orders are domestic orders and the rest 32% are export orders. Major part of our order book is executable in the next 12 to 38 months period. In the quarter gone by, we have successfully executed sales for about Rs.178 crores, defense contributing for about 63% and the rest from the exports, space and meteorology. Within the defense, radar and EW segments are the major contributors.

Coming to specific numbers in the standalone performance for Q2 FY2023, the revenue stood at about Rs.170.9 Crores for Q2 as against Rs.176.8 Crores for Q1. That is a degrowth of 3.4% year-on-year. For half year, year-on-year growth is about 12%. Gross margins have almost doubled from 20.6% to about 40.4%. This shift is largely due to on account of lower exports and higher contribution of domestic sales. For half year, the year-on-year growth is about 51%. EBITDA margins has multifold increased from Rs.10.6 Crores to about Rs.40.5 Crores with margins improving from 6% to 24%. For the half year, the margins have moved up to 20% from 11%. The company reported profit after tax of about Rs.22.6 Crores as against Rs.2.9 Crores with margin going up to 13% from 2%. For the half year, it has improved to 10% from 4%.

In terms of the exports and domestic, domestic is about 72% and exports is about 28% and for the half year, our respective numbers are 77% and 33%. Capital expenditure incurred during the period is about Rs.9.5 Crores. It is largely for new equipment like testing equipment, etc. Our net debt as of September 30, stood at about Rs.80 Crores. For the coming quarters, we expect to do sales of about Rs.200-plus Crores. Within this defense is likely to contribute above 70% and the rest will be from export, space and metrology sectors.

Before I open the floor for Q&A, I would like to emphasize that over the next five to eight years, the business outlook is very strong and we see close to about Rs.15000 Crores to Rs.18000 Crores of prospects in the area of our domain expertise. We have adequate infrastructure and capital equipment to do annual revenues close to about Rs.2000 Crores. With this, I open the floor for question and answers. Thank you.

Moderator:

Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. Our first question is from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.

- Ketan Gandhi:** Sir, what did you say in the last comment, next quarter turnover or next half turnover? Did you mention anything?
- S G Reddy:** Sorry, I did not get your question. Next half year, now what I have stated is for the next quarter, that is for Q3, we are likely to do about Rs.200-plus Crores.
- Ketan Gandhi:** Okay, can you speak something about AATRU for ASPJ, where we are in terms of the development and when we can see the product coming into the production?
- M V Reddy:** Yes, we have delivered the AATRU for the first order and those AATRUs are being fitted in the aircraft. I think it is going on the flight test and the second order is under execution. In fact, we are going to deliver first unit by end of December.
- Ketan Gandhi:** And Sir, this will be fitted into LCA Mark 1, Mark 2 or all the LCA and others?
- M V Reddy:** All LCA Mark 1 and as well as Mark 2.
- Ketan Gandhi:** Okay. Sir, any development on the man-portable SDR from our JV, because I believe we had received a proto order of 36 or 32 units and field trial was going on, so any update on that?
- M V Reddy:** Yes. We are almost nearing completion stage. I think in the next couple of months, we will be able to demonstrate this. I think we are getting ready for the NCNC.
- Ketan Gandhi:** Okay and sir, how many players are in the list for this apart from us?
- M V Reddy:** Exact number, I do not know, but I think more than 10 companies are there.
- Ketan Gandhi:** More than 10 companies, okay. Sir, can you explain the TetraHertz Proximity Sensor, is it in the D band and where we are in terms of the development?
- M V Reddy:** Yes, it is in development. I think mostly by December, we should be in a position to deliver prototypes.
- Ketan Gandhi:** It is in the D band, right?
- M V Reddy:** That is right.
- Ketan Gandhi:** Okay and sir, in the presentation, you have mentioned about the bidding for the whole radar system, is it Doppler radar or defense-related radar?

M V Reddy: We have both Doppler weather radar as well as the military radar. The one which we have mentioned this Doppler weather radar, we have executed in our X band, and we completed the first order and in the next tender, we bid for both C as well as X band and we are successfully, we become L1 in C-band and unfortunately, we are not in X band in this second order we were L2. So we are getting C band order in the second tender. And as well as the other military radar, which in fact, we mentioned in the PPTR for DRDO, that is getting ready, most probably by March, we can supply this and commission in DRDO.

Ketan Gandhi: And Sir, my last question is next year, can we expect a turnover in the north of Rs.1000 Crores?

M V Reddy: Yes, that is what we are targeting.

Ketan Gandhi: Thank you, Sir. That is all from my side.

Moderator: Thank you very much. Our next question is from the line of Raj Rishi, an Individual Investor. Please go ahead.

Raj Rishi: Just wanted to kind of what is your competitive edge because with the kind of opportunity which is perceived, a lot of players are coming in Indian and foreigners also. So what is the edge which Astra Micro have?

M V Reddy: Basically, if you look at the technology where we operate. We are first ones to enter into this and we have the maximum technology in control. For example, you take in active phase that is radar, wherein it is not only the TR model. Today, there are many companies entered into this business, but no company has the main components of the TR model. Like we have our own MMICs, which is being used in the TR module and with that, we can play around with TR module and then we can offer a multifunctional chipset and also we can offer an advanced version of TR model with a different power range and that is how actually we have a competitive edge over others and apart from that, yes, we do have RF technology in other areas. With that, we could successfully design these systems, which are more RF-intensive base.

Raj Rishi: Thanks a lot.

Moderator: Thank you very much. The next question is from the line of Ziya Verma from M R Securities. Please go ahead.

Ziya Verma: Thanks for the opportunity. I have two questions. Firstly, you mentioned about BTS opportunity in domestic and international market. I am curious to understand more on this front, especially for the export market. Can you throw some light on that part?

M V Reddy: We are discussing with some U.S. companies as well as Israeli companies for BTS market. We are in the field of subsystems and also recently, we have discussions with one of the major U.S. company to develop system, I do not want to give more details as it is yet to take final shape, but these are opportunities come in our way and by seeing our technological strength, they have been giving us this design services to us to develop jointly in few cases and then to develop based on their spec so that we can have contracts for global market.

Ziya Verma: Secondly Sir, the new orders that you received this quarter, how much of those orders are BTS versus BTP orders? Can you give some broad estimates?

M V Reddy: Majority of them are in BTS because in domestic, we do not have any BTP orders as such. Only the exports orders only we take under BTP category. So if you see the order book in Q2, whatever we book, overall, Rs.42 Crores, we have booked in this. I think it is only about Rs.6 Crores only we have booked for the export front, but the rest all are domestic, but of course, in this one case, where we booked from BEL, that is, of course, it is under BTP category. That is about Rs.200 Crores, the rest all are in BTS.

Ziya Verma: All right, Sir. Thank you. That helps. Thank you and all the best.

Moderator: Thank you very much. Our next question is from the line of Abhishek Dave from Bright Securities. Please go ahead.

Abhishek Dave: Thank you for the opportunity. Congratulations on a good set of numbers. I wanted to know more about our space business. Can you give a little brief about it, how it is growing and are the margins better over here compared to defense business?

M V Reddy: The space business, we have order backlog close to Rs.200 Crores, where margins are reasonably good as compared to defense and the only thing is that the cycle time is more as compared to defense. Going forward, as you know, in space, the government took initiative to transform, they introduce the reforms and the clarity we know, we do not have full clarity going forward on the satellite. But at least in the strategic satellites, what we understand that ISRO is still going to build this satellite, in that we continue to be part of ISRO and as far as the communications satellites, yes, it all depends on how the other industries also geared up to meet this particular demand. Even in our case also, we are looking to build payloads for the communication as well as for the strategic applications. Going forward, business wise, yes, it is lucrative, but the only thing it takes some time for us to get into this.

Abhishek Dave: Okay. Thank you for the opportunity. That was from my end.

Moderator: Thank you very much. Our next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.

Akshay Kothari: Thanks for the opportunity. I wanted to know the current working capital, so you can see cash flow from operations are been negative, any major because inventory of receivables have increased and decrease in contract liabilities. Is it because of execution?

S G Reddy: Yes, the major liabilities, which were there earlier pertaining to the advances received for the export sales. The sales are getting executed. The advances are coming down and hence, those liabilities are getting reduced. But otherwise, the working capital position as of today, we have a net liability of about Rs.80 Crores excluding cash at bank. Generally, the working capital or the inventory builds up towards the end of second quarter because we see substantial building happening in the later half of the year. That is one reason. The other reason, specific to this present area is that there is one radar program, which we are executing, where the revenues are likely to happen only in the next year. It is SPR radar, that is a ship borne radar. So for that, a significant amount of raw material procurement is happening presently and most of the work that is being done with reference to that project is sitting as a work in progress as an inventory. That is another one. Thirdly, during the second quarter, there was one significant billing which has got slipped into the third quarter, where the entire work in progress and the raw material pertaining to that program is sitting there in the books of accounts. Of course, that was executed in the month of October. So these are the three or four reasons why the working capital is slightly higher for this balance sheet date.

Akshay Kothari: Okay. Sir, regarding the decrease in contract liability since we have received around Rs.300-plus Crores of new orders, would not we have received some sort of advances from these customers?

S G Reddy: No. Generally, for the domestic orders as explained earlier now, most of the order booking, whatever has happened up to now either from the domestic front and we do not get much of advances from the domestic order booking unless it is an R&D work order. Therefore, we have not received significant advances in the current financial year.

Akshay Kothari: Okay. Sir, secondly, what was the reason for lower export order execution in this quarter?

S G Reddy: That is expected only that is what we are telling slowly, the export revenues will taper off, but whatever execution that is due as per the purchase order terms that is going on. But whatever is done is as per the terms of the purchase order.

Akshay Kothari: Okay. So unlike what we have in domestic business, your export business would be quarter-on-quarter flat, it seems, right? Because our export order book is increasing.

S G Reddy: No, I do not think it is increasing. I do not think we have had much of export order book happened in the last one year and this is expected only.

- Akshay Kothari:** I am talking on the quarter-on-quarter basis, of course...
- S G Reddy:** Actually, the last two quarters also, we hardly have any export orders. Basically, last quarter, because of short shipment of few components, we could not do as we expected, we are short of Rs.15 Crores to Rs.20 Crores in last quarter.
- Akshay Kothari:** And Sir, any update on Astra Rafael Comsys JV, which we have. So is that JV, what is the order book currently? Are you doing any loss on that front?
- S G Reddy:** Yes, Astra Rafael as of today, there is a book loss because its production and deliveries are yet to happen. Probably by the end of this financial year, we should be improving. Deliveries have just commenced from the month of October, I am confident by the end of the next financial year, it will turn profitable
- Akshay Kothari:** The order book would be around in Astra Rafael..?
- S G Reddy:** Order book in Astra Rafael, I do not have that number immediately probably we will come back to you on that. I do not have that number with me. I will come back and apart from this execution of the orders on hand, it is also participating in manpower version of SDR radar, SDR under the NCNC basis that is no cost, no commitment basis. As explained to somebody else before you, this product is getting ready for the demonstration by this calendar year end.
- Akshay Kothari:** Okay. Your views, any updates on the recently happen Def Expo any MOUs, any significant traction, which we have received over there?
- M V Reddy:** We have new technology transfer from DRDO for ground penetrating radar. Apart from that, we had a fruitful discussions with those who have participated through their Indian sales office and we are expecting to enter into some kind of a partnership agreement for a few products that I think probably in due course of time, we will reveal that. Otherwise, yes, it was a good show as it was fully focused on the Indian companies and products, so we had opportunity to interact with all services offices and then also we discussed about the potential systems, what we can do and also what we can address to their requirement.
- Akshay Kothari:** That is good. Sir, lastly, in this quarter that declassification of promoter. So I just wanted to have more clarity on who is the current promoter? Is there any one or how are things getting managed, whether it is through them or board is making any decisions? How is it going?
- S G Reddy:** The declassification of the promoters is a continuation of the existing, as informed, most of the promoters have taken a back seat in terms of day to day operations. Therefore people who are not active, they would like to get declassified. That is the reason why the action

was taken, but otherwise, founder, Mr. Chitrakar, he continues to be an active promoter in the company and that is a status as of today.

Akshay Kothari: Thanks a lot and all the best.

Moderator: Thank you. Our next question is from the line of Prabir from Ratnabali. Please go ahead.

Prabir: Thank you, Sir, for providing me the opportunity. Sir, I have a couple of questions. First of all, the first time it has been mentioned about the service order out of the total order book. So please tell us something about what is this about?

S G Reddy: The service orders pertains to our weather metrology products, the metrology products as a part of the purchase terms, they carry a warranty maintenance for a period of five years from the date of installation and commissioning. So whatever the orders we have disclosed as a part of service order, the entire amount pertains to weather-related products.

Prabir: Sir, this quarter, you have booked an order inflow of around Rs.340 Crores, so where defense is roughly Rs.330 Crores. So can you please tell us from which segment of defense it has come?

S G Reddy: In the order book of Q2?

Prabir: Order inflow, it has received around 340 out of that defense.

M V Reddy: That from radar segment, we booked close to Rs.243 Crores and in EW, that is Electronic Warfare segment, we booked Rs.80 Crores worth of orders and in missile electronics close to Rs.5 Crores and in meteorology and space put together about Rs.10 Crores we have booked.

Prabir: Sir, this long-range multifunction radar that is the ship borne radar. So can you tell us like what is the cost of this kind of radar and what is the potential of it for the company?

M V Reddy: I cannot mention the cost of this, but the potential is definitely we have good potential as the first radar what is being built by DRDO and to be supplied to Indian navy, once it is successful, definitely, we will have multiple numbers in next seven to eight years time.

Prabir: Okay, recently, government has come out with a make 2 order for Manpack SDR. So how our company will participate or whether we participate or not?

M V Reddy: We are participating through our JV that is Astra Rafael Comsys. As I mentioned, we are getting ready for a demonstration.

- Prabir:** Okay and as per your latest presentation, you have mentioned that NavIC model, which will have an immense scope of application going ahead. So can you give us a sense that how big the opportunity can be for our company?
- M V Reddy:** Yes. The market is very huge and we are developing, we have developed base band chip of NavIC receiver and we are trying to build this NavIC receivers. Currently, it is in the qualification stage. Once we get qualified, I think we build the total receiver to be supplied for the applications like vehicle tracking unit and many other applications. As far as the market size is concerned, we have a huge market potential for this.
- Prabir:** Okay. My last question is what is your current employee strength?
- M V Reddy:** We are about 1,450 employees.
- Prabir:** That is it from my side. Thank you Sir.
- Moderator:** Thank you very much. Our next question is from the line of Bhavik Shah from MK Ventures. Please go ahead.
- Bhavik Shah:** Congratulation on a good set of numbers. Sir, I want just understand first, what is the development on the electro-optics and Anti Drone front? Is there any update?
- M V Reddy:** Yes, electro-optics, we are addressing through our JV. That is Astra Rafael Comsys. In the last quarter itself, we signed this agreement with our partner and we are trying to address RFPs through this technology being developed by Rafael initially and going forward, we would like to set up the design house for this electro-optics in our joint venture. As far as Anti-Drone is concerned, as I mentioned in previous earnings calls also, we are developing radar with basics DRDO technology and refining it to suit to the user requirement. It is getting ready. I think mostly by January or February, I think we should be in a position to demonstrate that.
- Bhavik Shah:** Okay and Sir, on the SDR front, we have invested around Rs.30 Crores, if I am not wrong. So what kind of revenue potential we see there?
- S G Reddy:** Our investment in the JV is about Rs.20 Crores as of today. Overall, the JV has about Rs.40 Crores as an equity. Presently, the JV is executing the SDR order under the offset requirements for Rafael Israel, but going forward, now it is getting product ready for the Manpack SDR under NCNC program, almost more than six to seven companies are competing for this. In case if we are the winners, there is a huge potential for this product line. The numbers are there, revenue numbers or opportunities are really huge. But otherwise, it is main focus is going to be SDR and the electro-optics business.

Bhavik Shah: Okay and Sir, you guided for Rs.210 Crores revenue in Q3, So which leaves us around Rs.300 Crores for Q4, if you go by the previous guidance of Rs.850 Crores. So, is that even like achievable or will it be difficult?

S G Reddy: No, I do not think we have given any number in earlier concall. It would take overall Rs.850, what we have given originally, for Q3, we are planning to book revenue of Rs.200 plus and in Q4, we are trying to do as much as possible. I think we will have a better clarity by another couple of months. Most likely, we are trying to touch this figure, but in case if we miss out maybe some 5% kind of a sales probably may miss out because of a few components which are expected in last quarter are getting delayed because of that, our production of some kind of 5% may get affected, but today, it is too early to say that. I think maybe another couple of months, we will be in a position to tell how much we can do in Q4.

Bhavik Shah: Thank you so much and all the best.

Moderator: Thank you very much. Our next question is from the line of Amit Dixit from ICICI Securities. Please go ahead.

Amit Dixit: Good evening, everyone, and thanks for the opportunity. Congratulations for a good set of numbers. I have a couple of questions. The first one is, if I look at your gross margin, it has remained quite lumpy increasing meaningfully in this quarter perhaps because of lower share of exports. However, in subsequent slides, you had quantified that you would like the ideal share of exports to be 30 and 70. So just wondering what kind of gross margin you are looking at? Because now we are expanding meaningfully, you hinted at Rs.1000 Crores of revenue aspiration, so what is the corresponding gross margin aspiration and if you can let us know what kind of gross margin you make separately between domestic and export.

S G Reddy: We said very repeatedly, the export business is a BTP, build to print. Therefore, the gross margins are around 8% to 10%. Whereas the domestic, even though we cannot really standardize what could be, but you are asking me what is your ideal expectations. Our expectations are about 30% to 40% kind of gross margins we expect as we go forward.

Amit Dixit: Okay, wonderful, Sir. The next question is on Slide #31, where you have highlighted the long term business potential till 2028. So just wanted to understand category wise, you can mention whether there are some PSU also involved in these and there would be something on a nomination basis to PSU, what is the realistic market share we can expect out of this business potential of Rs.14500-odd Crores?

- M V Reddy:** I think we have given that breakup in last earning call. But anyway, in that, as I mentioned we have given about Rs.8000 Crores with 100% probability in that Rs.14000 to Rs.15000 Crores, major chunk of business, we are expecting from radar segment is about close to Rs.5000 Crores and EW is around Rs.2000 Crores in missile and telemetry put together Rs.1000 Crores. This is what the broad categorization of whatever we have mentioned in the previous call. For the next six years, we have mentioned about Rs.8000 Crores, we can book with 100% probability.
- Amit Dixit:** Okay. That is very helpful. Thank you and all the best.
- Moderator:** Thank you. Our next question is from the line of Vignesh Iyer from Sequent Investments. Please go ahead.
- Vignesh Iyer:** I just wanted to know about the H2 that you have an estimate of booking around Rs.200 Crores for the Q3 and around maybe Rs.270 Crores to Rs.280 Crores in Q4. I just wanted to know what kind of margin profile are you looking for? Will we be seeing something similar to what is in Q2?
- S G Reddy:** More or less, it will be similar to what is achieved in Q2. There may be a slight correction downwards, but more or less, it should be on the same lens.
- Vignesh Iyer:** Okay and what would be the mix of domestic and export in H2?
- S G Reddy:** In the Q2, the domestic is going to be close to about 80% to 85% and the balance will be exports.
- Vignesh Iyer:** In H2, right?
- S G Reddy:** Yes, in H2. Specifically Q2, I gave the number and Q3 and Q4 also more or less similar kind of numbers will be there.
- Vignesh Iyer:** Okay, it is more of 85% and 15% and we expect it to be more or less similar, right?
- S G Reddy:** Yes.
- Vignesh Iyer:** Thank you Sir. That is all from my end.
- Moderator:** Thank you. Our next question is from the line of Alisha Mahawla from Envision Capital. Please go ahead.

- Alisha Mahawla:** Good evening Sir. Thank you for the opportunity. My question is also with respect to margins like the earlier participants. So do you see a sustainable gross margin more in the line of 30% to 40%?
- S G Reddy:** Yes.
- Alisha Mahawla:** Okay, and Rs.1000 Crore revenue aspirations for FY2023 or FY2024?
- S G Reddy:** Sorry, what is the number you said?
- Alisha Mahawla:** Rs.1000 Crores revenue aspiration that you called out?
- S G Reddy:** 2023, 2024 is aspiration, yes.
- Alisha Mahawla:** Okay, so in FY2024. All my other questions have been answered. Thank you.
- Moderator:** Thank you very much. Our next question is from the line of Raj Rishi, an Individual Investor. Please go ahead.
- Raj Rishi:** I just wanted to understand, generally, we do not see this kind of low promoter holding in this size company, so any comments as to how come the promoter stake in the company is so low and any issues with regards to operations or prospects?
- S G Reddy:** No, there are no issues regarding operations and prospects. In fact, the low promoters we are seeing for the last five years, now the company has grown. But historically, this company has a low promoter stake because the company was promoted by technocrats with a very low financial asset. Historically, yes, it has the low promoter stake.
- Raj Rishi:** Thanks a lot.
- Moderator:** Thank you. Our next question is from the line of Akshay Kothari from Envision Capital. Please go ahead.
- Akshay Kothari:** Thanks for the opportunity again. Currently, we have 1,450 employees. So in order to fulfill our orders, would there be an increase with employee count?
- S G Reddy:** Yes, definitely as we grow in the topline additions are required, but we have a significant amount of existing employee force to take care of immediate growth needs.
- Akshay Kothari:** Our borrowings have increased significantly. I think they are around Rs.150-plus Crores levels and so in order to get more orders, would our borrowings keep on increasing? Or what is the plan?

S G Reddy: Most of the borrowings are working capital borrowings. Therefore, as we grow, I think the working capital requirements will be going up. So, the incremental increase will be there in the working capital borrowing. But we do not have significant long term borrowing.

Akshay Kothari: I understand, but in order to grow on the domestic front as we are envisaging, of course, the likely funding plan would be through borrowings, right?

S G Reddy: Yes.

Akshay Kothari: Okay and Sir, any specific dividend policy we are having?

S G Reddy: Yes. We have a policy of paying in the range of 20% to 25% of the profit after tax of the company.

Akshay Kothari: Sir, lastly, you mentioned that we have capacity to generate revenue of around Rs.2000 Crores. So I just wanted to know that since what actually led, what was the driving factor for this capacity expansion and post that, what things were.. whether it was something related to markets, which went wrong, we went into the export market which went wrong, so what exactly was the reason for the decline in revenues and what actually happened in the past?

S G Reddy: What we have mentioned is a basic infrastructure available with the company. When we say basic infrastructure, land, buildings and the capital equipment that is required and to go forward, the incremental addition that is required will be only in terms of adding a little bit more of capital equipment and having the right manpower, so our intent of making that statement is that we have the basic infrastructure ready to do business up to Rs.2000 Crores. Nothing has gone wrong in terms of forecast what was made by the company.

Akshay Kothari: Okay. I understand. Thanks a lot.

Moderator: Thank you. We have a question from the line of Santanu Chatterjee from Mount Intra Finance Private Limited. Please go ahead.

Santanu Chatterjee: Thank you Sir for this opportunity. Sir, any guidance on the order book can be received during FY2023?

S G Reddy: As of today, the prospects, we are likely to book close to Rs.1000 Crores, but details, I think I can share only in the next concall.

M.V. Reddy: You are talking about FY2024 right?

Santanu Chatterjee: I am talking about for the rest of the year, sir, for FY2023 and FY2024 as well?

- M.V. Reddy:** So this year, for Q3 and Q4, we are likely to book close to Rs.300 Crores.
- Santanu Chatterjee:** Rs.300 Crores over and above that Rs.1800 crore plus order book, right?
- M V Reddy:** Yes.
- Santanu Chatterjee:** Next year, as we are saying that next year, you are expecting more or less Rs.1000 crores order book?
- M V Reddy:** Yes, that is what prospects we have to book Rs.1000 Crores, but it is, I can share it in the next concall.
- Santanu Chatterjee:** Okay, Sir and what is the total amount of capex for FY2023, Sir?
- S G Reddy:** The capex FY2023, overall, we have projected about Rs.50 Crores capex for the 2021, 2022 and 2022, 2023. I think in the previous year, we did about Rs.25 Crores or so and the balance, we are doing it in the current financial year.
- Santanu Chatterjee:** Thank you Sir.
- Moderator:** Thank you very much. Our next question is from the line of Daksh Bohra from Arihant Capital. Please go ahead.
- Daksh Bohra:** Thank you for taking my question. I am sorry I joined late, I just wanted to know that the next year's order book that we have of Rs.1000 Crores, if I am not wrong. Sir, the margins for that, how would we see?
- S G Reddy:** We have mentioned, we will get into the details in the next quarter probably at that point of time, we should be able to throw some light on the margins also.
- Daksh Bohra:** Okay. I will get back in line if I have any other questions. Thank you.
- Moderator:** Thank you. Our next question is from the line of Raj Rishi, Individual Investor. Please go ahead.
- Rai Rishi:** You mentioned that your capacity, you can go up to Rs.2000 Crores turnover, right?
- S G Reddy:** Yes.
- Raj Rishi:** Any sort of vision as to which, how many years do you think you can target that kind of revenue? Just have an internal vision?.

S G Reddy: Vision is at the earliest, may be three to four years from the next financial year. We would like to reach it there.

Raj Rishi: Thank you.

Moderator: Thank you. Ladies and gentlemen, that was the last question. I now hand the conference over to the management for closing comments.

S G Reddy: Thank you for everyone for joining the call. We hope we have been able to answer your queries satisfactorily. For any further information request you to get in touch with SGA, our Investor Relations Advisors. Thank you very much and I hope to see you again at the end of the third quarter. Thank you.

Moderator: Thank you members of the management. Ladies and gentlemen, on behalf of Astra Microwave Products Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines.