

MESSAGE FROM CHAIRMAN

CHAIRMAN

Chairman to address the members.



CHAIRMAN'S ADDRESS TO THE MEMBERS OF ASTRA MICROWAVE PRODUCTS LIMITED

**at The 33rd Annual General Meeting through Video Conferencing/Other Audio Visual Means
on Friday, the 30th August, 2024 at 3.00 P.M**

Ladies and Gentlemen,

Welcome to the 33rd Annual General Meeting of Astra Microwave Products Ltd., It is a pleasure to connect with all of you again, although virtually. On behalf of Astra Board of Directors, I want to thank you for taking your time out to join us today. Your support and confidence in us, enabled our team to look for more ways to do more, and create greater value.

Results of Operations:

We are delighted to share with you that the FY '24 has been an excellent year for the company as we have grown exponentially in multiple parameters including financial performance, developing capabilities and improving quality of product mix. We have registered our highest ever financial performance across all metrics, Revenue, EBITDA, PAT. We have also witnessed good margin expansion driven by improvement in the sales mix. This performance is in line with our expectations and guidance.

The Company reported creditable profitability during the year under review. BIT margin strengthened 304 bps to 18.68%, which was a reflection of an improvement in volumes, economies, working capital management and larger proportion of value-added products. Return on Capital Employed was an attractive 15.85%, ROE stood at 13.93% for the year gone by. The Company protected the overall integrity of its Balance Sheet while reporting record financials. The average cost of gross debt was 8.64% while the Company generated a higher Return on Equity. The overall improvement in the health of the business was the result of various long-term priorities: enhanced economies of scale through progressive investments in manufacturing capacity, increased technology use and continuing working capital management discipline.

Your Company has also achieved good order booking performance during the year which stands at Rs.1,956 crores at the end of the year and order win continues to be healthy. Major order booking is from domestic defence segment and within this good number of orders are booked in Radars, EW segment, Defence communications electronics followed by meteorology and hydrology.

R&D is our cornerstone of our growth and this year, we have spent close to about Rs.38 crores in R&D which was focused mainly on radar systems, critical subsystems for radar, seekers, SSPAs and EW subsystems. As you are aware, your Company has incorporated a wholly owned subsidiary, Astra Space Technologies Private Limited to undertake space related business and has started recruiting personnel and setting up basic infrastructure for satellite integration at its Bangalore facility. The objective is to get qualified for satellite integration and launching business. In this endeavour, it is preparing itself to launch its own basic satellite in the next two years to three years. It will carry an SAR payload developed by your company based on TOT from ISRO.

We are indeed excited by this set of opportunities that we see and excited to partner with the Defense Labs and the Defense PSUs under whose tutelage we have blossomed and have reached the stage where we are developing new exciting products and have emerged as a systems-level entity with systems integration capabilities.

The Board of Directors of your Company recommend a final dividend @ 100% (previous year 80%) on the paid-up Equity Share Capital of the Company i.e., Rs.2/- per equity share on face value of Rs.2 each, for the financial year ended 31st March, 2024.

Business Highlights & Business Prospects:

Major product deliveries made during the year are:

With strong R&D capabilities built over three decades, we have delivered products with cutting-edge technology for defence and Aerospace applications. To name a few, we are the first company to deliver AAAU for Uttam Radar being developed by DRDO, AESA Seeker Head, high-power SSPA in high-frequency bands, Digital Multi channel RFSOC based transceiver for Naval based radar being developed by DRDO. We have also successfully executed PPTR which is unique for a private sector Company. We feel proud to announce that, we developed Doppler weather Radar (DWR) in various frequency bands in FY'24.

We have booked Rs. 1323 Cr (standalone), including single largest domestic order of the value Rs.327 Cr to supply Radar sub-systems to DPSU.

Business Prospects:

The coming year is likely to be a landmark for your company when we deliver a number of integrated hardware and system level products. This should empower us to cross revenue of Rs.1000 crore.

Outlook for Product Delivery during 2024-25:

Company is expected to supply following critical sub-systems and systems during the year:

- (1) Photonics radar subsystems,
- (2) Sub-marine communication sub-systems and
- (3) Systems like APS radar etc.,

Expansion programs:

The company will continue to look at organic and in organic options to stabilize top line performance as present business is project driven and hence lumpy in nature.

To augment present operations, we have budgeted to spend Capital Expenditure of about Rs. 75 cr which will be funded through internal accruals and term loans.

Joint Venture and Subsidiary Companies:

Astra Rafael Comsys Private Limited (ARC/JV Company), ARC, it was a breakout year, which we have been waiting for some time and its bottom line has improved in a big way. For the year ended it has bagged close to about INR 386 crores of orders and has a healthy order book of about INR 456 crores at end of the year. There is potential to bag big orders in next couple of years to the extent of about INR 900 crores and will record at least about 10% to 15% year-on-year growth in the next few years with a PBT of around 10% to 15%. As you are aware, Astra owns 50% of this JV Company and has earned about INR 12 crores of profit as its share from the JV company for the year gone by. SDR back pack radio, which is under development at the JVC under NCNC basis is due for final technical trials in the next couple of months and the company is gearing up for the same.

M/s. Aelius Semiconductor, Singapore, wholly owned subsidiary is engaged in design and development of MMICs. It is doing well on technology front and reported Rs. 0.57 Crs of revenues for the year.

M/s Bhavyabhanu Electronics, wholly owned subsidiary which was set-up for meeting captive consumption of AMPL has reported Rs.48.46 crores of revenues for the year.

Both the subsidiaries are in good shape and expected to do well in the coming years.

I would like to conclude by saying that your company has delivered excellent performance during the year and the coming years are promising.

(Dr. Avinash Chander)