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CIN: L29309TG1991PLC013203

November 19, 2026

To
The General Manager
Department of Corporate Relations
BSE Limited
Sir Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai -400 001
Scrip code: 532493

To
The Vice President,
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051
Scrip code: ASTRAMICRO

Dear Sir/Madam,

Sub: Conference call transcript.

We are sending herewith Conference call transcript held with analysts on 13th November, 2026.

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

Thanking you,

Yours faithfully

For Astra Microwave Products Limited

ANJANEYULU THALLAPALLI
Digitally signed by ANJANEYULU THALLAPALLI
Date: 2026.11.19 12:55:27 +05'30'

T. Anjaneyulu
Company Secretary & Compliance Officer

“Astra Microwave Products Limited

Q2 FY '27 Earnings Conference Call”

November 13, 2026

E&OE: This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on November 13, 2026, will prevail.

MANAGEMENT: **DR. M.V. REDDY – MANAGING DIRECTOR – ASTRA MICROWAVE PRODUCTS LIMITED**
MR. ATIM KABRA – DIRECTOR-STRATEGY AND BUSINESS DEVELOPMENT – ASTRA MICROWAVE PRODUCTS LIMITED
MR. D. SRINIVASARAO – CHIEF FINANCIAL OFFICER – ASTRA MICROWAVE PRODUCTS LIMITED

Moderator: Ladies and gentlemen, good day and welcome to the Astra Microwave Products Limited Q2 FY27 Earnings Conference Call. As a reminder, all participants on the line will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you decide to join the conference call, please signal an operator by pressing star and then zero on your touch-tone phone.

This conference call may contain forward-looking statements about the company, which are based on the opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict. I now hand the conference over to Dr. M.V. Reddy, Managing Director. Thank you, and over to you.

M.V. Reddy: Good afternoon, everyone. A warm welcome to all participants joining this post-results earning call of Astra Microwave Products Limited. I am joined with my colleague, Mr. Atim Kabra, Director of Strategy and Business Development, and Mr. D Srinivasarao, our CFO, and SGA, our Investor Relation Advisors. The results and investor presentation for Q2 FY27 have been uploaded on our company website and the stock exchanges.

I hope you have had a chance to review them. This is my first earning call as the managing director, having taken charge on 1st October 2026. Before I begin, I would like to thank Mr. S.G. Reddy, who had led this company for years and is now taking forward our space business through Astra Space Technologies Limited, the demerging entity. As informed, the demerger is aimed at creating two focused business, each with its own direction and growth plans.

The space meteorology and hydrology business will now have the opportunity to grow independently with their own business priorities and capital allocation. Meanwhile, Astra Microwave Products will continue to focus on its core defense and aerospace business, including radar, electronic warfare, telemetry, and internal security products and solutions. We believe this structure will help both businesses focus better on their respective opportunities and allow shareholders to see the value of each business more clearly. On defence & Aerospace industry front, recent Defense Acquisition Council (DAC) approvals strongly reinforce the breadth of-multi-year opportunities across air defense, counter-drone systems, missile electronics, naval platforms, electronic warfare, and unmanned systems. Furthermore, government reforms such as updated Defence Procurement Manual, DPM, the draft Defence Acquisition Procedure, introducing up to 60% local content mandates, and the earmarking of 75% of capital acquisition budgets for domestic industry provide long-term structural clarity.

Coupled with national targets aiming at INR3 lakh crores in annual defense production and INR50,000 crores in defense exports by 2029, this industry is positioned for sustained structural expansion. Moving to our consolidated financial performance, I am pleased to share that we have delivered a strong operational financial performance during this quarter.

And H1 2027 has been a strong first half of the year for Astra, with revenue of INR437 crores, EBITDA of INR120 crores at a margin of 27.4%, and PAT of INR57 crores at a margin of 13%. Our EBITDA and PAT are the highest of yearly numbers we have ever reported, both in absolute

terms as well as margins. This performance was driven by a favorable product mix led by execution of domestic defense production orders, along with better control of operating expenses.

On the order book front, a key highlight during this period was securing a landmark order for the Uttam AAAU, valued at INR1,844 crores order from HAL. Alongside critical orders, we booked for other subsystems and antenna units from DPSUs like BEL and also ISRO. As of 30th September 2026, our standalone order book stood at INR3,937 crores, while our consolidated order book stood at INR4,708 crores, including service orders of INR251 crores, which are typically more accretive to margins.

Our standalone order book has the largest share of production orders, followed by development, AMC, and export orders. The incremental order inflows during Q2 FY27 stood at INR2,036 crores, largely driven by defense orders. This include INR1,967 crores from radars, INR36 crores from electronic warfare, INR17 crores from telemetry, and INR16 crores from space.

We have a clear visibility to book INR200 crores more worth of orders in FY27, in which we have concluded INR600 crores orders and expecting those orders by next month. The increasing contribution of production orders, particularly in indigenous radar and warfare platforms, provides strong revenue visibility with healthy profitability. These programs typically have multi-year execution cycles and follow-on requirements, while repeat orders in software-defined radios through our JVC further strengthen our order pipeline.

On exports and technology development, we continue to see opportunities in international markets supported by products and solutions developed over the years. We have received good leads from a few international customers, and discussions are on for design and development of prototypes. While customer qualification and order conversion can take time, these engagements provide a foundation for expanding our international presence.

At the component level, we are also seeing interest in our MMIC portfolio, with inquiries and leads emerging from markets such as in U.S. and Europe, which probably translate into the business in next couple of years. In parallel, we are working towards developing more comprehensive and integrated solutions, as international customers increasingly look for a broad range of capabilities rather than individual radar systems.

Our approach is to first establish and demonstrate these solutions in the Indian market before taking them to international customers. On execution and operational priorities, our experienced workforce, engineering talent, and strong institutional knowledge remain important competitive advantages. Over the years, we have built strong R&D base, process stabilization, agile engineering, parallel testing infrastructure, and closer coordination with the vendors and inspection agencies. I would particularly like to highlight a major technological milestone achieved during this quarter.

We successfully realized counter-drone radar and delivered to DRDO for the final integration and trials. This achievement underscores our engineering capabilities and commitment to the indigenous defense manufacturing. As stated earlier, we have proactively taken up design and

development of small and medium-range surveillance and tracking radars, next-generation RF seekers, broadband jammers, ammunition electronics, technology-enhanced DWR, et cetera. Many of them are in advanced stage of completion and expected to go to the field trials from the next quarter onwards. Our JV company, ARC Limited, has a bright prospect to grow in strategic and tactical communication segment, and bagged worth of INR413 orders and booked the sales of INR334 crores in the first half of the year.

With the order book of INR913 crores and the more than INR500 crores orders in pipeline expected in next two quarters, we are confident of meeting the revenue guidance given in the beginning of the year, INR3,600 crores plus for the joint venture company. With this order book, we are hopeful to reach consolidated order book of approximately INR5,500 crore-INR5,600 crores in FY28.

Going forward, we will continue to invest in R&D and production capabilities while maintaining a disciplined approach towards program selection, working capital management, and production planning. Our focus remains on strengthening our position in India's defense and aerospace ecosystem through indigenous product development, deeper technological capabilities, and expansion into new opportunities. With this, we remain confident of achieving our long-term targets and deliver sustainable growth and healthy profitability.

I now hand over to Mr. Atim Kabra, Director of Strategy and Business Development, who will provide more insight into the business outlook for the near and long term, and the strategies adopted to take the company into the next level of growth cycle. I will be happy to take your questions after his opening remarks. Over to you, Mr. Atim.

Atim Kabra: Thanks, M.V.R and good afternoon, everybody, and thank you for being here. I miss my colleague, S.G. Reddy, who has taken up the responsibilities to create ASTL full-time. Before I start, one of our directors actually asked us to look at the guidance we have given versus delivery, what has been our track record. When we looked at it, we found that in FY25, we had guided at a PBT of 17%-18%. We achieved 18.5%.

In third quarter FY25, we guided for a top line of INR1,000 crore-INR1,100 crores for FY25. We achieved INR1,051. Fourth quarter, we guided a PBT of 18% for FY26. We got 21.8%. Second quarter FY26, we guided gross margins between 45%-50%. We got 51%. And third quarter FY26, we guided INR1,150 crores plus for top line, and we got INR1,163.

We have a fairly decent track record in terms of guidance. We have guided for FY27, we are guiding a top-line growth of 15% approximately. Somewhere between INR1,300 to INR1,350 is our targeted number. We are guiding for an EBITDA margin, a steady state EBITDA margin, somewhere between 26%-28%, where we hope to stabilize. We are guiding to a path towards INR2,000 crores in turnover in FY29, ±100, and INR2,000 to INR3,000 crores in a few years thereafter.

That explain how we are reaching there. Our target is to be near debt-free in the next one year, one and a half years. As M.V. said, with order books nearing close to INR5,500 crores plus and

with a little bit of luck crossing INR6,000 crores. This is without QRSAM, the main QRSAM order. We actually seem to be in a fairly good place.

For more than three decades, Astra has been known as a company that builds India's armed forces and scientific institutions' need, quietly, reliably, and to specifications. This morning, or today basically, I want to share something new. First public look at Astra Space Technologies Limited, ASTL, and the plan that will carry it through the next four years or so. Let me start with what the demerger means for us as shareholders. When the scheme is complete, every Astra shareholder will receive shares in ASTL, one ASTL share for every Astra share you hold.

We are not asking anyone to pay anything for them, so no new shareholder comes in between. Your stake in ASTL will mirror your stake in Astra exactly. You will simply own, directly and separately, a listed high-tech space and weather company that has been incubating within Astra for years.

This is a thought I would like to leave with you. Most investors who want a stake in the space economy will have to find it, price it, and then pay for it. Astra shareholders already own it. Why does this matter? It matters because space economy is entering the fastest decade in its history. Global space economy is estimated to be worth around $650 billion-$700 billion today, and there's a very famous McKinsey report which talks about reaching $1.8 trillion by 2035. The clearest signal of where we are headed is Starlink. In under five years, it has grown to roughly 12 million subscribers, served by a constellation of nearly 10,000 satellites. Here is what matters for us. Constellations of this scale are never built just once.

Forget the hundreds of thousands of satellites which Starlink, Blue Origin, the European consortium want to put in space, but satellites are replaced every five years or so. Each one of them needs payload electronics, RF subsystems, and ground infrastructure. This is a permanent compounding demand for exactly what Astra makes. India is now opening this market to private sector. The Government of India aims to grow Indian space economy, I believe, from about $8 billion to $44 billion by 2033. That includes a hefty number for exports.

Defense surveillance constellations alone envisage more than 50 satellites, around half of them being built by the private industry. You would have noticed how markets value companies in this sector here and abroad. Growth businesses on what they will become, not on what they will earn today. But with a word of caution, global supply chains need price effectiveness.

It's a function of scale, which India doesn't have at this point in time. It will take some time, but I am sure we will get there with due focus. You will find that most of the companies earning these valuations are young. Some have a prototype, a first launch, some have a business plan. But ASTL has something which nobody else can buy, time.

For nearly two decades, Astra has held ISRO certifications, designing, building, and delivering space-qualified hardware for its missions. We are happy to state that we supply an estimated 30%-40% of the hardware in ISRO's remote sensing payloads, and nearly 25%-35% in the communication payloads. Our clean rooms, test facilities, and qualification processes have been

audited, used, and proven on real missions. That tested infrastructure is what lets a sector scale quickly and safely.

In our case, it is already built. ASTL works across almost the entire space value chain. We are not in the launch business, but barring that, components, space-grade subsystems, assembly integration testing, ground stations, satellite bus design, satellite assembly, and increasingly, space data and analytics.

The only link we deliberately leave to the partners is launch. But the interesting part is that this is a business which is up and coming with huge potential. We also have, as the other half of ASTL, a weather business. Our legacy there runs just as deep. Astra was among the first Indian private companies to build and design Doppler weather radars. Our radars, wind profilers, automatic weather stations, in excess of 1,700, now sit inside the networks of IMD. Short-term forecasting and long-range forecasting, we play a very critical part.

We are also looking at developing a radar software and moving towards eventually AI-driven forecasting offered as a service. That is our long-term goal. Put the two together, and you have something very rare. Observation from space above, radars and sensors on the ground, sensors in the atmosphere, lower atmosphere, higher atmosphere, and everything fused into one platform for better forecasts for agriculture, disaster management, and aviation.

It also gives us, at ASTL, a diversified revenue base across two high-growth sectors. So, we are not dependent on either one sector alone. The numbers are beginning to reflect this. We hold an order book of around INR900 crores in this business and a weather inquiry pipeline of around INR2,000 crores. Our plan, in likely case, touch wood, is about INR2,250 crore-INR2,500 crores of cumulative revenue over the next four years.

With annual revenue, I would expect it to reach around INR800 crore-INR900 crores by FY31, based on our current visibility. Incidentally, this does not include anything from the global supply chains that I had mentioned earlier. So, what are we looking at? There is a global opportunity. Demand for space-grade components and subsystems is now running ahead of what the Western supply chains can deliver.

We hope that the world's largest players are looking for partners who are qualified and experienced, and with scale, will become cost-competitive. Very few companies anywhere can offer nearly two decades of ISRO-certified heritage in space-grade hardware, and fewer still are in India. Our approach, like in the defense business, is collaborative, and it runs in both directions.

Outwards, we want to supply subsystems into global supply chains eventually, and we also want to treat these partners as sales channels into markets which we cannot reach alone. Inwards, we want to bring the latest tech into India so we can leapfrog into the global supply chain rather than climb into it one rung at a time. Few conversations with global players are already underway, and we will talk about that as something tangible materializes.

That is the overview of the space business. Now, turning back to Astra Microwave itself, I think, as M.V. very clearly brought out, our defense business is in the strongest position in our limited history. We will reiterate that we see an order base of roughly INR8,000 crore-INR10,000 crores building over the coming years, and a substantial part of that is already in hand, as M.V. had described.

Just as important is what we are now selling. I promised you that by Diwali, Astra will have three products of our own. We have kept the promise. We have a complete counter-drone system. The backbone for that is our D4 radar. We have an Astra-designed, Astra-branded bird detection radar, and we have a low-level lightweight radar with a range of about 40-50 km. Of this 25 km plus is already demonstrated.

We are also developing, I must share with you, a very high-potential global product, which is in the new-age electronic mines. We will talk about that as something which will happen before the end of the year. Each of these reflects a very deliberate shift. We have had always an unusual breadth. Our R&D spanned a wide horizontal range of RF, microwave, and radar tech.

We are now turning that breadth into our own branded IP-owned radars with in-house digital signal processing and radar data processing. Where our portfolio has gaps, we are filling them one product at a time. That changes what kind of a company Astra is. We are moving, as we have spoken now multiple times, from building subsystems for others to owning complete systems and the IP inside them.

That is very valuable. Let us bring this all together. If you are holding one Astra share today, you are, in effect, an owner of three distinct businesses. Let that sink in. You are actually holding three distinct businesses. The first is Astra's standalone defense business with a visible order base, a growing family of our own IP-owned products, and a long runway of execution ahead.

The second is ASTL, which is a space and weather company with nearly two decades of ISRO-certified heritage, a full-stack position into high-growth sectors, and a five-year plan, four-year plan that roughly triples its revenues. Through the demerger, it comes to you directly at no additional cost.

The third is our 50% ownership of ARC, our joint venture with Rafael of Israel. We had just passed upon the visible revenue base, and we expect it to close with somewhere around INR600 crore-INR700 crores region in revenues this year. It gives Astra access to some of the most advanced defense technologies anywhere. Each of these businesses has its own growth story, and each deserves to be measured against its own peers.

Investors who take the time to look at Astra one business at a time, they find that the whole adds up to rather more than it is sometimes given credit for. What ties all these three things together is the way this management team thinks. A clear orientation towards growth, the R&D breadth to deliver it, and the discipline to fill the gaps in our portfolio ourselves rather than wait for others to fill them.

We are extremely proud of what Astra has built because we are on the path towards self-reliance. Rather than take core products from outside and then put in the boxes and call it an India-made product, we want to own the IP and the tech inside there. We are very excited by the fact that we are doing this for the country, and it fills us with pride.

We are very excited about what Astra has built, and even more excited about what comes next, which we shall be building along with you. We will take the questions, and thank you for that.

Moderator: Thank you. We will now begin the question-answer session. We have the first question on the line of Amit Dixit from Goldman Sachs. Please go ahead.

Amit Dixit: Yes, hi. Good afternoon, everyone, and thanks for the opportunity. First of all, congratulations for a great set of numbers and very healthy margins. Couple of questions from my side. The first one is essentially on the three products, and congratulations for delivering them by Diwali. Just wanted to understand the market potential for these, I mean, our products, let us say, in next three to five years. And there has been an AON for low-level radar. Are we going to participate in this?

Also, are you going to participate in counter-drone systems that keep on appearing? Just wanted to get the opportunity size as you see it now for our products, these three products actually, and when do you expect their full potential to be materialized, subject to, of course, the amount of orders?

Management: **M. V.** You want to take this?

Management: Yes, yes. Hi, Amit. The products that have been mentioned are three products. One is the bird detection radar, and the other one is the low-level lightweight radar, and the counter-drone radar. The bird detection radar, yes, it is ready, and the demonstration is going on. The market size is just we have started participating in RFPs. The first RFP, we have submitted the bid. We are expecting more inquiries from the domestic and as well as the export market.

Overall business, we expect roughly around, for this particular radar alone, close to around INR200 crore-INR300 crores in the next two to three years. Coming to the LLLR, the low-level lightweight radar, this particular radar is being developed against the requirement, the QR being given by army and this thing. We have developed this, and we will be ready.

Yes, we are going to participate in the demonstrations in forthcoming tenders. This potential for this particular product, we have an visibility of at least close to around INR1,000 crores in the next five years timeframe, as this has a lot of applications to serve in the Indian defense market. The other one is counter-drone. Yes, we have made the complete solution ready, and we have demonstrated to a couple of customers.

The radar, as we mentioned earlier, we took TOT from DRDO, and we have optimized that to suit the customer requirement in specific and also to make it more competitive. That way, we started building this radar. Now, we participated in a few inquiries, and all those inquiries probably will get translated into business. Of course, again, they are all competitive bids.

We are hopeful that at least we will get a minimum 30% of the overall market what it is opened up. I think the potential is huge for this. As we know, I think we projected somewhere around INR3,000 crore-INR5,000 crores in the next five years timeframe. This is what the market it is. Technology keeps changing, so we are also working towards that. Right now, we are offering only with the soft kill solution, that is with the jammer, but also we are working for hard kill in years to come. This is what our overall strategy for these three products.

Amit Dixit: Sure, sir. Just a sub-part to it. This counter-drone system, a lot of people have developed the soft kill system. How do we differentiate our products? Is it in terms of the frequency band or something else? Or the number of birds you can detect at one time?

Management: Amit, let me answer this. Guys, there are few things here. First, we are amongst very few guys who have our own complete independent radar, number one. This becomes a very crucial differentiation when hard kill options. Your drone technology itself is changing very, very fast. You have drones which are now fiber-guided, there are drones which switch off their RF comms, okay?

The radar becomes extremely crucial in tracking the incoming and aligning your hard kill option in case the soft kill options fail. So, we have got remote weapon firing systems which we are integrating in our radar. We have got servo platforms with mounted guns which are being integrated with the radars, and we have kamikaze drones which also will be integrated with this, right? So, this is a fairly comprehensive solution.

But I think on the soft kill part also, it matters a lot because there are the drones which cause damage, real damage, will not be on advertised standard frequencies. So you need to have that ability to not only detect best of class so that you have adequate response time, but also identify frequencies which are non-standard frequencies. I must share with you that Astra has the product which can capture within the specified band any frequency and then try and negate that. I think as a comprehensive solution combining both these things, we can compete with probably the best right now.

Amit Dixit: No, that's great. Thanks for the elaborate answer. The second question essentially was on working capital. If I look at cash flows of operations that has been impacted in part by inventory buildup. So, just wanted to understand how look by the year end, or is it the inventory buildup that you are doing in preparation for the execution possibly in FY28?

Management: We have already specified, right, that we are going to be INR1,300-INR1,350 the year end, which implies that our next two quarters will actually have a lot of deliveries to be made, which is the reason why inventory buildup is what you are seeing. Our cash realization actually has been very nice at this point in time. So, we are looking at not only a free cash flow generation, significant free cash flow generation, but we are also looking at our receivables as well as our inventory to be more or less in line with what the sales are.

Amit Dixit: Okay.

Management: **is** our target in the next 18 months. That means cash generation has to be happening.

Management: Yes.

Management: Amit, adding to that, we have seen in the geopolitical situation, there are few components which they have increased the lead time to deliver. What we did is, for the execution of even the first quarter of the next financial year, we started stockpiling those components so that even the quarter-wise, we should not have any impact on those deliveries. That is the reason probably this inventory has slightly gone up as compared to the last.

Amit Dixit: If I compare, let us say, hypothetically, FY27 inventory and year inventory with the FY26, and your working capital cycle, I am not talking about inventory here. Will cash conversion cycle go down from 374 days that we reported, or will it be steady at the similar levels? Because our activity levels are also going up.

Management: We are working towards to maintain around 360 to 370. This is what our target is to make it. Maybe in future, as we go into the systems more, I think probably it may go further down. So right now, our target is to bring it down to around 350 by the end of the year.

Amit Dixit: That is very clear, sir. Wonderful, and thank you, and all the best.

Management: Thank you.

Moderator: Thank you. We have the next question on the line of Pinakin Parekh from HSBC. Please go ahead.

Pinakin Parekh**:** Yes, thank you very much. My first question is that when you mentioned the order book of INR3,937 crores, this includes the orders in the space segment of INR900 crores, right? So once the demerger takes place, the Astra standalone order book will come down to INR3,000 crores, like for like?

Management: Yes, actually it is including space segment orders, but it is not INR900 crores what you have mentioned. Space segment, the order book is INR220 crores as of date. And yes, meteorology.

Management: Let me clarify and remove the confusion here.

Management: Yes.

Management: We said INR900 crores would be the expected year-end order, carry forward order book, right? Not the current book that we are speaking about.

Pinakin: Okay, so carry forward as of March FY27 end?

Management: Yes, please.

Pinakin Parekh**:** Okay. The way we have to look at it is that when you are talking about INR5,000 crores order book, the starting point is INR3,700 crores for Astra ex of space going to INR5,000 crores, or this INR3,900 crores going to INR5,000 crore?

Management: If we do, let us say INR6,000 crores, just for numbers sake, if you do INR6,000 crores or INR5,600 crores, whatever is the number you take, subtract from that INR900 crores, which would be the carry forward order book for space standalone.

Pinakin Parekh**:** Got it. Second, just going back to the Uttam AAAU radar delivery. Given that we still do not have any line of sight of when HAL will start deliveries of the Mark 1A, when do you expect to start delivery of your orders for radars to HAL? What is the, as of now, the visibility that you have?

Management: Yes, actually, HAL wanted us to deliver about four numbers by March 2027, which in fact we mentioned even in the beginning, in fact, while signing the contract, since that we will try to make it. But two numbers we have committed to them, and four numbers, although we are trying to deliver, but definitely two numbers we would be delivering by March 2027. But as for the contract, we need to deliver 12 numbers by March 2028. This is the first milestone of this particular contract, and we are gearing up towards that.

Pinakin Parekh**:** Just trying to understand, first four obviously would be for HAL would be stocking it up in their inventory. Is there a risk that the March 2028, 12 numbers gets pushed out because HAL's own delivery schedule is now years behind what it originally was planned?

Management: We don't think so.

Pinakin Parekh**:** Okay.

Management: You'll have to ask HAL, but we don't think so. We have a very clear-cut delivery schedule which has been given to us, and we are geared up for that.

Pinakin Parekh**:** Just to clarify, last question is that you will be ramping up your supply chain, building up inventories, keeping that in mind that you have to supply of 12 --

Management: Yes.

Pinakin Parekh**:** Numbers by March 28. Got it. Thank you very much, sir.

Management: Okay. Cheers.

Moderator: Thank you. We have the next question on the line of Nitesh Rege from ChrysCapital. Please go ahead.

Nitesh Rege: Hello. Thank you for the opportunity. Sir, my question.

Moderator: Sorry to interrupt you, Nitesh. Your audio is very low. If you could come off the speakerphone and closer to the microphone. It is still a bit low.

Nitesh Rege: My question is on the long-term scalability, right? With our current.

Management: Sorry, Nitesh, I cannot hear you, man.

Nitesh Rege: I am on my handset. I will just read the speaker.

Moderator: All right, sure. We have the next question on the line of Abhijeet Singh from Systematix. Please go ahead.

Abhijeet Singh: Yes, thank you for the opportunity, sir, and very good to see such great results. First question is on the counter-drone system that we have built. Is there a player as part of the TOT from DRDO in the counter-drone product that we have?

Management: Sorry? Is there a TOT?

Abhijeet Singh: TOT from DRDO. Yes, you are right.

Management: Yes, we have. Absolutely.

Abhijeet Singh: Is there any other players got the TOT from DRDO for the same product?

Management: Yes, actually, in fact, the earlier TOT was given to seven companies apart from BEL, but only as of today, apart from BEL, we are the only company who's been making the product with the TOT from DRDO.

Abhijeet Singh: Right. It is sort of that you are selected out of the seven companies, your product is kind of qualified for the

Management: No, no. It is the license. It was given to the seven companies, but whatever may be the reason, but other companies were not started, but we made it and we started the delivery.

Management: We have demonstrated our counter-drone radar and booked sales in that successfully out of the seven companies to whom the TOT was given.

Abhijeet Singh: Understood, sir. Sir, you mentioned that the potential for this counter-drone is about INR30 billion-INR50 billion in the next four, five years. Is that correct?

Management: Okay. I believe the entire counter-drone space, the Government of India itself, there are indications and reports that they are talking about INR30,000 crore-INR50,000 crores, okay? That is an estimate depending on when they have the money, what is procured, and at what point in time. But it is a global product, yes. Right? Okay. Wars are now being driven by drones, right? Okay. There is a huge civilian side of the business which will come up. There is a huge military side of the business. If there is a drone, there has to be a counter-drone system, right? It is a mega business. I am scared to put a number onto that.

Abhijeet Singh: Understood, sir. Lastly, on the margin front, this quarter we reported, I think, all-time high gross and EBITDA margins. In the next two years, as we all know that, a lot of the fixed cost loading is largely behind us. We've done a lot of capex. We might expect some operating leverage playing out in the next two, three years. In that light, what is our expectation? I mean, I know you've guided for 28%, 26% margins. Is there an upside risk in FY29 because the execution will pick up potentially from the these orders? So, operating leverage might be-

Management: There may be operating leverage, yes. Right? I don't think fixed cost base will go up dramatically, right? There is a huge. Most of the business which comes in will flow post that straight on to the bottom line. It should be a disproportionate amount, right? But on operating margin front, we are comfortable guiding you to 26%-28%. If it becomes better, that's the upside, you know.

Abhijeet Singh: Right, sir. Thanks for answering my questions. I'll get back in a bit.

Management: Absolutely. Pleasure.

Moderator: Thank you. We have the next question on the line of Nitesh Rege from ChrysCapital . Please go ahead.

Nitesh Rege: Hi, sir. Hope I am audible.

Management: Yes.

Nitesh Rege: Yes. Thank you for the opportunity. Sir, my question is mainly on the long-term scalability. Can Astra scale to, let us say, INR10,000 crores sustainable recurring revenue through our existing radar and EW businesses, or will we need to expand into newer segments such as electro-optics, missile seekers, and integrated defense systems?

Management: We are actually participants in all these spaces that you talk about, right? But if war is My favorite sentence on this is, war is now beyond line of sight. Radars and EW will play a very, very critical role going forward. War is now tech, right? Tech has a short shelf life. Each and every company, by the way, it is not only Astra, each and every company operating in this space, they will get substantial business opportunities, provided we are able to create products and combine various technologies to create products which meet the needs of the battlefield.

Yes, the answer is, if you are reaching INR3,000 crores, all these other initiatives that we are talking about, that gives us a window of opportunity to not only develop them, but to also develop, on a global basis, by the way, the marketing alliances which need to be in place, the qualifications which need to be in place, the relationships which need to be in place for marketing these products on a global basis.

That's the whole plan. If let me give a number to it. This is a number derived from Claude, by the way. When we feed in the features of our electronic mines, it's amongst the best in these electronic mines, which we are developing, India is developing, by the way. I think that number itself comes in excess of $750 million annually.

That's the current demand that we speak about. Now, it pales into comparison what we have as a revenue base right now. Each of these product lines which we are developing, be it the counter-drone systems, be it radars, be it electronic warfare systems, be it electronic mines, each one of them has substantial business opportunities going forward. How much we can capture, how much we can define, that only time can tell.

Nitesh Rege: Okay, sir. What additional capabilities do we think we need to develop to become global defense electronic players, which like Elbit or Hensoldt, and an extension of partnership, JVs, acquisitions, something we are exploring to expand our TAM and exports?

Management: I think it will take us time. I think it's an attitudinal shift which is required more than anything else in these kind of businesses. I think we are on the cusp of a multi-decadal opportunity. Your question needs to be answered in terms of the timeframe that you are referring to. One day, obviously, we will compete with the best in the world. Many companies from India will do that. But in what timeframe will we achieve it? There are gaps in our technology framework overall in the country, by the way which needs to be filled.

The timelines need to be accelerated. In fact, we were listening to the podcast recently, yesterday, Air Marshal Bhadauria, talking about AMCA having been started in 2006 and 2007, right, guys? The first prototype we are talking of is 2035, right? He was being hammered on the question that why is it that it has taken so much of time to come up to where we are today, right? I think it's any answer, it's an attitude issue, right? What we expect and how we deliver. I think as a private sector, I think we can tell you safely, we have limited constraints, right? We have the best of breed guys who are working with us.

I think people, with talent and ability within the company and the leadership of M. V. Reddy, I think we should be in a position to fill up the gaps which we have, and in a defined timeframe, get the output we want. I think we are limited by our ambition. Not only Astra, but a few other Indian companies, I can say. It's a sector which is doing amazingly, poised to do amazingly well. How much we capitalize on it, that's a function of our ambition and our abilities. There's no clear answer to what you are saying. I wish I can give you a more definitive answer, but

Nitesh Rege: No, sir. Thank you so much for answering my questions. I'll follow back in the queue if I have more questions.

Management: Thank you. M.V., you want to add anything to this, please?

Management: Yes, actually, in fact, there is ample opportunity for India. In fact, according to the government policies of Atmanirbhar Bharat, as we have been seeing the indigenization in segment by segment, product by product. Many of the sensors have been indigenized. There is ample potential for Indian companies to grow. As Mr. Atim said, there is a technological gap in India. I mean, that we need to fill it up. It takes some time for us to build the global products, but it is not too far away now. I think it is a matter of a year or two, so that we can build those products and go to the international market.

Nitesh Rege: Okay, sir. Thank you.

Moderator: Thank you. We have the next question from Shirom Kapoor from Jefferies. Please go ahead.

Shirom Kapoor: Hi, sir. Thanks for the opportunity, and congrats on a great set of results. My first question is just coming back to your margins. This quarter particularly, we saw very strong gross margins that you mentioned that you had a favorable product mix. Just looking at the numbers in terms

of your overall defense contribution as well as contribution from products, appears to be similar quarter-on-quarter, yet there is a significant gross margin improvement.

Just to understand, is this going to be volatile on a quarterly basis, or are we seeing is there sort of a steady-state gross margin number you have in mind? Just to clarify on the EBITDA margin side, you said 26%-28%. Is that just for FY27 or going ahead as well?

Management: I think over the next two to three years, it's a comfortable assumption to make, right? But as you very rightly said, this time there were a lot of production orders, so we were able to capture a higher EBITDA margin. But we are comfortable guiding in a state of 26%-28%, where we believe that we will be able to deliver without upsetting the apple cart.

Shirom Kapoor: Right, sir. Secondly, on your order flow. Last quarter, you highlighted a few major orders that you're expecting as part of the overall INR8,000 crore-INR10,000 crores order base that you're looking to build, which included around INR700 crore-INR800 crores from QRSAM, INR500 crore-INR700 crores from your JV partner, and another maybe INR3,000 crores from the Sukhoi-30 program. Just to understand on timelines for this. QRSAM, you mentioned, earlier you mentioned it could come by FY27 end, but are you seeing delays on that? When could this get pushed towards on the QRSAM order?

Management: QRSAM, you guys all talked to BEL, but I'll immediately address it.

Management: Yes. No, actually, probably Masal got this thing from BEL, but anyway, BEL is hopeful of getting this contract any time from December to March. I think they should be in a position to get this contract. As and when they get this contract, definitely, we will have a contract in place in next after three months. But before that, yes, BEL took advance action as for FOPM, for which we have received orders, and those orders are in execution phase in this quarter and next quarter.

That is Q3 and Q4. There's a small quantity for FOPM version of QRSAM. But for the main contract, as and when they get contract, I think within three to four months, we will have the contracts on place. So in all probability, execution will start for QRSAM, I think, maybe in FY28, last quarter or maybe in FY29.

Shirom Kapoor: Right. On the orders from the JV partner, about INR500 crore-INR700 crores that you were expecting, is that expected to come this year or the next two to three years? Similarly for the Su-30 program, when can we see some of those orders come in.

Management: For JV partner, actually, as we mentioned, as of now, they have order book of INR900 crores, and they are expecting another around INR1,200 crore-INR1,500 crores in next six to eight month timeframe. Next about a year also, we have clear visibility for another INR1,500 crore-INR2,000 crores. All in all, they have a good order book visibility for next two to three years. On the execution front, this year, they will be doing it around INR600 crores, as we mentioned in the guidance. Next year, we are targeting around INR1,000 crores, as far as the JVC is concerned. Your next question, and get you the next question.

Shirom Kapoor: On the Sukhoi program as well.

Management: On the Sukhoi program, we are party to the DRDO programs. As you all know, we are in both radar as well as for the EW suite. Both programs are going on well as of now. We have delivered the hardware for first prototype of radar of our AAAU to DRDO. The firmware and software integration is going on. Hopefully by next year, I think DRDO should be in a position to commission this radar and all. From our side, we are on track as both the radar as well as the EW suite concerned.

Management: Let's say, to answer his question, I think calendar year 2029 is when you should be looking at these orders.

Shirom Kapoor: Understood, sir. Thank you so much and all the best.

Management: Thank you.

Moderator: Thank you. We have the next question on the line of Sahil Karia from White Pine Investment. Please go ahead.

Sahil Karia: Thank you for the opportunity. Sir, on the Virupaksha radar order, on the previous call, we had guided that 12 units are to be supplied by September 2027, and thereafter 25 units annually. Now we have pushed that timeline to 12 numbers by March 2028. Is there a supply chain issue or execution issue?

Management: No, it was always. M.V., can you please say?

Management: No, actually, that timeline what we have mentioned is before signing the contract, as you recall, I think we mentioned. Now, as per the discussions with the customer, this is what the schedule being worked out, and this is what we are working toward. There was a delay in the signing the contract and placement of the order. Based on the schedule, we worked out the revised timeline. By March 2028, we should complete with 12 numbers.

Sahil Karia: Okay. Sir, going forward, it would be 25 units annually or 12 units annually only?

Management: Yes, actually, around 25 units initially to begin with in FY29, and then thereafter we go to 33 to 34 units also.

Sahil Karia: Okay. Sir, second question is on the JV product that is SDR that we manufacture. I have been looking at the orders that were received is majorly for the airborne SDRs that we. We have won orders for the airborne SDRs. Recently, we had participated for some SDRs for the Army, which was given to Alpha Technologies Private Limited. Could you just give us some color, like, where are we behind in the ground-based SDRs or the SDR products for the Army?

Management: Yes. This particular radar is basically a manpack version in VHF band. This radar is being completely developed in our joint venture with the indigenous waveform design and all. It was successfully gone through all the trials, except the last trial, where we had some software bug issues, and there were few parameters we could not demonstrate within the timeframe in the last trial.

That is how actually we missed that initial first phase of that particular procurement. However, subsequent to that, the user have witnessed the test after we fixed those issues, and now we are ready with the total product. We will be there in the next phase of procurement. Already discussions have begun for the second phase of procurement. We will be in the race.

Sahil Karia: Sir, could you just give us the bifurcation, any color on, like, what is the addressable market for the airborne SDRs and for the manpack SDRs that we are looking forward to?

Management: The market size is huge. In fact, most of these SDR, both in airborne as well as ground, are all getting into the IDDM category. This potential is, in fact, next three years, we have been seeing market of close to around INR5,000 crores minimum for airborne segment, and for the ground segment also, close to INR3,000 crores will be there for next three years.

Sahil Karia: Okay. Thank you, sir. Thank you so much.

Management: Yes, thank you.

Moderator: Thank you. We have the next question on the line of Manish Maheshwari from Equity at Work Office. Please go ahead.

Manish Maheshwari: Sir. Sir, just a follow-up question with, I mean, from the previous participant who had raised question on the working capital. You said that you are expecting a significant free cash flow generation. So, can you quantify that? What is the quantum of free cash flow that we are going to generate, that you will be generating?

Management: I think last year we did in excess of INR300 crores.

Manish Maheshwari: Correct.

Management: Somewhere between INR250 to INR350 should be the target, I guess.

Manish Maheshwari: This is something that you are going to expect with FY27 exit will be with INR300 crores, right?

Management: I'm saying somewhere between INR250 crores to INR350 crores should be there. It depends on. Guys, it depends on. We cannot give you exact number at this point in time, right? That's a rearview mirror number. That's the range where we expect we should have. It should land.

Management: Mr. Srinivas will give you more light on it. Srinivas.

Management: You see, right, receivables is more or less 200 days is there. We are rigorously working towards the collection early, or else at par. We are expecting INR150 crore-INR300 crores in between operational surplus. In between, even we are using little bit for the capex also. Those are the high interest cost which we are using from the surplus. More or less, by year end, we are expecting CC limits, working capital limits going to be zero. That is our target area. We are working towards a debt-free on the working capital.

Manish Maheshwari: Okay. And sir, with respect to. Thank you, sir. Sir, the second question is with respect to order book. Our order book is about, on a consolidated basis, of sub INR5,000 crores is order. I mean, consolidated order book is what we are sitting on right now. Are there any slow-moving order or something where the revenue recognition is taking some time, or there is a delay at customer's end or something? Is there any specific order or maybe a few orders which are actually, I mean, where the execution is slow?

Management: No, actually, as you know, the few contracts like Uttam, which has an execution cycle of four years. Similarly, there are few contracts which we have an execution cycle of two to three years. Based on their requirement, they have given us the execution timelines. Accordingly, we worked out the execution phase. Otherwise, there is nothing of that, we are behind the schedule.

Manish Maheshwari: And sir, cash conversion cycle is also very, I mean, it's on the higher side, right? Cash conversion is 370 days. We are attempting to sort of endeavoring to sort of bring it down to what number they say?

Management: 350.

D Srinivasarao: We said we will try to bring it to 350 days. See, we are telling optimistically. Even rigorously, we are working to bring down further also. Next six months, geopolitical issues or maybe some other issues is impacting us. Otherwise, we are going to be targeting 350 days.

Manish Maheshwari: Okay. All right, sir. Thank you so much.

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

M.V. Reddy: Yes. Thank you. With this, I conclude the call. If you have any further queries, please contact SGA, our Investor Relation Advisor. We sincerely appreciate your continued trust, support, and participation. Thank you everyone for joining us today on this earnings call. Thank you.

Atim Kabra: Thank you.

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