

**ASTRA MICROWAVE PRODUCTS LIMITED**

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February 18, 2020

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 13th February, 2020.

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
Dy.G.M - Company Secretary



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“Astra Microwave Products Limited Q3 FY-19/20 Financial Results Conference Call”

February 13, 2020

**MANAGEMENT: MR. S. GURUNATHA 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 Q3 FY19-20 Financial Results Conference Call of Astra Microwave Products Limited. As a reminder, all participant lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. S. Gurunatha Reddy - Managing Director. Thank you, and over to you.

S. Gurunatha Reddy: Thank you Steven and good evening, ladies and gentlemen. I welcome you to this Q3 conference call. I am with my colleague Mr. M. V. Reddy - Joint Managing Director. The results were taken on record by the Board of Directors in yesterday’s meeting. We have shared the broad financial results with all of



you, for the benefit of all of us, again I will repeat some of the numbers. For the quarter we did about 149 crore of net sales. These after adjustment of various things both in terms of the accounting standard and also the late delivery charges and for the nine months period it is about 286 crore. Gross margin is close to about 61 crore for this quarter. And overall for the nine months is about 140 crore. Operating income is about 32 crore for these three months and it is 49 crore for the nine months period. Profit before tax is about 32 crore for this three months and for nine months it about close to 50 crore. In terms of percentages, it is about a 21% for the quarter and about 17% on the net sales and profit after tax for the three months is about 23 crore which is 15% of the net sales and for the nine month period it is about 36 crore which is about 12% of the sales. These are the broad numbers in terms of the financial performance



for this quarter and nine months period. In terms of breakup for the sales for this quarter out of 156 crore defense and the defense PSUs have contributed about 16% of the sales, space program is about 39% and exports about 43%. And for the nine months period, the corresponding percentages are about 18% for the defense, 45% for the space and 35% for the exports.

Few balance sheet items which I want to share before we move in to the question and answers. The cash and cash balance along with margin money deposits, which are secured for various bank guarantees kind of thing is about 75 crore. Advances paid to suppliers is about 90 crore and in terms of the major liabilities advances received from the customer is about 195 crore. Debtors is about 217 crore out of which beyond 180 days is about 65 crore. The order book position at the end of December, stand alone is about 1285 crore and orders booked



during the current period is about 426 crore. At the consolidated stage it is 1440 crore is the order book at the end of nine months period. Whereas order booked for the nine months period is about 491 crore. These are the broad financial numbers which I want to share with you. Now we can move in to the question and answers session.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Nilesh Soni from India First. Please go ahead.

Nilesh Soni: Sir, I have a couple of bookkeeping questions. Sir, can you please give the split of the order book segment wise at the end of Q3?

S. Gurunatha Reddy: Segment wise means in terms of the defense it is about 18%, order book at the end of nine months period stand alone, overall it is about 1285 crore.

Nilesh Soni: And the split between?



S. Gurunatha Reddy: Defense and defense PSUs is about 192 crore, space is about 282 crore, hydrology and meteorology are about 54 crore, exports is about 751 crore and others is about 6 crore.

Nilesh Soni: And sir what all orders we are expecting, in this Q4 and for FY21?

S. Gurunatha Reddy: Mr. M. V. Reddy will take it.

M. V. Reddy: So, in Q4 we are likely to get about 184 crore, so in that defense about 150 crore that is domestic, from the domestic sector and space was not much it is about 10 crore and exports about 20 crore and meteorology all put together about 4 crore.

Nilesh Soni: Okay, this is for Q4 right?

M. V. Reddy: Yes.

Nilesh Soni: And sir can you guide in same way for FY21?

M. V. Reddy: FY21 we are likely to book about, as on date we have visibility of 500 crore and that again



from the domestic defense sector about 270 plus 50, 320 and then exports about 100 crore, meteorology about 30 crore.

Nilesh Soni: And nothing from space?

M. V. Reddy: Space about 50 crore.

Nilesh Soni: Okay. And sir one more last question, what were the LDC for Q3 and nine month FY20 if you can share?

S. Gurunatha Reddy: Three months it is about 3 crore and for the nine months it is about 5 crore.

Moderator: Thank you. The next question is from the Anik Das from Mount Intra Finance. Please go ahead.

Anik Das: Just a few update, like on the space since the order is really small as of now. So, in FY20 we expect a significant slower sales from space in that case sir?

S. Gurunatha Reddy: You mean FY21?



Anik Das: Yes, FY21.

M.V Reddy: FY21 actually we have a pending order close to about 90 crore which will be executed in the next year. But otherwise in terms of order book I don't expect a major order except communication payload systems which contribute about 50 crore for the next year. And again maybe FY22 we will have a repeat production orders like what we got it in the last year. So next year or the order book from the space will not be much, maybe about 50 crore I am expecting but otherwise, we have a backlog orders that can be executed for the next year. Close to 90 crore.

Anik Das: Okay, sir. And sir in defense like any, apart from this order guidance which you have given in FY21 is there any other possibility sir where we can get order on that, particularly in terms of the new development which are taking place in terms of either Akash or anything?



M.V. Reddy: Like the Akash in fact BDL is expecting order from army as well as airforce. So that order probably we are likely to get by March. That is we are hoping so because if BDL gets by at least by September 20, I think we should be hopeful to get this order by March 21.

Anik Das: So this is not factoring in the defense 320 crore order which we are expecting?

M.V.Reddy: No, it is not factored. We are not sure.

Moderator: Thank you. The next question is from the line of Sundar Bahubali an Individual Investor. Please go ahead.

Sundar Bahubali: And you have guided us that we will reach a profit of about 60 to 65 crore this year, which we will do, so congratulations on that. Also, I have a question saying you had said that we are targeting to get to order book of three times revenue. How soon can we get to that and see tangible results and do we have the



capacity to execute orders of more than 500 crore per annum?

M.V.Reddy: Well as far as a capacity is concerned we have built that capacity to execute more than 2000 crore for sub business. But this orders like as I mentioned in the last concall, we have been participating in many major programs. It all depends on the timing of these contracts to be synced and then also the budget allocation and all. So, at this point of time difficult to mention that when we are going to get major orders, but yes we have been participating in major contracts, so that will have a good order book. So, at this point of time whatever I just mentioned the guidance is from the portfolio and most of them are repeat in case, in some contexts were of course in from the R&D stage.

Sundar Bahubali: But so, when can we say that Astra can grow 15 to 20% for the next five years, if you have such a fantastic capacity, when can we



expect growth to visible growth for the next four to five years of 15 to 20%?

M.V.Reddy: So, it all depends upon the timing of the contract as I mentioned. So, I think probably once these contracts, one or two contracts, we get it that definitely will have a good day of growth in the company.

Sundar Bahubali: Which contracts, domestic?

M.V. Reddy: Many programs we have participated. So, some of the programs which I do not want to reveal here in this particular concall. But, yes there are some good programs which we have participated with order almost about 400 to 500 crore kind for contracts.

Sundar Bahubali: Okay. And why are debtors, outstanding more than 180 days. When can we expect this to normalize?

S. Gurunatha Reddy: Debtors it is a mix of issues like certain items which are supplied, which can be



cleared until the ultimate system is proven that is number one. Number two is that some of the supplies which are made to meteorology and hydrology sectors where we're also responsible for installation and commissioning, and these sites are spread all over India. So, there's a logistics which are to be managed. The cumulative effect of these things generally push the release of the payments. And consistently we are trying to see that 180 days is kept at minimum and we continue to do that.

Sundar Bahubali: So, there's no issue on that front right?

S. Gurunatha Reddy: No, there is no issue. In fact whenever we find anything is not realizable immediately we are taking care of that in terms of provisioning and all. Therefore, whatever debtors we are showing in the books of accounts as of today there are all clean debtors.

Sundar Bahubali: So, you had suggested like we will do 550 crore this year, can you give a guidance on the



revenue on PAT for the coming year for FY20-21?

S. Gurunatha Reddy: Revenue also we have broadly mentioned in the last concall, now we can confirm that we should be doing close to about in the range of 525 to 550 crore of top line will be there for the next year. And in terms of the profitability, it will be PBT level, it will be in the range of about 10 to 12% of the net sales for the company.

Sundar Bahubali: Okay. And any visibility on the HPR order?

M.V. Reddy: HPR order is in the TEC stage, I think maybe another three to four months we'll have more clarity on that.

Sundar Bahubali: Okay. And just one small suggestion if you can come out with an investor presentation with the order book and everything it will be more helpful?



S. Gurunatha Reddy: We'll do that, we will try to share more and more information as we go forward.

Sundar Bahubali: Also any update on the Zuari stake build up, because again one issue that the investors have is that we don't understand who is the actual promoter, because this is what you had said last time also that whenever things are suitable, you will inform but any anything on that?

S. Gurunatha Reddy: As of today we are managing I think we are managing well. So let us be happy with the situation. Let us see how it develops.

Moderator: Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.

Kirti Jain: Sir for the current year, we continue to expect around 480, 500 crore kind of business and what is the expected revenues for the current year?



S. Gurunatha Reddy: It will be around (+475) kind of thing.

Kirti Jain: Okay. Sir, in the last quarter it will be more of exports our how it will happen sir?

S. Gurunatha Reddy: Last quarter, it is 50-50 between domestic and exports.

Kirti Jain: Okay. So, margins should be relatively a little lower right sir?

S. Gurunatha Reddy: Yes, in the last quarter yes, because the mix is going to change, the margins are going to be slightly corrected compared to this quarter.

Kirti Jain: Okay. Sir when you guided about the next year growth, despite order backlog being quite strong. Why we are guiding a double, just in 15% kind of growth sir, any particular reason?

M.V. Reddy: Most of the domestic projects what we are likely to get, we got it this is basically for two years contract execution period. So that only



50% or 40% will be executed in next year and balance every FY22.

Kirti Jain: Okay. And also the margin now has been relatively strong like we are doing a PBT margin of +20% in the current quarter. Why we expect it to come off?

S. Gurunatha Reddy: In terms of overall margin I said, don't look at what has achieved in this quarter if you look at the.

Kirti Jain: YTD sir?

S. Gurunatha Reddy: Sorry?

Kirti Jain: YTD we have done 50 crore of PBT on sales of roughly to 290 crore. So, just like 20% margin we are done?

S. Gurunatha Reddy: No, on 290 crore we have done a PBT of about 50 crore, it is around 17% right.

Kirti Jain: Yes, sir.



S. Gurunatha Reddy: In the last quarter it gets corrected because the mix is going to change compared to what is there as of today. As a result whatever the numbers we said, those things are likely to happen.

Kirti Jain: Sir next year why we expect the margin to come off from this current levels?

S. Gurunatha Reddy: No, it is not coming off, I have given a band of 10 to 12% even the current year where the end of 12 months period it will be close to about 10 to 12% maybe slightly better. So more or less it is going to be same in terms of the percentage terms.

Moderator: Thank you. The next question is from the line of Anirudh Jain an Individual Investor. Please go ahead.

Anirudh Jain: Just want to understand on our R&D process, so how we decide on some product we want to do some kind of R&D and whether we



can able to pass the prices which we incur during the process the customer?

M.V. Reddy: Exact question, I didn't get your question so that R&D process you mean to say that, are we in a position to execute these R&D projects in the timeline of the customer on what exactly your questions is?

Anirudh Jain: So, how whether customer tell us about to do a particular R&D on particular product or we on our own go on?

M.V.Reddy: Yes, I got your point. See in our company R&D is of two nature, one is that the –18:59 order which we receive from DRDO or even ISRO and all kind of an organization. There is against order we develop, design, develop and supply as per the customer requirement. The second R&D is the proactive development, which we develop based on the requirement of the market and that we will offer to the



customer so, that is a second type of R&D. So, we have both functions in our company.

Anirudh Jain: Okay. So, we can be able to pass the R&D cost to the customer, wherever the orders are coming from consumer?

M.V. Reddy: Yes, actually that is, basically it's a competitive tenders, it is not something like which they are coming to us in a single proprietary case. Most of these orders are in a competitive tendering mechanism. So, obviously we have to compete against the players and we have to win those orders.

Anirudh Jain: Okay. Also sir on this export point, so can you just guide us on how the panning the FOREX risk and also competitively the receivable days and export must be lower that is what my assumption is, so can you just guide us on that?

S. Gurunatha Reddy: Yes, in terms of receivables what you said is correct. It ranges around 15 to 20 days



kind of thing. Therefore we don't see much of risk in that, whereas imports we estimate the requirements in advance wherever it is possible and try to cover it up with forward cover.

Anirudh Jain: Okay corporate covers. And sir also on this sector wise if you can give some light on which sectors are better in terms of margin for us?

S. Gurunatha Reddy: Actually the domestic sector is better than export that much I can tell you, so I don't want to go in further any detail.

Anirudh Jain: Okay, I got it. And just last question sir. Is there any plan from promoter to increase that stake so it is now in single-digit?

S. Gurunatha Reddy: No we don't see immediately any increase in the promoters holding .

Anirudh Jain: Okay. And just some light on this strategy with respect to the subsidiaries and changing?



S. Gurunatha Reddy: One subsidiary with Rafael which is Astra Rafael Comsys. It is a joint venture company started to work for delivery of the order which is about 140 crore. Presently the OJT, that is on the job training, those things are happening. So it will have full revenues in the next financial year. That is about the JV, the other two are 100% subsidy Bhavyabhanu Electronics and Aelius. Bhavyabhanu largely it is for captive consumption, it is also doing well. Aelius is relatively young company. It is doing well.

Moderator: Thank you. The next question is from the line of Harish Shiyad and Individual Investor. Please go ahead.

Harish Shiyad: This is regarding the PBT percentage we have achieved in the current three months and the nine month is of 21 and 17 crore these three months and nine months. On the basis of export 43 and 35%. Still we are saying that the fourth quarter will be 50-50 export and



domestic but then you are at 43% you have done the 25% margin so how it will come down to 10 to 12% by year end?

S. Gurunatha Reddy: Year end there will be certain provisions which we have to make keeping all these into account we would like to estimate around that.

Harish Shiyad: Okay, but every year you do the provisioning at the end of the year only the type of provision?

S. Gurunatha Reddy: Largely, yes.

Harish Shiyad: Okay. And the FY21 we are targeting to 525 to 550 crore, what a broad breakup between the domestic and export?

M.V.Reddy: Domestic would be around 300 and export will be around 215.

Moderator: Thank you. The next question is from the line of Sundar Bahubali an Individual Investor. Please go ahead.



Sundar Bahubali: Sir this number that you gave me in the earlier question when I was earlier in the queue, you said 10 to 12% is what you are guiding you can do better than this?

S. Gurunatha Reddy: If it is better, everybody is going to be happy.

Sundar Bahubali: Yes, that's what I'm saying. So it can be better. This is the base that you are giving?

S. Gurunatha Reddy: Yes, let us wait and see.

Sundar Bahubali: Okay. And second thing is this order book that you've given the 1400 crore in the consolidated financial, this is including all the JV?

S. Gurunatha Reddy: Yes, it is including all the JV and JV order book is close to about 140 crore.

Sundar Bahubali: And when you said you will do 525 crore revenues next year this is including the JV?



S. Gurunatha Reddy: JVs profit, share of revenue from JV wouldn't appear as a top line, it's the share of profit or loss. So it does not include that number.

Sundar Bahubali: So you're seeing that 10 to 12% which you'll do on 525. So we add the JV profit to that?

S. Gurunatha Reddy: Yes, JV profit or loss it will be there.

Moderator: Thank you. The next question is from the line of Suresh Aggarwal an Individual Investor. Please go ahead.

Suresh Aggarwal: Congratulation for the fantastic result, but sir why the promoter stake is reducing quarter by quarter, even last quarter around 2.9% or something has been reduced, what's the reason for promoter reducing stake?

S. Gurunatha Reddy: See at least in the recent past, in the last two quarters there's no reduction in the promoters holding. We have done a



reclassification at the end of last financial year because of that some of the associates have been taken out from the promoters list that is the only change happened.

Suresh Aggarwal: Okay, then which mutual fund or anybody other is holding much sizeable amount of stake in our company?

S. Gurunatha Reddy: There are various shareholders, we have close to about 40,000 shareholders.

Suresh Aggarwal: So, is there any program to increase the promoter shareholding in the recent coming quarter?

S. Gurunatha Reddy: No, there are no plans as far as we know there are no plans.

Moderator: Thank you. The next question is from line of Pracider Adikari from RCML Investment. Please go ahead.

Pracider Adikari: Sir, I just want to know the order inflow details for Q3 FY20?



S. Gurunatha Reddy: You want to have the details?

Pracider Adikari: Yes, the break up.

S. Gurunatha Reddy: Did you join late; I have given that in the beginning and I have repeated ones.

Pracider Adikari: No, the order inflow details like in Q3 FY20 the order inflow that we have got like around, no 492 is the YTD, in the Q3 the amount of order that you have got?

S. Gurunatha Reddy: 426 is the orders what we have got.

Pracider Adikari: Yes, 232 is for Q3 right?

M.V.Reddy: Yes, Q3 is about 293 crore is orders what we have got, in that defense and then the. See in last quarter we booked orders worth of 239 crore, so in that from the defense sector 71 crore.

Pracider Adikari: 51?

M.V. Reddy: From defense 71, space 83 and exports 84.



Pracider Adikari: Okay, and sir just one question, this year this quarter console order book contains the order book of the JVs?

M.V.Reddy: No, this order whatever I said it is not included in that. So the consolidated whatever we mentioned 14, 50 crore that is including JV order book. Otherwise stand alone, we have close to 1200 crore 1260.

Pracider Adikari: Okay. But if we do that arithmetic it's coming to 140-150 crore of JV order book right?

S. Gurunatha Reddy: Yes.

Pracider Adikari: But sir just wanted to confirm, earlier we have got a public conference call you have said it's got a 30 million order book for the JV?

M.V. Reddy: Yes another order which is we have to take into that close to 30 million we said we got it, but there we have segregated into two segments.



So if you add all that probably it's about close to 202 crore.

Pracider Adikari: Okay. And sir my last question is that, for FY21 we are assuming something like close to 320 crore of defense order inflow, defense and defense PSUs. So, if you can just specify which areas we will be getting it from?

M.V.Reddy: For FY21 the major orders like again, we expect some orders from the missile sector as well as the radar is one which we contribute more orders. Any orders are like in the pipeline. So those orders and from the radar sector properly we should get close to 150 crore and then EW also we have about 50 crore, from missile electronics group we are likely to get around 120 crore and exports close to 100 crore we are planning to get.

Moderator: Thank you. The next question is from the line of Sundar Bahubali an Individual Investor. Please go ahead.



Sundar Bahubali: Any other JVs in the pipeline, because you had mentioned that you were in talks with a couple of other JVs?

M.V.Reddy: Yes, we are talking to one company for a different technology, but at this point of time it is still in the discussion stage. Hence, we do not want to disclose any information about that, probably in maybe another couple of months' time I think we'll be in position to inform in case it gets materialized.

Moderator: Thank you. The next question is from the line of Harish Shiyad an Individual Investor. Please go ahead.

Harish Shiyad: Sir regarding your breakup of the orders and the revenue, I am attending your call regularly and last time also I said and today also somebody said. It can't be you give press release along with the result, the breakup of the order your received inflow and whatever sales you are into and so that it becomes very clear



to the people. Lot of figures get confused among each other and there's a lot of confusion happening among the investors and the those who are attending the call. I would appreciate if we can implement the small press release about the sales achieved in a breakup wise, export, domestic the space and defense. The same way order in hand and order inflow, that would make things very clear to the shareholders.

S. Gurunatha Reddy: See order in hand and orders booked during the quarter is already given along with the results.

Harish Shiyad: No, but there are many questions coming on the break up between domestic, exports, space, defense. So, anyway you have this information ready with you while you are answering the queries from the call participant. So you can just that publisher on the BSE, NSE website along with your reserve, as a type of a



small press release one page, two page
whatever you feel like.

S. Gurunatha Reddy: Okay.

Moderator: Thank you. Next question is from the line of Suresh Aggarwal an Individual Investor. Please go ahead.

Suresh Aggarwal: December 2019 quarter our sales was around 150 crore and now our net profit was around 23 crore in September quarter also our sales was around 109 crore approximate and our net profit was around 21 crore. So, why we are guiding to such low PBT of around 10 to 12% for the whole year and the next year?

S. Gurunatha Reddy: The profitability entirely depends on the mix of the sales what we are likely to do. In the last quarter we said the exports are going to be almost +100 and the rest is going to be domestic. In the exports the gross margins are very low and hence there will be a correction in the profitability in the last quarter. In addition



to that, year end the provisions for certain expenditures are likely to come in. Therefore, we would like to guide around 10 to 12% for the overall year.

Suresh Aggarwal: Okay. So, we give credit for around whole year revenue of around 470 crore for FY20-21 isn't sir, am I correct?

S. Gurunatha Reddy: 20-21 we said around 525 to 550.

Suresh Aggarwal: so in quarter four we are going to?

S. Gurunatha Reddy: You are talking about FY20 or FY21?

Suresh Aggarwal: No, FY20-21, the whole year going on, like here will be finishing quarter for 2020?

S. Gurunatha Reddy: This is 19-20, it is not 2020.

Suresh Aggarwal: Okay. 19-20.

S. Gurunatha Reddy: So, the 19-20 it is 475 to 485 that is what we have given.



Moderator: Thank you. The next question is from the line of Parag Ashtak from ICICI Prudential. Please go ahead.

Parag Ashtak: I just wanted to ask you, there is some confusion next year FY20-21 you are doing 525 to 550 revenue and 10 to 12% is PBT or PAT?

S. Gurunatha Reddy: PBT.

Moderator: Thank you. Next question is from the line of Suresh Aggarwal an Individual Investor. Please go ahead.

Suresh Aggarwal: Sir what will be the tax structure after this finance budget and before that lowering of the corporate taxes, how much tax bracket we will be there in?

S. Gurunatha Reddy: We are more into the new tax bracket given by the government so the effective tax rate will be about 25.2%.



Moderator: Thank you. The next question is from the line of Rupen Mehta from RN Associates. Please go ahead.

Rupen Mehta: Sir, I have a couple of questions. Sir one is overall outlook for domestic business law, I know you have quantify the likely inflow in FY21 from different verticals like defense, space, med department. So, if I take a slightly longer time horizon, maybe say next two to three years. How do you see the pipeline shaping up. That's number one and secondly, current order book is predominantly dominated by export which traditionally enjoys lower margin. So, by when do you see probably by say FY22, FY23 by when do you see the mix shifting in favor of more lucrative domestic business. That's it?

M.V. Reddy: Well as I already mentioned in the previous call. So the domestic sector, it all depends like the programs, in have been participating in couple of programs which I got a good



potential like in the system business that we say lucrative business as compared to the subsystem business, as subsystem business is always of the order of 70, 80 crore, 100 crore kind of a business, but once you get the system contact it will be of, order of close to 200 to 400 crore kind of a business. So we have participated in few opportunities and we expect this one at least couple of them should get materialized in years to come, in couple of years to come because this is going to take a long station period to finalize these contracts and all. So, unless we get this kind of a system contracts, we don't get that kind of a business where in you are talking about more in terms of the domestic as compared to the exports. So, as this subsystem market is of this nature only like 400 to 500 crore kind of business segment.

Rupen Mehta: Okay. Because export, currently I think of the total order book more than 50% is from export. So, as you rightly pointed out,



depending on the outcome of the programs which we have participated, do you foresee a total change in trajectory of order books mix?

M.V.Reddy: Definitely, as I said, if we are successful definitely the trajectory will be little changed.

Moderator: Thank you. The next question is from the line of Kirti Jain from Sundaram Mutual Fund. Please go ahead.

Kirti Jain: Sir given the order flow which will be built up in the FY22, and it is building in favor of a domestic order flows. So can the margins improve from 10 to 12% in FY22 sir directionally?

M.V.Reddy: FY22, actually we have not given any figure as on date, we were only discussing about FY21. So FY22 yes, there will be more visibility in terms of the domestic defense business as also from the space business like whatever we backed couple of contacts from space, those orders gets repeated in FY22. So in FY22



definitely the domestic business is going to take major role.

Kirti Jain: And also sir revenue growth momentum, can it accelerate sir from this 10 to 15% growth range. Any chances are there, because the order book will be of 1200 crores.

S. Gurunatha Reddy: Visibility is there but it's too early to comment on that because we are only talking about FY21 maybe I think after two quarters probably will have more clarity on FY22 business outlook.

Moderator: Thank you. The next question is from the line of Sundar Bahubali an Individual Investor. Please go ahead.

Sundar Bahubali: Also one thing that I've been seeing that our order book was very poor about a year ago or two years ago, standing at 300, 400 crore. So what has changed why was it so low and why this has become so high again?



M.V.Reddy: It all depends like in the market, as projects like, it's timing of projects and all and of course we backed decent orders from export market segment. So that is a major difference as compared to the two years back what we booked orders, though domestic more or less, we've been maintaining 10 to 15% growth in terms of order book. But on the export front we backed decent orders in last couple of years.

Sundar Bahubali: But I hope that we won't be going back to the days where we see an order book below, like at such low levels of 300, 400 crore is that a possibility, because that is very worrisome?

M.V.Reddy: Well, I think the projects what we could see and where we participated, it should not get into the same situation. So as I said, it all depends like the government budgets and the program timings. So, many of these projects they should be allocated and then also based on the Tier I order, so we had to depend on them.



So it all depends like timing of the contract, but the visibility is good for next couple of years.

Moderator: Thank you. The next question is from the line of Govind Sahoo from IndiaNivesh. Please go ahead.

Govind Sahoo: Sir I just wanted to clarify on the margin part, we are guiding 475 crore of revenue for FY20 with a PBT margin of 10 to 12%. Whereas in the first nine months we have already done a PBT of 50 crore. So, are we under guiding something?

S. Gurunatha Reddy: No, see as repeatedly said, there are two reasons, one is the mix is going to be entirely different in the last quarter. And other will be, provisioning requirement in the last quarter these two things will pull down the margins. So, that is the reason why we are getting around 10 to 12%. It is good if we can exceed beyond this. So, as of today this is what.



Govind Sahoo: But sir in that condition we are assuming a very marginal PBT or maybe a zero PBT or negative to marginally positive PBT in quarter four?

S. Gurunatha Reddy: Definitely not negative. The PBT in terms of absolute numbers, it will be closer to about 10 to 12 crore kind of thing. So, that will give you about 12% and slightly more than 12%.

S. Gurunatha Reddy: Steven if no more questions are there let us close the call now.

Moderator: Sure. Sir any closing comments?

S. Gurunatha Reddy: Thank you ladies and gentlemen, for your participation and look forward to talk to you again at the end of the financial year. Thank you.

Moderator: Thank you. Ladies and gentlemen on behalf of Astra Microwave Products Limited that concludes this conference. Thank you for



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