



## ASTRA MICROWAVE PRODUCTS LIMITED

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February 1, 2018

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

**Scrip code: 532493**

Dear sir,

### **Sub: Conference call transcript.**

We are sending herewith Conference call transcript held with analysts on 30<sup>th</sup> January, 2018.

This information is also uploaded on the website of the Company  
[www.astramwp.com](http://www.astramwp.com).

Thanking you,

Yours faithfully,  
**For Astra Microwave Products Ltd**

*T. Anjaneyulu*

**T. Anjaneyulu**  
**Dy.G.M - Company Secretary**

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## “Astra Microwave Products Limited Q3 FY2018 Earnings Conference Call”

January 30, 2018



**MANAGEMENT:** **MR. S. GURUNATH REDDY - WHOLETIME DIRECTOR & CHIEF FINANCIAL OFFICER – ASTRA MICROWAVE PRODUCTS LIMITED**  
**MR. B. MALLA REDDY - MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER - ASTRA MICROWAVE PRODUCTS LIMITED**  
**MR. M.V. REDDY – DIRECTOR (MARKETING AND OPERATIONS) - ASTRA MICROWAVE PRODUCTS LIMITED**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Astra Microwave Products Limited Q3 FY2018 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by 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 Wholetime Director and CFO. Thank you and over to you Sir!

**S. Gurunatha Reddy:** Thank you. Good morning ladies and gentlemen. I welcome you to this Q3 financial results conference call. I am Gurunatha Reddy. I have with me, our CEO, Mr. B. Malla Reddy and Director Operations and Business Development, Mr. M.V. Reddy.

The results were taken on record by the Board of Directors in their yesterday's meeting, some of the bullet points in terms of broad performance for the quarter are, we did about Rs.86 Crores of revenues, we earned about revenues of about Rs.86 Crores and for the nine months period it is about Rs.191 Crores.

The gross margin for the quarter is around 65% and for the nine months period it is around 72%. Profit before tax is about Rs.25 Crores for the three months period and for the nine months it is about Rs.42 Crores. Profit after tax for the three months is about Rs.16 Crores and for the nine months period, it is about Rs.30 Crores. We were able to maintain overall profit margins as indicated in the beginning of the year. The PBT to sales is about 30% for the three months period whereas for the nine months it is about 21% and the PAT is about 20% for the quarter and for the year it is about 15%. We expect to maintain same profitability margins for the year ended March 31, 2018.

In terms of order book during the quarter we were able to book about Rs.46 Crores worth of orders. Cumulatively we have booked about Rs.214 Crores of orders and order book at the end of the year is about Rs.533 Crores. The long-term borrowing is about Rs.80 Crores at the end of nine months period and short-term borrowings is about Rs.28 Crores. In terms of sales achieved for the quarter even though we have given the revenues from the operations but otherwise in terms of the sales achieved because there are certain adjustments, which we have to carry out from Indian GAAP to Ind-AS so that is the reason why I am sharing this information separately. The sales for the three months is about Rs.97 Crores that is a gross sales and net sales is about Rs.82 Crores and for the nine months period, the gross sales is about Rs.239 Crores and net sales is about Rs.199 Crores. This is after taking into consideration, various adjustments that are required for Ind-AS accounting.

Going forward we expect to do about Rs.380 Crores of sales for the entire year, which is a drop from Rs.420 Crores, what we have promised up to the second quarter. The reasons and how the



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scenario is going to be going forward we will explain during the question and answer question. With this brief introduction, I will open this call for question and answers.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Abhijith Vara from Sundaram Mutual Fund. Please go ahead.

**Abhijith Vara:** Thanks for taking my questions. Sir first question is on the guidance down revision if you could you explain what has played out, the topline guidance Sir?

**M.V.Reddy:** In the beginning of the year, we have taken few projections, which are under development which, there were some technological challenges we have faced during the execution phase, so those orders are going to the next year especially like the contact, which we have received from DARE and also there is a one project for the Akash Missile subsystem which has gone for the design iteration, so initial lot of production we had some technical issues and these got resolved in November, December so those sales are going a little slow , because of these are the two projects to a large extent the sales are going down.

**Abhijith Vara:** The first project is what Sir? Second one you said Akash subsystem?

**M.V.Reddy:** Akash subsystem is the one subsystem, which has gone for the design iteration that is in fact we are supposed to launch the production in the month of July, but we started supplying only from December month and the first one is the one contract we have received from Dave, which were supposed to be completed in this financial year, it is going for the next year because the development process took a long time and there is another project which is from the space, we got the order, but there was a delay from the customers to issue the free issue of material from Space Application Center. So that is the third contract, so these are the few major contracts which we missed in this year, and which are going for the next financial year.

**Abhijith Vara:** Okay, some how Rs.380 Crores is achievable Sir?

**M.V.Reddy:** Yes, Rs.380 Crores achievable.

**Abhijith Vara:** You also mentioned that the profit margins of nine months will be maintained in Q4, just want to clarify, the 20% PBT margin will be maintained is it for Q4 as well?

**S. Gurunatha Reddy:** Yes. We should be able to maintain. In conclusion, what I want to say is that even though there is a drop in the topline for the year, we expect to maintain more or less profitability levels of last year.

**Abhijith Vara:** Second question is on order flow Sir. What is the revised guidance for order flow in the current year and near-term also and the beginning of next year what are you seeing?



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**M.V.Reddy :** For the current year so far we have booked about Rs.210 Crores and in Q4 that is the next two and a half months we will be booking around Rs.120 Crores, so against the projected figure of Rs.600 Crores in the beginning of the year, we may end up at a booking of Rs.340 Crores around close to that.

**Abhijith Vara:** Sir substantial drop what programs are getting deferred Sir?

**M.V.Reddy:** In the beginning of the year, we have taken a few projects like 7 Squadron Akash, which is the major one about Rs.135 Crores was the planned order in the beginning of the year, there the Tier 1 supplier like Bharat Electronics itself did not have the orders, so recently only the order got concluded, the negotiations got concluded, so most probably by March Tier 1 supplier will get the order and we expect our orders in the first quarter of the next year, so this is about Akash program for the Air Force. The order, which we discussed in the last investor call is the order from ELTA, which is a repeat order from India, so that negotiations are completed with us but they are yet to get the contract from India, so because of that it is getting shifted to the next year. This is worth about Rs.190 Crores. These are the two major contracts, which we thought of booking in this year but is getting to the next year, order booking.

**Abhijith Vara:** This Rs.190 Crores is offset clause?

**M.V.Reddy:** Yes, this is under offset, which we have executed few years back the same contact as a repeat order we were supposed to get this year but since there was a delay from the Indian government on that company, so our order is also getting delayed.

**Abhijith Vara:** This is for ELTA system Sir?

**M.V. Reddy:** ELTA. It is from ELTA and a few other orders like one is that from BEL Ghaziabad, which was likely to materialize by December, this order also is going for June and July. This is about worth of Rs.38 Crores and then from space for RISAT-1A actually we were expected two contracts one is RISAT -1A and RISAT-2. RISAT-2 will materialize before March, but whereas RISAT-1A, there was some delay in the contract finalization, so most probably buy first quarter or second quarter we will be able to book that contract, so this is also another major order worth of Rs.70 Crores. So these are the few contracts, which we indicated in the beginning of the year and getting shifted to the next year order book. So next year guidelines order in terms of order booking we are projecting though we have opportunities worth of 750 Crores but with the process delays what we have seen in this year we wanted to project Rs.650 Crores for the next year order book.

**Abhijith Vara:** This Rs.650 Crores, Rs.190 Crores of ELTA?



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**M.V. Reddy:** Yes, including Rs.190 Crores of ELTA. Rs.650 we will be able to book the orders for the next year.

**Abhijith Vara:** Last question from my side. I will join the queue after this. The expansion in margins if you could explain what is driving this, is it because of Ind-AS or because of the product mix and also some colour as to the margins whether they can continue to the next year?

**S. Gurunatha Reddy:** The Ind-AS and other accounting standards have no bearing on the margins. The margins have improved largely because of the product mix, what we had in the current quarter. There is a significant amount of two or three products groups, where the gross margins are fairly better compared to the normal margins of the company and they have contributed in a bigger way during the quarter and hence there is a substantial improvement in the gross margins, but otherwise the Ind-AS accounting standard does not have any bearing on the margins whatever we are showing.

**Abhijith Vara:** No Sir, what I wanted to understand is earlier excise duty was a part of topline, now it is not so topline itself is lower, but absolute EBITDA might remain same because of that also margin calculation is optimally better, so I wanted to understand that might be one reason but as you are saying product mix also is second reason, and just one if I have to just understand for the domestic orders will the current margins with a steady state sort of margins?

**S. Gurunatha Reddy:** No, Abhijith, I think your name is Abhijeet right?

**Abhijith Vara:** Yes.

**S. Gurunatha Reddy:** See if you recall even though in publishing statements we are including excise duty, the gross margins and everything we are always calculating with the reference to net sales of the company whether under Indian GAAP or Ind-AS, so there also we are eliminating all these taxes and now also we are eliminating. Therefore in terms of the percentage calculation and all that change has no bearing whatsoever, the only reason is that the product mix, which we have executed in the current quarter had a better margin compared to what we did in the last nine months and that is being reflected in the overall improvement in the margins of the company.

**Abhijith Vara:** So if the product mix continues, it should continue to the next year?

**S. Gurunatha Reddy:** Yes, absolutely but let me warn you in the fourth quarter when we are looking at the projects which were likely to execute, this kind of mix is not there, therefore probably there will be a small correction in the gross margins as compared with what we have reported now, but it is not going to be substantial.

**Abhijith Vara:** I will get back in the queue. I have few more questions.



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**Moderator:** Thank you. The next question is from the line of Arun Karthik from Karvy Stock Broking. Please go ahead.

**Arun Karthik:** Sir good morning and as bookkeeping question, can you break down the nine month sales into various segments like defense, space, meteorology and exports?

**S. Gurunatha Reddy:** Yes. We will give you that maybe in a couple minutes, can I have you next question because I do not have the data.

**Arun Karthik:** My next question will be on the order book Sir that 533 Crores order book can you break it down to defense space?

**S. Gurunatha Reddy:** Defense and PSU is about Rs.286 Crores, space is about Rs.65 Crores, the others within defense and space is about Rs.6 Crores. Meteorology and exports are contributing to about Rs.17 Crores, exports is about Rs.16 Crores, meteorology is about Rs.1 Crores, that is a break up for Rs.533 Crores of order book as of December.

**Arun Karthik:** Sir next question will be on this revised guidance of 380, so it is like a gross sales of Rs.380 Crores with PBT of 20 plus and around that?

**S. Gurunatha Reddy:** PBT of around 18% to 20%.

**Arun Karthik:** 18%-20% and another question was on the intake, what will be Rs.120 Crores guidance that we had given, what will be those projects Sir?

**M.V. Reddy:** For the Q4 order book? In this majority like almost from defense we are expecting about close to Rs.40 Crores and from space about Rs.80 Crores, and Rs.4 Crores from the exports.

**Arun Karthik:** Any other office contracts that we have expecting in FY2019?

**M.V. Reddy:** So FY2019 yes, we are expecting that. We just discussed about that Rs.190 Crores, apart from that we probably get another Rs.25 Crores to Rs.30 Crores, but not much.

**Arun Karthik:** Okay and rest will be like amongst this defense, space, is it possible to give any breakdown of that?

**M.V. Reddy:** For next year's order book?

**Arun Karthik:** Yes.

**M.V. Reddy:** For defense Rs.290 Crores, in this Rs.87 Crores from Radar and about Rs.125 Crores Missiles and Rs.78 Crores from EW and space we are likely to book Rs.75 Crores and then exports as I



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said Rs. 190 plus additional about Rs.40-50 and then meteorology and all other put together about close to Rs.40 Crores.

**Arun Karthik:** Sir in terms of the Akash subsystem that you say that you mean to refer to the Seekers project?

**M.V. Reddy:** No what I referred is radio proximity fuse, which we have been supplying so it has gone for the design modification, so we have now started supplying with a new design so that we had initial and first lot of production we had some technical issues, which got resolved so because of that the sales got dropped by 20 Crores. I was referring to radio proximity fuse.

**Arun Karthik:** Are we into the Seekers project?

**M.V. Reddy:** Yes, we have already as we mentioned in previous call also, we have taken up proactive development on X-Band and KU Band Seekers, both are almost reaching final stages, still on the testing stage it is there, so X-band Seeker we have given to for the validation for one of the customer so probably we will be able to complete that in another four to five months timeframe as far as KU Bank Seeker is under the testing stage at our facility.

**Arun Karthik:** Okay and from a layman's perspective the Seekers will replace RPF?

**M.V. Reddy:** No actually there are two programs in that one program which the Seeker will replace RPF and other program may know these both CGU and RPF will continue.

**Arun Karthik:** Okay. This is like Akash-I.

**M.V. Reddy:** Yes, Akash-I and this is another program about Akash NG.

**Arun Karthik:** Akash NG. Okay Sir and anything on the subsidiaries and future outlook for the subsidiaries, Singapore and JVs between Thailand, Canadian Company?

**S. Gurunatha Reddy:** Singapore subsidiary is doing well. It has started earning revenues. We will not be able to give any specific numbers immediately, but otherwise it is in the revenue earning mode whereas the other JV with Rafael, we are still in the formative stages only probably in the next quarter call, we should be able to share much more details on that.

**Arun Karthik:** And the Canadian subsidy?

**S. Gurunatha Reddy:** Canadian subsidy I have already mentioned in the last call it is going slow probably we would not see much of an activity immediately in that Canadian JV.

**M.V. Reddy:** We are developing one particular product jointly. This is basically for missile application this is high power amplify so once the product is out probably we will start some sort of a production



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activity but as such since we are waiting for that particular product to be developed we are not pursuing any other projects as on date.

**Arun Karthik:** Sales breakdown Sir?

**M.V. Reddy:** Sales breakdown for this year total 380 Crores whatever we were referring in this radar will be contributing around 131 Crores and missile and telemetry put together around 130 Crores, electronic warfare segment about 32.6 Crores and space would be around 28 Crores and in exports around 40 Crores, the rest are the things are metrology and AMC and all so all put together around 380 Crores which are there likely to book the sales in this year.

**Arun Karthik:** Thank you.

**Moderator:** Thank you. The next question is from the line of Subhankar Ojha from SKS Research & Capital. Please go ahead.

**Subhankar Ojha:** Thanks for the opportunity Sir. I missed out the revised guidance but can you repeat that Sir please for FY2018 revenue and the margin guidance?

**S. Gurunatha Reddy:** The revenues are going to be around 380 Crores. In terms of the margins in certain percentages we will be able to maintain what is being consistently achieved, but absolute numbers the profitability will be more or less as of last year.

**Subhankar Ojha:** So there is basically the revised guidance for the revenue largely.

**S. Gurunatha Reddy:** Yes.

**Subhankar Ojha:** And have you also shared the breakup of exports and domestic for the nine-month number?

**S. Gurunatha Reddy:** The exports are not much. I think the overall exports for the nine months is are about 7 or 8 Crores .

**Subhankar Ojha:** For nine months.

**S. Gurunatha Reddy:** Yes for nine months, predominantly it is a domestic business what we have done.

**Subhankar Ojha:** Thank you so much.

**Moderator:** Thank you. The next question is from the line of Rahul Murkya from Jefferies. Please go ahead.

**Rahul Murkya:** Thanks for taking my question. Sir just can you give some guidance or some colour on major orders, which you see in pipeline for the next six to eight months?



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**M.V. Reddy:** Next three months, as I said, we will be booking 120 Crores which as I gave you breakup of each segment wise. I have not mentioned the product wise but the one is that order is that two X-band we are expecting the order from ISRO that is the one major order, which we are likely to book and also from that Space Application Center also we are likely to book about 30 Crores for various subsystems and then in the radar domain it is about 1 Crores we are likely to book and the missiles about around 10 Crores and in electronic warfare, which we are negotiating which is in Hyderabad one of the Samudrika production program we are likely to book around 25 Crores so these are all major orders, which are likely to be booked before March financial year before March end. By the next year I have already given the details in the previous call 650 Crores I think I have mentioned segment wise.

**Rahul Murkya:** Sir I just missed that number you said defense would be around 190 Crores am I correct?

**M.V. Reddy:** Yes around that.

**Rahul Murkya:** And of that 290 Crores 187 Crores would be radar.

**S. Gurunatha Reddy:** For the next year in 658 Crores again I will repeat in the defense 86.39 Crores from Radar, 124.9 Crores from missile and 77.79 Crores from EW.

**Rahul Murkya:** Thanks a lot.

**Moderator:** Thank you. The next question is from the line of Ketan Gandhi from Gandhi Securities. Please go ahead.

**Ketan Gandhi:** Sir is it possible for you to share some of the large opportunities in next couple of years, program wise?

**M.V. Reddy:** Well we have been participating to start with existing programs, which are likely to get repeat orders like Seven Squadron Akash and then also Army also they are likely to get orders for two regiment so these are the two major programs in the production front and also for few products, which we have developed recently, we are likely to get orders like the BHH we have developed for new generation anti-radiation missiles and also for the PSM and also fire control radar these are the two radars we have been supplying the subsystems and we are likely to get more quantity in those two programs. Apart from that the programs, which we have already developed a few years back and likely to get into production is the MPR/Medium Power Radar, which BEL is likely to book the order from Air Force so there we have our subsystems. Similarly for Army this Barney Mark II that is also we have overall our subsystem in that particular program and on the export front as I mentioned this repeat orders which we are likely to be book from ELTA and also this few programs, which we are discussing with LBIT and Rafael also we are likely to book close to about 100 Crores in next two to three years and then the other major order is AVACS



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program phase II, which is in principally cleared and they are waiting for the budget allocation so that will give us at least close to 200 Crores worth of business in next two to three years.

**Ketan Gandhi:** Does it include Sir Seeker, which we have developed for NG?

**M.V. Reddy:** Yes Seekers also we are including from FY2020 onwards we will see the orders for the Seekers.

**Ketan Gandhi:** And there was SDR so any update?

**M.V. Reddy:** Yes, SDR that one win asset that Rafael is SDR program only.

**Ketan Gandhi:** What is the status of that, I believe there was the L1?

**M.V. Reddy:** From Air Force they have received the contract and we have got enquiries last quarter. We are working on the proposals and most probably in first quarter or second quarter we are likely to book those orders.

**Ketan Gandhi:** It will be in the JV right Sir?

**M.V. Reddy:** It is under JV yes.

**Ketan Gandhi:** So Rafael has got the orders and we are yet to finalize the terms and conditions?

**S. Gurunatha Reddy:** Yes we have got enquiries recently and we are working out on the proposals.

**Ketan Gandhi:** Sir any update on Project Uttam?

**M.V. Reddy:** Project Uttam LRDE has completed the development part of it and only the aircraft integration part is left and that they are working out with ADA and once it is proved and then probably we will get orders. We are in the fray and it may take some more time for us to get the production quantity so the discussions are going on with, the DRDO is discussing with users so we are yet to finalize the quantity and all sort of a thing.

**Ketan Gandhi:** Sir user trial is completed for Uttam or still under process?

**M.V. Reddy:** Not completed in fully.

**Ketan Gandhi:** So we are not sure whether it will be as soon as it is complete then only we will come to know that whether it is we are getting that order or not?

**M.V. Reddy:** Yes I think, they are confident that it will be completed soon so we are hoping that this will be completed in next year so I think that is a model way we have followed.



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**Ketan Gandhi:** So after the initial quantity it might be if it is a stressful then we might see Project Uttam to be fitted in the Tejas?

**M.V. Reddy:** Yes.

**Ketan Gandhi:** Thank you.

**Moderator:** Thank you. The next question is from the line of Abhijith Vara from Sundaram Mutual Fund. Please go ahead.

**Abhijith Vara:** Sir could you give some color about working capital how it is moving?

**S. Gurunatha Reddy:** Sorry working capital in terms of the receivables?

**Abhijith Vara:** Receivables.

**S. Gurunatha Reddy:** Yes receivables normally it is about 90 to 120 days probably it can go up to even 180 days.

**Abhijith Vara:** No, I wanted now Sir as of December quarter?

**S. Gurunatha Reddy:** As of December quarter...

**Abhijith Vara:** Or you can give me net working capital that is fine?

**S. Gurunatha Reddy:** No. I can give the breakup inventory is about 165 Crores, receivables and other current assets is about 160 Crores. and total current asset block of about 422 Crores and the current liabilities including the short-term maturity of the long-term liabilities is about 152 Crores, Abhijith you got it?

**Abhijith Vara:** Yes. And second question is the execution tenure for the current order book about 533 Crores how many months do you have to execute this, average execution?

**M.V. Reddy:** From the existing orders most likely be about against this 530 Crores 375 Crores will be executed in the next year FY2019.

**Abhijith Vara:** For additional revenues we will have to book orders?

**M.V Reddy:** Yes, we will be booking in this Q4 that is in the next two months and then few orders, which we are likely to book in April, May also we have taken into the sales.

**Abhijith Vara:** Has the business plan been finalize sir for FY2019 what topline you can achieve or not yet?



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**M.V. Reddy:** We are estimating around 450 Crores for next year topline.

**Abhijith Vara:** And this ELTA order what is the order they are expecting from India, which is getting delayed?

**M.V. Reddy:** I do not want to give you the program name but the order which they have already supplied couple of patterns they are expecting the repeat orders it was already they have discussed and finalized. We are waiting for the FAT/Field Acceptance Test to be completed for the first radar so soon after they complete they are expecting the repeat from the Indian Government.

**Abhijith Vara:** And what could be the probable delay by when can it be possibly laid out?

**M.V. Reddy:** They are likely to get this order by April/May so in all that probably we make it order by August or September.

**Abhijith Vara:** By fag end of H1 only you will be knowing it.

**S. Gurunatha Reddy:** Yes.

**Abhijith Vara:** Thank you.

**Moderator:** Thank you. The next question is from the line of Pratik Chheda. Please go ahead.

**Pratik Chheda:** Sir I have just one bookkeeping question, you said that we have an order book of 533 Crores as of currently we will be executing around 450 Crores in the next year and an order inflow is around 650 Crores so I just wanted to understand the order book that you are targeting at the end of FY2018 could be around upwards of 700 Crores?

**S. Gurunatha Reddy:** At the end of 2018?

**Pratik Chheda:** 2019?

**S. Gurunatha Reddy:** Yes.

**Pratik Chheda:** Thanks.

**Moderator:** Thank you. The next question is from the line of Pratik Chheda. Please go ahead.

**Pratik Chheda:** Sir just a follow up question out of the 450 Crores of execution could you break this down into defense and exports, the execution wise?

**S. Gurunatha Reddy:** Execution wise exports of the order of 100 Crores, the rest all is domestic.



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**Pratik Chheda:** Exports are around 100 Crores and rest all are domestic.

**S. Gurunatha Reddy:** Yes.

**Pratik Chheda:** So domestic how much is from radars?

**S. Gurunatha Reddy:** From radar this should be around 80 Crores and from the missile electronics and telemetry put together around 80 Crores and electronics EW is around 60 Crores and space is about 125 Crores.

**Pratik Chheda:** Thank you.

**Moderator:** Thank you. We will take the next question from the line of Jitendra Gupta from Money Control. Please go ahead.

**Jitendra Gupta:** Sir just wanted to know for the next two years any capex plan you have any capacity expansion or something like the investments what kind of investments you are looking for next two years?

**S. Gurunatha Reddy:** No. We do not see any major capex expenditure except the routine thing what we do on yearly basis 5 to 6 Crores kind of thing. No major capex is planned.

**Jitendra Gupta:** And what is the current capacity utilization we have, if we have to because last two three years we have build some capacity I see?

**S. Gurunatha Reddy:** For this industry it is very difficult to define first of all what is the capacity and therefore I can only talk in terms of the numbers what we have achieved in the previous quarter. There was a time where we did about 650 Crores therefore I would say that as of today we have a capacity to turnout about 1000 Crores of sales.

**Jitendra Gupta:** That is all from my side. Thank you.

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

**S. Gurunatha Reddy:** Thank you for your participation. Look forward to talk to you again at the end of fourth quarter. Thank you very much.

**Moderator:** Thank you. Ladies and gentlemen with that we conclude today's conference. Thank you for joining us. You may now disconnect your lines. Thank you.