

Avantel limited

QUESTION & ANSWERS:

Speaker 1:

Mr. Narsimha Swamy:

(Spoken in local language)

Speaker 2:

Smitha Ashwin Shah:

sir I had few questions. And I request if you can answer it one by one so that it becomes a meaningful conversation. And sometimes No, if I have a follow up, then I can ask at the same moment. That would be really helpful. So, if you can do that. So first of all, I like to congratulate the team on such a stellar performance on both top line and bottom line 40% plus kind of growth was really good to see. Sir we would like to know I mean, we would really welcome Siddharth joining our team of AVANTEL and coming back from us. We would like to know his thoughts and vision of shifting back to us shifting back from us and joining Avantel and know where does he see the fortune is in avantel of himself and where can you take this company know a little bit diversify in some ancillary growth areas since he has a lot of work experience in us also. So, we'd like to really love to hear his thoughts on our company and where we can see some opportunities for growth.

Moderator:

request you to continue to question once all the questions have been asked the chairman sir, would go ahead and answer the questions. Thank you.

Smitha Ashwin Shah:

Sure. Sir would also like to know or what is now out of the prestigious Navy order for the supply of 125 one kilowatt, hf transmission transit transceivers. So that was a really great order of close to almost a century. So, I would like to know how much of that is being executed in last year and how much is pending to be executed in the coming year or two and sir what is the current executable order book as on date. Sir, again, your company has further consolidated its SATCOM vertical, and the new version of MSS system is also being inducted into various AI in platform has

been alluded by you earlier. Also, sir, would love to hear your thoughts on how big is this opportunity and where can we see more orders flowing in if you can highlight some of those would be really helpful. Sir, we are talking in the annual report even last year as well as this year we know we have developed recently into hf and radar domain, but we are also looking to diversify it outside aerospace and defence segment so you can share which areas are we looking to diversify some colour on that would be really helpful to us. Sir on this real time train tracking system order which we have traded with Int to supply 60 to 6300 locomotives, they would like to know whether we are already L 1 in this order, and what will be the rough total size of this order? And know Int being a system integrator, when how much roughly would have avantel get in this pie of order? Answer even earlier, you know, before a few years, I understand when we met at the agm, we are also planning to bid for this order, I think in 2017 18 if I'm right, and at that time user had eluded that no this project cost was somewhere around 100 110 crore and it was not feasible also for us to make any profits on that point of time to Sir hood, I mean, in that earlier order, who has bought that order and was it successful? I would like to know and how is the current order placed in terms of profitability if we compare the previous one which was opened in 2017 18. Sir, also we would like to know your thoughts on our fixed asset base has been increased by around f5 and half crore this year. So, if you can share on where we have added these capacities on cash flow sir, really our cash flows and operations are gone up significantly from almost three crores to 44 crores mainly due to a decrease in receivables and inventories. Sir is it kind of sustainable and it was like purposely we have kind of managed to increase our cash flow so much and on same questions or we have now 43 crores cash and bank balance do we plan to invest this money somewhere whether we are planning to expand or diversify our business can you please talk more about that and lastly sir now we are getting bigger orders idea of roughly 100 crores plus kind of thing. So, what are other this kind of orders which you know management is eyeing or probably they might open up for bidding in medium term. If you could please share your thoughts on that. That will be really helpful. And once again, sir, thank you so much and congratulations on such a stellar performance.

Moderator:

Thank you just for the record. Can you state your name please because the login has been used. Yeah,

Smitha Ashwin Shah:

my name is Darshith shah and I represent Nirvana capital. Thank you.

Speaker 3:

Mr. N Nagamalleswarao:

(Spoken in local language)

Speaker 4:

Vipul:

Many congratulations to Team Avanteel and well grand Welcome to Sagar. Sir. My questions are Can you shed some light on the industry growth prospects and where it is headed? Second, one, how do our product or technology differ from our competitors? Any any benefit of offset policy as it is declared by Modi government, in our business and in industry? Can you share market share of our segment wise turn over how much it is likely to be? From your three to five? I am audible. any plan of doing con call or investor presentation in future? And any and police our shares on National Stock Exchange? And can you share sales and profit target for next two to three years. Thanks, and Congratulations. And one more thing I should appreciate Mr. Murali Krishna and his team, a particular company secretary and his team and they are doing very good work. And last time. I'm also not able because of some technical issue, but he had done a commendable thing and corporate governance is very excellent of our Avanteel. It is we can compare this corporate governance. With TCS. I'm always saying company Secretary that our corporate governance is equal to TCS. Thank you.

Speaker 5:

Amit Indra Dama:

Sure. So, thank you so much for the opportunity. And I would like to congratulate Chairman sir, for the you know, the great work that he's doing mainly on the RND front and all I hereby start asking my questions. So, the first one is as the Indian Navy order, which is approximately 100 crores orders relating to the hf communication system. I just wanted to understand, you know, how many what components basically, it's so, so, basically it can solve 100 ships it can solve, how much it can solve, I mean, in what is the future potential or future likely orders of similar scenario or similar material from Indian Navy? That is point number one, point number two on this order? How do we secure these kinds of orders if you chairman sir can throw some light I mean, is it anyone better or is it some tender process or we don't have any competition in this kind of products, if we can, if we can throw some light on this and third thing on this hf

communication, I understand through our past couple of years annual report that there was some German collaboration done for this hf communication system. And hence is this is it the same product which which has been developed and supplied to Indian Navy and and what role does the German company had to play in this? So that is mainly around HS communication system. The second I would like to understand on the competition, I broadly understand that there are very few competitors who actually does the kind of work with our company to it could be a extra microwave, it could be data patterns, it could be an technologies etc. So, I would just like to understand if if the chairman sir can guide basically what are the top five key products which we manufacture Which we assemble today out of our 77 crore revenue and out of those key products, which competition or manufactures or in which of our products we do not have any competition that is point number one and point number two if I look at the competitor's basket of products, there are a handful of products which are available in the offerings. So, any comment on that or are we in the planning stage to enhance our product offerings or anything on that if we can share? My third question is regarding the diversification plan which has been stated in this annual report wherein it has been stated that the diversification will is likely outside the aerospace and defence segment. Of course, I would like to hear more about this what will be the diversification, but at the same time, I would also like to understand that our company has spent around 8200 crores in r&d in past eight to 10 years mainly in the aerospace and defence segment and the defence segment communication products, which our company is into the potential is quite huge. So, any reasons or any thoughts if we are diversifying and why we are diversifying outside this particular segment? I would like to hear more on that. My next question is that today are 100% or more than 90% of revenue comes from government segment, we have certain products like tracking system or asset tracking system vehicle tracing a tracking system vessel tracking system postal surveillance which can be used like for private clients like port sector and many other sectors. So, are we planning to diversify and enter into private sectors? And if we are not, then why we are not looking at private sector, if you can share some reasons or some thoughts on that. Also, today, most of our revenue comes from domestic market. So, any any any reasons to go for export because we have those products ready, we are highly technological company and I'm sure our products would be welcomed overseas as well. So, any reasons why they are not targeting export markets? Then the my next question is basically to understand asset turnover ratio, because when I see our block of assets versus our sales turnover, and when I compare this with other competitors, other competitors roughly do a asset turnover of five to six times while our company's asset turnover is very high 11 times it is good, but I basically wanted to understand what exactly we do I mean, we just assemble it or we manufacture so what is our role in the entire value chain? So, for example, if we do hf communication system, so what is the role of in

manufacturing the full system what is role in the entire value chain and why our asset turnover is so high? Then moving to next question, as chairman sir highlighted, initially that there is some supply chain issue and that is why the RND and done good work and come up with alternative products. So today all those issues have been solved, and we do not see any further issues and all the supplies are available. Or still we do feel some issues and all if you can share some thoughts on that. In the annual report this year, you mentioned that there is a short business for next two to three years. So, if you can elaborate more on that and can we expect then a sales and pad growth of at least 25 to 30 years for the next two to three years because the assured business is already there. My last couple of questions are basically on the r&d spend. So, we do spend six to seven crores annually. With the higher order inflow are we likely to spend more or r&d or this six to seven crore r&d run rate is likely to continue. And I would also like to understand what percentage of real r&d spend do we spend on new products versus upgrading our existing products. And if you can talk more about that and also if you can talk more on the patent importance of patent in our industry since last patron which we filed was in the year 2010 -11. Today we are standing in 2021 and we have been doing good work spending good amount on the r&d side. So, if we can talk more on that And my last question is basically on the recent order which we received which actually Mahindra received some there are some something relating to 372 three crores whereby it is going to supply some civilians input surveillance system or something. So just wanted to understand on that my sense is that we do have those products, but any any pie we have on on that or not. I think that's all thank you so much for the opportunity and looking for the answers.

Speaker 6:

Suresh Chand Jain:

(Spoken in local language)

Speaker 7:

Abhishek:

My name is abhishek shareholder of the company my dp is IN 301637 and client IDs 4135955. I have other two three accounts as well, sir. First of all, I congratulate them management on the eve of that I'm not able to start the video. First of all, I congratulate the management on the 31st annual general body meeting. Coming to the Question just all is well with you and your family in this challenging situation. Our company deserves much more respect than the current market cap after completing more than a decade of successful operations, profitability and dividend

history and becoming one of the strongest brands in our respective industry segment. So as a shareholder, we would like to know what is the real impact of COVID in these past two years, and what is the view of the management going forward sustainability of the profit earnings growth will remain challenging in the coming quarters and what are the steps being taken by the management to improve the working capital sales ratio or OC evitar interest coverage ratio. But then we also do appreciate the management for giving us a good return in the stock price and the revenue and the profits has gone up and 50% increase in VAT as well. And page number 27 and 28. We do appreciate the CSR projects done by the company. And there's a huge list of CSR being done by the company. So, all the credit goes to the management for taking all necessary steps for the CSR and I also request the management to dedicate some funds towards the families of COVID warriors who have been affected due to COVID and also towards the shareholders family who are being affected because of COVID proposal form may be submitted to the company by the investor family who is being affected by COVID. And after do verification, the CSR may be granted so such necessary steps to be taken by the company in the upcoming year and waiting number 39 we can see that the Commission being drawn first 55 lakhs and 61 lakhs and it is being paid to the director. So, whereas commission is being usually term which is being used for agents to pay for giving providing business for the company, so instead, I would suggest that management to increase the revelation part and remove the commission part in the upcoming year and page number 45. there's a increase in remuneration of 70.71% and whereas a profit has been increased to during the year only by 50%. But the salary increases more than the increase of profits or so some something or other has to be reconsidered by the management if they can do so, and I do understand that the increase is in in line and with operations. So, but even though during the pandemic situation we can see that most of the companies are taking salary cut. So, at this point of time as your chairman speech also stated that we are facing a challenging situation. So, at this point of time, if you reconsider, it will be good for the company as well as for the investor fraternity sir and page number 62. We have around 6005 68 shareholders. So, out of which how many participants have joined you may kindly give us a detail in the end of the AGM that how many participants join today's AGM under page number 99. We can see that the company has made a donation of rupees one lakh 91 and it is being paid to whom sir and for what purpose and whereas, when CSR is mandatory, we are forced to do CSR and we are a company are doing considerable good number of CSR. So, why donation is being made apart from that this may be avoided in the years to come, sir and nothing was to answer. I wish the company and the Board of Directors a great success and prosperity in the coming future. Hope to see you in the physical area next year. Thank you very much.

Speaker 8:

Reddapa G:

Thank you, Sir, respected Chairman, Dr. Abburi, Vidhya Sagar and other directors of the video conference and my fellow shareholders Good After noon sir My name is Reddappa Gunduru And my date Id is 13001572. informative has given me started in a video conference fantastic and a very nice user detail information and given some natural given very good annual general report sir, thank you. So, firstly and welcoming the director of our A. Siddhartha Sagar all the very best sir we should see the highest awards and performance in coming financial year thank you so much all the best analysis or any shareholder very, very happy about the company performance of this last financial year said 2021. So, I would like to congratulate our chairman and board of directors for the highest since inception. Very good challenge, these achievements are Thank you. So also, strong financial performance, good revenue growth and the creative growth also wonderful sir. And also, sir every year my chairman's are receiving wonderful awards as well he awarded as a manager of the year. So, for his hardworking sir very happy about that. And also, sir given folders of good devil in this challenging year, so thank you for that and also so my company's doing wonderful CSR support to the society needy for the cultural education especially I'm a company spending good amount for the radio education sir, thank you so much, sir. Through our Charitable Trust lakshmi kanth Charitable Trust, wonderful word, sir. And the CSR for child education, thank you. So Christus project has been completed, the shorter period is also a wonderful sign this challenging year. so tiny, almost completed this three quasi headquarter schar within a period sir, so good execute your location in this COVID situation? Thank you, sir. So, there is no questions only appreciation my said, Because wonderful Papa, and this year, good dividend. So, my question is only what is our current projects going on? And also, what is the vision of a couple of years? Please give me some information about companies are coming financial year. So, what is the end goal? And next year, sir? So, these are My just . question, sir. So, my special thanks to our CSR, sorry, company, central department, and also esashi wonderful, doing wonderful support other companies or so on the rest of the pitches from Manchester. So, it was a customary pendulous arrow, head up the the departments are under key numbers for America. Congratulations. We'll turn on Awesome. Thank you so much. So, a I believe that our company will achieve more high rewards and recognition under the good. What our director Sir, I wish you all the best for that board and good health, happiness and the continued support to the society and industry. So, thank you so much for giving this opportunity. Thank you.

Speaker 9:**Mr.Santhosh Kumar Saraf:**

respected Chairman, board members and my fellow shareholder who attended into the AGM. I am Santosh kumar saraf from Calcutta. First of all, absolutely committed Namaskar I hope you and all guys that are our stakeholder stay safe and good. Sir, I already sent a letter last night hope compensative will get the the if any problem in listening then can you follow my later? good sir Mike, I tend to management or declaring a student of the first year in the pandemic situations where the business is very tough. So, I want to know what his take was taken by management to minimize impact affect our business income and business operation and our cost cutting in the pandemic time r in the pandemic that had you got any job cut that are in the silicate? Explain me. Sir, what is your future plan of management to increase growth and income of the companies next sir can relate me know what extra work experiences were done during the COVID-19 programming period in addition to prescribe CSR expenditure as per section 135 up company 2013 next sir kindly let me know given failed policy and water management thoughts on the percentage payout of EPS? sir. You can relate with the detail of our continuous liability service. Sir you have company of 175 employees lets me know the numbers of women employees and number of discipline paid and what is a thought of the board of directors increase the percentage of women employees empower more and more women employees. So, I think this video conferencing meeting really good, less expensive and less risky. Because it is a bit of complex. I am attending from Calcutta one member attending vgujarath,bombay , and this is only possible due to video conferences. A physical meeting hell I have no objection. But I request board members in the future if any physical meeting will be held to take time for 10 to 15 minutes per video content because you are all in All India shareholders, they're also want to speak with you and also talk to with you. They did better after 31st December. The date say they are That will be continued with some time for videoconference one which is interested usted and also the case two, if we do not want to use a special session but outside the cell notice and last is a real risk by all our directors, board members and stakeholders. Are they happy and healthy and good? New Year's 2020 Thank you sir.

Speaker 10:

Kamal Kishore:

(Spoken in local language)

Answers:

Chairman:

Okay, thank you very much. I heard that all the questions. So, I I'd like to I mean, the answer is

going to give the questions from all the people on the shareholders. Most of them are repetitive actually. So, it's good that I summarized into the different segments in which the questions come from, and then give a comprehensive reply which will give adequate information to the shareholders about their company. So first of all, I thank every one of you for your good wishes. And then your interest in the AvanteL and its growth. I'm very happy about that, that you're very active shareholders and very keen to participate and support us through the journey that we are going through. So, you have been there difficult times and good times and have been supporting us and you're off. Thank you very much. So, first of all, let me answer the last person's question about Mr. Santosh Kumar Saraf from I think Calcutta was asking about the employee salary expenditure and things like that where we need to get to be more than the company did well, because of our advice basically. So, there is no question of being because cutting the salary or reducing the expenditures or removing them during these times, in fact, we should support them more. So, here we are giving complete freedom to the employees to take care of the health whenever we are slightly unwell, we have been, then there the family members are not well the complete support in terms of health care, support and guidance of doctors and testing various vital parameters in the office every day providing medication, taking care of their requirements, if there is something happens if they get affected then in there become better and completely normal fit. And so, the company has no single person has been removed, and no salary cut has been. Okay. And in fact, it's not being a Fellow impact in fact, they have been doing much more than what we are doing with all this. And because of their as I said, dedication, commitment and hard work the company is what it is today. So, the company is not the building and land building equipment, the company, the vote the people is the people who create those IP who create the technology, who create the value for the company. So, employees first. So that is the philosophy of the company right from the beginning. And we continue to be so and we are happy that the families and employees are taken care of very well. And they're happy to so nothing like that. The second point is most of them have asked is about the growth, the identification, how it is going to be that three years two years from now. See fundamentally it's we're in such a business in defence and aerospace where we will get access, you know, is really good. So, beyond three years guidance is really difficult. Let me be honest, so I'm happy to inform you every year agents have a feeling that you know very difficult to predict. It's a typical VUCA market, you know, that means volatile, uncertain, complex and ambiguous. It is even though it is not a company like digital transformation company or something like that. And so, even defence and aerospace is very good representatives of this volatility uncertainty complexity. So, even in such a market, I am very happy to tell you that they are going to do very well very well. Not only in 21-22 this coming financial year plus

another additional two financial years, we are very likely to do 100 rows continuously plus something I don't know how much it really, but definitely we should touch 100 crores during this year and next couple of years also activity. So consequently, it is because we are having 150 crores orders on hand. And hopefully with the race order coming by July or August. They are waiting for some sign of license from the Government of India that is also government of India railways, so from government devoteam railways ministry to ministry, so it should happen any time. That is the last thing that is pending now. And the L&T L1 won and declared as one. It's a competitive tender, technically, you've been cleared, and then it's officially informed that we are relevant, and we should get the So that's the idea. We're just waiting for the two events so that they finance will clear that proposal and they should get in the way and then order should happen by July end and most probably should have happened by this time, but for a last minute requirement from the finance that analysts they close those issues, they can't issue the order. That's what that's about 12 rows. Indtsomebody is asking about how much do we get the major share? It's a quarter on 161 -165 crores for 165 Rosada, what are the drivers will be ours, and my particular issue will be an MD. So, the major major part of the work will be done by Amanda. So, I think that makes it very clear that you know, so we're at this position there. I can't disclose margins on each and every equipment is very difficult. One is it's not statistically right. Number one is number two is there are variations in the input costs, because of the last one year onwards, as explained to the electronic components, like microcontrollers, DSP chips, FPGAs are components like transistors and all that they have been a major major problem in that for the next two years, what I mean at least this year coming here, the major challenge is going to come from the availability of imported semiconductor components, not only for our company, any company which is depending on board of semiconductors, they are going to face a challenge. Okay, we have our own ways to handle that. We are working in different ways, Plan B, Plan C, plan D in terms of design and operations, alternate production, alternate suppliers. So, so many things, because it's more, it's our r&d. So we are that flexibility. So, we are able to quickly come up with solutions which will solve those problems. So that is the main thing that semiconductor companies, their meetings are going, prices are going up, you know, and the payment terms are completely different. And so that is the challenge that I'm going to face, definitely during this year. Very difficult to estimate the cost and margins at all, let me disclose them in a video our estimate, but I can tell you that the bottom line is important for the shareholders. And the bottom line is the profit centre for next year should be better than this year. Definitely. So, I'm hoping that particularly CPS should be very well possible next year. I think that's good enough and shareholders should very unhappy with that kind of MCs. So, when that is taken care of, I think we should not we cannot give details of every slot It's not good for the company to the

shareholders, also your interest will not be protected. Which is also difficult because there are variable parameters. That's the number that's the third point that everybody has been asking is about the auto side of railways, I already felt that they were they're talking about 123 kilowatt and already Yes, we have a collaboration with the German company. But they are one of the subsystems which is the radio from them and revealing all other things are conveniently manifested. So, we see the condition is the 50% more than 50% should be indigenous during all the product conference in silicon. And we are well within that year more than So, that's another contribution from the new government that they are giving more emphasis on indigenously manufactured indigenously designed products. So, if there is any indigenously designed, developed and manufactured product with 60% indigenous content, they cannot import that product at all. So, it has to be necessarily procured through the source even though you're single vendor it should be pursued procured by Indian source. And that is the new thing that has been come up from the Government of India. So that helps companies who are investing in r&d, if they're coming into the product, which is having 60% Indian this content, okay, then they cannot import. So, those things help us helping us now, and also, I am sure the coming few years, we take advantage of that defence procurement policy. So I got hf , it's a public tender about big companies like Oracle fornix LSG data as you know, they all participated in the tender and we become L1 and we technically we are qualified one of the other companies are technically disqualified, but these startups Int 70 become either qualified. So, we have gone through the and then you can you cannot expect the same gross margins like in a low volume similar single vendor kind of scenario that we will have a much more but not in this range of hf tender railway tender, you cannot expect the modules that are there in five crore,10 crore, 15 crore, 20 crore order if you get that you will not find margins under situation no you can't expect that in competitive tender and its order value is 100 crores and you can use that. So, but definitely more on their own excavating saying the word remaining same with the same word and instead of doing 50 crores 40 rows obviously, there overall percentage will be 50% so, the profitability that will go So, to that extent raw material cost may be increasing by 10% the ori costs will be reduced by 10%. So, overall the profitability will be will remain around the same thing. So, when you want growth regarding asset policy Yes, offset policy helps us then we are expecting some order from supporting big foreign companies. As soon as they get ready this month end of next month, we'll definitely announced that so an initial development order and production order for multiplayer daily copters for any Navy, very prestigious company is about the order as Lockheed Martin I can say that when I guess the order will be disclosing. So, there's a very prestigious order because we are giving voice and data communications to Indian satellites or helicopters, which were not done by anybody here. Okay, because of the rotor issues that communication is the very, most

almost very challenging. So Still, we are able to find ways through BIOS embedded software team a signal processing team to come out with new technologies that can get through the link margins that are required to establish exactly who we are, that is a that is a technology that adds a lot of value to our product. And then because of that, we are going to supply to Lockheed Martin and they will need some integrated helicopter design we are supplying to. And then of course, we are also expecting something from Boeing again for the three days. And we're expecting the resume and similar products and assess the fact that they're all they're all offset related opportunities as well as not only offset even there is no offset they have to take that because it's essential component that is required for that essential subsystem regarding market share and the segment why the narrative change and you see you can see that last year this year we did more from the one product that it 1033crores as it was obviously read our segment has gone some money you get the major revenue or some market trionics out you know, then they need to live either we wonder those kinds of segments. The last one a countermeasure daily ability, if you get a race order, it will be sacked from related you know, and if you get richer then it's not SATCOM it's some radios for long range communication. So that very you can broadly say the defence economics and could be by and large 4060 6040 it can change broadly depends on isatilaites and these are the two review broadly developed segments like that it will be so I think I wanted about the hfs and they answered about the railways by the board the staff and things like that vaccination. Yes, see whoever 45 and above , got vaccinated. And 18 and above , I think we should happen next week in Apollo hospitals in finally And all the medical expenses and everything, even vaccination, everything is taken care of. But anyway, everybody's medically insured every company and their family and their parents also. Okay, first point, second point is that we want to always have additional expenses are also taken care of by the company, vaccination also will be taken care of by the company, they will come to the office and they'll do vaccination. So they are in talking to apollo hospital, you know that there is shortage of vaccinations and all that entails shortage is there, and they're waiting, they hope they promise that by sometime next week, they should be able to come to your office and do vaccination for the staff. Then the growth I have already said that 100 crores or less the next three years, but as I said, 40- 50 crores companies that a particular company 200 less now, we enter that regarding Siddharth, is there and then you somebody is asking you to push numbers that he's going to do digital transformation initiatives in avantel that was to consolidate the existing business. And he tried to promote the existing products for different other applications. As I rightly suggested, there's another person that Why do you want to diversify into other areas when you are stronger, exactly the other thinking like that, you want to diversify, I mean, are leveraging or usage trends, Siddharth would be trying to leverage the existing strengths and then see, find

new markets and new applications for the existing products and technologies. And then try to get entry into the private sector, commercial sector and things like that, to improve the business, you know, that is that is our immediate target. There you we also have other plants where again, like for example, radar, we did a good job this year, we like to explore possibility of getting into other radar. So, Astra data patterns, I mean, basically, usland , if somebody has mentioned about them, but we see basically, they are in a different lineup with a data we have competition from usland databases, but by and large, we are we are, generally, they are not there. Because it takes about three to four years of advanced planning and development to be there in both projects So we invest in r&d, and then come up with a product. And that will be an entry barrier, because we are three to four years ahead of them if they want to get into that by the time you have already captured it. So that's how we survived all these years. So, he will be trying to do that. To start with and let's let's explore products and say medical Electronics is one area, IoT is one area cloud computing and then nanosatellites. So there are different areas where he is trying to see whether there is viability is there say invest 40- 50 crores or 60 crores should know whether this kind of investment that we're making, you should see that issued returns will be there in the next five to six years. So, it's not just because they want to diversify, you can't get into anything. So he will first boil it is one of the way the way existing products, new markets, existing technologies, new applications, that kind of approach. And then simultaneously work on the medical electronic side is one area right? So we have in mind, I'm not committing anything on that, because it's an explanation. Then somebody said to turn assert I said, because it's the the light company is a assert company. It's a technology company. In technology company, turnover ratio will be very high technology, the code that we write a signal processing, that's where the value comes from, not in terms of machines and things like that. But what about relations are they which are expensive or what we do, again, is complete automation, complete automation of the testing. Now a days electronics production is not a I mean, it's not a very manpower intensive job but because it's all automated electronics assembly of surface mount devices is completely automated. So there is no worry very few other devices are assembled manually. So manual assembly is not much there. So automated assembly to understand the Automation the assembly the cost of the capital equipment A lot of you know number of assemblies 1000s and 1000s of assemblies can be assembled PCBs can be assembled the asset turnover ratio continues to be between there for land building and things like that, which are basically required for us to know for our employees to work in a very good environment to provide that environment Yes, we have basic land building but not a missionary oriented then we have the profitability and have addressed saying approximately 14 is the easiest that is around 16 to 17 crores I said oh what is the condition about liabilities and too much of cash and all that see when they when they get the

100 crore order earlier orders navy and all that noise. This directly comes from the different atmosphere into like, like, no, it's not coming from a directory, it's coming from the Minister of Defence directly they give up personally advance and they do they offer bank guarantee contingent liabilities a bank guarantee for around 15 crores of advance. So, getting 15 crores will go into liability and 15 crores will go into the cash surplus because they received as advanced. So, once we remove that, then again, the numbers will make sense you know there it is. And obviously, when till last year whatever projects that have been executed there are a lot of things that are being collected, and then the money has been realized and not only that, this year the turnover rate increase and all the turnover which has been released, when we achieve most of these things having money also has been has come . Actually another 6-7 crores some would have been realized, but for this COVID Yeah. So, so we could have been having the rich by we would have been rich in cash by another sound gross, but for the COVID. So, the these receive is ours is not a business where like no code is there today it is everything goes on and on, we invest for long term. So, whatever we invested three, four years back, but six years back, and that was our 10 years back, the good things have given results today, it's not about the 70 it is mostly not because, I mean, I do well this year and we should understand that you invested earlier and the returns are coming this year, and they are going to come for the next three years too. So, that is the thing. So, you have no worries for next to this year or next 2 year, there's no worry about profitability worrying about anything, there may be some change in the numbers in the quarter wise because a lot of semiconductors returns are increased. So, the first two quarters are not expecting a good turnover. The actual turnover will start coming from third quarter and fourth quarter even though we have 100 crores s more than 50% 60% to 70% or more will come from last two quarters only 30% will come from the first 2 quarters This is the guidance I can tell you. Okay. So, don't be dissolved in the quarter one and quarter two, because there is a lot Litem of diligent pharmacies, we very high. So, the actual production of HR systems will start from the third quarter and there is a process called QT qualification testing. And once that is completed by Indian Navy, we have the next two three months that will take them to July August and September October onwards, the production will start and they should be completed in nine months. Actually, we have time off with a February 23 but we should be able to complete it by October 2022. Around that time, we should be able to complete the RTS will be debut around 18 months after the signing of the order and there will be very comfortable in the completing the order in 18 months goes on. I think they have covered almost all the points. If any of our board of directors want to add anything. They are noted something and they are not answered anything maybe they can I think I covered all the points and the questions raised poorly. My colleagues, my board of directors anybody who thinks that not answered something that excluded you can Some of the

questions I cannot answer right now, for example, he's talking about his company's two categories increasing profitability is increasing my advice I wish I had increased this year and everything is increasing. And my salary is not based on this year, because it routes a few years back. That is this is this is a crude in the last video or not last video games before two years ago, they say yes. To your practice crude, and that is being continued. It's not included this year. So, the province will decrease and obviously, remember it is compensation related to perform. Okay, so what is the as per the guidelines so subject to 5% limit and all as ever, we have done like that is for rules. So, and that is not my choice. And that's what the board decides and work and it's not it is a there is a committee which decides how much the working directory should get it know that there they have to answer this question. So, I think that's all donations that is given to att registered organization around 1.8 lakhs 1.9 lakhs is not only is to some cancer patient or grieving treatment, it is not having money to take the medical treatment we are doing that thing yes has come not come under CSR. So, then we have included as a nation, it is smaller with such profitability, and I think, and also the new reason for that donation, it should not be I think I think by and large I covered, I request my board of directors if they want to add anything they can do otherwise. If they've not not anything from our board then I move to the next. the company secretary to proceed further. But if the board of directors want to say something they can.

Director :

Narayan Rao :

Sagar try to avoid an expansion project into the line. This is Narayan Rao here regarding the year. You're trying to expand more on that. We try and we try our best to expand into new areas. And I think somebody was asking about that why you didn't expand your planning later now? I think we have attempted two or three companies takeover and all it didn't happen in the short we would like to bring it out and why didn't do to add that to the life. Cycle play data.

Ram Gupta:

Yes. Yeah, basically to add to what much Nanda was talking about regarding expanding into various other sectors, company has been actively looking at opportunities, whatever is actually is available in the market. This is a continuous effort on behalf of the management and then the board to look into the areas where we can complement and then adding the shareholder value is the utmost priority at the board level and trying to do whatever best is possible without disturbing the current status of the company. .

Kishore:

Good afternoon, everyone. And I think we are making all efforts required sagar in terms of the expansion or in terms of the trying to identify new opportunities and all as a board will continue those efforts. And that's all I want to add. Okay, thank you.

Chairman:

I think company secretary can take over. Yeah,

Company Secretary:

thank you, sir. With this, we have our big question and answer session. We will request the shareholders whose queries still remain unresolved or whom would not register as Speaker for technical or other reasons. Please mark as a mail with your query. We We'll ensure that you get a suitable response. With that, I will hand our back to Chairman sir once again to conclude the meeting.

Chairman:

Thank you, Murali Krishna members may note that the voting on the kfin platform will continue to be available for the next 15 minutes. Therefore, members who are not cast their vote yet are requested to do so. The Board of Directors has appointed the M B Sunil company secretary at the scrutinizer to supervise the remote the evoting and evoting process. Further on receipt of the continued report from the scrutinizer , the results of the voting will be declared are hereby ordered Mr. Murali krishna, the company secretary to declare the results of the evoting record will be announced on or before June 2021. And the same will be committed to stock exchange and uploaded on website of the company in kfintech website. The resolution says that for the notice shall be deemed to be passive today subject to receipt of requisite number of rules. Were grateful to all our shareholders to join us today. For videoconferencing. Thank you all for attending the meeting, I hereby declare the proceedings as closed with your consent and I and other board members would like to leave the meeting and wish all the members a healthy future and stay safe in this pandamic period and take care of your family. Thank you very much.