

October 25, 2024

To,
The Manager
Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai– 400051

Company Trading Symbol: FROG

Subject: Transcript of interaction with Analysts/Institutional Investors/Funds (Group Meet) – Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”)

Dear Sir/Madam,

This is in furtherance to our letter dated October 16, 2024 and October 21, 2024, wherein we had given advance intimation and Audio recording, respectively, of the Q2 & H1 FY25 Results Concall (Group Meet) held on Monday, October 21, 2024 at 04:00 p.m. IST to discuss the Q2 & H1 FY25 financial results.

Pursuant to Regulation 30 read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Transcript of the Q2 & H1 FY25 Results Concall (Group Meet).

The above information will also be made available on the website of the Company at www.frogcellsat.com.

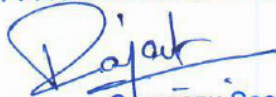
Request to kindly take the same into record.

Thanking You

Yours Faithfully,

For Frog Cellsat Limited

For FROG CELLSAT LIMITED



Company Secretary

Rajat Sharma
Deputy Company Secretary
& Compliance Officer
M. No. A70274

Encl: as above



Frog Cellsat Limited Result Conference Call

Event Date / Time: 21/10/2024, 16:00 Hrs.

Event Duration: 58 mins 55 secs

CORPORATE PARTICIPANTS:

Mr. Konark Trivedi

Managing Director

Mr. Umesh Singh

Chief Executive Officer

Mr. Charanjeet Kalra

CFO

Q&A PARTICIPANTS:

- | | |
|----------------------------|------------------------|
| 1. Siddhartha | : Caprize |
| 2. Narendra Shah | : Robo Capital |
| 3. Raj | : Aarjav Partners |
| 4. Akshada Dave | : ViVog Commercial Ltd |
| 5. Rohan Patel | : Turtle Capital |
| 6. Rajesh S | : Individual Investor |
| 7. Sumit Chopra | : Individual Investor |
| 8. Hemant Khadilkar | : HK Finance |
| 9. Rohit Kumar | : Individual Investor |
| 10. Jinesh Shah | : Individual Investor |

Moderator:

Ladies and gentlemen, good day and welcome to the Frog Cellsat Limited Q2 and H1 FY25 earnings conference call hosted by Ventura Securities Limited. 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 * and then 0 on your touchtone phone. Please note that this conference is being recorded. Before we begin, I would like to point out that this conference call may contain forward looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements do not guarantee the future performance of the company and it may involve risks and uncertainties that are difficult to predict. I would now like to hand over the call to Tushar from Ventura Securities. Thank you and over to you Tushar.

Tushar:

Thank you. Good day, ladies and gentlemen. On behalf of the Ventura Securities Limited, I welcome you all to Frog Cellsat Limited's Q1 and H1 FY25 earnings conference call. The company is today represented by Mr. Konark Trivedi, Managing Director, Mr. Umesh Singh Chief Executive Officer, and Mr. Charanjeet Kalra Chief Financial Officer of the company. I would now like to hand over the call to Mr. Trivedi for his opening remarks. Thank you and over to you, sir.

Konark Trivedi:

Thank you, Tushar. A very good day to all of you and welcome to the Q2 FY25 Earnings call. As we are here to discuss Frog Cellsat's performance and the significant milestones we have achieved over the past few months.

Firstly, I would like to state that with over 2 decades of expertise, Frog Cellsat has evolved into a leading design house and manufacturer of radio frequency equipment, catering to the full spectrum of mobile networks from 2G to 5G and beyond. Our products, include RF repeaters, Active DAS system, and Antenna and accessories, play a critical role in ensuring seamless connectivity for millions of users worldwide. These essential components are integrated into telecom towers and public safety networks, providing both reliability and scalability.

Today, our portfolio boasts over 27+ products making us a comprehensive solution provider in the RF equipment sector. Our commitment goes beyond manufacturing, we deliver end-to-end solutions of covering planning, designing and installation, supporting mobile operators in optimizing their network infrastructure. Notably, we have successfully launched our interference integration system, interference mitigation system, a testament to our dedication to driving superior telephone services.

Now moving on to our financial highlights for Q2 FY25, our revenue from operations this quarter reached INR 438.1 million up from INR 359.4 million, marking a 21.9% Q-o-Q increase and 24.6% Y-o-Y rise. The growth has fuelled by robust revenue realization, the accelerated rollout of 5G services and heightened demand for network coverage solutions.

Our EBITDA for the quarter came in at INR 36.2 million reflecting a 27.9% Q-o-Q growth, with an EBITDA margin of 8.3%. While our manpower expenses increased in Q2 as its strategic investment in expanding our workforce, this positions us well for future projects, delivering in upcoming quarter. Additionally, the issuance of employee stock rewards in Q2 underscores our commitment to retaining and nurturing talent, an investment that while impacting short term margins will fuel growth across both our manufacturing and services setup.

Our PAT was reported at INR 41.3 million from INR 11.7 million, representing a remarkable growth of around 250% Q-o-Q, and 60.4% Y-o-Y increase, with a PAT margin of 9.4%.

Our half yearly financial numbers, our revenue from operations increased by 16.3% to INR 797.6 million compared to INR 685.5 million in H1 FY24.

Our EBITDA stood at INR 64.5 million with a margin of 8.1% as compared to 12% in H1 FY24, reflecting the impact of strategic investment.

Our PAT for H1 FY25 was INR 53.1 million up slightly from INR 52.7 million in H1 FY24, with a PAT margin of 6.7%.

Now moving on to our business update, we are proud to announce that Frog Cellsat has recently secured an INR 31 crore order from Metrotel Telworks to enhance mobile coverage at Mumbai International Airport, with a completion target of December 2024. We have also secured a INR 16 crore contract for the deployment of our OneDAS system at Navi Mumbai International Airport, marking our 3rd major airport project. Furthermore, the deployment of OneDAS at Chaudhary Charan Singh Airport in Lucknow has been successfully completed.

Our order book and future outlook, our order book at the end of Q2 FY25 reached INR 1,100 million a clear indicator of the trust our clients place in our solutions. This momentum coupled with the pipeline of projects, positions us well for continued revenue growth. We expect Q3 to be particularly strong with significant project billings lined up for completion.

At the recent India Mobile Congress, we unveiled key innovation designed to meet evolving market needs, such as active DAS for 5G, a smart mini booster for IOT, VHF repeaters for railway, and noise field solution. These new offerings are expected to contribute meaningfully to our revenue streams in the coming quarters.

As we can observe that the telecom industries is doing significant capital expenditures, with leading operators like Airtel and Vodafone idea upgrading their 4G and 5G networks. This trend provides us with ample opportunities to capture market share and growth alongside these operators. By aligning our product offerings with their network expansion efforts, we are confident in our ability to capitalize on the growing demands for advanced telecom infrastructure.

As the industry continues its CapEx expansion, Frog Cellsat is strategically positioned to seize new opportunities with our innovative solutions. We are confident in our ability to scale operations, enhance our market presence and consistently deliver value to our stakeholders.

Thank you for your time today. I am happy to take any questions you may have.

Moderator:

First question comes from Siddhartha from Caprize. Please go ahead.

Siddhartha:

Hi sir, so congrats for the great set of numbers. So, I'm new to this company. So just wanted to understand what exactly is our moat here? So what are we doing differently compared to our competitors?

Konark Trivedi:

So, hi Siddhartha so look firstly, you know, we are a fully Indian company, having product designed in house by us, and the coverage solutions, which we are providing. So, we are the only Indian company who is manufacturing these kinds of products. There is no other Indian companies who is manufacturing these kinds of products in this range. So, this is very unique for us, and that gives us leverage. Now there is a focus on make in India products, on products which are certified by government, NSDPA certified, national security certified. So those kinds of things give an edge and makes us a vendor of choice by the customers.

Siddhartha:

So one more question, sir. If you look at our customer, most of our orders, we cater mostly to Airtel, right? So just wanted to understand any, I mean, so there's a different claim concentration out there. So just wanted to understand your strategy here to how do you want to diversify going forward?

Konark Trivedi:

So look, the things are changing, slowly, but surely, if you see our airport orders that we have been receiving, you know, and which are the major project orders, those orders are, coming from neutral hosts, or system integrators. So, like Noida airport project which we received, that was from a neutral host called Cases. The projects that we have received for, Mumbai Airport or Navi Mumbai Airport, both of them we have received from our system integrator. Project for Delhi Metro we have received from Motorola, which is a system integrated plus equipment provider. Project for Bangalore Metro, we have received from L&T. So our solutions are now being taken by a lot of system integrators, and neutral hosts and that is a upside which we are seeing, which is being less dependent on mobile operators.

Siddhartha:

Okay. So and one last question from my end, sir. So our margins have been quite volatile, and you have guided for, you know, 12-13% margin, whereas, you know in the first half of the financial year, you

know, we hardly have 10% or 9%. So, I mean, do we expect, you know, the margins to significantly go up in the next coming 2 quarters? And so I just wanted to understand, you know, the reason behind, you know, these kind of fluctuations.

Konark Trivedi:

So look, firstly the fluctuation happens because of the kind of product mix that gets built, in that quarter, right. So, we have as I mentioned, we have 27+ products. So different products come with a different margin profile. It varies from what kind of product mix has been built in this back quarter. As far as, going forward is concerned, if you look at it you know, we are going to see most of our predicted growth in the next 2 quarters. In revenues, whereas the fixed cost remained same. All these large projects are going to be getting profitability in these coming 2 quarters, majorly in Q3, actually. So, and there's not going to be so much upside on the fixed costs. So fixed costs will stay same and that's where it's going to make difference, and we are going to achieve still our targets of 12-13%.

Moderator:

Next question comes from Narendra Shah from Robo Capital. Please go ahead.

Narendra Shah:

Sir, so, a broad-based question so going forward 3 years down the line, where do we see our company in terms of revenue and PAT? I mean, do we see it as a INR 500 crore turnover company with a INR 50 crore kind of a PAT? What's our vision for the company moving ahead?

Konark Trivedi:

Yes. So look, this is what you're asking is already been given by us some time back as our target, that in FY28 we are targeting to achieve INR 500 crore revenue and you know, margins in the range of 10%. So that's what we are aiming for FY28.

Moderator:

Next question comes from Raj from Aarjav Partners please go ahead.

Raj:

Hello. I'm new to the company. I just wanted to understand the business of the company. So, is the order book only based on L1.

Konark Trivedi:

So we are a company providing solution primarily for the coverage enhancement of mobile networks that's what we do. Your question is if it's fully based on L1, so that's not the case. We do need to be competitive but you know, when you work with customers that we work with, they also look at the

quality. So, like Airtel or Vodafone, you know Jio or neutral hosts, they need to look at quality as well and so it's a mix of price and quality and the specifications.

Raj:

All right. So as of now, you have an order book of 110 crores right. So how much of the 110 crores is based on L1.

Konark Trivedi:

I will say, none of them is based on L1.

Raj:

Okay. And how much is the order pipeline?

Konark Trivedi:

We don't have a visibility of order pipeline as such. We don't give that order pipeline number. We are you know Q-o-Q we are only declaring the number of our order book. So that's the practice we have.

Raj:

Alright. And how much is the order execution timeline?

Konark Trivedi:

It depends on, I mean, you know, from customer to customer. If you ask about this INR 110 crores order book that we have at the end of September you know, a good guess is at least you know, INR 65-70 crores of this should get billed in Q3 and remaining should get billed in Q4.

Raj:

Hello? I didn't get what you were saying. Can you repeat it again? How much of it will be executed in Q3, INR 50 crores around?

Konark Trivedi:

No, INR 65-70 crores should get executed in Q3 and the balance should go to Q4.

Raj:

Alright. So overall INR 110 crores will be executed by FY25 fully.

Konark Trivedi:

Yes.

Raj:

Understood. And sir, since we designed our equipment in house, so how much of the raw material is imported?

Konark Trivedi:

Again it depends on product to product because we have 27+ products. But broadly, if you look at it, then, I think overall percentage, if you look at it, it should come to 50-60%.

Raj:

50-60% raw material will be imported right?

Konark Trivedi:

Yes.

Raj:

I wanted to know how much of, like, a value addition do we exactly do? Like, are we an assembler exactly? Do we add any value in our products from our end.

Konark Trivedi:

Look this is all our in-house design products. So, depending on how you calculate value add, but if you do value add calculation as per what government of India does our value addition is more than 50%.

Raj:

Sir how many SKUs do we handle?

Konark Trivedi:

We have 27+ products as of now. But then there are sub-variants of let's say, you know digital repeaters sub-variants which are there, DAS can be configured in different forms. So those are additional to that.

Raj:

Understood and since we design our product in-house, so it needs to be approved from the customer end, right?

Konark Trivedi:

Yes.

Raj:

So, for example Jio is there, so once we design our products, then we go to Jio and then they approve it. And after the approval, we get the order, right?

Konark Trivedi:

Yes.

Raj:

And do we get the order directly from OEM or is it from a Tier 1 partner?

Konark Trivedi:

No, sir. I didn't get your point, OEM or Tier 1 partner?

Raj:

What I'm trying to say, do we get the order directly from Jio or Jio gives orders to someone else?

Konark Trivedi:

Yes. We get orders directly from mobile operators Jio, Airtel, Vodafone, directly from them.

Raj:

Okay alright and sir, I wanted to ask, who are our peers in this segment?

Konark Trivedi:

So, there are mostly international companies like there is CommScope. CommScope has by the way sold their division of Active DAS to another international company called Amphenol for a few billion dollars. Then there is Solid, which is a Korean company. Then there is Pros, it is a Chinese company. So yes, these are some of the main contenders.

Raj:

So, sir for example, if Jio wants to give an order, so why does Jio give an order to us and not to the international company? Is the competition based on the pricing or quality? Or like, I wanted to understand what exactly differentiates us?

Konark Trivedi:

So, look for a different product, it's a different differentiator again. And now if we take it let's say, you know, DAS product or repeaters then basically for any active product one needs to have, firstly, the preference is for make in India. There's a lot of push by government for that. So that and we are the only make in India company for these products. Second is for these products there is national security requirement.

So national security certification has to be there. And that's what we have being a local company. That also gives us an edge. For other items like accessories, let's say, you know, jumpers or CPRI cable. Now, these international companies if they bring in from outside, they take, a lot of shipment time. Now these are required you know, immediate places. So being a local, we can provide it locally to these customers. We have been supplying these, items consistently for last you know 6-7 years to them. And they are happy with the performance. They are happy with the quality. So Yes, It's just simply a continuity.

Moderator:

Next question comes from Akshada Dave from Vivog Commercial Limited. Please go ahead.

Akshada Dave:

I just wanted to understand, I understand we don't give order pipeline of the future, but can you see what type of clients or you know, where exactly orders would be coming from? And would there be any margin difference depending on which customer is giving you the order?

Konark Trivedi:

You know, we do business with mobile operators and neutral hosts or all big civil contractors who are designing airports or, you know, back roads. So, these are our potential customers. So safe to say, mobile operators anyway like Airtel, Vodafone, Jio they are our customers. Second, the neutral hosts are like, you know, companies like 8 phase or Crest Digital, Indus towers. So those are our customers, our system integrators like you know, like L&T. So, these guys are customers or for that matter, Adani. So, they are all potential customers or they are our customers.

Akshada Dave:

I also understand we had trials with Jio right, awhile back? Did anything come with it?

Konark Trivedi:

Yes. So we are doing a business with Jio. The volume is still small there.

Akshada Dave:

And then by this time, we expect it for the volumes to be picked up, right?

Konark Trivedi:

Yes. We are working with them, and we expect the volumes to be picked up, but as of now, they are not, they're still small.

Akshada Dave:

Any reason for the hiccup there?

Konark Trivedi:

Look, things take time to build up to develop. So, we are new to their system.

Akshada Dave:

Any timeline on your side that you, what do you believe?

Konark Trivedi:

It is not possible to provide any timelines on that.

Akshada Dave:

Thank you so much.

Konark Trivedi:

But to tell you, that is our projections are not dependent on that. Our growth projections are not dependent on that. So, it's not taking into our growth position. If and when that will happen, it will be over and above our projections.

Akshada Dave:

Okay

Moderator:

Next question comes from Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel:

Just in your opening remarks, you mentioned that you have successfully launched the IMF. Is that right?

Konark Trivedi:

Launch what? Sorry.

Rohan Patel:

IMF, Interference mitigation system?

Konark Trivedi:

No, what I mentioned is that we have launched at the India Mobile Congress; Active DAS system for 5G, Smart Mini booster for IOT, VHS repeater for Railways and Noise feed solution.

Rohan Patel:

So, as I understood that in one of your presentations, you mentioned that you were also working for working on IMF. So, can you share the progress in that?

Konark Trivedi:

Yes. So look, the trials have happened, the commercial discussion is still on and it's not yet concluded.

Rohan Patel:

So, can you give us a time frame when this IMF will get, you know, start reflecting and when you will start working on that, like, commercial orders, when will we start getting commercial orders?

Konark Trivedi:

Look, as of now, we don't have a timeline, see if it happens, it can happen tomorrow. If it doesn't happen, it cannot happen, maybe two quarters. If we don't have a timeline still for that, a bound timeline, but Yes, we are working towards it.

Rohan Patel:

Okay. And another thing was regarding your SMT line that you are going to start with, as manufacturing as a service. So, can you share the progress over there?

Konark Trivedi:

Yes. So the equipment has been ordered now and delivery timeline for that is by Q4. In Q4, we should be getting the deliveries for it. And, Yes but in Q4 it should be implemented.

Rohan Patel:

Okay. So then is this business, this vertical log will be reflected in FY25 if I'm right?

Konark Trivedi:

Right.

Rohan Patel:

Sorry, FY26 right?

Konark Trivedi:

FY26 yes.

Rohan Patel:

So out of those manufacturing as service, how much would be the in-house we'll be linked for our captive consumption and how much that will be for third party?

Konark Trivedi:

So, my current estimate is that 25-30% will be in house and balance will be outsourced.

Rohan Patel:

Like we are targeting around 30 % top line growth in FY25, which takes us to somewhere around INR 205 crores. And right now, we are somewhere around INR 80 crores. So, we would be INR 80-85 crores. So, we will be in H1 INR 85 crores and around 8% EBITDA margin. And I'm considering your guidance of 12-13% EBITDA margin we need to do in H2 around INR 120 crores with 15-16% EBITDA margin. So, what gives you confidence that we'll be able to make, like in second half the 3% EBITDA margin?

Konark Trivedi:

The orders in hand.

Rohan Patel:

Okay. So, the orders in hand will help us. And second thing, your long-term guidance of INR 500 crores, which you have been stating for last 2 years, what we have seen is that there has been fluctuation in EBITDA margins that you were targeting. Like in last calls, you were confident of doing 14-15% EBITDA margin. And in your remarks in this quarter, you have said 10% margin. Is that PAT level or is this EBITDA level?

Konark Trivedi:

No. So this is for the long term with INR 500 crores revenue in FY28 I'm saying, the EBITDA margin should be in the range of 10% at that time so this is a cautious approach. I don't want to be, you know, giving a number which is difficult to reach. I cannot say today what kind of exact margins we will be able to make at that point in time. So, it's bit of caution which I have put there by stating that yes we should be doing EBITDA of 10%.

Rohan Patel:

Right. Like did we have lowered that by 400 to 500 basis point?

Konark Trivedi:

Yes.

Rohan Patel:

Thank you.

Moderator:

We have a follow-up question from Siddhartha from Caprize. Please go ahead.

Siddhartha:

So just one more question from my end. So there has been a recent change in management. So how are we looking at it? So, has there been any paradigm changes as far as your company's operations are concerned?

Konark Trivedi:

So, look we have not onboarded. We have promoted our marketing head to be the CEO of the company. That's the change. I think that's what we are talking about.

Siddhartha:

Yes.

Konark Trivedi:

Yes. So, it's a natural progression and promotion. We hired a CEO, who had left us in March. So, we are looking for a replacement to him. And it is a process for that.

Siddhartha:

Yes, that's it from my side.

Moderator:

Next question comes from Sumit Chopra, an individual investor. Please go ahead.

Sumit Chopra:

This is regarding the interference mitigation solution itself. In last quarter, like you said, you were waiting for the operator, a bigger operator to conclude a deal as it was getting included as a part of other big network deal. So I just wanted to know, are you referring to the Vodafone idea deal of INR 30,000 crore, which they have just signed with Nokia, Ericsson and Samsung. if yes, does this means we haven't got any order from this deal?

Konark Trivedi:

No. So this was for Airtel because the trials have been done for Airtel. Airtel has also concluded a deal with Ericsson, Nokia, and Samsung, if you got to know. And post that, deal finalization with these operators, we expected to have closure of RD so we are that's for what we are waiting for.

Sumit Chopra:

So that option is still under pipeline or everything has been closed now?

Konark Trivedi:

No, it is under pipeline.

Sumit Chopra:

And sir few quarters back, we were very positive on the BSNL 4G deployment. If I can recall correctly, in some of the quarter, we were expecting the INR 100 crore run rate in the past. So, like in past also, we have supplied some parts to the Tejas. So sir, recently there have been news that Tejas have

deployed approximately 25,000 sites for a BSNL 4G. So, are we, are we supplying any product there or any major order that we are expecting from BSNL going forward?

Konark Trivedi:

Yes. so we are supplying to Tejas currently. The products, for which we had made an announcement, I think more than a year back. So that supplies are going to Tejas for the FML project. And, you know we didn't have much success as of now for other products there. The price has been very competitive, as they asked. So someone asked, you know, if it is L1 deals we had there, we were doing L1 deals and we didn't want to compromise much on our margins, so we have not picked it up. That's how it is. So you know, in a market there are a lot of opportunities, but then we need to ultimately decide which one to pick, which one not to pick, and it's still achieving our targets. So that's where we are.

Sumit Chopra:

So just to conclude that sir, this Tejas is one like hike which we were expecting earlier. So this currently is not now in our credit. We don't want to because of the margin, we don't want to go ahead with this.

Konark Trivedi:

Yes. We are doing some business there. Where we are able to secure our margins so that's the position.

Sumit Chopra:

Okay. And sir, just one last thing, like my previous to me, one participant was also asking regarding the same. So like in previous quarter, we have guided for 14-15% EBITDA margin and in this current quarter, we have reduced it to 12-13%. So, sir, what exactly has changed in a period of 3 months that has made us to reduce the guidance by 2-3%.

Konark Trivedi:

Look, we are seeing raw material costs going up slightly and the customer is not increasing the prices accordingly. In you know, mobile operators are very tough to go and ask for the increase in price. And, that is what has impacted us to take this call of slightly reducing the expected EBITDA.

Sumit Chopra:

Okay. So that has changed us to gave guidance to more conservative side of 10%, I believe.

Konark Trivedi:

Right.

Moderator:

Next question comes from Hemant Khadilkar from HK Finance. Please go ahead.

Hemant Khadilkar:

Yes, so thanks for giving me an opportunity. So, I would like to understand the opportunity size that we are looking for. That's the first question. And the second question is imagine like whatever is the cost for putting a one tower. So, what percentage of that particular cost are we targeting with our products?

Konark Trivedi:

Mr. Khadilkar, I didn't get your point what you were saying, what kind of opportunity we are looking at?

Hemant Khadilkar:

What is the market size we are looking for? You know, with this particular kind of set of product that we have. So what is the total market size that we are looking for? Like, what is the total market size of this kind of products?

Konark Trivedi:

Okay. So look our biggest product so far is our active DAS product and globally if you look at it, it is a market size of few billion dollars.

That's the global market size which it has and the good news is that we have recently picked up on this market. So, Lucknow Airport was our first successful project of active DAS, which has been implemented, commissioned and handed over about 6 months back. Following that success, we've got three large airport projects now. One is Noida Airport, second one is Mumbai Airport, and third is Navi Mumbai Airport. So this is a very good direction that we have received in this huge market segment I'll say. This is the area where we will be growing in the coming future, a lot of development efforts will be going on in this direction and then we'll be expanding in this market.

Second one is digital repeaters that we have, which is again active product which is there. So that market is also there, but it's not as big as DAS product. And then you know our remaining products which are classified as passive products, which includes antennas or which includes splitters, couplers, IVF accessories or network accessories. That market is relatively small to cater for and that's within India, that is something like maybe INR 500 crores market annually, around that number.

Hemant Khadilkar:

Are we looking at any CapEx in future?

Konark Trivedi:

We are putting CapEx in SMT line. So that should be concluded in Q4 this financial year.

Hemant Khadilkar:

So what is the cost of that particular CapEx and what is the revenue opportunity that we are looking from that?

Konark Trivedi:

So that CapEx that we currently taking it about INR 10 crores. And the opportunity for that is as we see, it can take us to somewhere like INR 150-200 crores revenue from that.

Moderator:

Next question comes from Rohit Kumar, an individual investor. Please go ahead.

Rohit Kumar:

First of all good evening everyone, I have actually 2 questions. The first one is my question is management is expecting around 30% growth for FY25. And after two quarters, even for this current quarter, the revenue is around INR 80 crores. And to achieve of 30% growth revenue, for around which is you have guided around 30% for the current fiscal year that is 25. That should be revenue, which is around maybe INR 200 crores. So how confident we are to get INR 120 crores revenue next coming quarter? The next 2 quarters?

Konark Trivedi:

Rohit, we are pretty confident to achieve it and as someone has already asked, what gives us that confidence, then our open order book gives us that confidence.

Rohit Kumar:

Okay. So you so mostly maybe in the next coming two quarter, maybe we are expecting around INR 50-55 crores per quarter.

Konark Trivedi:

Yes. We had INR 110 crores of open order book at September end. And after that we received another large of INR 16 crores which as of today it makes our order book in excess of INR 126 crore, right. So we'll be really confident.

Rohit Kumar:

So that all will be completed in this FY.

Konark Trivedi:

Yes.

Rohit Kumar:

Okay. And the second question is the EBITDA margin for the last 2 quarter was around 8%, EBITDA margin in last two quarters that's Q1 and Q2. But your guidance says for 25, we will be around 12-13%.

Konark Trivedi:

Right.

Rohit Kumar:

So it means margin expansion will happen, margin expansion going to happen forward. So can you elaborate on this margin side? Like, how you're going to get the margin expansion and why there is so much volatility in this your margin? Sometimes we get around 12-13, sometimes we get 8 so can you briefly explain all these things?

Konark Trivedi:

So, Rohit, to answer your first question, look, we have increased our fixed costs in last quarter, because the work has already started to deliver these large projects and accordingly the costs have gone up. So last quarter, if you see, the manpower cost has increased, whereas revenues are same. Right, in the coming quarters, the revenue is going to be much much higher, but the fixed cost will remain same.

So going by the central logic, the fixed cost is going to be remain same. And when you are going to be up, the margin percentages will be much higher. And that's the reason why we'll be averaging out to 12-13% EBITDA.

Rohit Kumar:

Okay. So on average, we'll be getting around 12-13% for the next coming quarters.

Konark Trivedi:

Yes.

Moderator:

We have a follow-up question which comes from Rohan Patel from Turtle Capital. Please go ahead.

Rohan Patel:

Yes. I just heard that you said that SMT line can generate a revenue between INR 150-200 crore for us which can like from that INR 150-200 crore, can you explain us like what would be the customer profile and product profile that we are going to cater to?

Konark Trivedi:

Look our focus will remain on telecom products only. And the SMT line, this revenue, which I mentioned, will not be just a SMT process revenue. But SMT process is going to be an enabler for the business. So it'll be not just the SMT business, it will be box making business. That's what we are aiming for. Yes, so and the products are going to be mainly focused on telecom products.

Rohan Patel:

So can you share a few of these telecom products like what would they be, like, to understand the margins.

Konark Trivedi:

Right. So, telecom products like, you know, Wi-Fi routers or ONTs, and similar stuff or will be SFPs.

Rohan Patel:

SFPs?

Konark Trivedi:

Yes.

Rohan Patel:

And who will be our final customers? Will there be this, like, normally our network operators?

Konark Trivedi:

So it will be both network operators, ISPs, distributors. So they are all the probable customers.

Moderator:

Next question comes from Jinesh Shah, an individual investor. Please go ahead.

Jinesh Shah:

I want to understand the market size in India for this active DAS solution for 5G which we have started?

Konark Trivedi:

Look active DAS solution is required for all the airports and all the metros and all the large venues that are there. In India, we are expecting 200 new airports to be coming in next 4 or 5 years and on the existing airports as well, there is a technology upgrade required because at all these airports, the technology was implemented few years back and it has become old now and this needs a minimum it needs is a 5G upgrade. So we are expecting that the market which runs into INR 400-500 crore market annually. It has that potential. It's just that its opening up now and yes we should be there.

Jinesh Shah:

And who are potential domestic competitor in this active DAS?

Konark Trivedi:

As I mentioned, you know, there are companies like, you know, Pros is there, there is a Solid, which is a Pros is from China, Solid is from Korea. There is a Amphenol which is American.

Jinesh Shah:

Is there any domestic competitor?

Konark Trivedi:

Yes. There is a domestic competitor, by the name Cellkom, which is there who brings it from China again and supplies. So Yes.

Jinesh Shah:

So what was our R&D spend last year and what we are going to spend R&D for this year?

Konark Trivedi:

I don't have really a figure with me right now, but it was approximately in the range of INR2.5-3 crores I think.

Jinesh Shah:

Okay. And for this year?

Konark Trivedi:

This year, also, it should be in the similar range.

Jinesh Shah:

Okay. What is our current capacity utilization as of now and how we are going to see the capacity utilization in Q3, Q4 and next financial year?

Konark Trivedi:

So it again depends on product to product. But the way we operate is in terms of capacity, there's you need space you need machinery, you need manpower. So we have space, we have built our new factories, which is a lot of space. So we have no space constraint. In terms of utilization, you can say we are still utilizing only 50-60% of it. Machines or tools we have enough; we are currently operating in single shift operations with enough man power. So if we take into 3 shift operation, then right now you know our utilization is, maybe 35-40%.

Jinesh Shah:

Okay. Understood. So if you want so if you are targeting to reach a INR 500 crores revenue, what I understood is we don't need to do major CapEx on this. Only what we have to do is we have to increase shift from 1 shift to 3 shift. Is this a right understanding?

Konark Trivedi:

Yes, you are right.

Moderator:

We have a follow-up question from Raj from Aarjav Partners. Please go ahead.

Raj:

I wanted to know that what exactly is this active DAS solution?

Konark Trivedi:

Raj what happens like, you know, let's just consider an airport. So you are at Mumbai airport and at Mumbai airport, you need a mobile signal right, and all the parts of airport wherever you are going. So what happens is the way that mobile signal is made available in every nook and corner of the airport is through active DAS system. So there is a hug room that is created, in the hug room all the mobile operators bring their equipment, their BTS, for different bands and different technologies. They are housed there and the signal of each of these BTS gets plugged into our DAS system. Which then kind of multiplex that signal and takes it to different corners of the airport. So this is how it is used.

Raj:

Understood apart from the active DAS, what are new products are you working on? And are you planning to launch in FY26?

Konark Trivedi:

Look, we are primarily a coverage focused company. So our coverage solutions are not going to be limited to just mobile technologies or mobile operators, but we are also providing these solutions for public safety networks, which are used like, tetra networks used by police and wireless or fire brigade or ambulances, or there is another VHF network, which is being used by railways. So we already have those solutions that we are supplying and we are developing further on those solutions. So that's where our focus is, and that's where we see our expertise is.

Raj:

Just 3-4 months back I read an article about BSNL so they are coming up with around 80,000 sites or something like that. Are we expected to get any orders from that?

Konark Trivedi:

So look that is an old news, half of it is already done, and it's done through TCS and Tejas. So we are, as I explained to earlier asked question. There are lot of things to be supplied there and we have picked up things where we could ensure some margins. Those have been picked up and we are supplying that.

Raj:

Alright. Understood. And so for FY26, do you have any figure in mind? Like for FY25, I expected it to grow around 35%. And for FY26, can we expect a similar growth rate, lower or slightly higher anything near that?

Konark Trivedi:

We definitely aim to grow by 20-30% in FY26 as well.

Raj:

All right. And sir regarding the CapEx, I just skipped the point. Is it an SNP line? What exactly is this?

Konark Trivedi:

It's a SMT line. It's like machine, it can place machine also we call it, where on an PCB, which is a bare PCB, this machine places the different components, like resistors, capacitors or IC's and kind of solder it by machine automatically and brings populated PCB.

Raj:

All right. And from that SMT line, we are expecting sales of around INR 150-200 crores as peak?

Konark Trivedi:

That's the potential which it has. It's a part of investment to achieve that through EMS Service.

Moderator:

Now I hand over the floor to Mr. Trivedi for closing comments.

Konark Trivedi:

We thank all the participants for attending this session. We believe that we have satisfactorily run you through our company and financials and addressed every arising questions thereon put up on the floor by the participants. And we assure you that the company is on the right path and will be going as per the guidance. And if you still have any further questions, you may reach out to us.

Please follow-up investors relation team Kunal Shah, Vinayak from Captive IR, if you have any questions, which weren't covered up in the session. I hope you have a great day ahead. Thank you once again.

Moderator:

Thank you, sir. Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may now disconnect your lines. Thank you, and have a good day.