



CADSYS (INDIA) LIMITED

5G



Engineering Excellence Exceeding Expectations
Review of Financial Results 1st Half FY 2024-25

Disclaimer

- This document contains certain forward-looking statements/details in the current scenario, which is extremely dynamic and increasingly fraught with risks and uncertainties. Actual results, performances, achievements or sequence of events may be materially different from the views expressed herein. Investors/ shareholders/public are hence cautioned not to place undue reliance on these statements/details, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives. Further, the discussion following here in reflects the perceptions on major issues as on date and the opinions expressed here are subject to change without notice. The Company undertakes no obligation to publicly update or revise any of the opinions or forward-looking statements expressed in this section.

Review Items



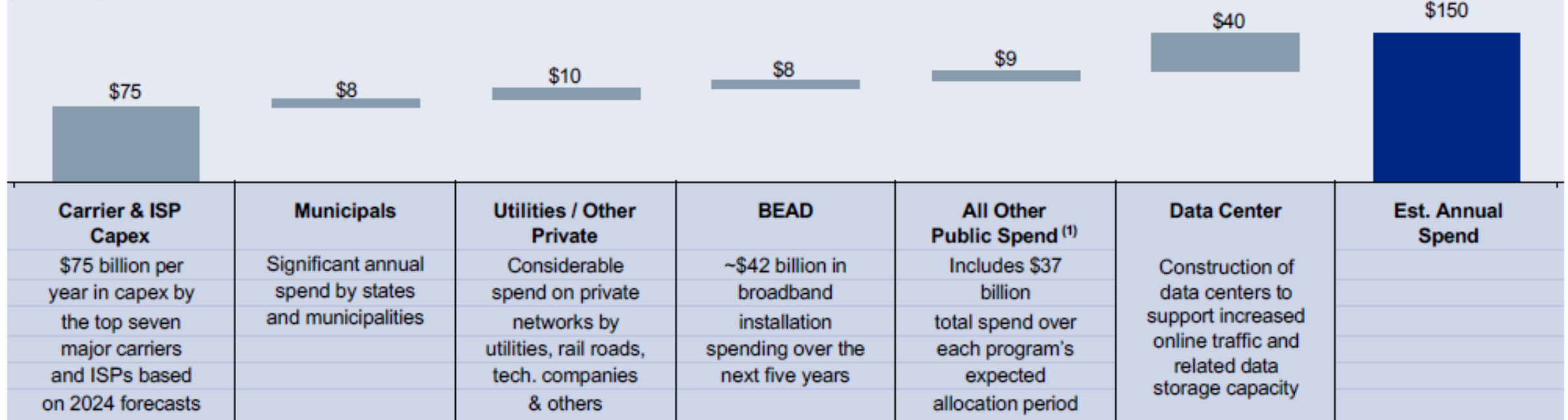
- Industry Outlook
- Operational Highlights
- Financial Snapshot
- Results Analysis
- Mitigation Plans

Industry Highlights



Exploding Demand for Broadband Infrastructure Services Driven by Massive Public & Private Spend







(\$ in billions)



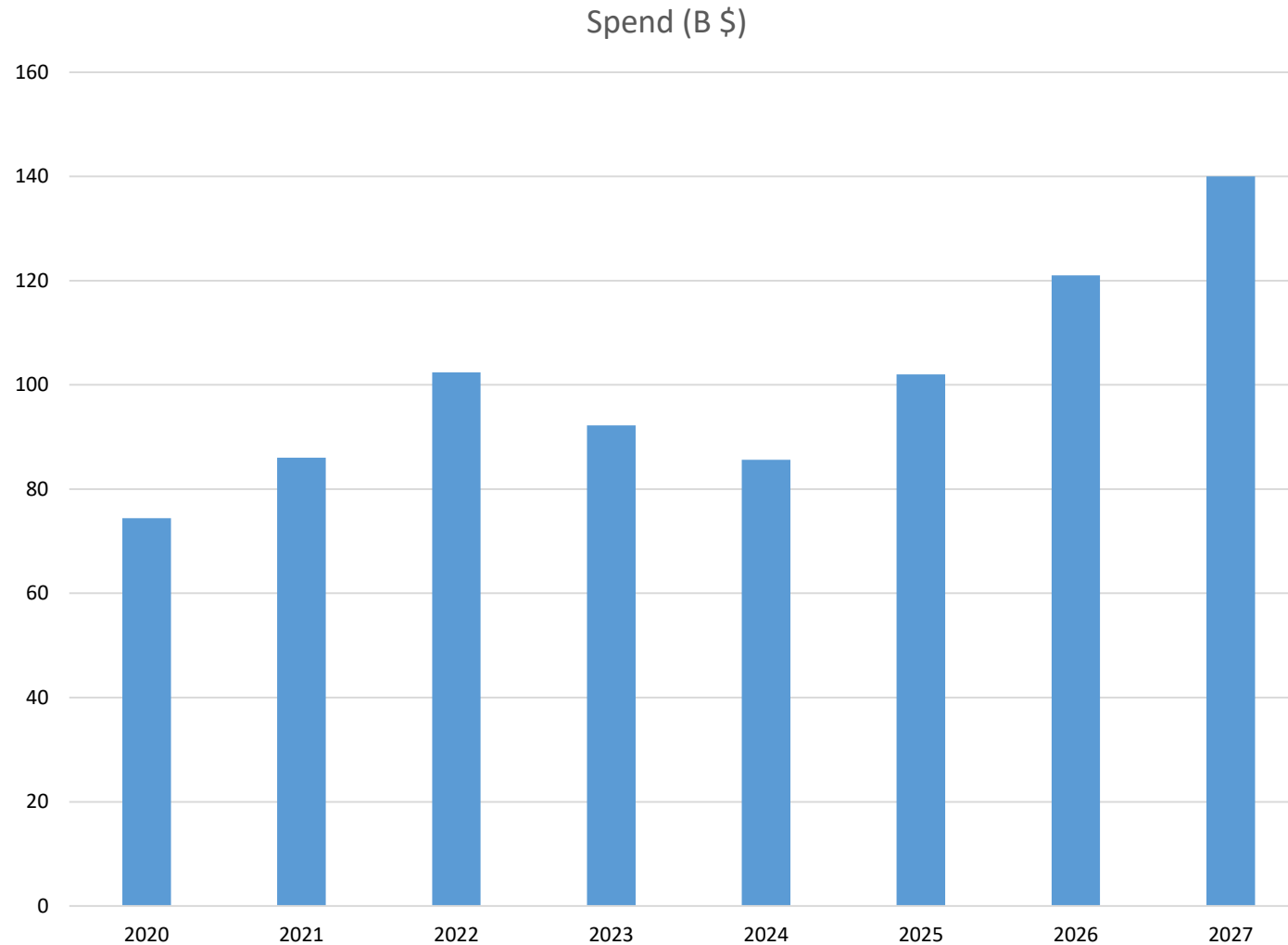
Carrier & ISP Capex	Municipals	Utilities / Other Private	BEAD	All Other Public Spend ⁽¹⁾	Data Center	Est. Annual Spend
\$75 billion per year in capex by the top seven major carriers and ISPs based on 2024 forecasts	Significant annual spend by states and municipalities	Considerable spend on private networks by utilities, rail roads, tech. companies & others	~\$42 billion in broadband installation spending over the next five years	Includes \$37 billion total spend over each program's expected allocation period	Construction of data centers to support increased online traffic and related data storage capacity	



Telecom Industry Outlook

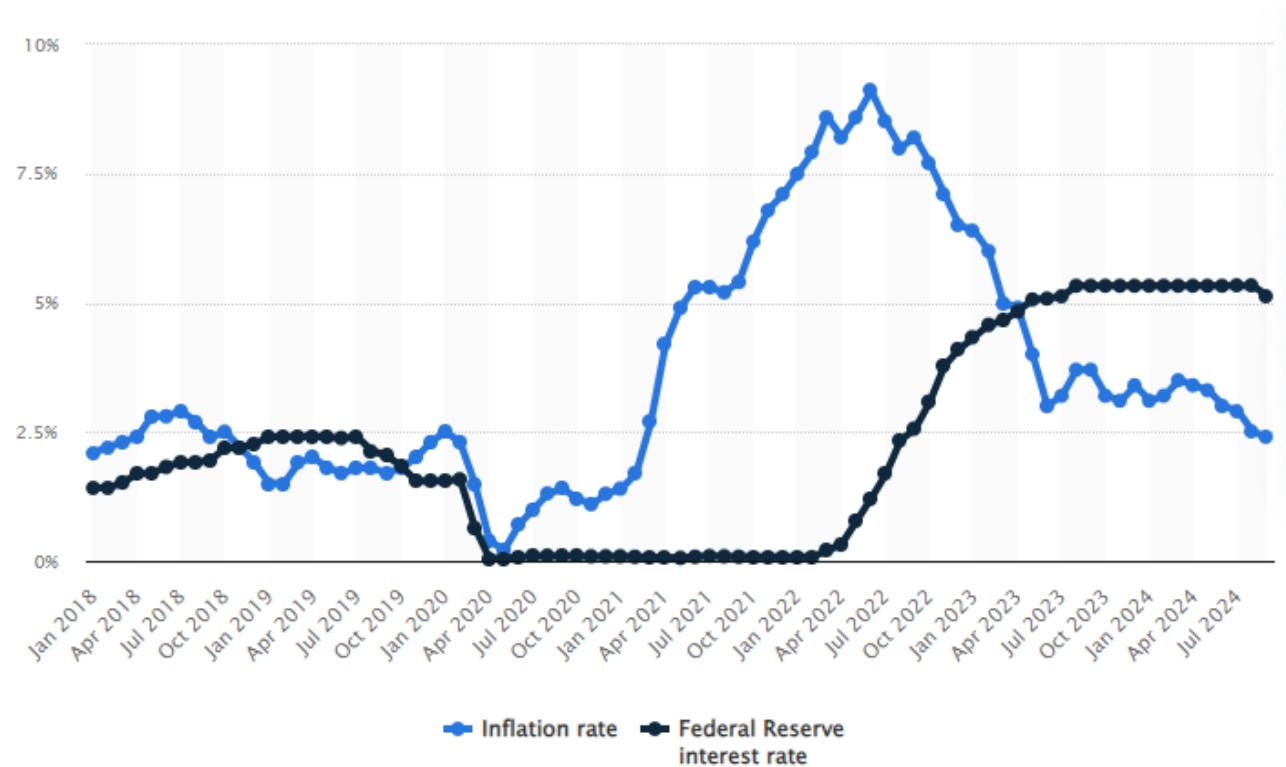
Drivers of Prolonged Telecom Infrastructure Investment		Timing
	Inflow of Public and Private Capital In addition to the significant amount of private capital being invested, public funding will be granted over a 5-year period starting in 2024, but deployment will extend for >10 years → additional proposed funding will likely be introduced in several years providing a boost in infrastructure spending, especially in rural areas	
	Ongoing Network Expansion There will likely be years of "edging out" following the boom of network infrastructure investment from public funding → operators will be looking to extend network's homes passed from the current footprint through additional overbuilds or new builds tapping into more difficult to reach areas	
	Increase in Connection and Fulfillment Services Driven by the shift to work-from-home and demand for greater bandwidth, the number of U.S. fiber broadband subscribers continues to increase, driving last-mile connection / fulfillment spend	
	Network Infrastructure Technology Evolution Another technology evolution in the late 2020s (e.g., 6G) will likely drive demand for upgrade work / services (e.g., further wireline, wireless, edge DC convergence and alternate wired architects to support convergence)	
	Maintenance on Growing Infrastructure Base Maintenance will be increasingly important especially for less resilient historical builds (e.g., aerial, older fiber builds) and is part of the total cost of ownership for operators → maintenance expenses will become an increasingly larger share of an operator's capex	

US Broadband Provider Capital Expenditure



Source: <https://www.ustelecom.org/research/2023-ustelecom-broadband-capex-report/>

US Federal Interest Rates



- US Federal Interest remained all time high in spite of sharp reduction in inflation in 2023 and 2024.
- High interest rates slowed down the capital spend by Telecommunications Companies.

Market Analysis



- In 2023, U.S. telecommunications companies witnessed a 10% decline from the previous year. This reduction followed a period of significant growth between 2020 and 2022, during which annual investments increased by 9%, 15%, and 17%, respectively.
- Projections for 2024 indicate a further 5% decrease in broadband spending. This anticipated decline is attributed to the lagging effects of interest rate hikes aimed at curbing inflation.
- Despite these reductions, the broadband market is expected to rebound in 2025, driven by federal initiatives like the Broadband Equity, Access, and Deployment (BEAD) program. This program allocates \$42.45 billion to expand broadband access across the nation, with a focus on underserved areas.
- Additionally, the Federal Communications Commission's Affordable Connectivity Program (ACP) has provided \$14.2 billion to subsidize internet services for low-income households, offering monthly discounts of \$30 (or \$75 on tribal lands) and one-time discounts on devices.

Apex Executive Team



1. Harish Rangacharya, CEO

- Serial IT & engineering entrepreneur. Founder of CADSYS, a 500-person engineering and IT firm that went public in India. Acquired Apex in 2016 and has grown revenue from \$3M to \$30M.
- Lead architect of Apex's software products (*ProWorks™* and *BuildSmart™*).



• Steve Woerner - Director

- Accomplished leader in the energy sector with extensive C-level experience across the electric and gas utility industry.
- Former President & COO of Baltimore Gas & Electric.



Sam Farhat, DIVISION PRESIDENT

- Former General Manager of Track Utilities (Peak Utility Group), a telecom infrastructure services firm.



1. Jeffrey Gill, Chief Customer Officer

2. Seasoned executive with a proven track record in customer success. Jeff holds an MBA from Lehigh University and a BS in Marketing from Monmouth University.

Financial Snapshot - Consolidated



Statement of Profit & Loss

Particulars	(Figures In lakhs)					
	H1 as on 30-09-2024	H1 as on 30-09-2023	2023-24 (For 12 Months)	2021-22 (For 12 Months)	H2 as on 31-03-2024	H2 as on 31-03-2023
Revenue	6054.40	₹ 10,859.04	₹ 21,742.14	₹ 6,806.67	₹ 10,883.10	₹ 10,405.39
Exceptional Income	0.00	₹ 0.00	₹ 28.65	₹ 293.50	₹ 28.65	₹ 0.00
Total Expense	7280.72	₹ 10,099.97	₹ 20,329.01	₹ 7,535.31	₹ 10,229.04	₹ 8,921.49
EBITDA	-628.44	₹ 1,448.28	₹ 2,805.84	₹ 47.26	₹ 1,357.57	₹ 1,958.06
Finance Cost	401.57	₹ 360.04	₹ 765.72	₹ 156.02	₹ 405.68	₹ 208.70
Depreciation	196.31	₹ 329.17	₹ 598.35	₹ 326.37	₹ 269.17	₹ 265.46
PBT	-1226.32	₹ 759.07	₹ 1,441.78	₹ -435.14	₹ 682.71	₹ 1,483.90
Tax Expenses	17.93	₹ 32.85	₹ 54.72	₹ 64.77	₹ 21.87	₹ -13.36
PAT	-716.56	₹ 476.68	₹ 805.22	₹ -455.05	₹ 328.54	₹ 895.93

Notes on Financial Results



- Your company has EBITDA for the first half of 2024 – 25 at ₹(6.28) Cr.
- Your company has PAT in the first half of 2024 – 25 at ₹(7.16) Cr.
- Your company was able to control the losses in spite of poor Infrastructure spending in calendar years 2023 & 2024 in USA.
- Your company is making efforts to mitigate such incidents by bidding for larger contracts for which we have become eligible now.

Major Milestones



- The consolidated revenue of your company for the first of FY is Rs. 60.54 Crores.
- Your company had to stop working for a major Telecommunication company due to delayed payments and irregular work assignment. Your company had filed a claim for delayed payments and loss of revenue for irregular workflow. The client is negotiating for out of court settlement. Despite of the setback in the first half, your company is confident of bouncing back to normal in the year 2025-26.
- Many opportunities have been identified and new partnerships are being forged for steady revenue stream.

Diversification plans



- Your company is now providing project management support to construction companies to accelerate their roll out.
- Your company is also forging alliances with insurance companies providing incident coverage to construction companies to minimize their risk.
- The EV implementation projects are in initial planning stage and are likely to pick up next year.



THANK YOU

 **CADSYS (INDIA) LIMITED**