

Date: May 11, 2018

To,
The Shareholders,

Cadsys (India) Limited
Hyderabad,
Telangana – 500029.

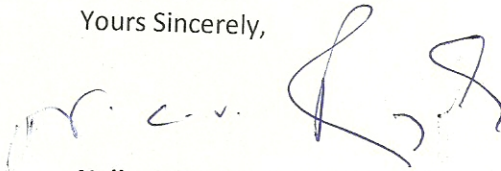
Qualitative Analysis of the Results by the Management.

Your company's consolidated revenue has increased by 4 % from Rs. 43.6 Cr in 2016-17 to Rs. 45.3 Crore in 2017-18. However, the net profit has decreased from Rs. 10.9 Cr to Rs. 7.7 Cr (ie. by 29%). The factors that contributed to the reduction in profit and corrective actions taken by management include:

1. Delay from one of the major customers in renewing one of the ongoing contract for which company had ramped up. This client is expected to renew this contract in 2018-19 which would recoup the margins next year.
2. A 5 % appreciation of rupee against dollar, which has adversely impacted both top line and bottom line. To counter this, your company has now renegotiated the price for the year 2018-19.
3. Increased outsourcing expenses on field services that your company had to undertake in the process of adding new customers. Your company is in the process of acquiring these skills and developing technology to improve operation efficiency to undertake these services in house.

Due to above reasons the Board of Directors feel that the reduction in the profit is a temporary occurrence and the management of the company is confident of positive growth going forward.

Thanking you,
Yours Sincerely,



Nallani Chakravarthi Rangacharya
Managing Director

