



# SHARE HOLDERS'

## LETTER AND RESULTS

### FY23 | MAY 28, 2023

#### In This Report, We Cover

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## OUR VISION STATEMENT

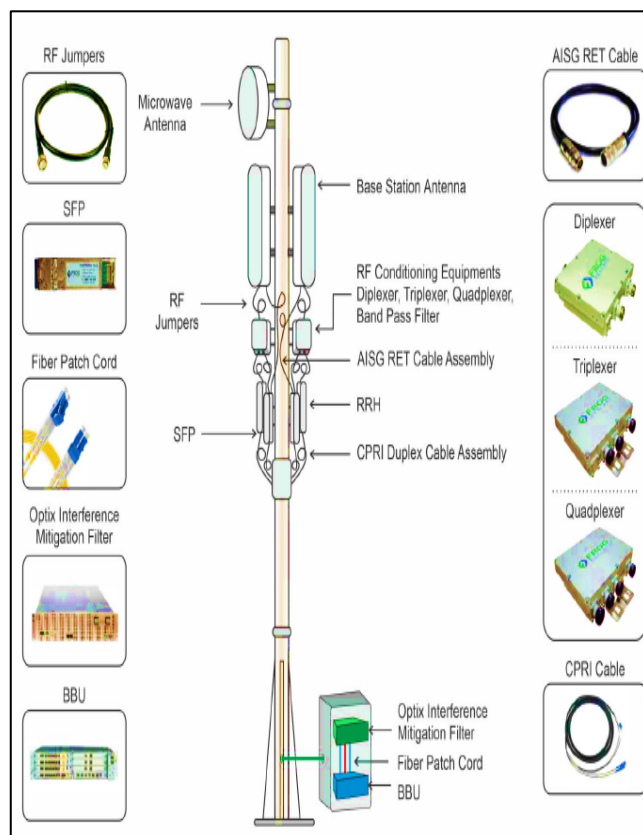
Making Your Mobile Net 'WORK' Better  
Carrier Grade RF Enhancement Solutions For 3G/4G/5G

## About Frog Cellsat:

- Incorporated in the year **2004**, **Frog Cellsat Ltd. ("FCL" or "The company")** is one of the leading technology innovating company/design houses and manufacturers of Radio Frequency (RF) equipment used by the telecom industry
- FCL products are utilized in Telecom Towers for **2G/3G/4G/5G** Mobile networks and in Public Safety Networks (for Police, Fire and Safety, etc).
- The company has **14+ products** in their offerings comprising of RF Repeaters, Optical DAS systems, Interference Mitigation System, Base Station Antenna, Small Cell Antenna; network accessories like RF Jumpers, CPRI Jumpers, RET Cable, SFP's, Cavity Filters, etc. and IBS Accessories including Antenna, Splitter/Combiners, Couplers, RF Feeder, Connectors, etc.
- Furthermore, FCL is one of the service providers for comprehensive In-Building Coverage Planning and Design services along with Radio Access Network (RAN) and Backhaul Network installation services to Mobile Operators.
- FCL has **two** state-of-art-the manufacturing facilities in **Dehradun** and **Noida**
- The company's in-house R&D facility is located in Noida and is recognized by **Department of Science and Industrial Research (DSIR), Govt. of India** that showcases FCL's capabilities of effectively utilizing advanced testing & measuring instruments/standards
- FCL's end-to-end RF enhancement solutions are well positioned in the industry for being **price competitive, field-proven, future-ready, and highly reliable**. Its design, development, manufacturing, and quality control processes are **ISO 9001:2015 and ISO 45001:2018** certified

## Our Application:

### Our Products across the Telecom Tower and inside Building / Large Venues



## FCL provides a complete spectrum of services for the Telcom Operators

In-Building	BTS , MW & Small Cell I&C		RF Planning and Optimization
<p><b>Installation and Roll-out Services</b></p> <ul style="list-style-type: none"> <li>→ RF Survey</li> <li>→ Active /Passive DAS Design through IBwave / Manual</li> <li>→ Deployment &amp; Integration Passive DAS, Active DAS, Small Cell, Lamp site, Radio DOT, Femto Cell</li> <li>→ Acceptance Testing and Optimization</li> <li>→ NMS setup and configuration</li> <li>→ Femto Deployment</li> <li>→ Project Management</li> </ul> <p><b>Network Maintenance Services</b></p> <ul style="list-style-type: none"> <li>→ Operation and Maintenance</li> <li>→ Modification and expansion Planning &amp; Deployment</li> <li>→ Troubleshooting &amp; Rectification</li> </ul>	<p><b>Installation and Roll-out Services</b></p> <ul style="list-style-type: none"> <li>→ RFI Survey</li> <li>→ BTS Installation and Integration</li> <li>→ BTS De-installation (End to End Scope)</li> <li>→ MW Installation and Commissioning</li> <li>→ E1 Testing</li> <li>→ Link NMS Visibility</li> <li>→ Acceptance Installation &amp; Commissioning</li> <li>→ RET installation</li> <li>→ Indoor, Outdoor Small Cell &amp; ULS I&amp;C</li> </ul>	<p><b>Network Maintenance Services</b></p> <ul style="list-style-type: none"> <li>→ Link Alignment</li> <li>→ BTS Indoor to Outdoor Installations</li> <li>→ BTS Swaps, Microwave Upgrades</li> <li>→ 4th Sector Addition</li> <li>→ Traffic Shifting and Optimization</li> <li>→ ODU Upgradation</li> <li>→ Site Relocation</li> <li>→ GSM Antenna / RRU Hight adjustment</li> </ul>	<p><b>Installation and Roll-out Services</b></p> <ul style="list-style-type: none"> <li>→ RF Survey</li> <li>→ LOS (MW) Survey</li> <li>→ RF &amp; TX Planning</li> <li>→ Optimization (RF KPIs)</li> <li>→ Drive Test / SCFT</li> <li>→ Network Benchmarking and Acceptance Testing</li> <li>→ EMF Measurement and Reporting</li> </ul> <p><b>Network Maintenance Services</b></p> <ul style="list-style-type: none"> <li>→ Network Complaint Rectification</li> </ul>

## Frog Cellsat's Strengths:

- Manufacturing products that align with “**Make in India**” initiative
- Economical Product Pricing
- Pioneers in the development of “**Interference Mitigation System**” solutions
- Debt free since its inception
- Trusted by reputed clients such as *Airtel, Jio, Vodafone Idea, Nokia, Motorola* and others

## What Next?

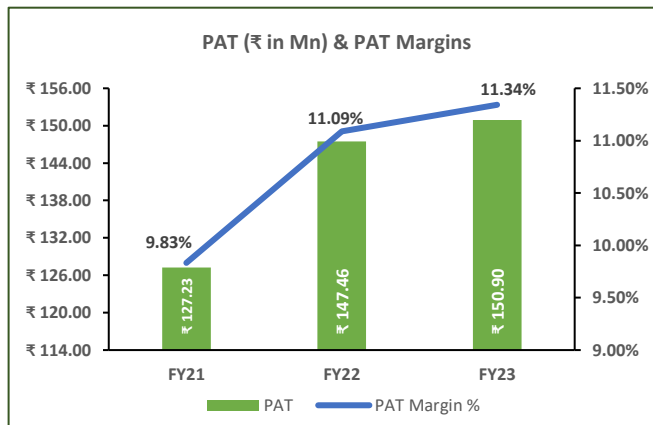
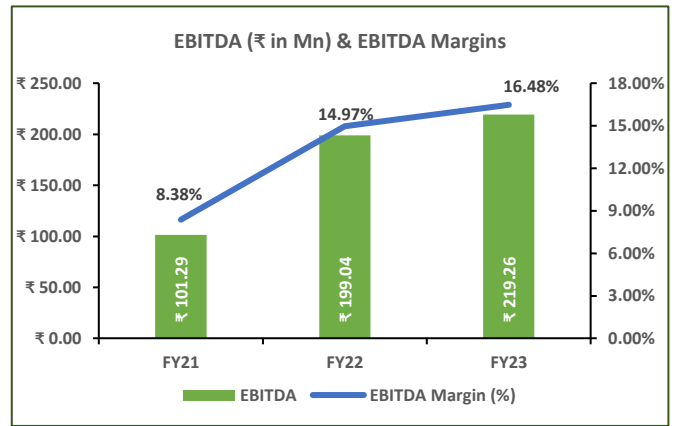
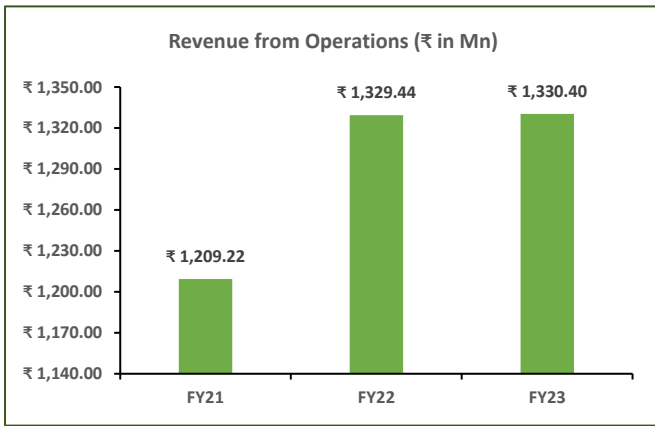
### FCL has wide range of SKU's to cater to multiple industries

- FCL has been constantly focusing on adding and developing newer products to its offerings and in relation to this endeavour it has:
  - Ventured into manufacturing of telecom products used in defence industry
  - Ventured into manufacturing of products that fall under the Design Led PLI scheme
  - In process of developing products such as Fixed Wireless Access (FWA) and OPTix

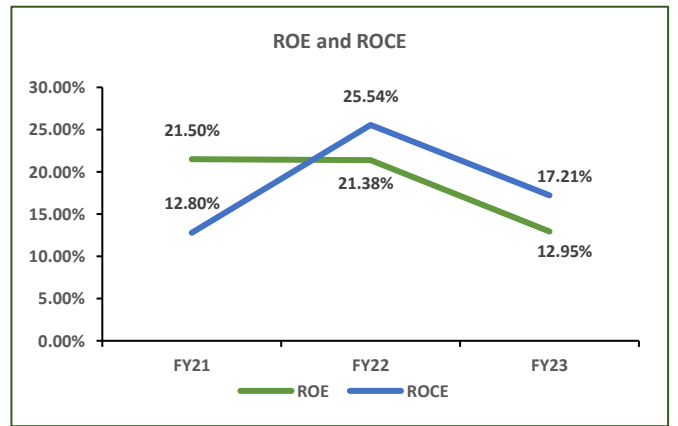
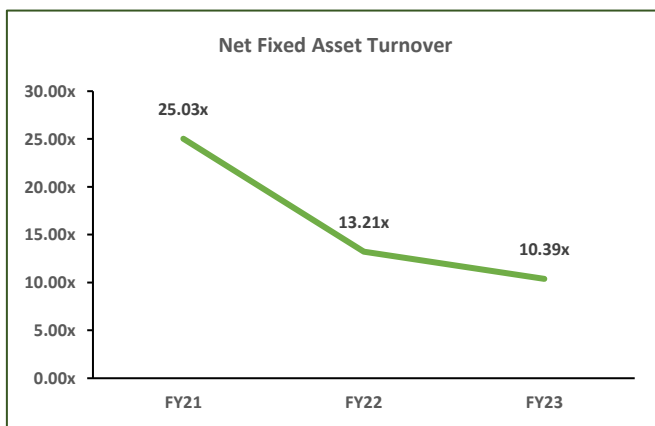
## Growth Drivers:

- Faster deployment of 5G services by the operators
- Growing demand for network coverage solutions in various infra projects(Metros & Airports) has provided wide opportunity
- BSNL's Mobile Network Project aims to establish a robust network infrastructure with a target of deploying 100,000 mobile network sites

# Key Financial Metrics:



## Healthy fixed asset turnover leading to healthy return ratios



**Note: Net Fixed Assets includes only PP&E**

## Financial Summary:

Particulars (Rs. Mn)	H2 FY23	H1 FY23	YoY	FY23	FY22	YoY%
Revenue from Operations	672.43	657.97	2.20%	1,330.40	1,329.69	0.05%
Other Income	28.25	4.15		32.39	29.36	
<b>Total Revenue</b>	<b>700.68</b>	<b>662.12</b>	<b>5.82%</b>	<b>1,362.80</b>	<b>1,359.05</b>	<b>0.28%</b>
Total Expenses excl. D&A & Finance Cost	556.44	554.70		1,111.14	1,130.65	
<b>EBITDA (excl. Other Income)</b>	<b>115.99</b>	<b>103.27</b>	<b>12.31%</b>	<b>219.26</b>	<b>199.04</b>	
<b>EBITDA Margin (%)</b>	<b>17.25%</b>	<b>15.70%</b>		<b>16.48%</b>	<b>14.97%</b>	<b>151bps</b>
Depreciation & Amortization	9.05	7.03		16.08	13.57	
Finance Cost	0.00	5.35		5.35	5.98	
<b>PBT</b>	<b>135.19</b>	<b>95.04</b>		<b>230.23</b>	<b>208.85</b>	
Extraordinary Items	25.18	0.00		25.18	0.00	
<b>PBT</b>	<b>110.01</b>	<b>95.04</b>		<b>205.05</b>	<b>208.85</b>	
Tax	26.23	27.93		54.15	61.39	
<b>PAT</b>	<b>83.78</b>	<b>67.11</b>	<b>24.84%</b>	<b>150.90</b>	<b>147.46</b>	
<b>PAT Margin (%)</b>	<b>12.46%</b>	<b>10.20%</b>		<b>11.34%</b>	<b>11.09%</b>	<b>22bps</b>
<b>Diluted EPS</b>	<b>₹5.47</b>	<b>₹5.94</b>		<b>₹11.41</b>	<b>₹13.05</b>	

\*Total expense includes one-time IPO expense worth ₹ 25.1 Mn

Particulars (₹ in Mn)	FY23	FY22	Particulars (₹ in Mn)	FY23	FY22
<b>Assets</b>			<b>Equity and Liabilities</b>		
PP&E	131.19	102.87	Equity Share Capital	153.75	0.50
Capital WIP	358.88	70.51	Reserves & Surplus	1,007.63	689.12
Intangible Assets	2.56	0.41	Capital Reserve on Consolidation (net)	4.07	-
Goodwill on consolidation	-	93.56	<b>Shareholders Fund</b>	<b>1,165.46</b>	<b>689.62</b>
Investments	-	6.94			
Deferred tax assets	39.00	26.13	Long Term Borrowings	-	27.27
Long term loans and advances	33.55	16.40	Long Term Provisions	14.96	9.43
Other Non-Current Assets	12.96	31.61	<b>Non-Current Liabilities</b>	<b>14.96</b>	<b>36.71</b>
<b>Non-Current Assets</b>	<b>578.14</b>	<b>348.42</b>			
Inventories	250.48	238.14			
Trade Receivables	278.52	196.74	Borrowings	-	34.52
Cash & Cash Equivalents	201.98	127.05	Trade Payables	117.8	153.5
Investments	0.52	0.52	Other Current liabilities	63.53	53.18
Short term loans and adv.	33.98	45.72	Provisions	11.58	4.96
Other Current Assets	29.70	5.59	<b>Current Liabilities</b>	<b>192.91</b>	<b>246.14</b>
Def. gov. grant receivables	-	10.30			
<b>Current Assets</b>	<b>795.18</b>	<b>624.05</b>			
<b>Total Assets</b>	<b>1,373.32</b>	<b>972.46</b>	<b>Total Equity and Liabilities</b>	<b>1,373.32</b>	<b>972.46</b>

## Business Updates:

- Participated in the Mobile World Congress (MWC) held from 27th February 2023 to 2nd March 2023 in Barcelona, Spain
- **Onboarded Mr. Pankaj Gandhi, as the CEO of FCL**
  - Mr. Gandhi brings in 30+ years of experience and has worked at prestigious global organizations like Siemens, British Telecom Global Services India Limited, CommScope, Nokia and others
  - Prior to joining FCL, Mr. Gandhi served as a Managing Director at ACE Technologies Indian subsidiary, a leading RF equipment manufacturing company
  - He holds Bachelor's in Engineering (Electronics and Communications) from Delhi Institute of Technology and holds a silver medal in Executive Masters in Foreign Trade from the Indian Institute of Foreign Trade

## Management Commentary:

### Commenting on FCL's performance, Mr. Konark Trivedi, Founder & MD said:

*"I am pleased to report our financial and business performance for Financial Year 2022-2023:*

- *Revenue from operations remained at **₹1,330.40 Mn in FY23** vs **₹1,329.69 Mn in FY22**
  - *On account of slower rollout by mobile operators of 5G products related to FCL's portfolio, 5G related orders could not be billed as anticipated in Q4 FY 23**
- *EBITDA increased by **10.16%** from **₹199.04 Mn in FY22** to **₹219.26 Mn in FY23**, margins improved from **14.97%** to **16.48%** over the same period
  - *Driven by effective inventory cost management and lower raw materials cost**
- *Adj. PAT stands at **₹176.08Mn** for **FY23**
  - *Adj. PAT excludes one-time extra ordinary expense of **₹25.18 Mn** related to IPO**
- *The increase in our Working Capital Days can be attributed to a decelerated demand for our products, resulting in higher inventory levels*

*In addition to our financial results, we have made significant progress in our strategic initiatives. We continued to invest in our research and development efforts to bring new and innovative products to market which will support enhanced connectivity in India. We launched several new products during the year in the 5G space, defence space and in the mobile network space. Also, as of 31<sup>st</sup> March, 2023 we stand with a healthy order book of **₹650.00 Mn**.*

*Further, to meet the imminent growth demands in both the supply and services divisions, particularly for the 5G Network rollout and customer acquisitions, we have significantly increased our employee expenses. This rise reflects our ongoing and future hiring of new team members to adequately address the expanding needs of the business.*

*On the capex front, we have successfully concluded the construction of phase 1 for our new manufacturing facility in Noida, encompassing a covered area of 100,000 Sq. Ft. By the end of Q1 FY 24, we will commence full-fledged manufacturing operations from this facility, utilizing the additional space to accommodate our growing needs. Simultaneously, phase 2 of the construction is underway and is projected to be completed by the end of Q3 FY 24, adding an additional 600,000 Sq. Ft. of manufacturing space to support our expanding operations.*

Additionally, FY23 marked as our initial year of participation in the PLI Incentive policy for Telecom and Networking Equipment. We have allocated a grant income of ₹ 21.4 Mn in the current fiscal year (FY23) to account for the PLI Incentive.

We would also like to highlight that we have started to witness early green-shoots due to faster deployment of 5G services. This represents a significant growth opportunity for FCL as we continue to expand our operations and leverage our industry expertise and brand recognition. Apart from 5G rollout, the government's increasing focus on enhancing overall 4G infrastructure will create a robust and reliable telecommunication network across the country and we expect to contribute significantly in upcoming quarters.

I would like to thank our shareholders, customers, and employees for their continued support. We look forward to another successful year ahead and remain committed to delivering value and growth for our shareholders."

## Management Guidance:

- Revenue is expected to grow in the range of **45.0% to 50.0% in FY 2024** led by growth opportunities in the 5G technology and growing demand for enhanced network coverage services
- EBITDA margins are expected to be in the corridor of **16.0% to 18.0% for FY 2024** on the back of increasing scale of operations and efficiencies thereon

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### Disclaimer:

*Certain statements in this document may be forward looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local political or economic developments, technological risks, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Frog Cellsat limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward- looking statements to reflect subsequent events or circumstance*

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