

October 25, 2017

To,
The Secretary
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
NSE Symbol: TEJASNET

The Secretary
BSE Limited
P J Towers, Dalal Street, Fort,
Mumbai – 400 001
BSE Scrip Code: 540595

Dear Sir/Madam,

Sub: Earnings Call Presentation- Q2 2018

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of the earnings presentation on the financial results of the Company for the quarter ended September 30, 2017.

The copy of the same is available on the website of the Company at www.tejasnetworks.com

Thanking you,

Yours sincerely
For Tejas Networks Limited


G V Krishnakanth
Company Secretary and Compliance Officer

Encl: a/a

Tejas Networks Ltd. Earnings Call Presentation (Q2FY18)

25th October, 2017





Safe Harbor Statement

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy and our growth and expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, changes in the laws and regulations that apply to the industry in which the Company operates. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.



Q2 Key Takeaways

Particulars	Q2 2018	1H 2018
Revenues (Net) ¹	214.90 Cr (YoY 20.9%)	415.00 Cr (YoY 33.5%)
EBITDA	46.41 Cr (YoY 48.5%)	91.40 Cr (YoY 69.9%)
Operating Profit	29.12 Cr (YoY 61.2%)	57.25 Cr (YoY 120.2%)
PAT	26.87 Cr (YoY 68.0%)	47.31 Cr (YoY 232.5%)

1. The reported revenue for Q2 18 are net of GST, however revenues of all earlier period are inclusive of excise duty and are not comparable. The Revenues (Net) are net of taxes (excise duty/GST) and pass through component sale to our contract manufacturers

Corporate Update

- Global market research firm, Ovum (Informa), ranked Tejas as #1 in India's Optical Aggregation market
- Tejas successfully completed several 100G DWDM deployments in multiple countries
- Company registered multiple wins in network modernization projects using its high-density circuit emulation technology
- Mr. NR Ravikrishnan joined as General Counsel and Chief Compliance Officer



Telecom Industry Eco-system : Where we fit

Our Customers

RJio, Airtel, Idea

Telecom Operators

BBNL, BSNL, PGCIL, Railtel

Government/PSU

Tata Comm, Spectranet

Internet Service Providers

Active Equipment

Nokia, Ericsson, Huawei

Wireless Access

Tejas, Ciena, Infinera, ALU

Optical Transmission

Cisco, Juniper, Arista

Switches & Routers

Applications (Connectivity)

Cell Towers

Enterprises

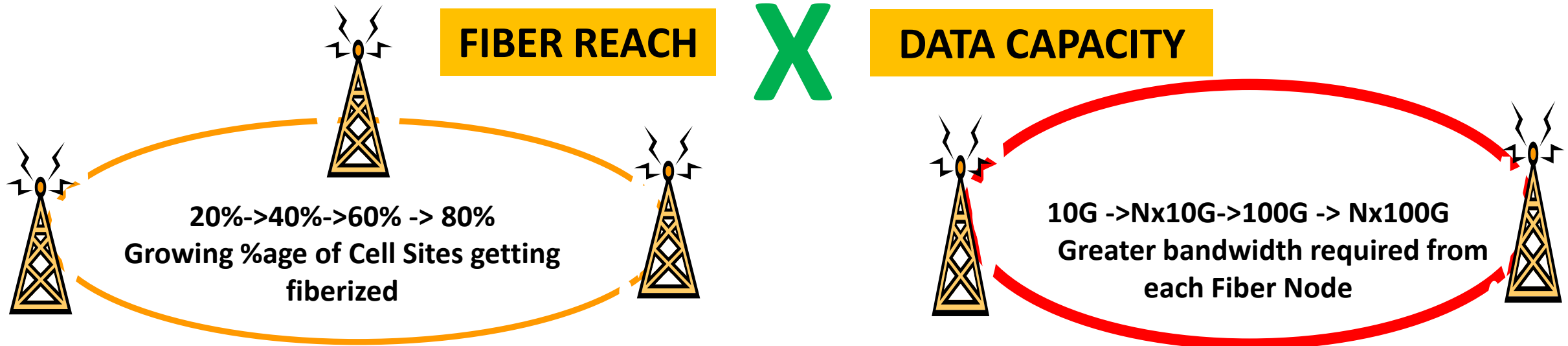
Homes

Data Centers

Utilities



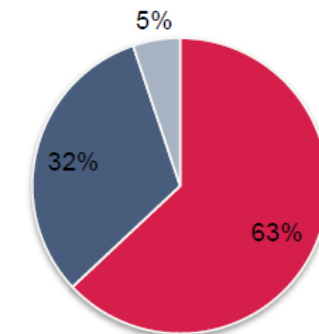
Increased use of Data-driver for our Growth



- Tejas is focusing on high-growth Metro & Access segments
 - Intra-city networks is where there is need for large investments in both capacity & fiber-reach
 - Inter-city backbone- investments only for upgrade in capacity
 - Significant investments by government in rural areas for delivering broadband connectivity

Optical Capex Distribution

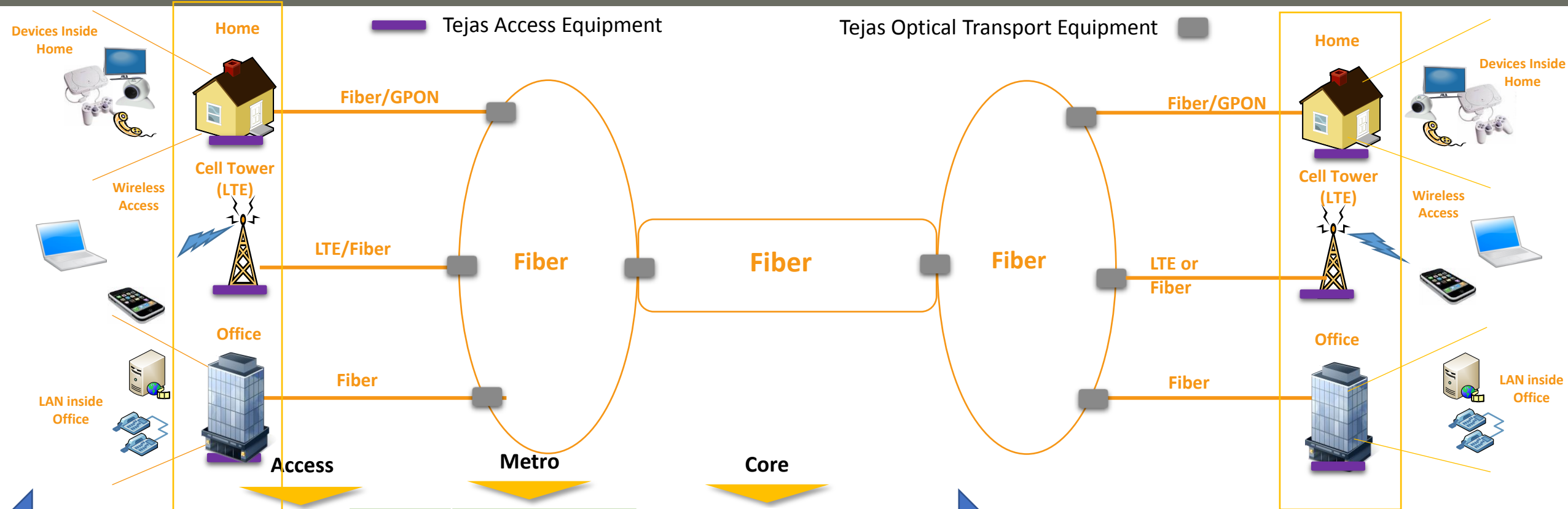
■ Metro&Access ■ LH/ULH ■ Undersea&Bandwidth Management



Source: Ovum



Our Focus : from Access to Metro Core



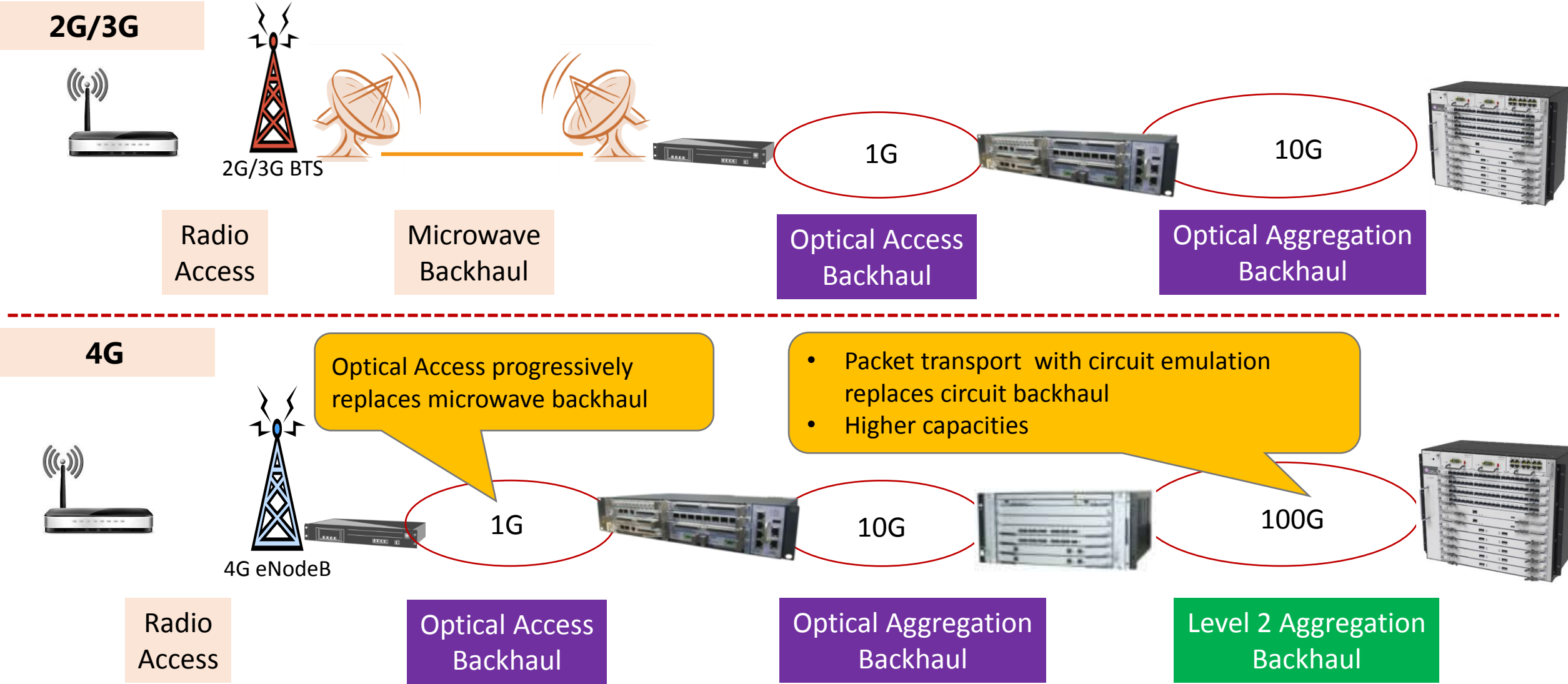
End-to-End Management from a single platform (across all products)

**COMMUNICATE RELIABLY
at LOWEST COST**

Speeds	Nx10G => 100G	Speeds	100G => Nx100G	Speeds	Nx100G => 400G
Tech	PTN, SDH, GPON, LTE	Tech	DWDM, OTN, PTN	Tech	ROADM, OTN, SDN
Products	TJ1400, TJ1600-2	Products	TJ1400-7, TJ1600	Products	TJ1800, TJ1400-18



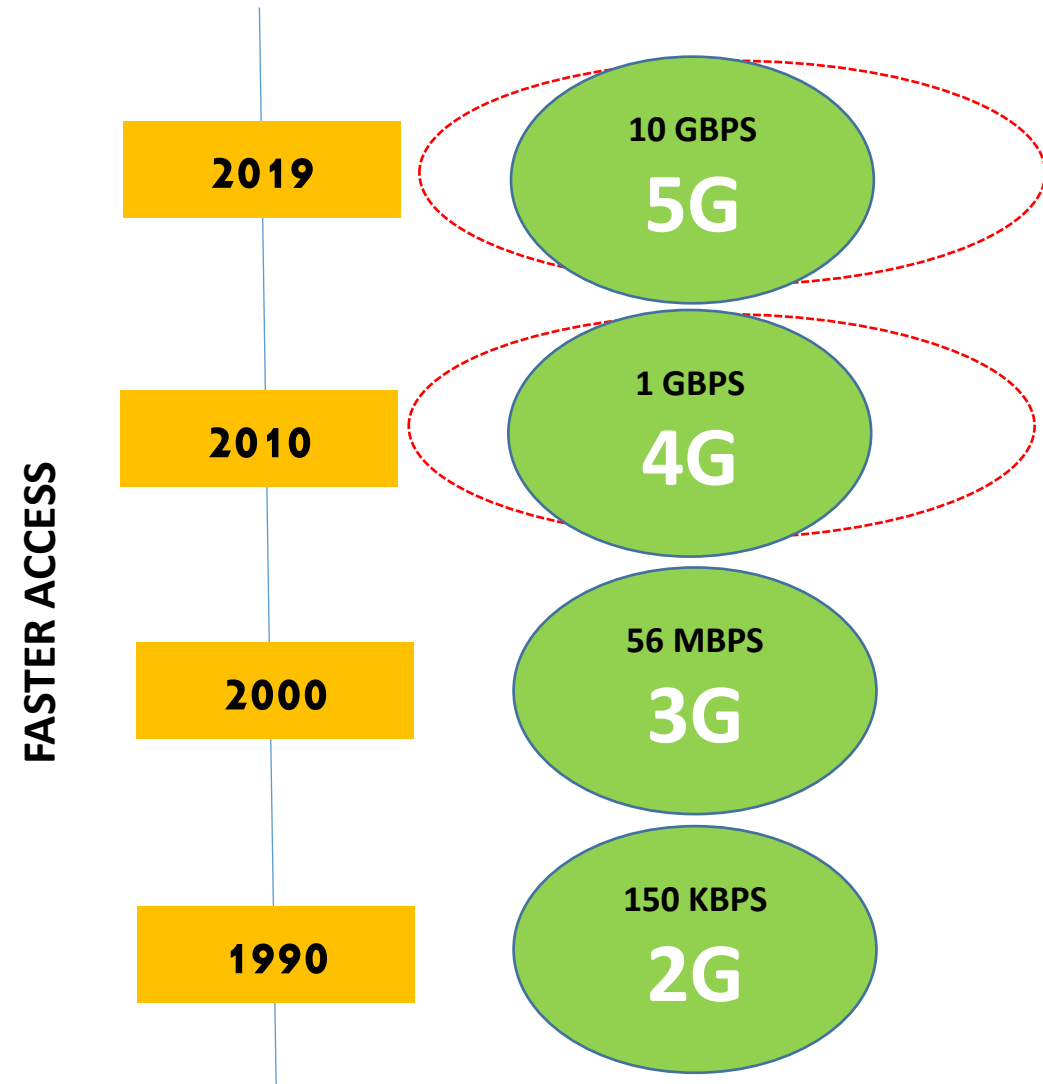
Impact of 4G on Transmission Networks (Optical "Backhaul")





5G : Next-generation Mobile Broadband

- 5G is the next evolution of mobile data
- 5G standard is being developed by ITU-R and 3GPP; ITU-R defining requirements & 3GPP developing technical specs
 - Phase 1 – Rel 15 New Radio (NR) by end-2017
 - Phase 2 – Rel 16 Full Architecture by 2019
- 5G is expected to use spectrum bands both below and above 6 GHz; final allocation in 2019
- Europe has already made 700 MHz band available for 5G; FCC (USA) also opened 11 GHz worth of spectrum above 24 GHz for this purpose





5G- Higher Bandwidth, Lower Latency, IoT


**Broadband access
in dense areas**

**PERVASIVE
VIDEO**



**Broadband access
everywhere**

**50+ MBPS
EVERYWHERE**




**Higher user
mobility**

**HIGH SPEED
TRAIN**



**Massive Internet
of Things**

**SENSOR
NETWORKS**




**Extreme real-time
communications**

**TACTILE
INTERNET**



**Lifeline
communications**

**NATURAL
DISASTER**



**Ultra-reliable
communications**

**E-HEALTH
SERVICES**



**Broadcast-like
services**

**BROADCAST
SERVICES**



Source: NGMN

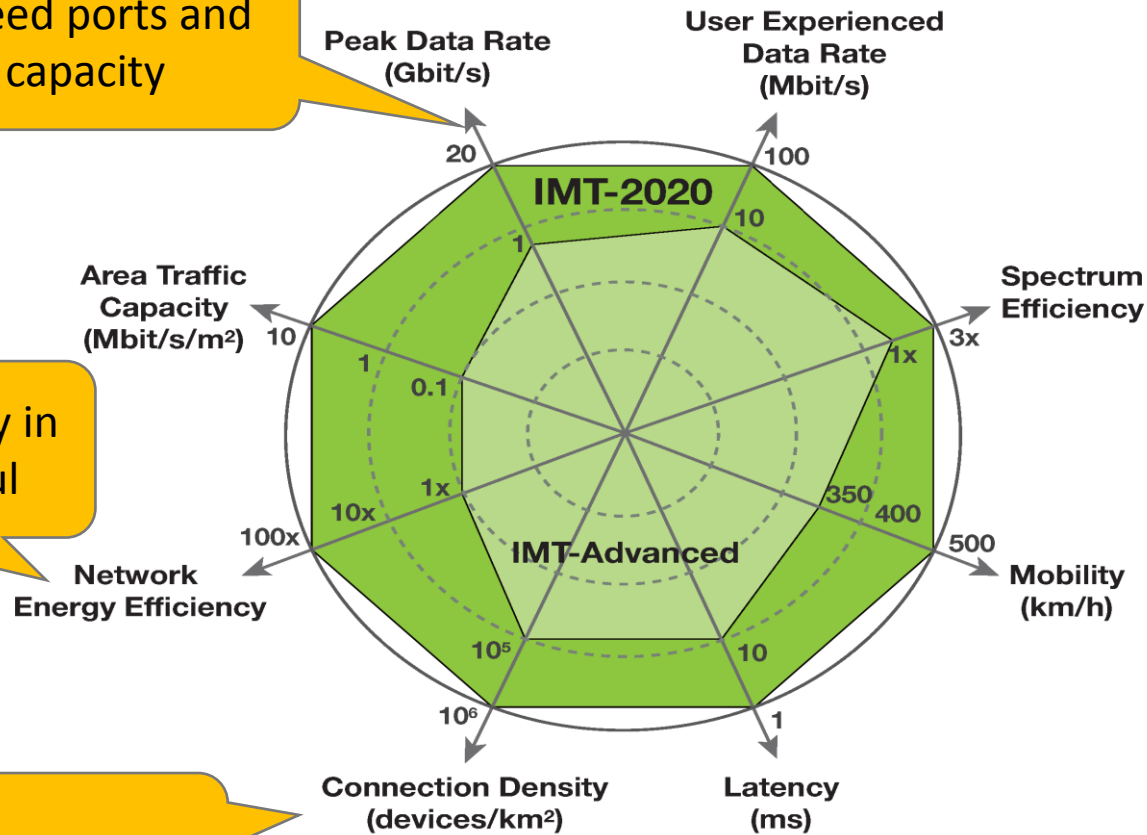


5G : Increases Demand for Optical Transmission

Higher-speed ports and larger capacity

Fronthaul opportunity in addition to Backhaul

More fiberized cell sites



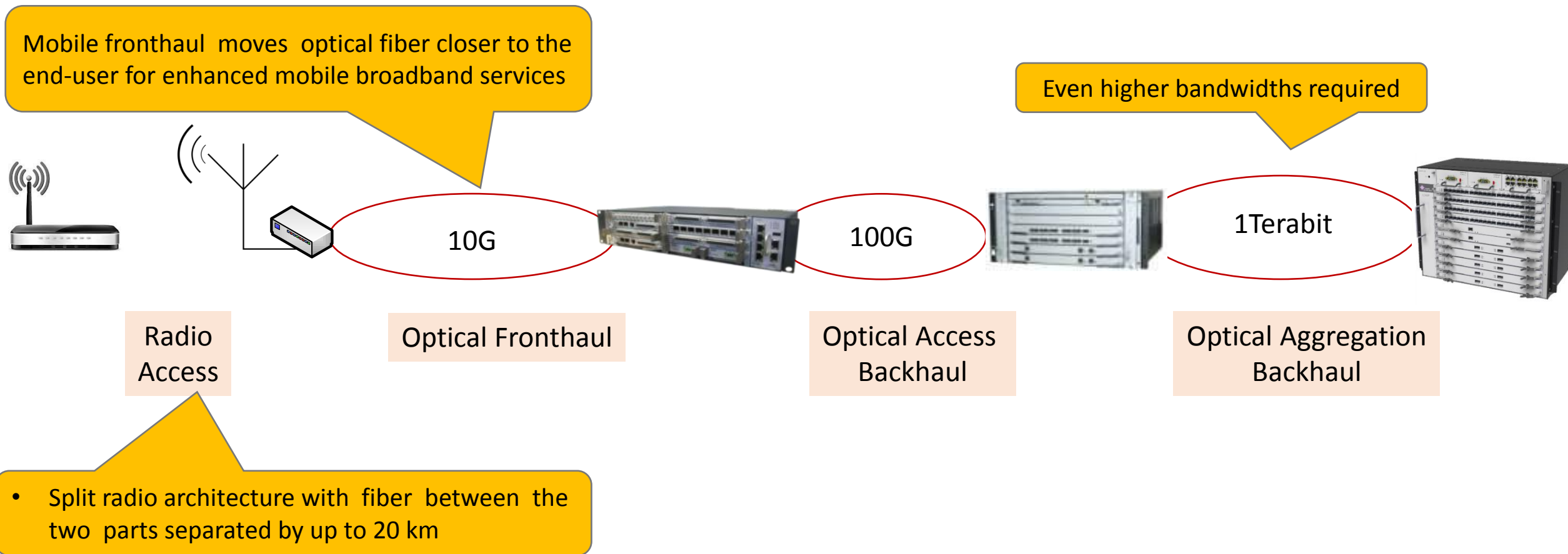
Source: NGMN

“As data rates need to be higher and more consistent, it will be crucial for operators to use fibre as their main backhaul technology,..”, BMI Research

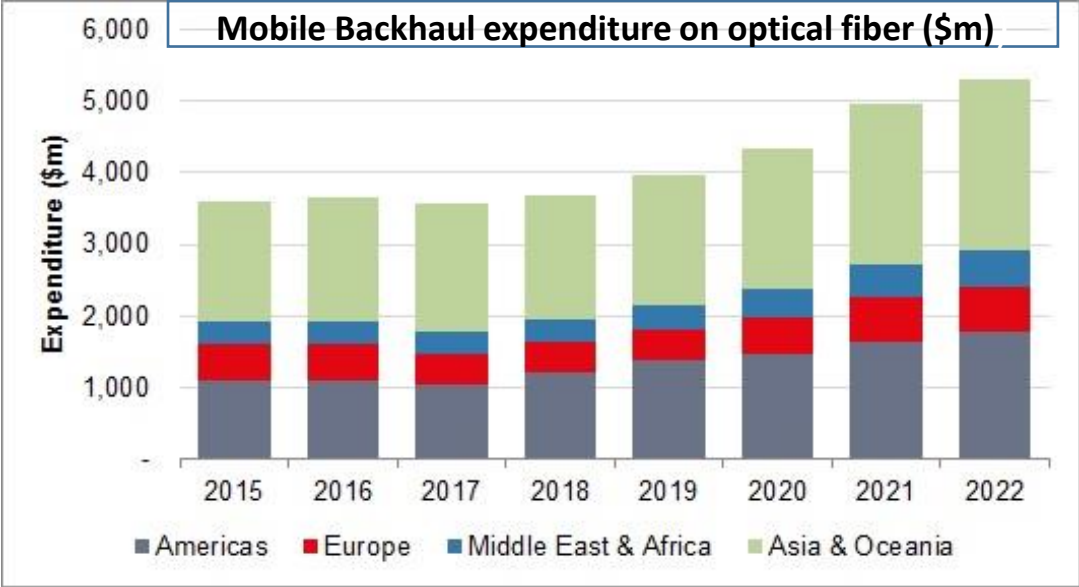
“Mobile transport will be a major issue for 5G networks. Fiber-based solutions meet burgeoning bandwidth growth, and next-gen PON is a perfect fit for 5G cell densification architecture.” Ovum(Informa)



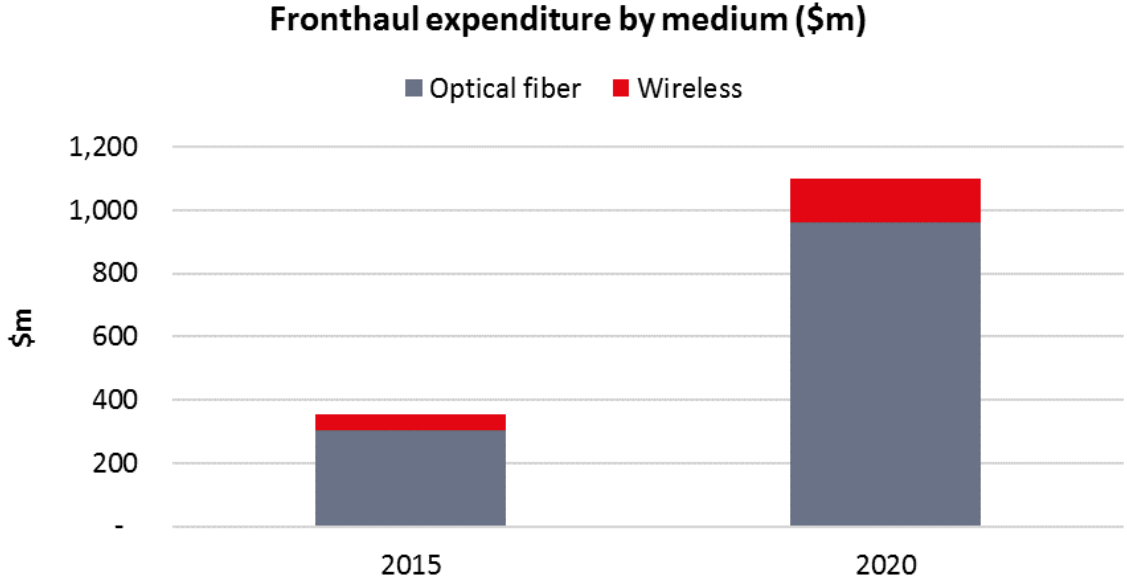
Optical Networks for 5G (Optical “Fronthaul”)



Optical Equipment Opportunities Expand with 5G



Source: Ovum



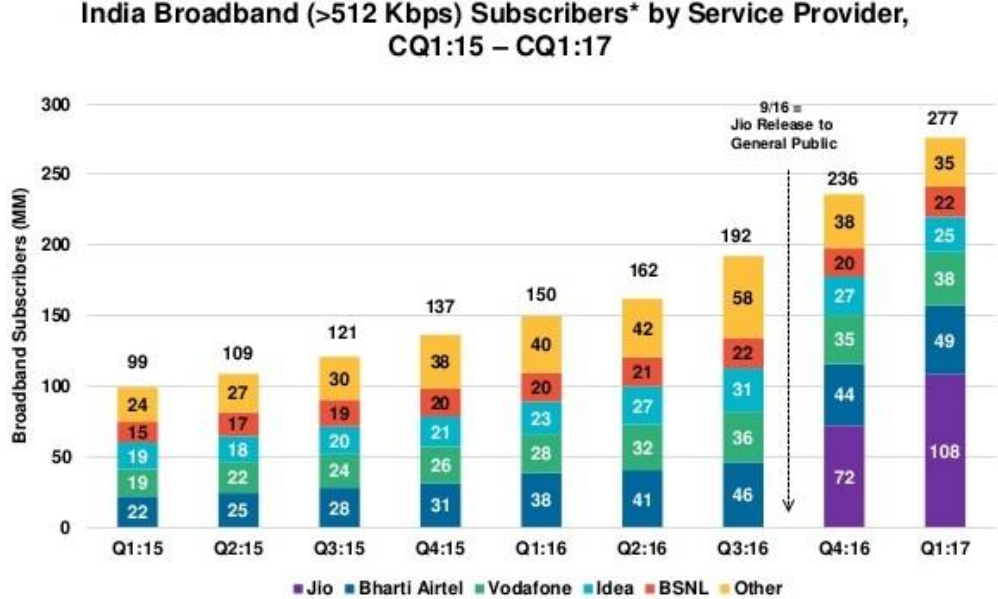
Source: Ovum

The Microwave Transmission market dropped to a new quarterly revenue low in 2Q17, declining 18 percent year-over-year (Y/Y). The main factors driving this disappointing quarter was a sharp reduction of purchases in the Indian region..." Dell'Oro, USA

**Optical Fiber-based Mobile Backhaul and Fronthaul to be a \$6 Bn market by 2022;
Microwave –based backhaul will continue to decline**



India: Optical Equipment Capex is on an Upswing



KLEINER PERKINS Source: TRAI reports. *Subscribers are defined as all unique SIMs within a carrier's database, less test/service cards, employees, stock in hand, SIMs where the subscriber retention period has expired, and service suspended pending disconnection. Note that as of 3/17, Jio's subscribers mentioned here were on free data plans. Subsequent to this free trial period, 72MM so far have converted to paying subscribers. IIP: INTERNET TRENDS 2017 | PAGE 245

"2Mbps is the basic minimum. We should definitely mandate this. If at all, it should be higher than that. It cannot be lower than that," Telecom Secretary, Aruna Sundararajan, Oct 24, 2017

"India was the world's fastest growing optical market in 2Q17 ..Vendors with exposure to China, ICPs/data center, and India were the beneficiaries of the growth...." Don Frey, Ovum

"India is not only the second-largest market, it is also the most vibrant and fastest growing telecom market in the world. The room for growth is so huge that three-to-four players can comfortably survive in a very healthy state.... Data will grow ten times more than voice, very easily.," Telecom Secretary, Aruna Sundararajan, Oct 10, 2017

"Most of the investment (Rs 20,000 crores) will go into 4G and fibre. We are not rolling out too much of 3G or 2G networks any more," Sunil Mittal, Chairman Airtel Oct 5, 2017

"Fibre will be the mainstay for creating versatile heavily layered radio networks...." Vishant Vora, CTO, Vodafone India September 18, 2017

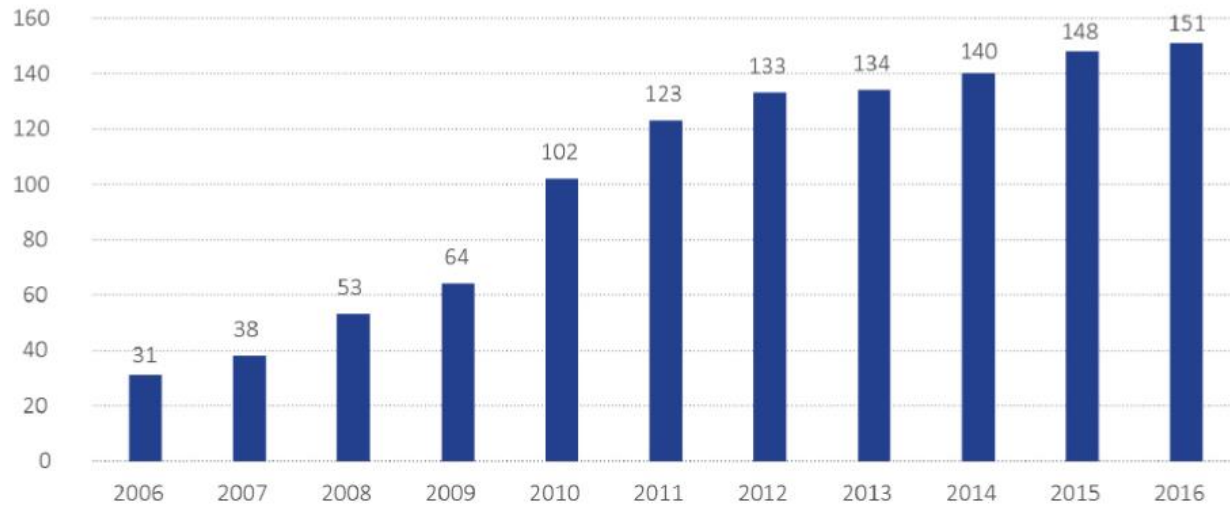
"The government has cleared the second phase of BharatNet, more than doubling the overall budget...The Cabinet on Wednesday approved the total budget of the program of Rs 42,068 crore, of which Rs 18,792 crore will be for second phase...." ET, July 20, 2017

Emerging Markets: Growing Broadband Penetration



Number of countries with national broadband plans 2006-2016

Number of Countries with Broadband Plans, 2006-2016



Source: ITU and TRAI

“According to the UN Broadband Commission’s annual report for 2017, 29 African countries had Internet Exchange Points (IXPs, which help to reduce latency and transit costs) by mid-2017, up from just 15 in 2008. Of the African countries that now have an IXP, 11 set up their IXPs in the year to mid-2017.”

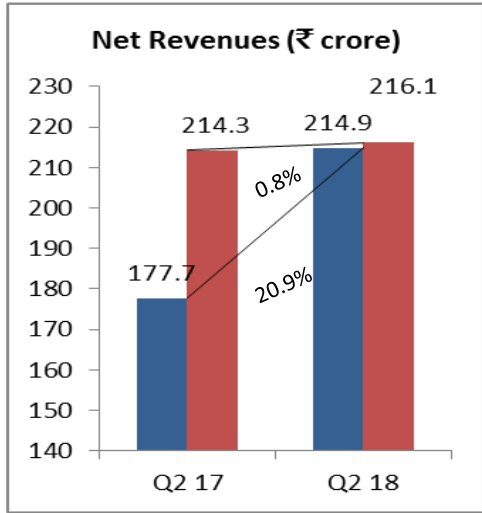
Ovum Africa Market Outlook

“Southeast Asia is the world’s fastest growing Internet region. Nearly 4 million new users will come online every month for the next 5 years translating to a user base of 480 million by 2020, up from 260 million now.” Deloitte Report on Advancing the ASEAN Economic Community

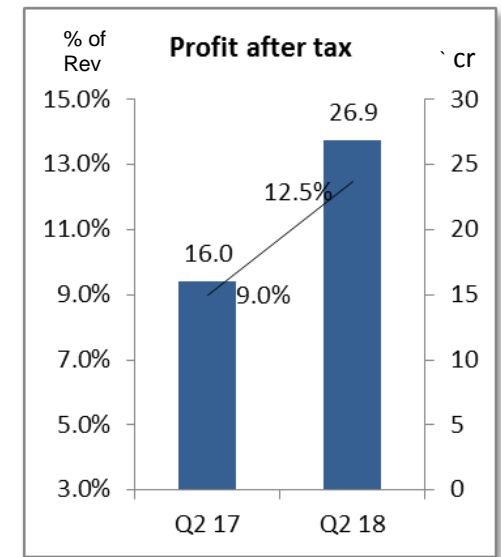
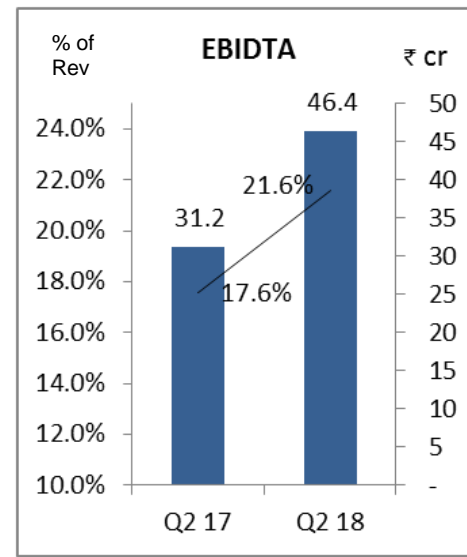
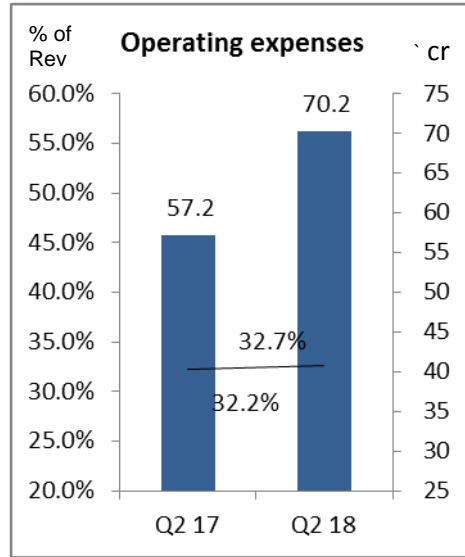
“There will be more than 1 billion mobile broadband subscriptions in Africa by the end of 2022, and non-SMS mobile data revenue on the continent will grow at rate of 25.1% over the 2016–22 period.” Ovum Africa Market Outlook

“We expect the Mexico mobile market to end 2021 with 123.6mn subscribers, up from 111.5mn in 2016, with the main driver being data services as 3/4G subscribers will represent 88.9% of the total base, compared to 67% as of now .” BMI Research – Mexico Industry Forecast

Q2 18 vs Q2 17



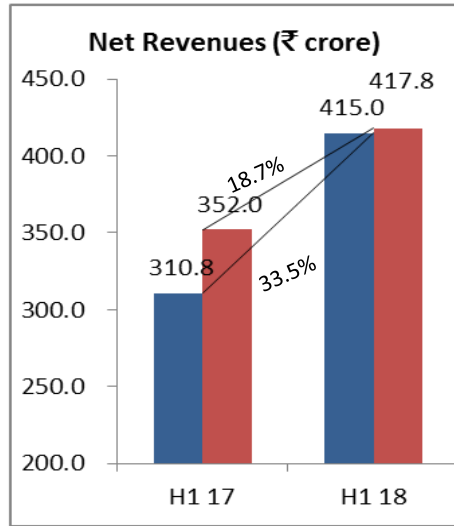
■ Revenue (net of taxes and component sales)
■ Revenue (net of taxes)



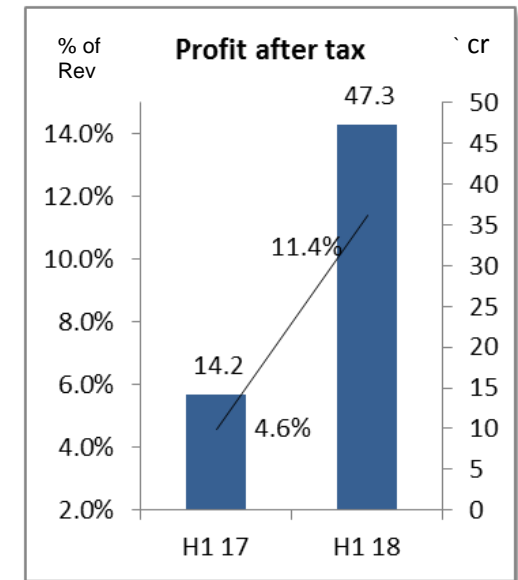
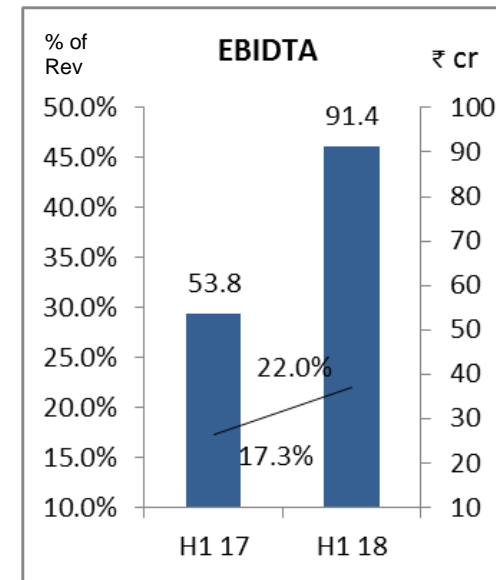
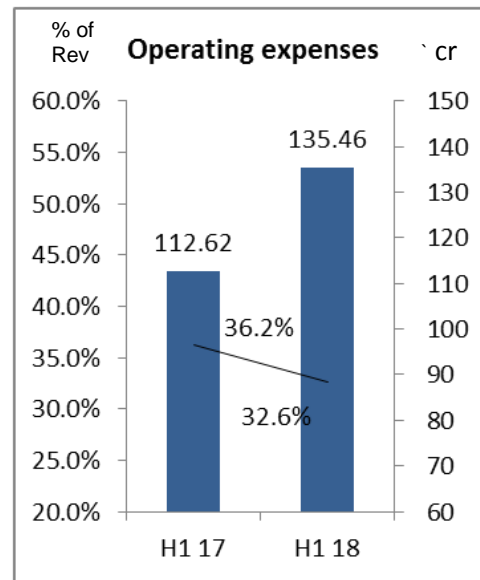
- Company registered 20.9% growth on revenues (net of taxes and pass through component sales to contract manufacturers)
 - The reported revenue for Q2 18 are net of GST, however revenues of all earlier period are inclusive of excise duty and are not comparable
- Operating expenses (inclusive of depreciation) grew by 22.8% on YoY basis
 - as a % of net revenue, it increased marginally from 32.2% to 32.7% on YoY basis
- EBIDTA grew by 48.5% on YoY basis
- Profit after tax grew by 68.0% on YoY basis

* Net revenue = Revenue net of taxes and pass through component sales

H1 18 vs H1 17



■ Revenue (net of taxes and component sales)
■ Revenue (net of taxes)



- Company registered 33.5% growth on revenues (net of taxes and pass through component sales to contract manufacturers)
 - The reported revenue for Q2 18 are net of GST, however revenues of all earlier period are inclusive of excise duty and are not comparable
- Operating expenses (inclusive of depreciation) grew by 20.3% on YoY basis
 - as a % of net revenue, reduced from 36.2% to 32.6% on YoY basis
- EBIDTA grew by 69.9% on YoY basis
- Profit after tax grew by 232.5% on YoY basis

* Net revenue = Revenue net of taxes and pass through component sales

Key Financial Indicators



Amount in ` crore

Particulars	H1 17	H1 18	YoY	Q2 FY17	Q2 FY 18	YoY
Revenue from operations ¹	371	435	17%	224	216	-3%
Revenue from operations (Net) ²	311	415	34%	178	215	21%
EBIDTA	54	91	70%	31	46	49%
Operating Profit	26	57	120%	18	29	61%
Profit after Tax	14	47	232%	16	27	68%
EPS (Basic) `	2.45	5.80	137%	2.67	3.00	12%
EPS (Diluted) `	2.45	5.46	122%	2.67	2.84	6%
Cash flow from Operations	123	95	(29cr)			
Net Worth	418	985	566cr			
Borrowings	180	3	(177cr)			
Debt / Equity	0.43	0.00	(0.43x)			
Net working capital ³	370	436	66cr			
Net working capital as % of LTM Revenue ³	45%	42%	(236bps)			

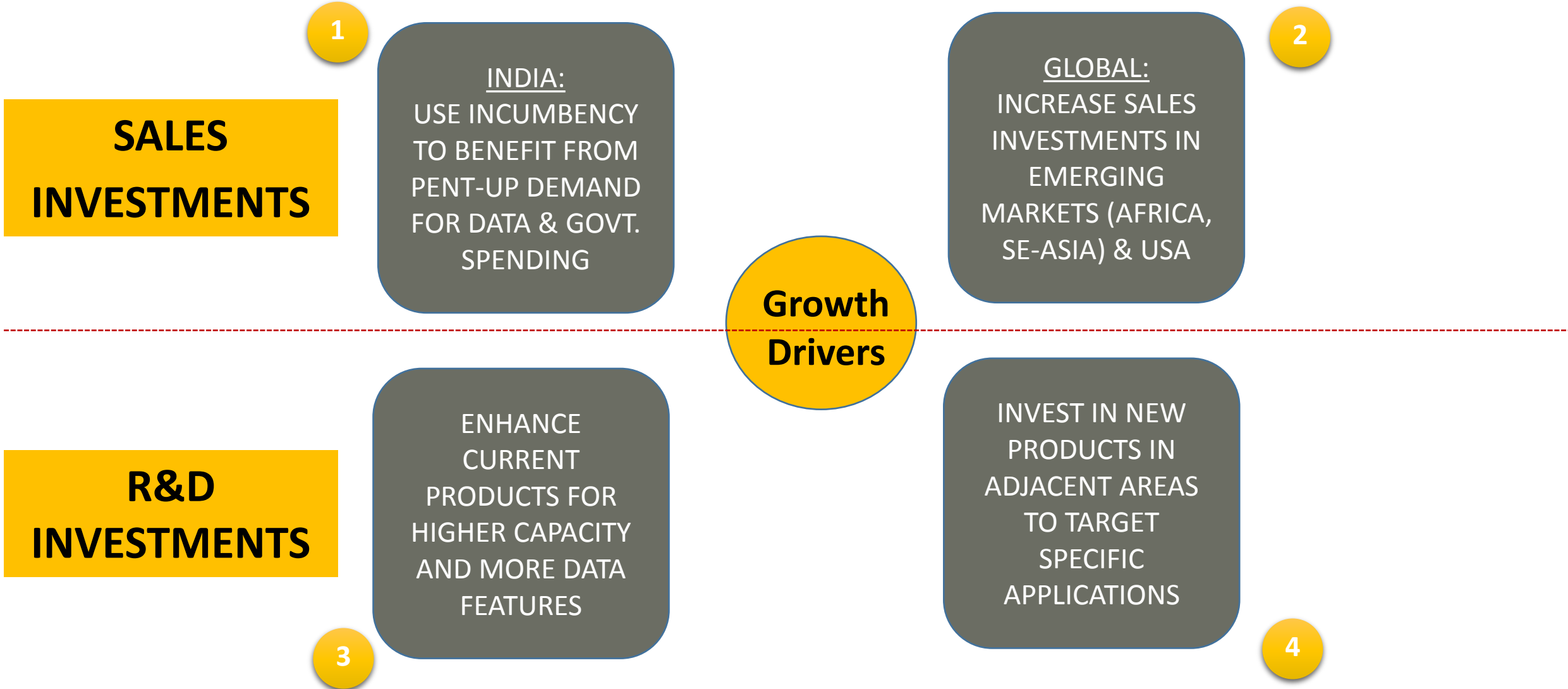
1. The reported revenue for Q2 18 are net of GST, however revenues of all earlier period are inclusive of excise duty and are not comparable

2. Revenues net of taxes (excise duty/GST) and pass through component sale to our contract manufacturers

3. Cash and cash equivalents, Other Bank balances in current assets, and Borrowings in current liabilities not considered in computation of Net working capital



Strategic Priorities & Key Growth Drivers



Summary



- Tejas has demonstrated strong technology and market leadership
 - Ranked #1 in market share (by Ovum) for optical aggregation in India- world's most competitive telecom market
 - Tejas is India's leading deep-technology, IPR driven company with more than 337 patents
- Data and 4G is driving demand for optical equipment; 5G will accelerate this growth
 - Higher capacities, more base-stations, optical front-haul in addition to back-haul
 - Intra-city/metro/access networks will see faster growth; fits in with our focus on optical aggregation and access
- India is world's fastest growing optical networking market
 - We are at the beginning of a long data-growth cycle- private operators as well as Govt. is investing in optical infra.
 - Government push for Digital India, Make-in-India is helping Tejas
- Tejas is focusing on expanding in Africa, SE Asia etc. that have India-like needs
 - Tejas products have a sweet-spot in these markets and we are increasing investments in sales and marketing
- Strong financial performance with improvement with operating leverage
 - Asset-light business model, that uses India's R&D cost advantage
 - Strong balance sheet allows us to invest in R&D and Sales and capitalize on the growth potential available



For further information

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Thank you

