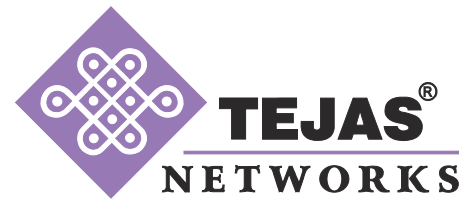


## Tejas Networks Ltd.

Regd. Office: Plot No. 25, 5th Floor  
J.P. Software Park, Electronic City Phase 1  
Hosur Road, Bengaluru 560 100, India  
Tel : +91- 80- 4179 4600/700/800  
Fax: +91- 80- 2852 0201



**January 24, 2019**

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

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

Dear Sir/Madam,

**Re: Earnings Call Presentation- Q3 FY 2019**

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the earnings presentation on the unaudited Financial Results of the Company for the quarter and nine-months ended December 31, 2018.

The same is available on the website of the Company at [www.tejasnetworks.com](http://www.tejasnetworks.com).

Thanking you,

Yours sincerely

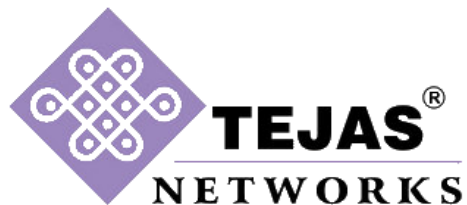
**For Tejas Networks Limited**



**N R Ravikrishnan**  
**General Counsel, Chief Compliance Officer**  
**& Company Secretary**

# Tejas Networks Ltd. Earnings Call Presentation (Q3 FY19)

24<sup>th</sup> Jan, 2019





# 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.*



# Q3 Financial Update

	Q3 2019	9M 2019
Revenues (Net) <sup>1</sup>	176.2 Cr (YoY -22.1%)	610.9 Cr (YoY -4.7%)
EBITDA	36.3 Cr (YoY -28.4%)	143.5 Cr (YoY 0.9%)
Operating Profit	20.2 Cr (YoY -43.2%)	95.0 Cr (YoY 2.5%)
PBT	24.9 Cr (YoY -35.7%)	112.9 Cr (YoY 14.5%)
PAT	32.8 Cr (YoY 9.0%)	111.4 Cr (YoY 43.8%)

1. The reported revenue for 9M 19 are net of GST, however revenues of 9M 18 are inclusive of excise duty (for 3 months) and are not comparable  
*The Revenues (Net) are net of taxes (excise duty/GST) and pass through component sale to our contract manufacturers*

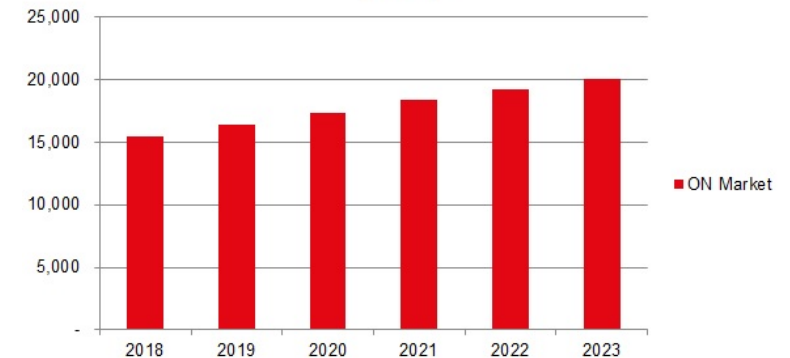


# Global Optical Networking Market is Growing

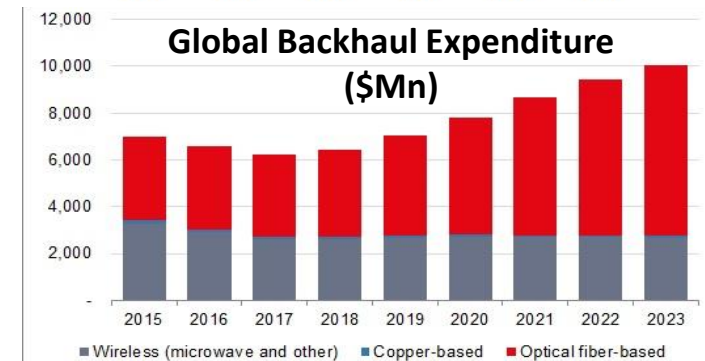
- Global optical networking market to touch \$20 billion by 2023
  - Asia, Middle East, CALA and Africa forecasted to increase investments for 4G as well as 5G
  - Optical spending to be dominated by 100G/>100G WDM and OTN technologies
  - Global wireless backhaul spend to be \$10 billion by 2023
    - Optical backhaul to dominate and radio backhaul will diminish
- 5G to add another \$1.5 Bn capex for optical fronthaul, in addition to backhaul
- GPON/FTTX revenues to be \$7.6 Bn by 2023 dominated by Asia and Africa

Source: Ovum

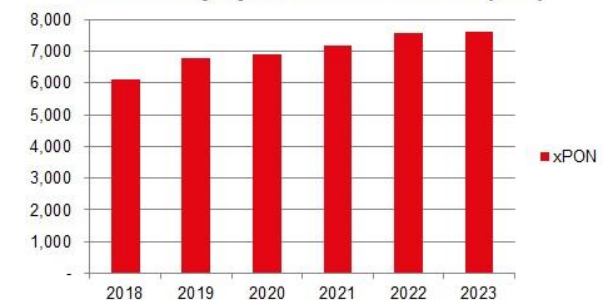
Global Optical Equipment Revenues (\$Mn)



Global Backhaul Expenditure (\$Mn)



xPON Equipment Revenues (\$m)



# Indian Optical Networking Market: Strong Growth



- India continues to show consistent growth in optical equipment spending
  - India is the largest consumer of data in the world with 500 M+ Internet users
  - Operators are spending on multi-year network transformation with significant investments in 4G/5G backhaul, xPON, and metro/longhaul optical transmission
- India undergoing large-scale adoption of optical fiber for mobile backhaul
  - Fiberization of cell towers expected to increase from 25% in 2018 to 60% by 2023
- Home and enterprise broadband connectivity (FTTX) to accelerate
  - 50% of homes to be connected on fixed broadband by 2022
  - Will contribute to 30% telco revenue share by FY2023
- Government-funded projects to increase broadband connectivity
  - BharatNet Phase-2 (to connect a total of 250,000 Gram Panchayats) and State-led BharatNet++ (to build a state-wide network) are in execution stage
  - Each Gram Panchayat will have 1G/10Gbps connectivity by 2020/22
  - 100 Mbps broadband to every government/academic institution
  - Smart City and video surveillance projects require optical backbone



# Sales Update

## ● India

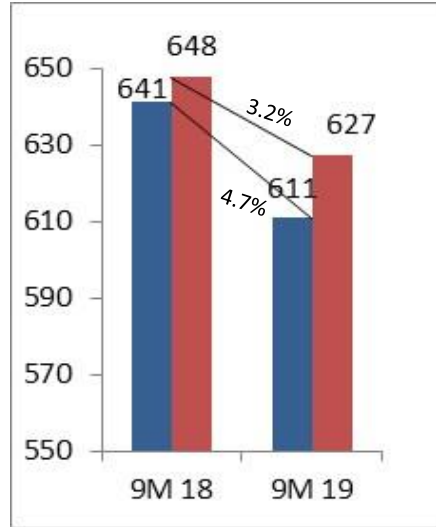
- India Govt. revenues expected to be flat
  - BharatNet orders (center and state), in which our EPC partners have won tenders have been delayed. Revenues planned for FY20
  - We continue to win many utility customer projects (Power/Rail, Oil & Gas); this segment will deliver strong growth
  - Many new optical equipment tenders in pipeline in BSNL/Railtel/PGCIL for FY20 revenues
- Strong growth expected from India private
  - Strong run-rate business on existing applications
  - Won new application (OTN/DWDM) with a major private operator. Rate-contract signed for large multi-year opportunity (impact from FY20)
  - Well placed for GPON/FTTX opportunities with multiple private telcos in India. Expecting rate-contract closures this quarter

## ● International

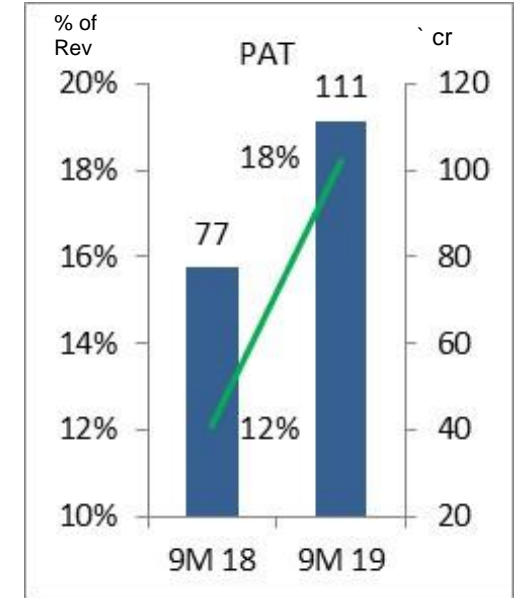
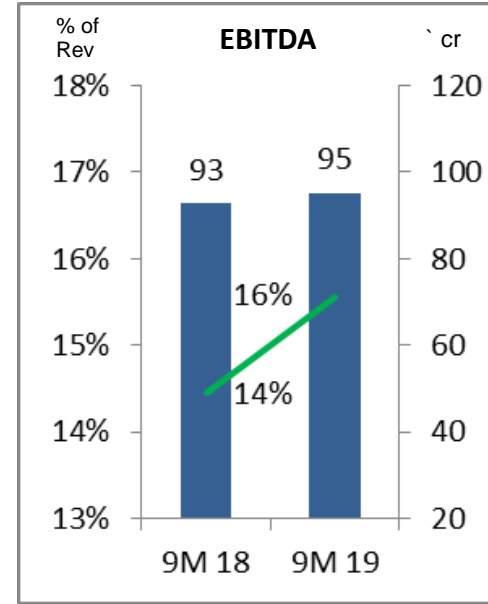
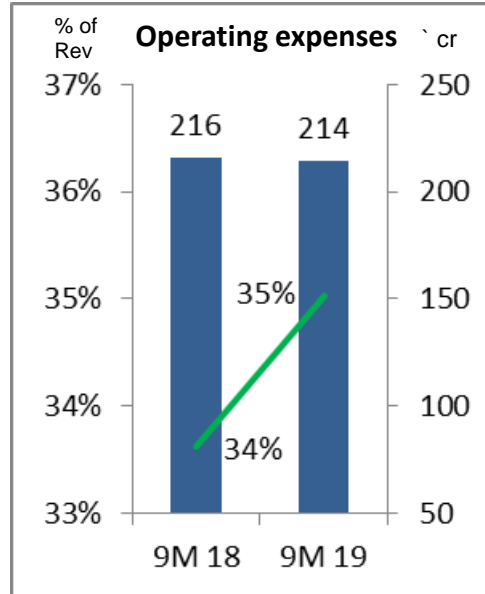
- Strong growth from International-Direct
  - Growth in International-Direct across all regions
  - US-China issues generating significant customer interest
  - Added 4 new customers- 3 in Africa and 1 in America
- SE Asia and SAARC
  - Good repeat orders from existing customers
  - Active engagements for large deals in Malaysia, Vietnam, Sri Lanka and Bangladesh
- Africa
  - Repeat orders from existing customers
  - Well placed for new wins in multiple Tier-1 customers, which are expected to become large run-rate accounts
- North America
  - Mexico: Strong order flow. Well placed for large deals for new applications
  - US: active engagements with over 20 customers; deals taking longer to close. YTD order flow is slow
  - Overall North America expected to deliver growth, despite OEM business shrinking to nominal levels



# Financials: 9M'19 vs 9M'18



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



- Net revenues declined by 4.7% on YoY basis
  - Revenues grew internationally as well as India Pvt; India Government to stay flat due to delays in Bharatnet phase II orders
- Operating expenses (including depreciation) for 9M marginally declined by 0.7% on YoY basis
  - Continued to invest in R&D and Sales, while there was a reduction in other operating expenses
- EBITDA grew by 0.9% on YoY basis and as a % of net revenue increased from 22.2 % to 23.5% primarily on account of better gross margins
- Profit before tax increased by 14.5% and Profit after tax increased by 43.8% on YoY basis
  - Primarily due to increase in EBITDA and other income and deferred tax considered for 9M 19
  - Since Tejas Israel was officially liquidated in Q3 (provisioned in 2012-13), we will get the tax benefit in the current year





# Key Financial Indicators

Amount in ` crore

Particulars	9M 18	9M 19	Variance
Revenue from operations <sup>1</sup>	665	627	-6%
Revenue from operations (Net) <sup>2</sup>	641	611	-5%
EBIDTA (before exceptional item)	142	143	1%
Operating Profit	93	95	3%
Profit after Tax	77	111	44%
EPS (Basic) `	9.18	12.21	33%
EPS (Diluted) `	8.63	11.57	34%
Cash flow from Operations	179	(104)	(284cr)
Net Worth	1,115	1,281	165cr
Borrowings	3	2	(1cr)
Net working capital <sup>3</sup>	388	549	(161cr)
Net working capital as % of LTM Revenue <sup>3</sup>	38.82%	65.61%	

- The working capital as at Dec 18 has increased to Rs. 549 crore from Rs. 323 crore as on Mar 18
  - Working capital days increased by 98 days to 239 days
- DSO increased to 257 days from 135 days as on Mar 18, due to continual delays in collections from one large India Government customer
  - While we have partially collected the overdue amounts in Q3, we are targeting to collect a majority of the balance amount in Q4
- DPO increased to 123 days from 99 days as on Mar 18
- Inventory days decreased to 76 days from 83 days as on Mar 18

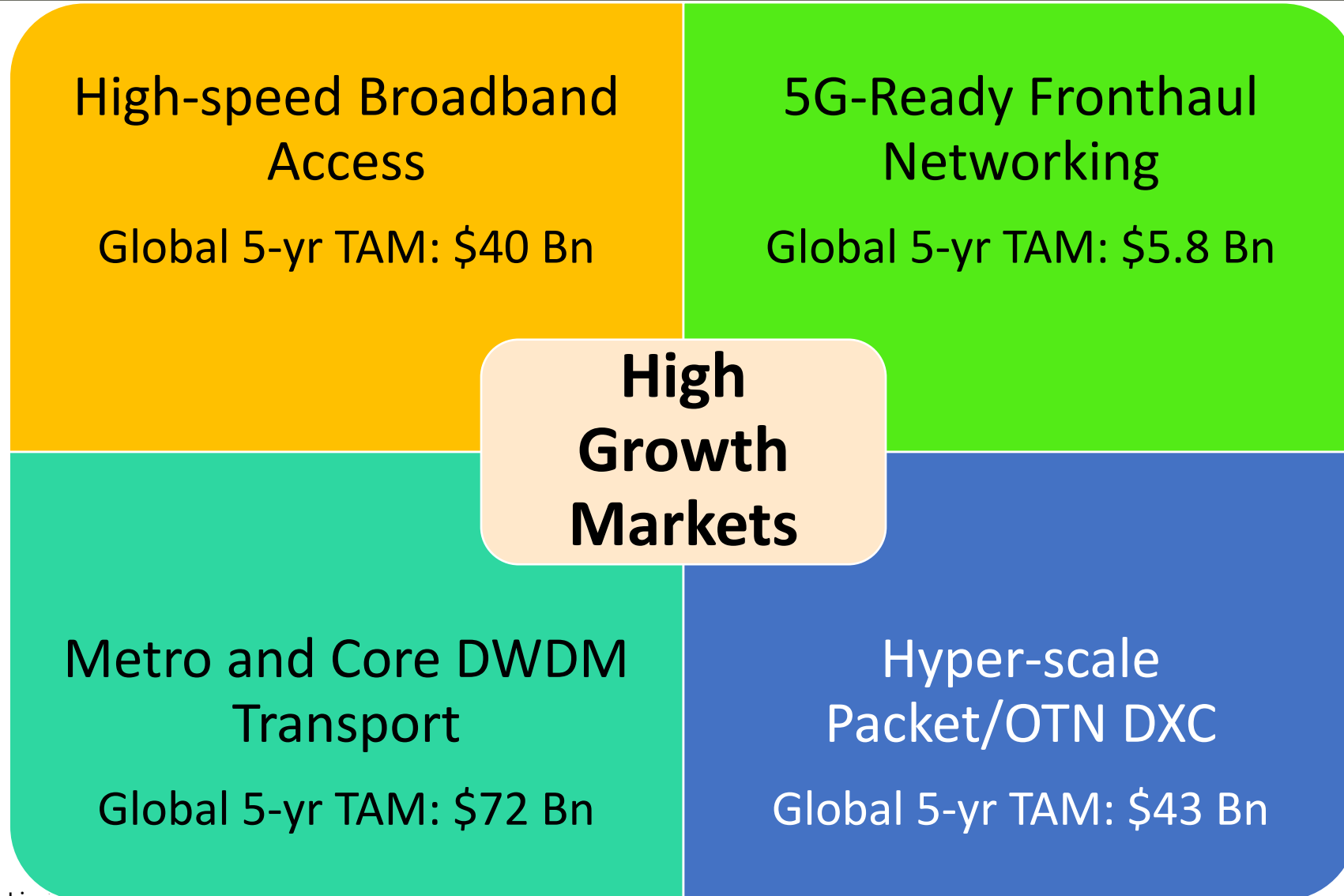
1. The reported revenue for 9M 19 are net of GST, and revenues for 9M 18 are inclusive of excise duty (for 3 months) and are not comparable

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

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

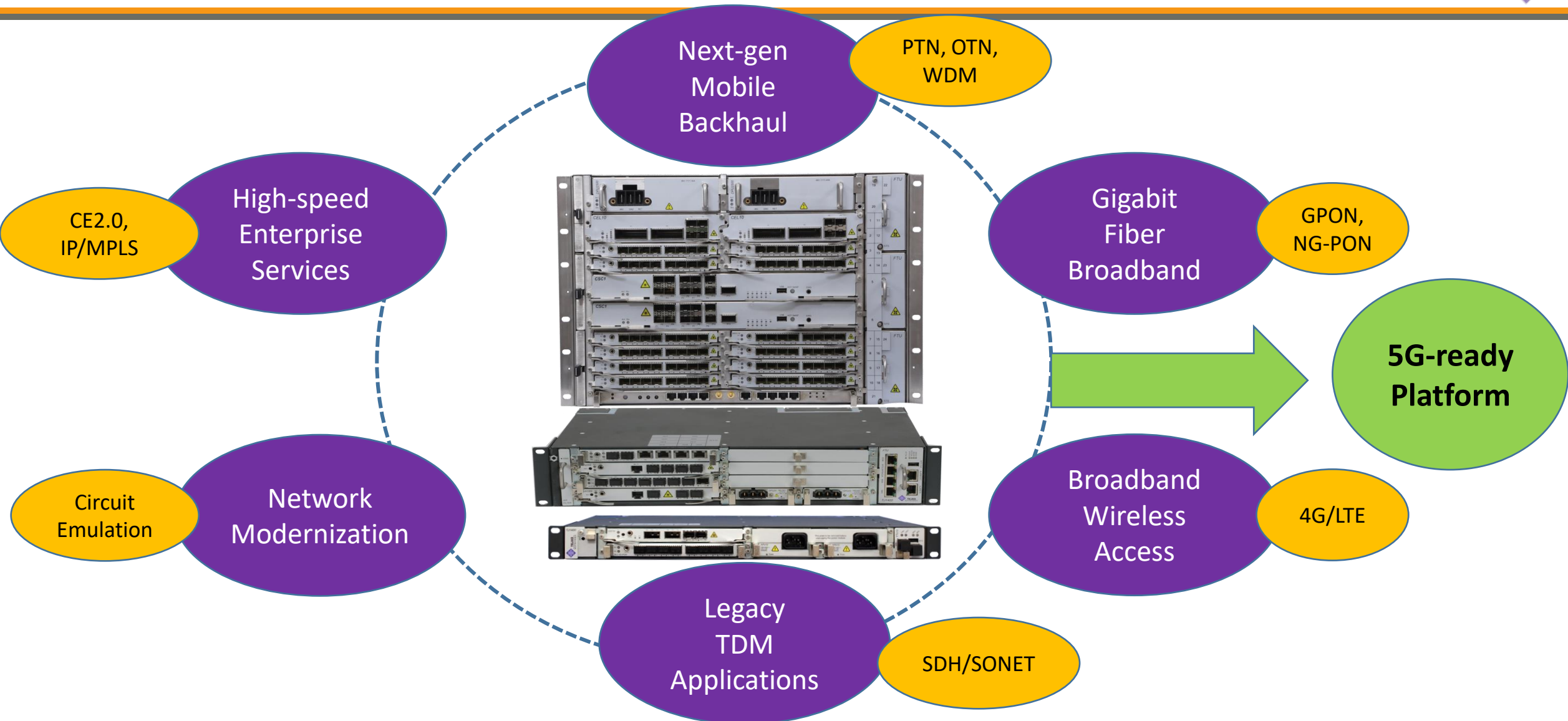


# Target Markets for Tejas Products



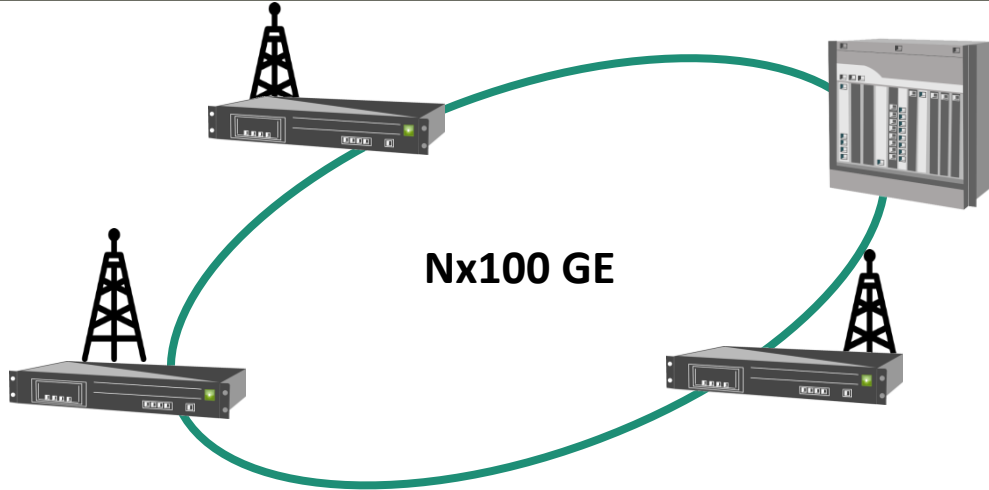
Source: Estimates based on Ovum forecasts

# Ultra-converged Access and Edge Products (TJ 14xx Family)

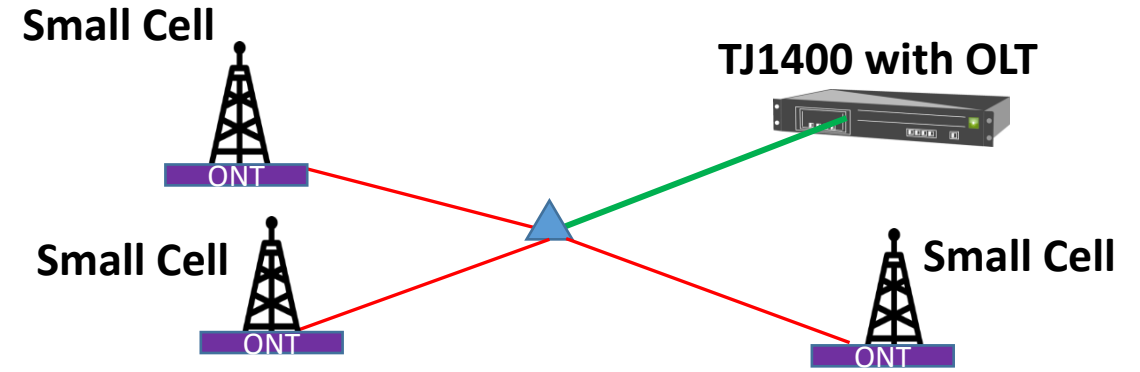




# 5G-ready Fronthaul and Backhaul



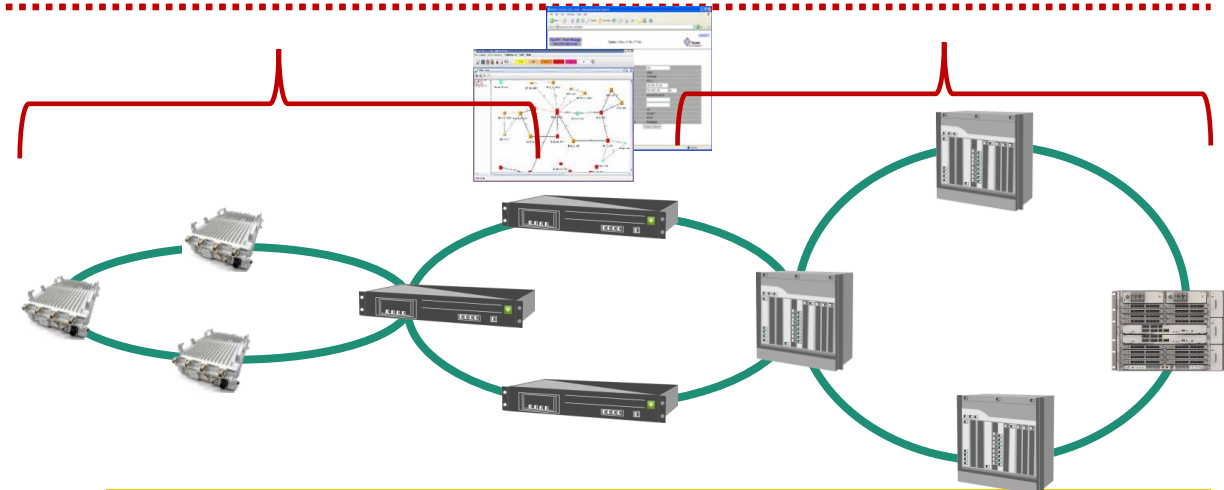
**100GE support for High-capacity 5G Backhaul**



**Gigabit and 10-Gigabit PON for Small Cell Backhaul**

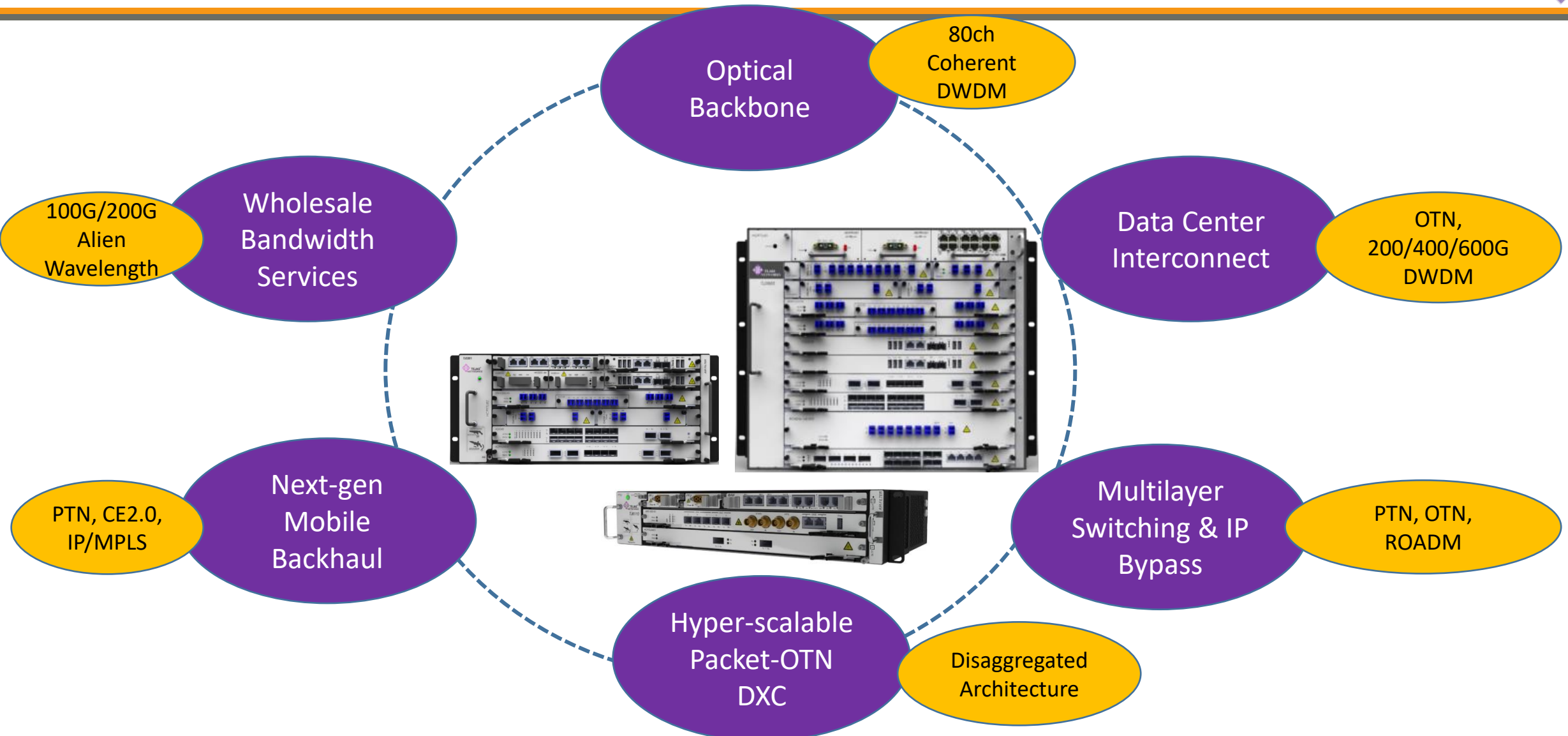


**Multi-protocol support to deliver comprehensive 5G front-haul solutions**



**5G Network Slicing through SDN-capable NMS**

# Versatile Metro DWDM and OTN Products (TJ 16xx Family)





- **Team**

- 758 employees, 53% in R&D

- **Awards**

- Selected as “Company of the Year-Telecom Products” by ZEE Business

- **Patents and Standards**

- Crossed 100 patent grants (72 International; 28 India)
- Active participation and contribution to 5G standards through TSDSI (India’s standards body)
- TSDSI actively engaged with ITU-R to define a new 5G Radio Interface Technology



# Summary

- Optical networking is a large, growing market
  - Global optical equipment spending will continue to be robust for next few years
  - India will stay one of the fastest growing market for optical equipment- lot of catch-up growth
- Our technology focus has resulted in very competitive end-to-end product portfolio
  - One of the few global players having an end-to-end portfolio from Access to Core
  - Our 5G-ready converged access/aggregation and scalable metro core products winning globally
- Our increased focus on India-private and International to reduce dependence on Government tenders
  - India private is growing strong- opportunities to increase our market-share with new application wins
  - Investments in International-direct business resulting in strong growth across all regions. Many large new customer wins as well as new application wins in the pipeline
  - Geo-political issues are also helping us get more customer interest
- Maintaining healthy profitability, while investing for growth
  - Continuing to invest aggressively in R&D and Sales