

Tejas Networks Ltd. Earnings Call Presentation

3rd August, 2017



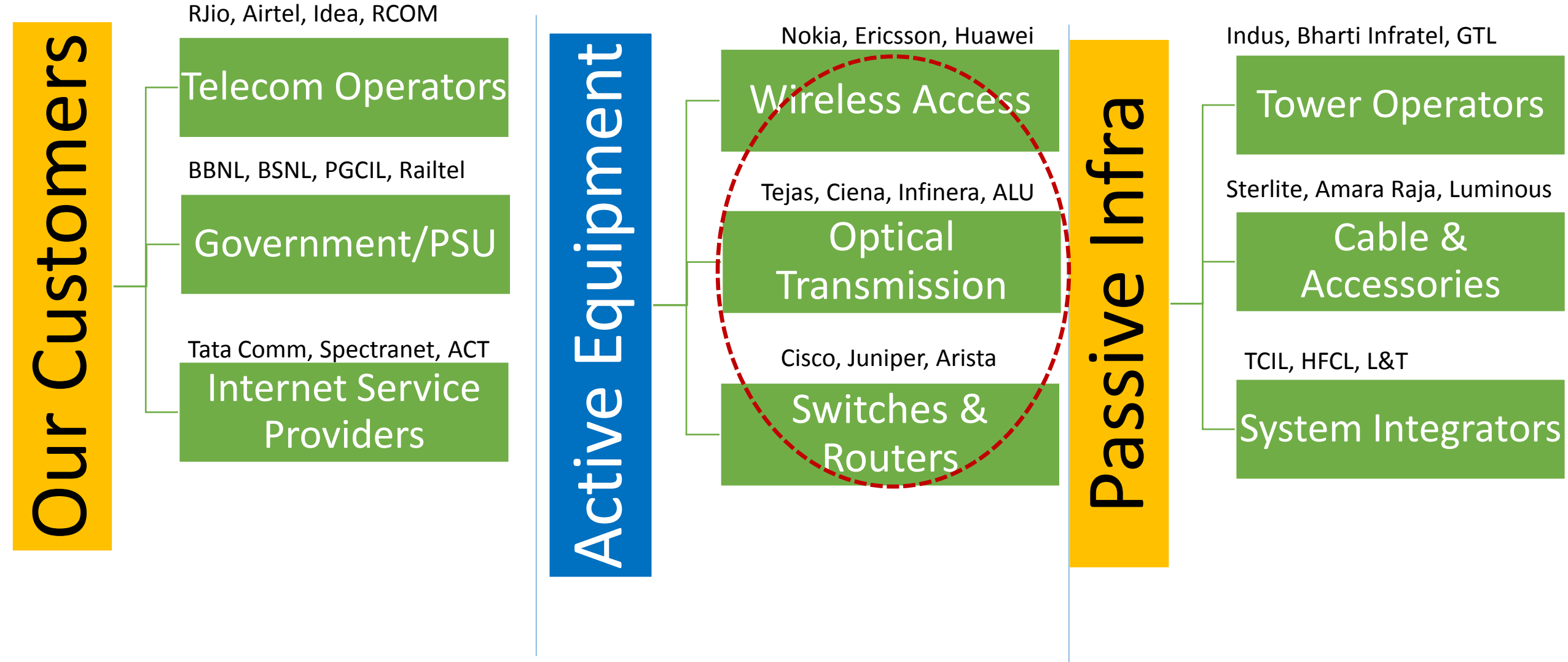


Safe Harbor Statement

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.



Telecom Industry Eco-system: Where we fit





Massive Growth in Data Consumption...

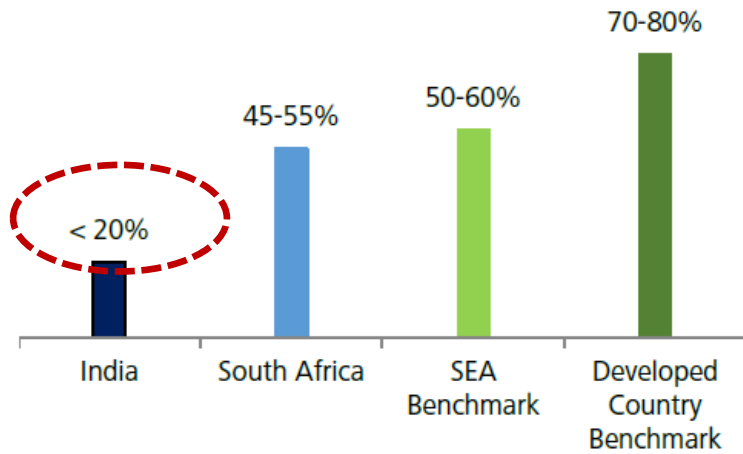
2020 Total Network Traffic



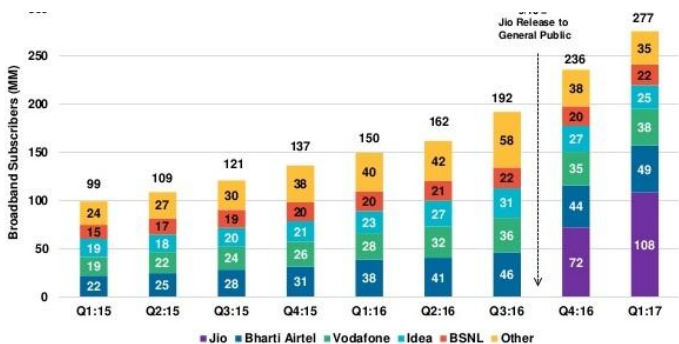
Source: Ovum



India: Pent-up Demand for Data and Optical



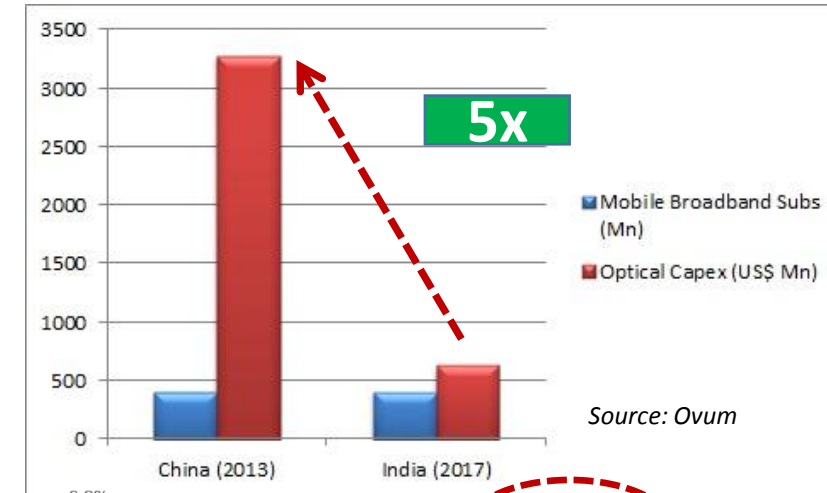
Source: Deloitte Analysis



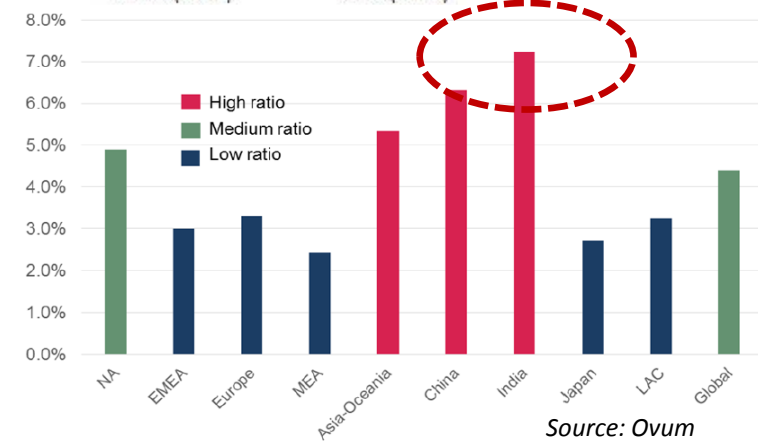
Source: TSM reports. Subscribers are defined as all unique SIMs within a carrier's database, less test/service cards, employees, stock in hand, SIMs where the subscriber's relevant period has expired, and service suspended pending disconnection. Note that as of 3/17, Jio's subscribers mentioned here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

"...Bulk of our investments, almost all of our investments is going behind 4G and fiber...our capex guidance for FY18 stands similar to FY17 at nearly \$3 billion," CEO, Bharti Airtel

"...in order to support the burgeoning demand for mobile broadband services Idea increased its fiber network by nearly 53,000 km from 95,100 km in Q1FY16 to 148,100 km in Q1FY18..," CEO, Idea Cellular



Source: Ovum



Source: Ovum

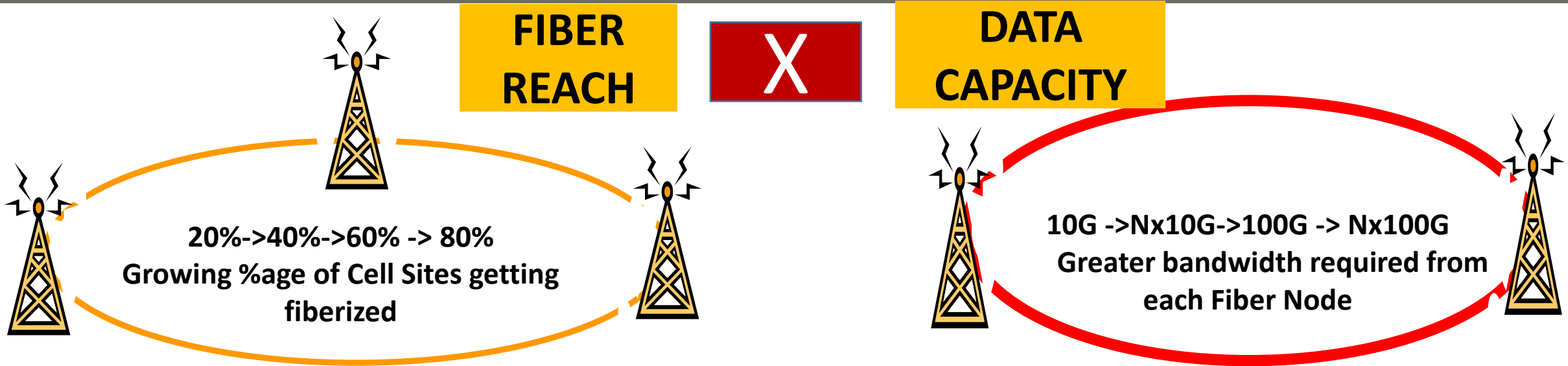
**Under-invested in fiber;
Lagging in data usage**

**Fiberization essential for 4G/5G;
Microwave is inadequate**

**Strong "catch-up" expected
in optical equipment capex**



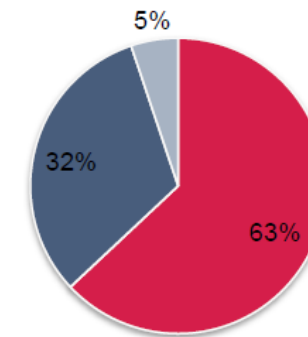
Increased use of Data- driver for our Growth



- Tejas is focusing on high-growth Metro & Access segments
 - Intra-city networks is where there is need for large investments in both capacity and 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

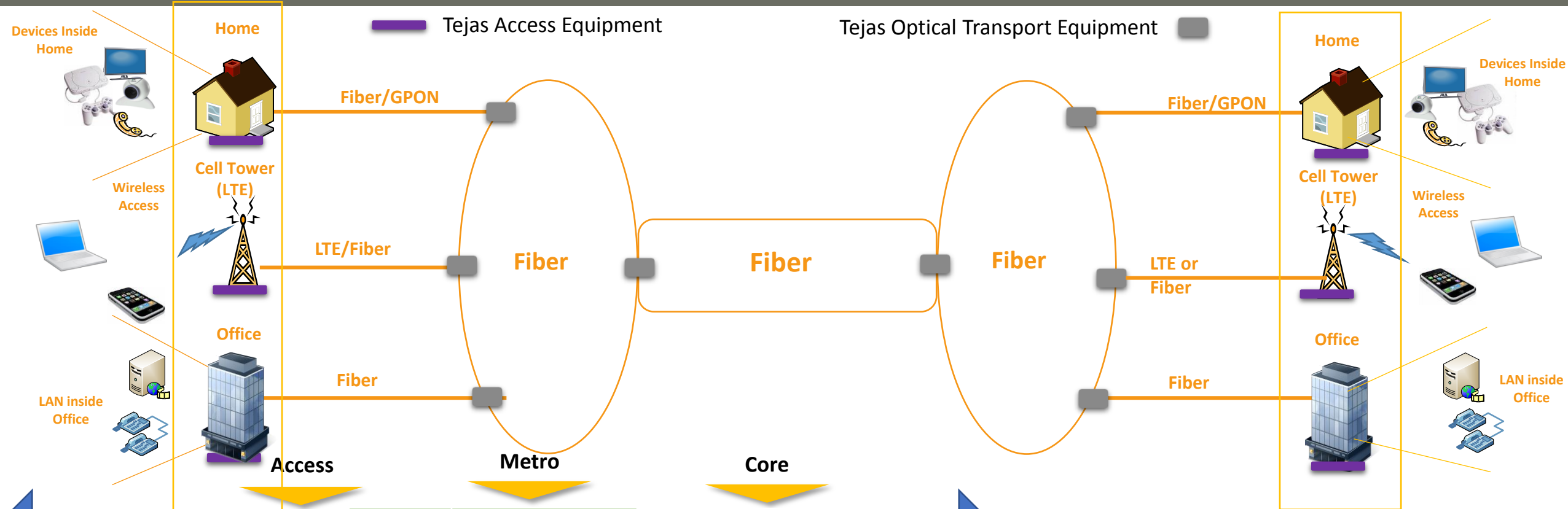
■ Metro&Access ■ LH/ULH ■ Undersea&Bandwidth Management



Source: Ovum



Our Focus: from Access to Metro Core



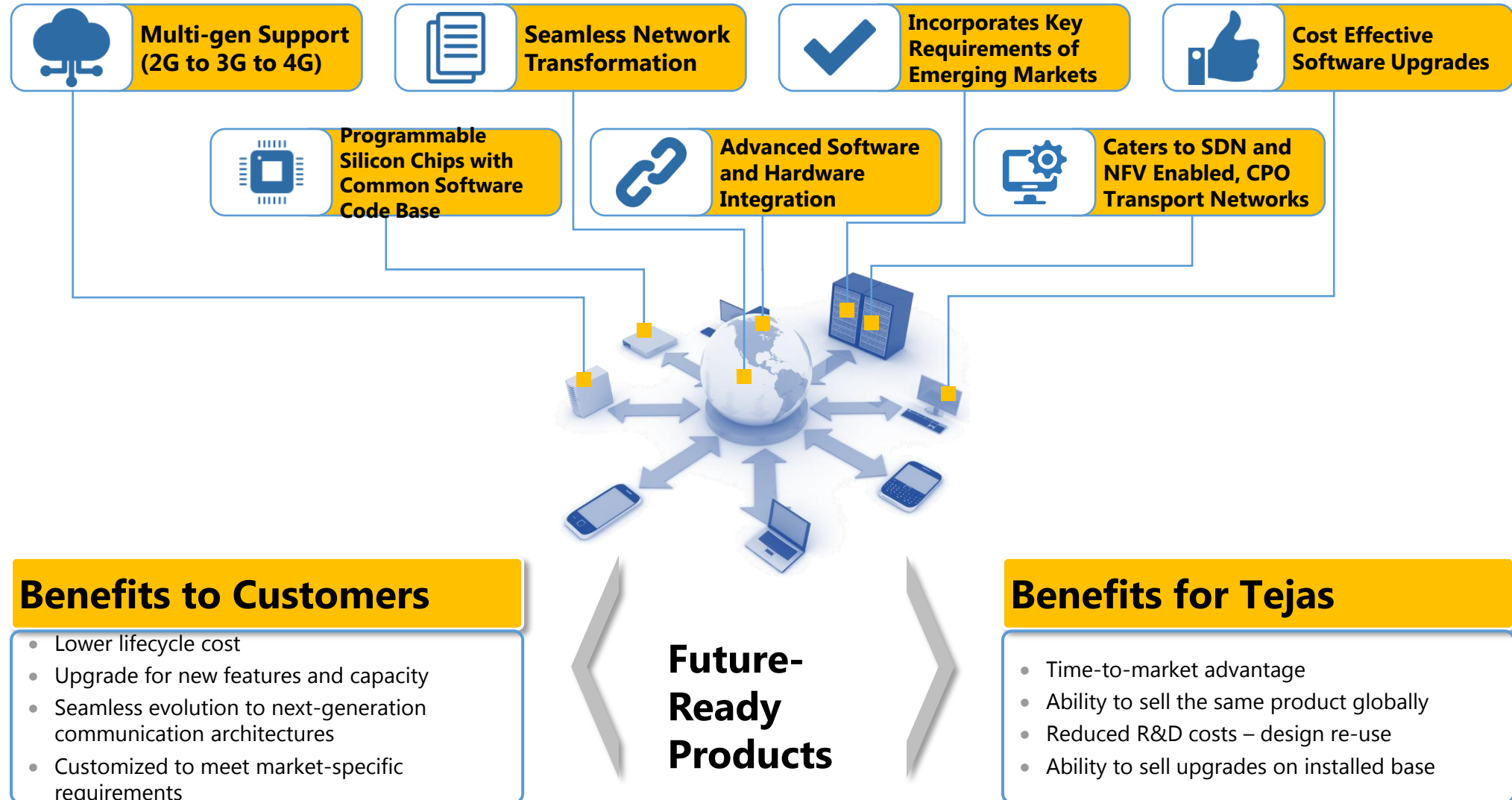
End-to-End Management from a single platform (across all products)

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

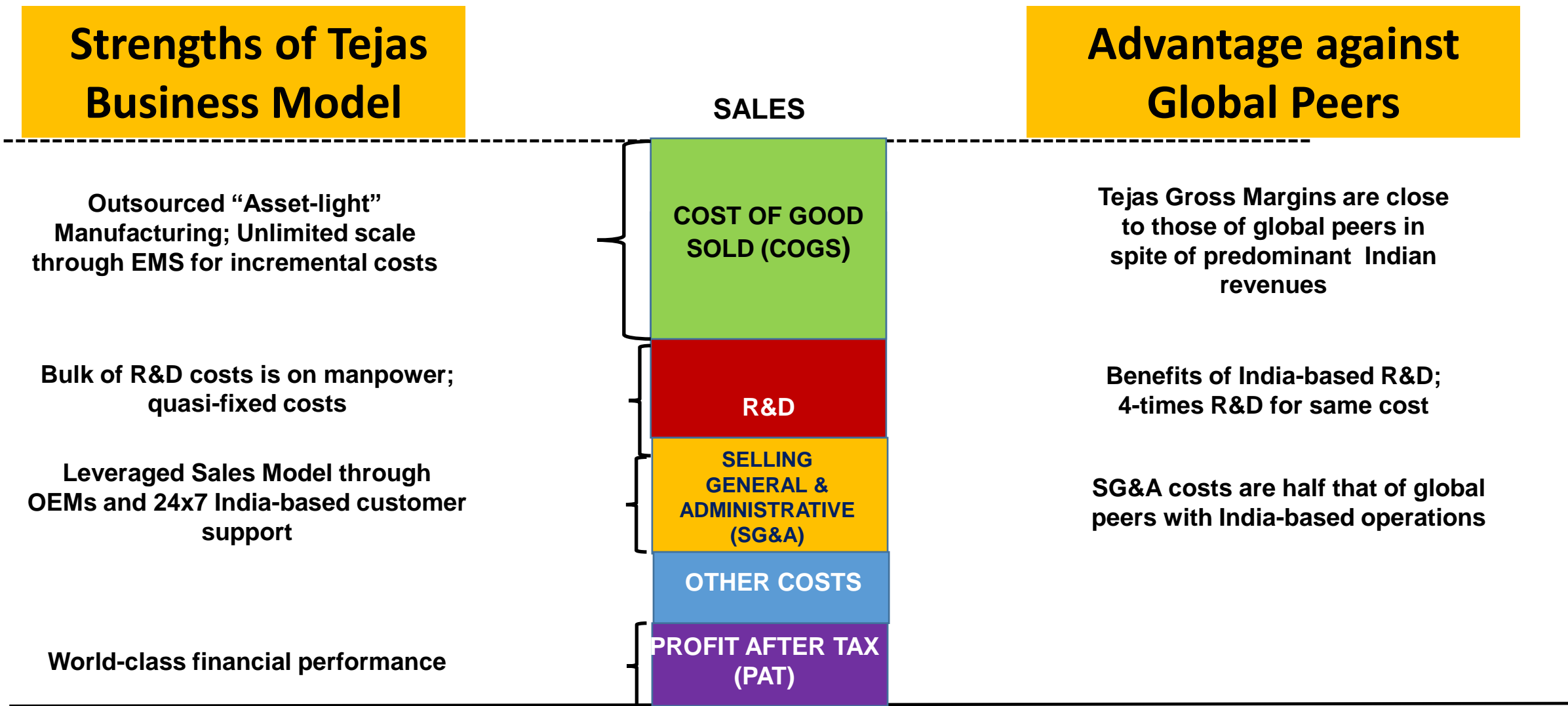
**COMMUNICATE RELIABLY
at LOWEST COST**



Our Differentiated Products- Software Defined Hardware™



New India-based Business Model for High-tech Product Firms; Long-term Advantage against Global Peers



Strategic Priorities and Key Growth Drivers



SALES INVESTMENTS

1

INDIA:
USE INCUMBENCY TO BENEFIT FROM PENT-UP DEMAND FOR DATA & GOVT. SPENDING

2

GLOBAL:
INCREASE SALES INVESTMENTS IN EMERGING MARKETS (AFRICA, SE-ASIA) & USA

R&D INVESTMENTS

3

ENHANCE CURRENT PRODUCTS FOR HIGHER CAPACITY AND MORE DATA FEATURES

4

INVEST IN NEW PRODUCTS IN ADJACENT AREAS TO TARGET SPECIFIC APPLICATIONS



Technology Vision and Strategy



ACCESS



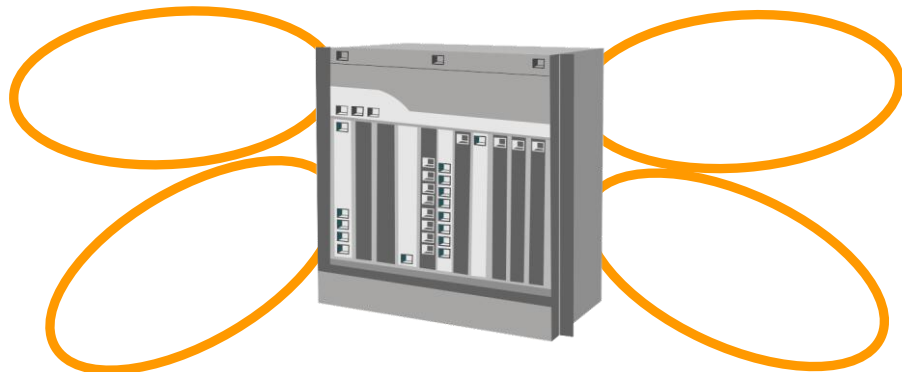
Focus Technologies: xPON, 4G-LTE/5G-IoT

PACKET TRANSPORT



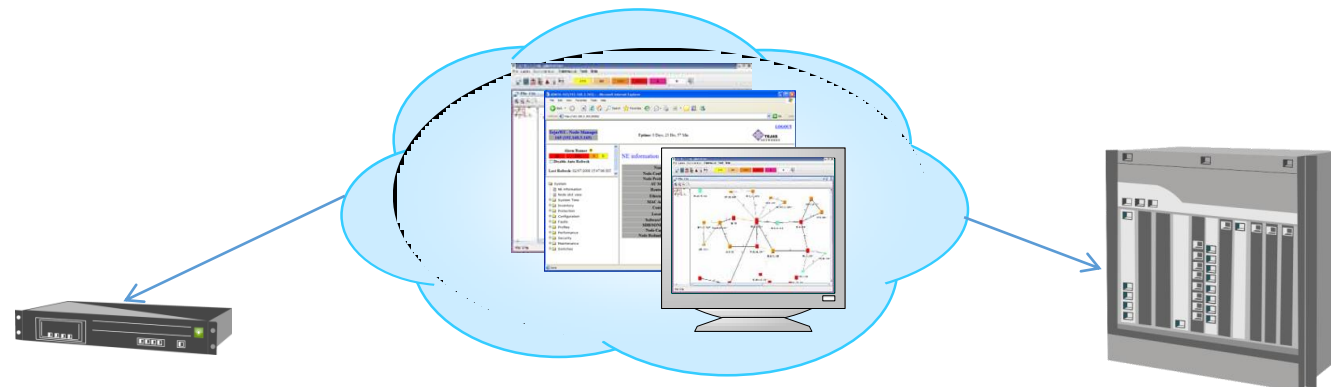
Focus Technologies: Converged PTN+OTN Switching

METRO CORE



Focus Technologies: Nx100G/Multi-terabit OTN

MANAGEMENT



Focus Technologies: SDN/NFV/vCPE solutions

Technology and R&D Strengths: Leading to Product Innovation



R&D Skillsets

High-speed Board Design
Network Protocols
 Integration Engineering
 Regulatory Testing
Embedded Software
 TL9000-Quality
 CAD
FPGA Design
Management Software

52%

Workforce in R&D

41%

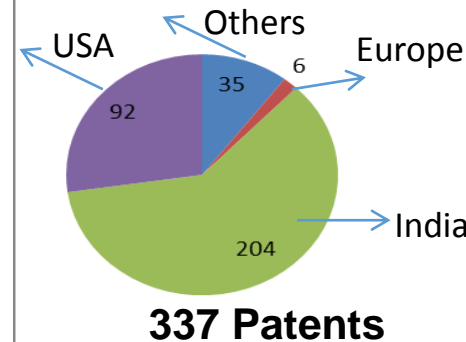
R&D Staff with Masters/PhD Degrees

20+

Average Industry Experience of our Technical Architects

World-class R&D Talent

Patent Filings



337 Patents

250+

Silicon IPs



3Mn+ Lines of Embedded and Management code

Intellectual Property

Software Enabled Transformation

Standards



- Tejas is an active participant in India's telecom standards bodies and technical working groups on Optical and 5G technologies



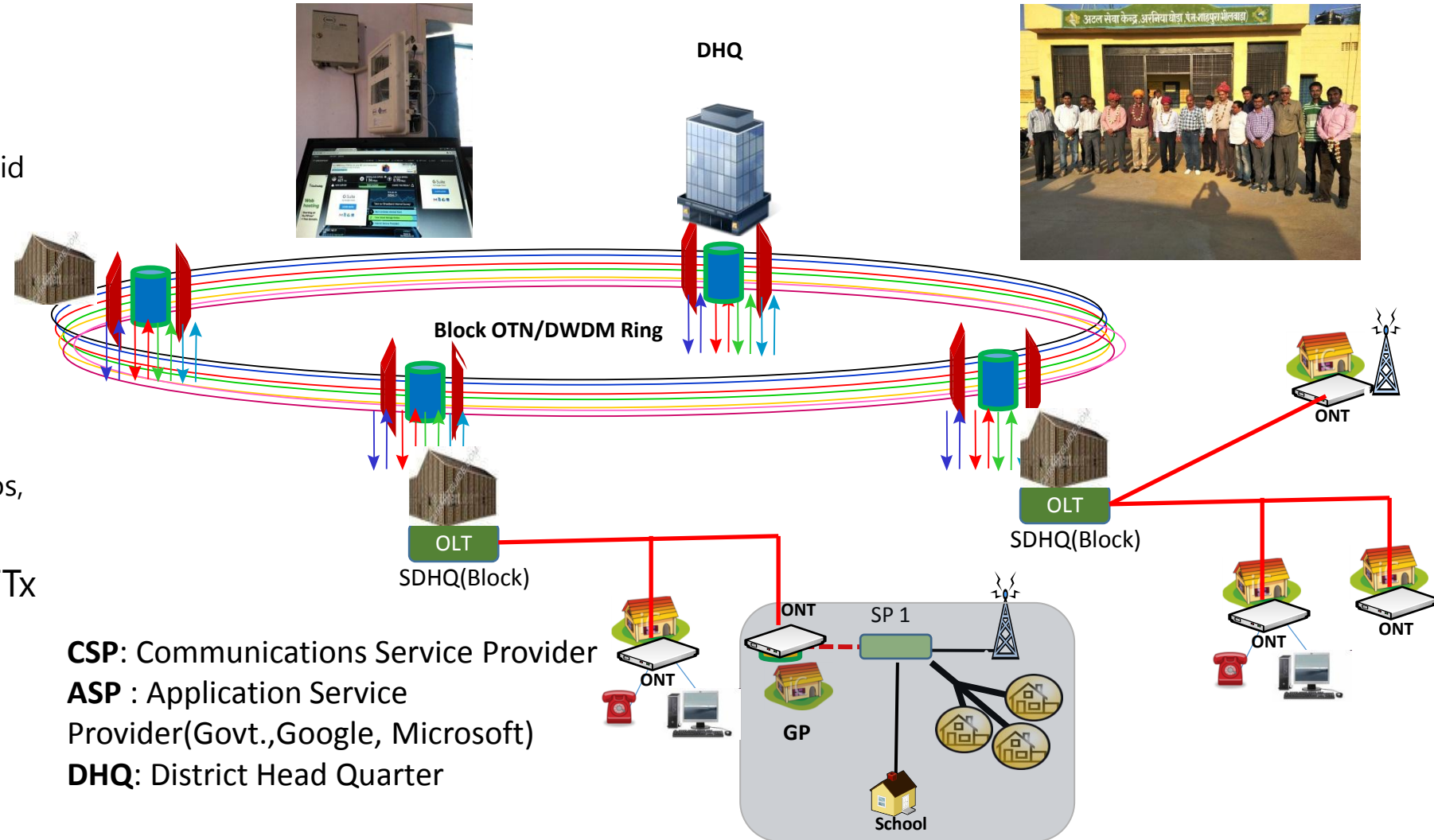
- Tejas CEO is current co-Chairman of India's Telecom Export Promotion Council

Industry Leadership



Case Study: Tejas GPON Products in BharatNet (Phase-1)

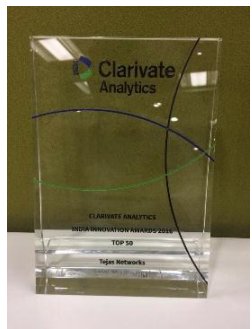
- Fiber optic network reaching 100,000+ village (GP) across India
 - 220,000+ kilometers of new fiber laid
- Guaranteed 100 Mbps broadband connectivity to every village office
- Applications
 - eGov, e-Health, e-Education
 - Bandwidth to third-party ISPs, Telcos, Cable Operators
- GPON technology used for FTTx (Fiber to the Home/Premise) application
- **Tejas is supplying solar powered GPON solution at nearly 40,000 locations**



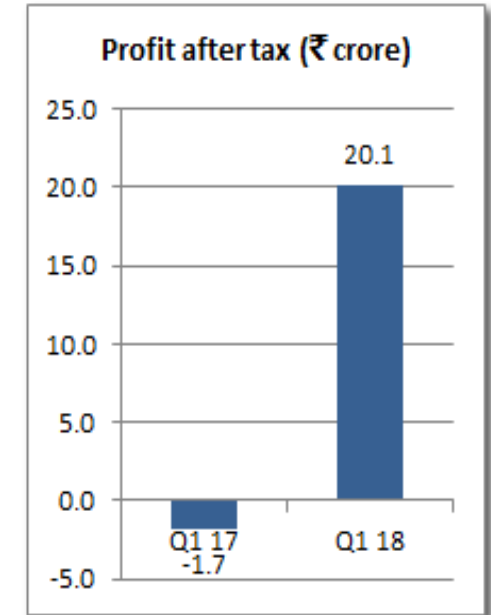
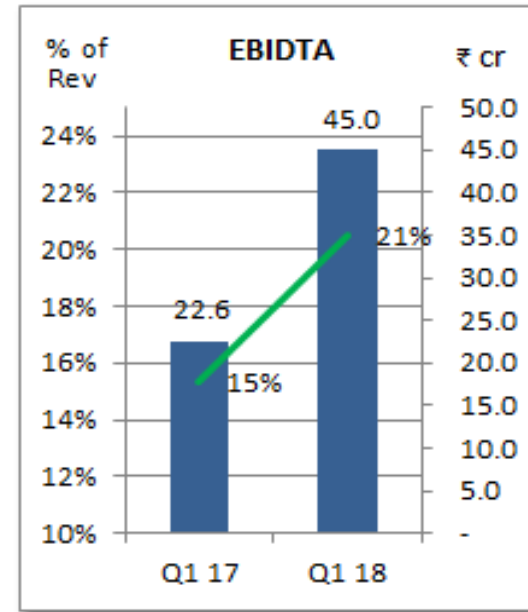
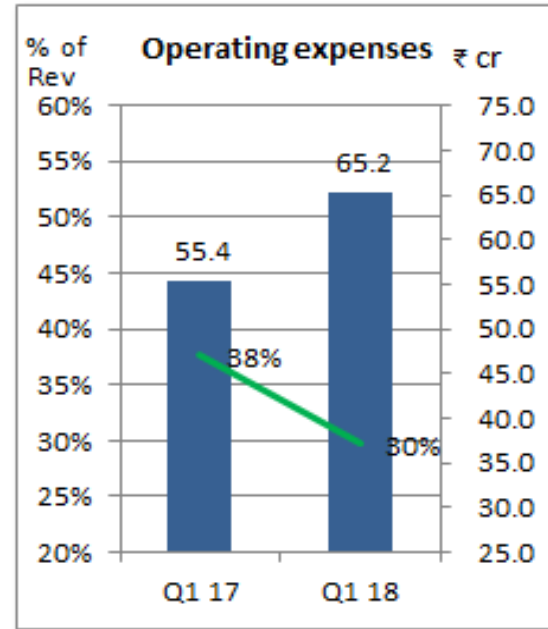
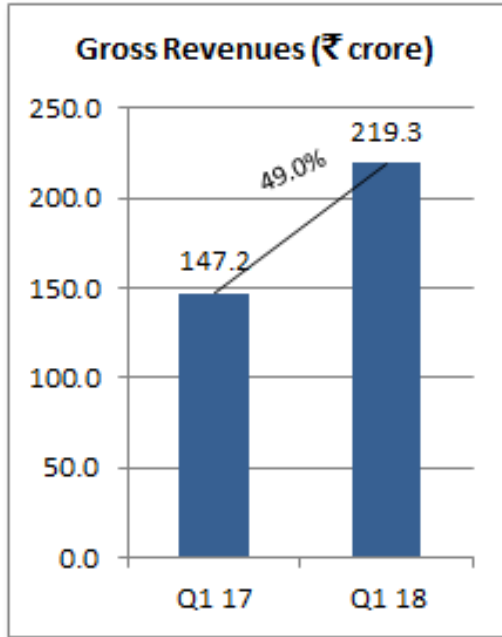


Q1 Update

- Financial Summary
 - Revenues: 219.31 Cr (YoY 49.0%)
 - EBITDA: 44.98 Cr (YoY 98.9%)
 - Operating Profit: 28.12 Cr (YoY 251.5%)
 - PAT: 20.09 Cr (NA)
- Awards Won
 - 2017 National Intellectual Property (IP) Award in the category "Top Indian Private Company (MSME) for Patents and Commercialization"
 - Clarivate Analytics – India Innovation Award- Top 50



Q1 18 vs Q1 17



- Company registered sales growth of 49% on YoY basis
- Operating expenses (inclusive of depreciation) grew by 18% on YoY basis; however as a % of revenue reduced from 38% to 30% on YoY basis
- EBIDTA grew by 99% on YoY basis, benefitted by operating leverage
- Profit after tax was ₹ 20.1 cr in Q1 18 compared to loss of ₹1.7 cr in Q1 17

Key Financial Indicators



Amount in ₹ crore

Particulars	Q1 FY17	Q1 FY 18	Variance
Revenue from operations	147	219	49%
EBIDTA	23	45	99%
Operating Profit	8	28	252%
Profit after Tax	(2)	20	
EPS (Basic) ₹	(0.31)	2.78	
EPS (Diluted) ₹	(0.31)	2.65	
Cash flow from Operations	46	(16)	(61cr)
Net Worth	325	955	630cr
Borrowings	313	15	(298cr)
Debt / Equity	0.96	0.02	(0.95x)
Net working capital	414	506	92cr
Net working capital as % of LTM Revenue	57%	51%	(678bps)

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

Thank you

