



**TEJAS NETWORKS LTD**  
**EARNINGS CALL PRESENTATION**  
**Q2FY21**



# 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.*

# Q2FY21: Key Updates

- **Financial Update**

- Net Revenues: Rs. 106.8 Cr (YoY growth of 25.5 %)
- PAT: Rs. 4.5 Cr (loss of Rs. 4.4 cr in Q2FY20)
- Improved collections. Operating Cash flow: 45 Cr for Q2FY21
- Cash and cash equivalents increased to Rs. 299 Cr.
- Order book increased to Rs. 599 Cr
- International revenues: 34% of total in Q2 (42% of total for H1; YoY growth of 64.2% for H1)

- **Sales Update**

- **India Government**

- Critical infrastructure segment is going strong; good order inflow and tender wins
- BSNL/Bharatnet projects are delayed

- **India Private**

- New applications wins for our FTTX (xPON products)- selected by 2 Tier-1 operators and few other ISP
- Revenue was adversely impacted due to slower network rollout by customers

- **International**

- Africa, SE Asia showing strong growth. North America was slow in H1
- 4 new international customer wins
- New customer acquisition delayed due to COVID. Expect more progress in 2H

# Financial Update

	Amount in Rs. crore except EPS			
	Q2-FY21	H1-FY21	LTM	FY 2020
Revenues (Net) <sup>1</sup>	106.8 (YoY 25.5%)	184.2(YoY -23.8%)	322.3(YoY -52.9%)	379.8
EBIT	-2.6 (YoY -78.4%)	-15.7 (YoY NA)	-175.0(YoY -448.7%)	-164.5
PBT	4.5 (YoY NA)	-5.2 (YoY -290.9%)	-146.5(YoY -326.4%)	-138.6
PAT	4.5 (YoY NA)	-5.2 (YoY -455.8%)	-243.8(YoY -447.3%)	-237.1
EPS	0.49 (YoY NA)	-0.57(YoY -455.0%)	-26.44(YoY -445.4%)	-25.76

## Notes:

1. The Revenues (Net) are net of taxes (excise duty/GST) and pass through component sale to our contract manufacturers.
2. Ratios are NA in few cases since the ratios cannot be compared with earlier periods

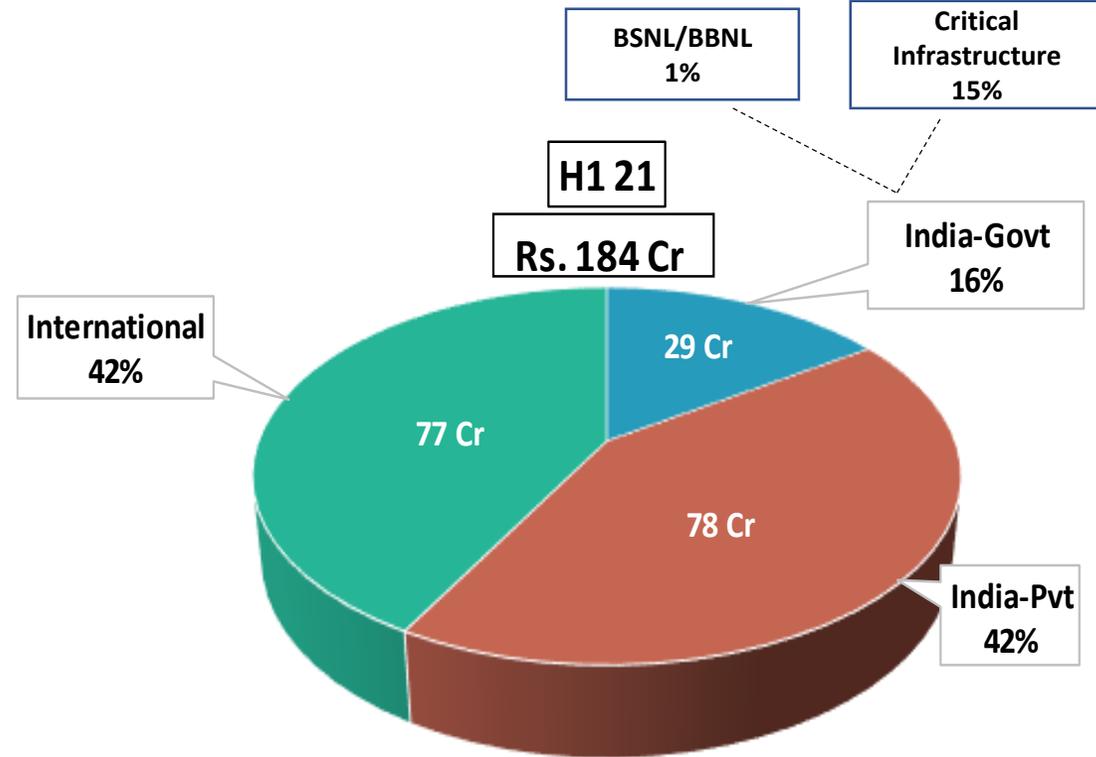
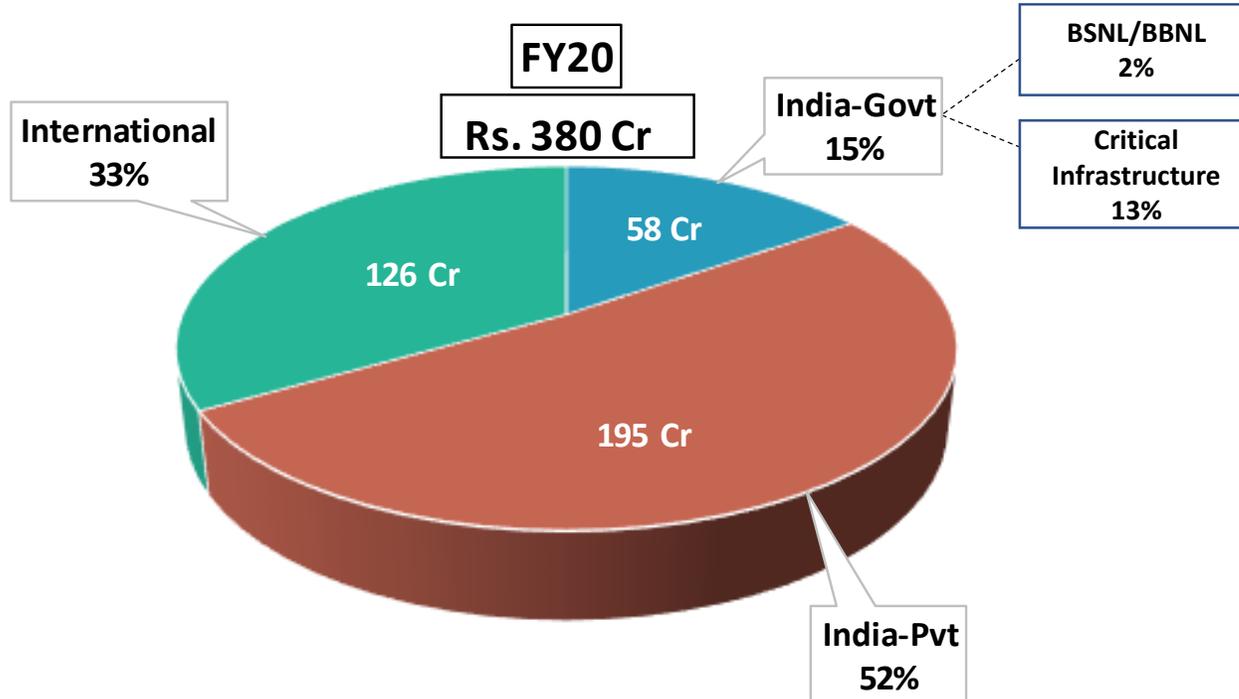
# Key Financial Indicators

Particulars	Amount in Rs. Cr	
	Q1-FY21	Q2-FY21
Cash flow from Operations	10	45
Net Worth	1,073	1,082
Inventory	238	233
Trade receivables	436	425
Net working capital	531	504
Cash and Cash Equivalent <sup>1</sup>	272	299

- **Inventory decreased by 5 Cr to Rs. 233 Cr**
  - Expect to consume a large part of the existing inventory over the next few quarters
- **Trade receivables decreased by 11 Cr to Rs. 425 Cr**
  - BSNL/Bharatnet collection continue to get delayed
- **Working capital decreased by Rs. 27 Cr in Q2**
  - Use of existing inventory and expected collections will continue to improve our working capital during the FY
- **Cash Position improved by Rs. 27 Cr in Q2**
  - We are debt-free, with cash and cash equivalents (incl. investment in liquid mutual fund) of Rs. 299 Cr
  - We expect cash position to improve on a quarterly basis during the FY

1. 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

# Revenue By Segments



- Run-rate business (India-Pvt + International) contributed to 84% of total in H1FY21
- International revenues had a YoY increase of 64.2% for H1FY21

- **Government Accounts**
  - BSNL/BBNL
    - Govt. has announced plans to significantly expand the scope of BharatNet and connect every Indian village on FTTx in the next 1000 days.
    - We are L1 in a BSNL GPON tender for Bharatnet.
    - BSNL 4G expansion projects delayed (wireless as well as optical transport) and will not have revenue impact in this FY
  - Critical Infrastructure
    - Multiple wins in various tenders in utility, defense, smart city projects
    - We have a good order backlog and strong visibility of new orders for 2H
- **Private Accounts**
  - Covid-19 has accelerated the demand for wireline broadband services and pushed up bandwidth demand in Metro/Long-haul networks; rollouts expected to pick up pace in 2H
  - Received initial orders for xPON equipment from two Tier-1 operators, who are rolling out country-wide fiber broadband services; expected to generate run-rate revenues starting Q4. Also focusing on regional ISPs, who are adopting FTTX solutions
  - Supplied DWDM/OTN equipment for Metro Capacity expansion and POI applications in Tier-1 networks
- Government's focus on "Atmanirbhar Bharat" and geopolitical uncertainties resulting in a favorable environment across all operators

- **Africa and Middle East**
  - Strong repeat orders from existing customers delivering robust growth
  - We are seeing good traction for our DWDM as well as our converged access solution (xPON + Wireless)
  - Expect to win few new customer orders in Q3
- **South and South East Asia**
  - Expect growth in FY21; good order visibility with repeat orders from existing customers in SE Asia
  - Multiple new engagements ongoing. Expect to close new orders in 2H
- **North America**
  - Business in Q2 continued to be slow- new customer wins getting delayed
  - **Mexico:** Multiple customer engagements for new applications should result in orders in 2H
  - **USA:** Increasing use of channel partners to access smaller customers. Expect to see results in 2H
- **Europe**
  - Planning to start sales coverage in UK and Europe
  - In the wake of geo-political issues, operators are motivated to diversify their supplier base.
  - Demand for increasing FTTX services fits well with our competitive xPON products portfolio

# Where we are winning

## Home & Office Broadband

Deliver high-speed broadband connectivity on optical fiber, fixed wireless and copper cables to residences, businesses & institutions

*Products: xPON, PTN, LTE, Ethernet Switches*



## Metro Capacity Expansion & DCI

Cost-efficient solutions to upgrade bandwidth in Metro and Core networks

*Products: DWDM, OTN*

## Critical Infrastructure

Seamless network transformation from legacy circuit to packet transport technologies in power, rail, oil & gas, defense sectors

*Products: Next-gen SDH, DWDM, Ethernet Switches, GPON*



## 5G-Ready Mobile Backhaul

High-performance optical cross haul solutions to cater to increased fiberization, densification & virtualization of 4G & 5G Networks

*Products: PTN, GPON, OTN*

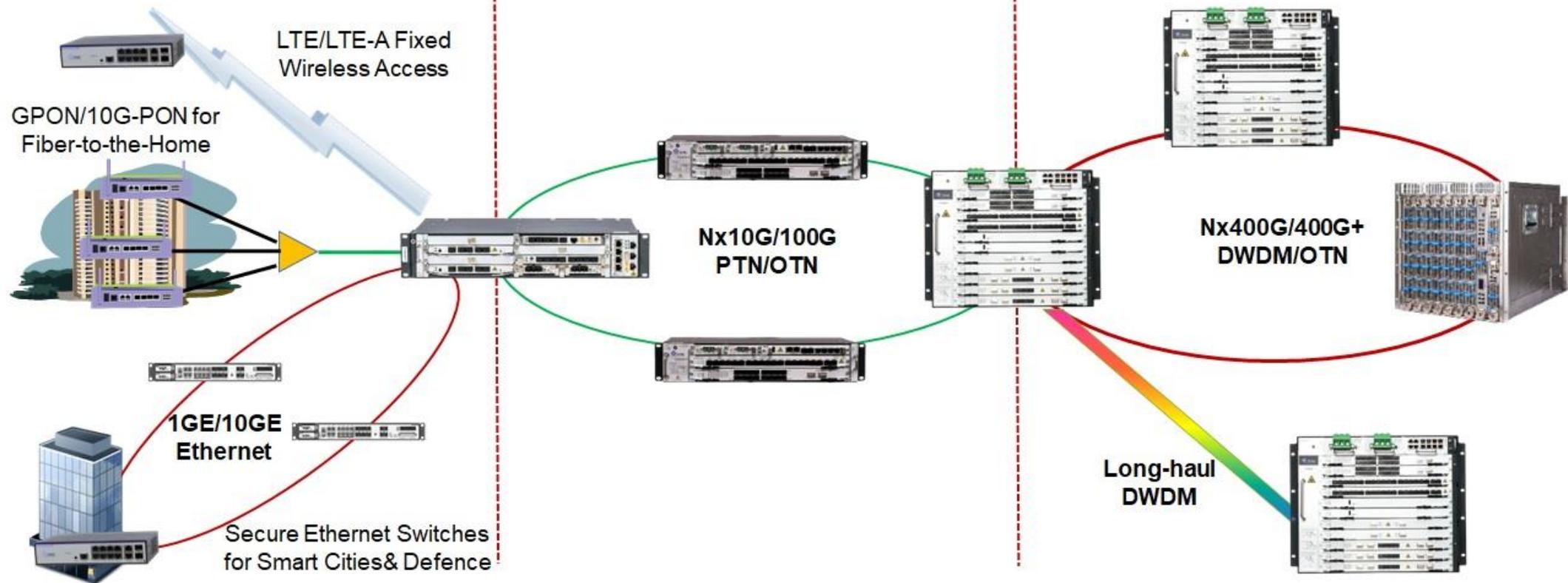


# R&D Investments: increasing TAM & competitiveness

## Broadband Access (xPON, LTE, Ethernet)

## Aggregation (PTN & OTN)

## Metro Core & Long-haul (DWDM & OTN)



- Ranked as Top-3 R&D spender (by % of revenue) amongst all listed companies in India
- Over 50% employees in R&D with strong multi-disciplinary skillsets; 349 patents and 300+ silicon IPs
- Innovative Software-defined Hardware™ approach enables cost-efficient R&D and faster time-to-market

# TJ14XX: R&D investments leading to new revenue streams <sup>20</sup>

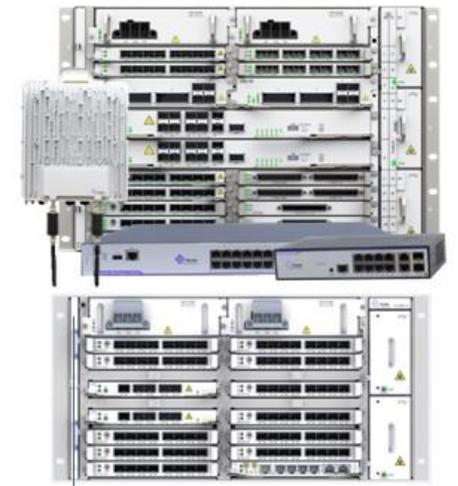
**Technology:** PTN/POTP  
**Application:** Mobile/Fixedline Backhaul and Metro Optical Aggregation  
**TAM:** ~\$3.7B

**Technology:** GPON OLT/ONT  
**Application:** Rural FTTX Networks for BharatNet and Public WiFi projects  
**TAM:** ~\$5.0B

**Technology:** NG-PON  
**Application:** Tier-1 FTTX (Triple Play) Networks in India and International Markets  
**TAM:** ~\$6.3B

**Technology:** LTE/LTE-A, Enterprise Switches & IP/MPLS  
**Application:** 4G/5G wireless; 5G transport, Critical Infra  
**TAM:** ~\$9.2B

**Focus on:**  
Access, Edge  
Metro Aggregation



**FY18**



**FY19**



**FY20**



**FY21**

# TJ16XX: Expanding customer base with new capabilities

**Technology:** 10G WDM/DXC  
**Application:** Level 2 Packet Optical Aggregation for Mobile Backhaul & Metro Networks  
**TAM:** ~\$3.6B

**Technology:** 100G Coherent WDM  
**Application:** 80-ch Metro Core & Alien Wavelength services  
**TAM:** ~\$9.0B

**Technology:** Micro-OTN DXC; 200G WDM  
**Application:** Cost-effective capacity expansion; 5G-ready  
**TAM:** ~\$10.6B

**Technology:** 400G/600G+/ FlexGrid  
**Application:** Scalable Multi-terabit switching in core  
**TAM:** ~\$13B

**Focus on:**  
Metro, Core  
Long-Haul



FY18



FY19



FY20

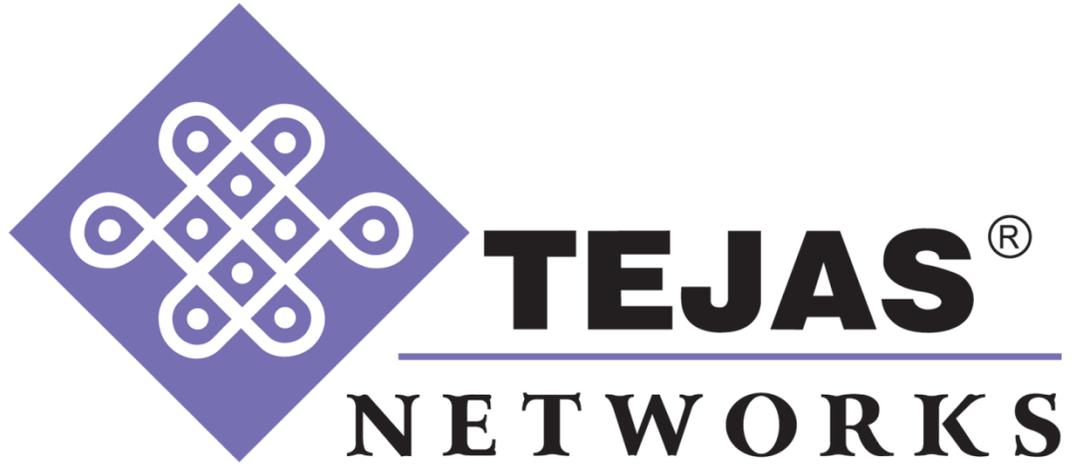


FY21

# Key Takeaways



- Q2 saw growth in revenues and return to profitability
- Order book is healthy and has increased to Rs. 599 Cr
- New application wins expected to increase our marketshare in existing customers in India as well as International
- New customer wins in international are expected to pick up in 2H. Positive tailwind from geo-political issues.
- Well positioned for “Atmanirbhar Bharat”, leveraging our Make-in-India strengths
- Financially strong- increased cash position to Rs. 299 Cr, with no debt. Further improvement expected in the upcoming quarters



Thank you!

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