

**January 19, 2018**

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,

**Ref: Earnings Call Presentation- Q3 FY 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 unaudited financial results of the Company for the quarter and nine-months ended December 31, 2017.

The copy of 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**



**G V Krishnakantli**  
Company Secretary and Compliance Officer

Encl: a/a

# Tejas Networks Ltd. Earnings Call Presentation (Q3FY18)

19th January, 2018





# 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 2018	9M 2018
Revenues (Net) <sup>1</sup>	226.15 Cr (QoQ 5.2%; YoY -11.0%)	641.16 Cr (YoY 13.5%)
EBITDA	50.74 Cr (QoQ 9.3%; YoY -19.1%)	142.14 Cr (YoY 22.0%)
Operating Profit	35.45 Cr (QoQ 21.7%; YoY -29.0%)	92.70 Cr (YoY 22.1%)
PAT	30.14 Cr (QoQ 12.2%; YoY 158.5%)	77.45 Cr (YoY 199.2%)
PAT (before exceptional item)	30.14 Cr (QoQ 12.2%; YoY -28.5%)	77.45 Cr (YoY 37.4%)

1. The reported revenue for Q3 18 are net of GST, however revenues of all periods earlier to Q2 18 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*



# Q3 Corporate Update

## ● Team update

- Employee Strength grew to 697
  - R&D (20% increase in headcount over 9M)
  - Sales & Marketing (19% increase in headcount over 9M)

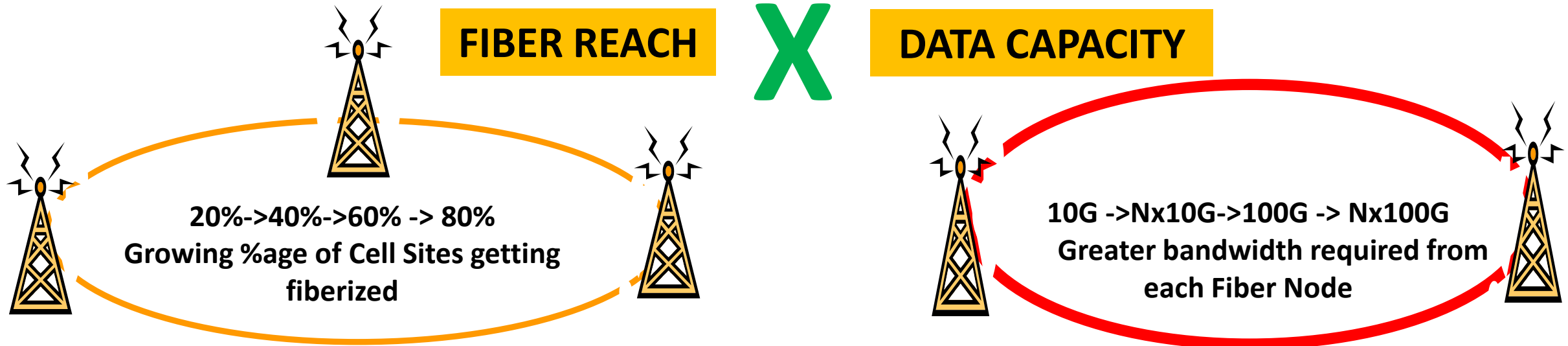
## ● Awards Won

- "Best Performing Equipment Supply Partner" award from Government of India for BharatNet Project Phase-1
- Top Electronics Hardware Exporter Award for FY2016-17 from STPI, Karnataka
- "Digital India Excellence Award" in Electronics Manufacturing at Pan-IIM World Management Conference





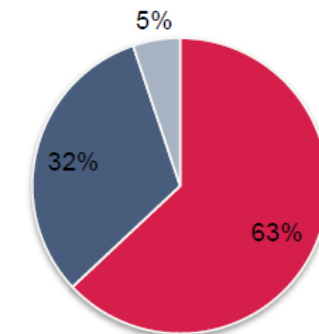
# Increased use of Data-driver for our Growth



- 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

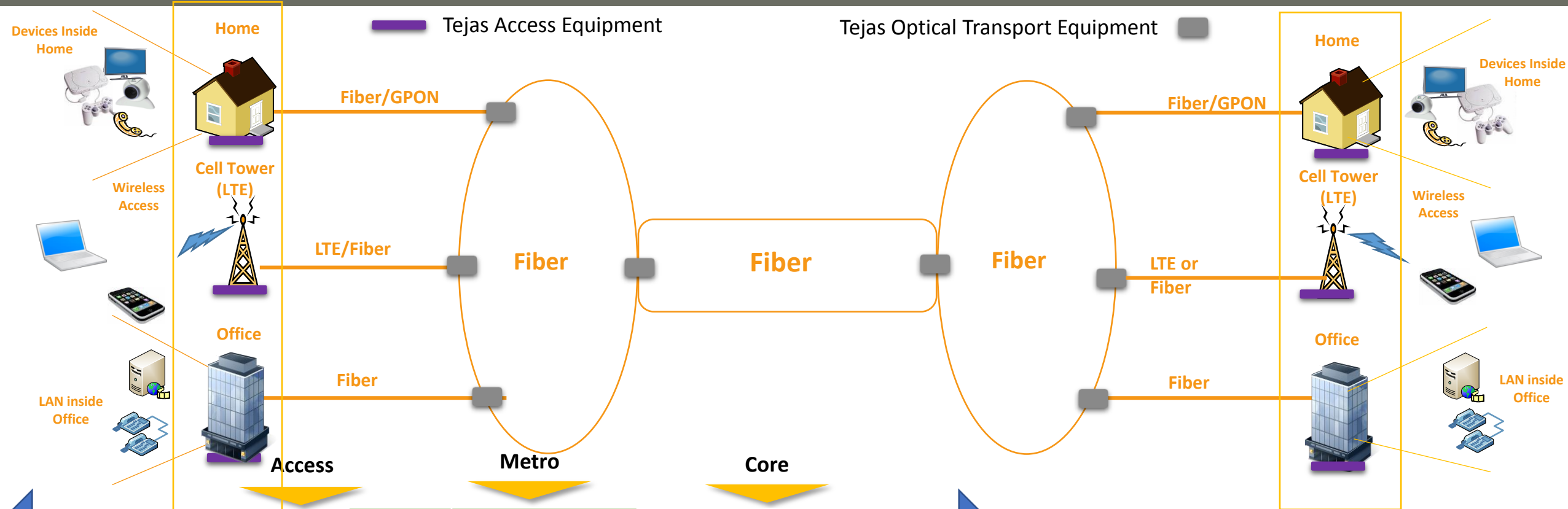
■ Metro&Access ■ LH/ULH ■ Undersea&Bandwidth Management



Source: Ovum



# Our Focus : from Access to Metro Core



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

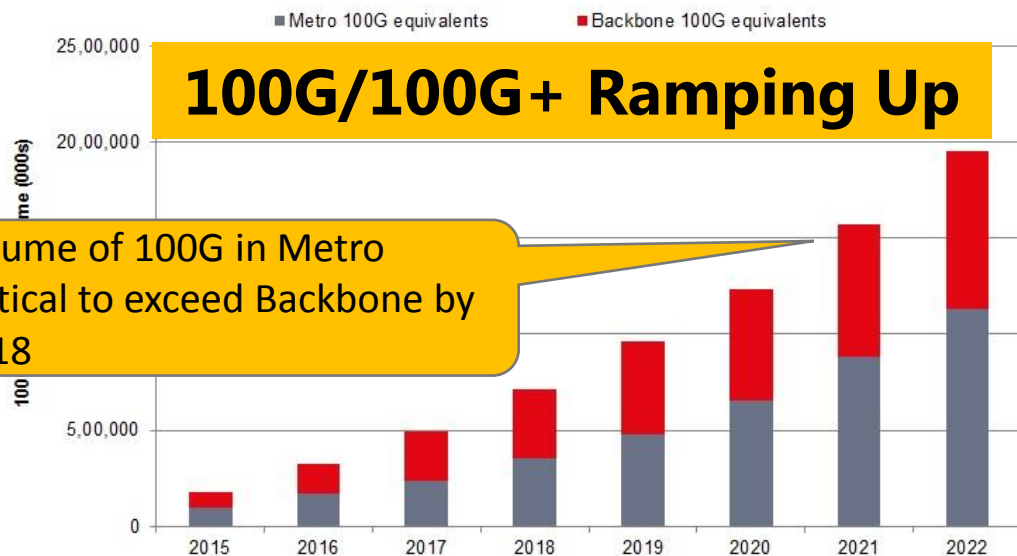
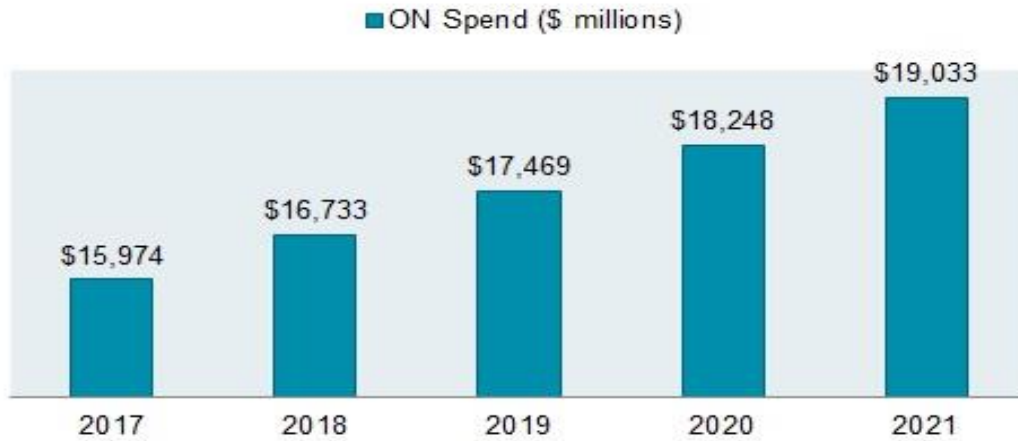
**COMMUNICATE RELIABLY  
at LOWEST COST**

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



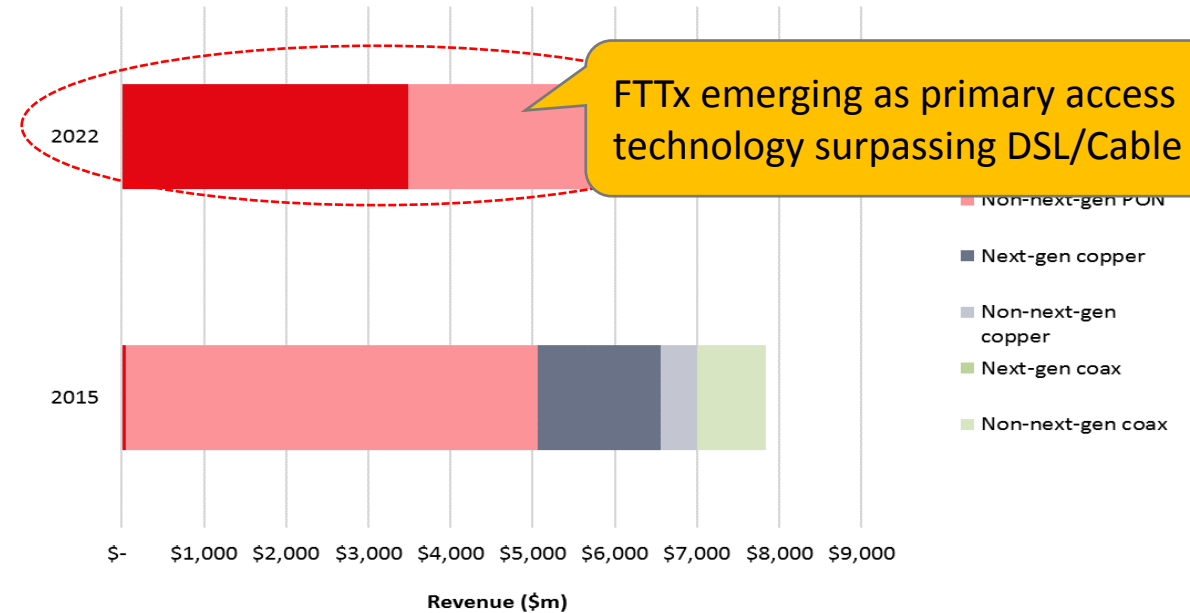
# Robust Growth in Global Optical Networking

## Global ON Forecast



## Broadband Access

Next-gen versus non-next-gen wireline equipment revenue forecast



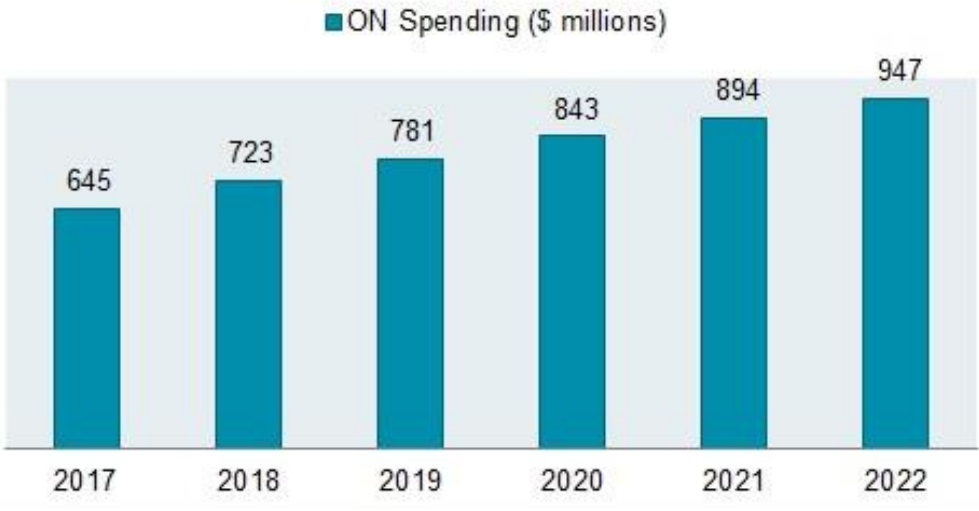
- Global Optical Capex growing on the back of growth in emerging markets
- 100G/100G+ and NG-PON are high growth areas in Metro and Access





# India: Optical Spend on the Upswing due to Data Growth

~11% CAGR from 2017-2022



~Rs 5000 crore TAM in Bharatnet Phase-2

## Phase 2 of 34,000 crore BharatNet begins today

Agencies | Updated: Nov 13, 2017, 12:28 IST

Make-in-India Focus Continues

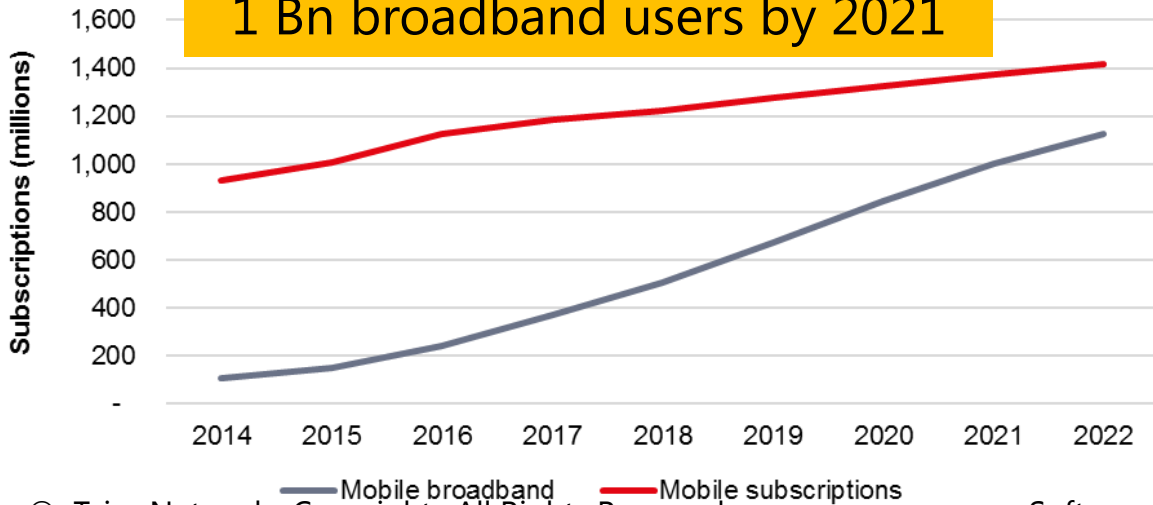
## Only 'Made in India' equipment for BharatNet: Govt

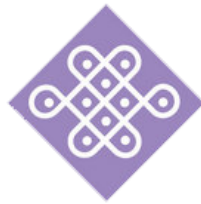
**NEW DELHI, NOVEMBER 12:** The government on Sunday said that after the telecom revolution in India, the BharatNet project will be the biggest user of 'Made in India' equipment, "ruggedised" to suit the Indian rural conditions.

No foreign companies will be allowed in the future as well, she said, adding that it will be all 'Made in India' equipment – GPON, optical line terminals, and optical network terminal – for broadband connections.

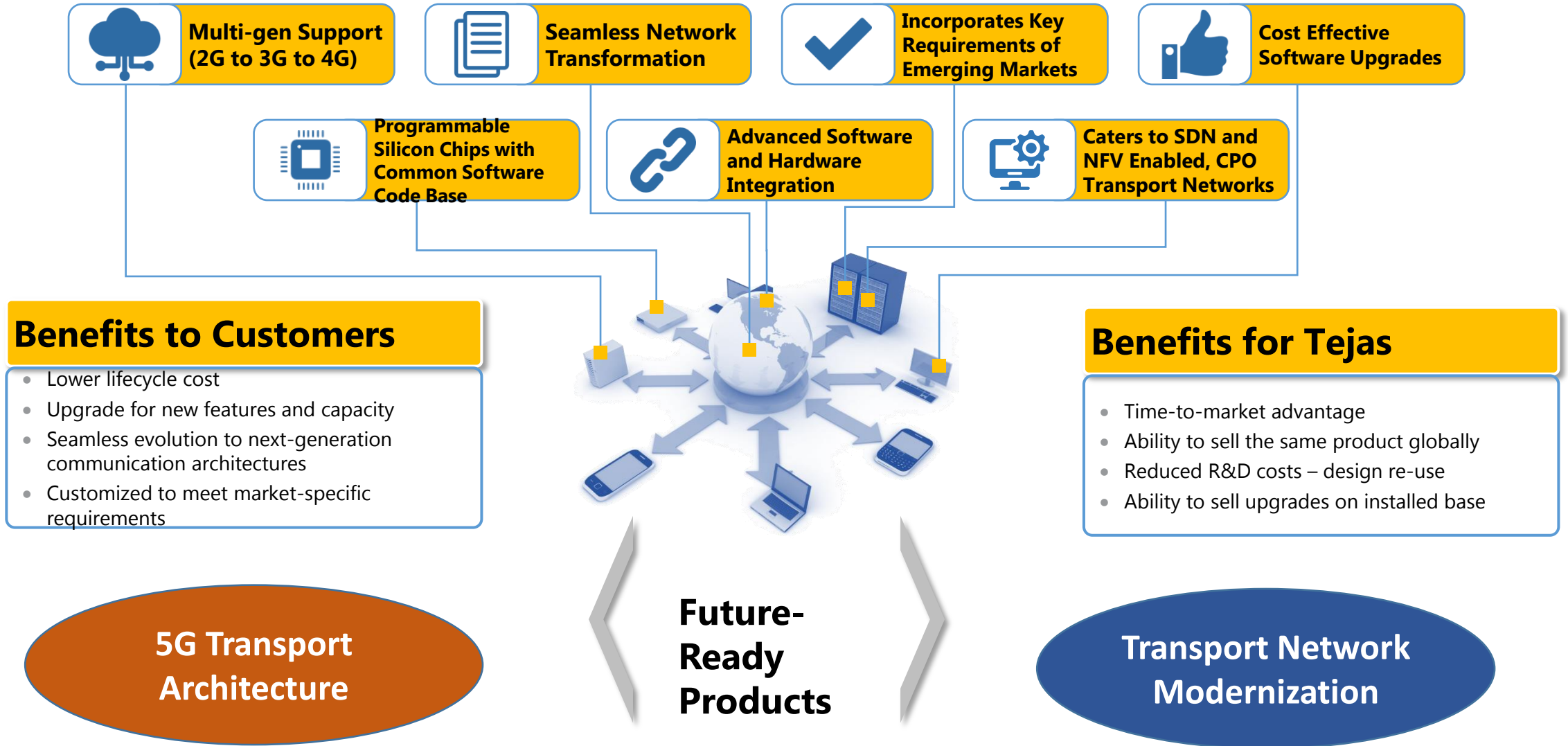
Source: Ovum

1 Bn broadband users by 2021





# Our Differentiated Products- Software Defined Hardware™



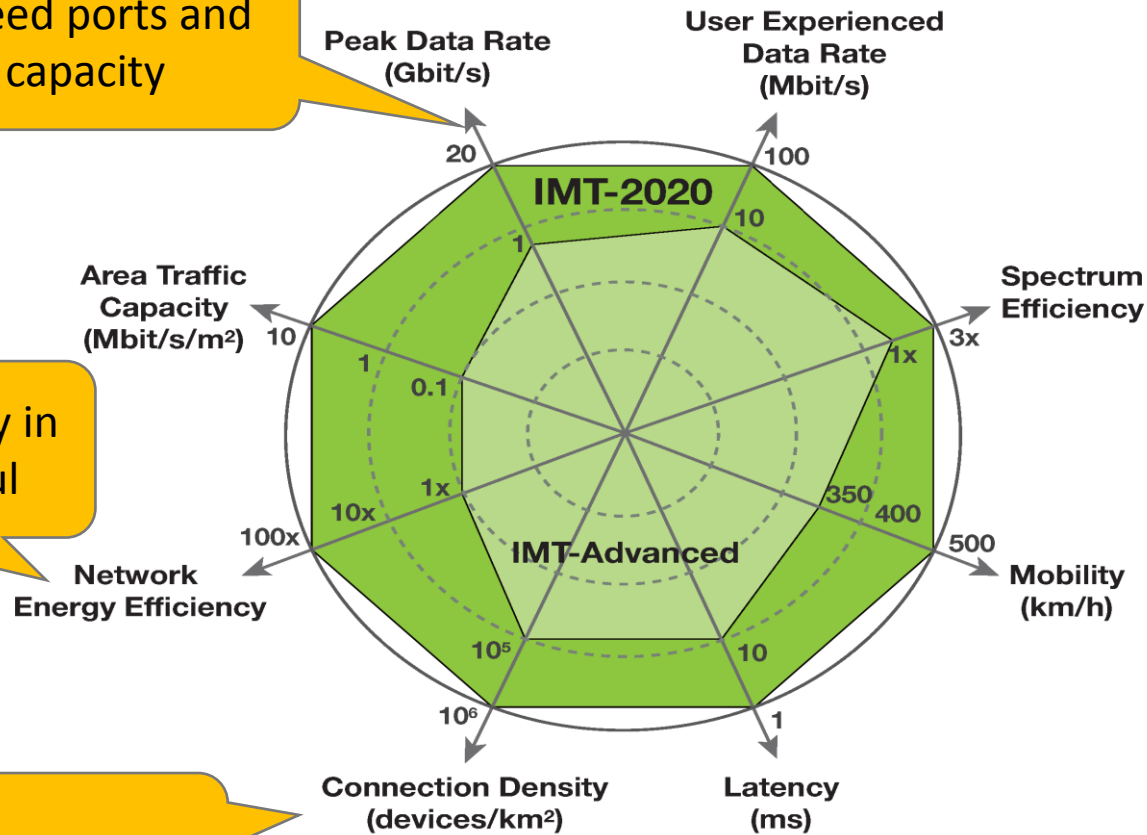


# 5G : Increases Demand for Optical Transmission

Higher-speed ports and larger capacity

Fronthaul opportunity in addition to Backhaul

More fiberized cell sites



Source: NGMN

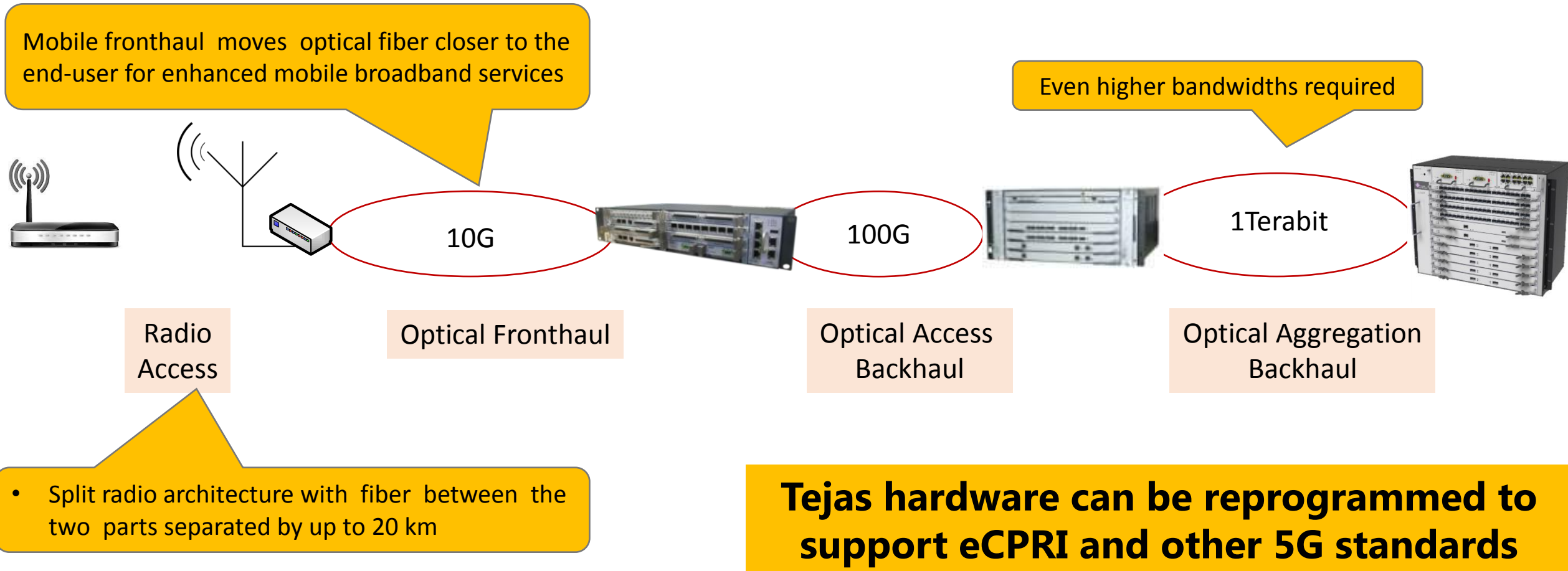
*“As data rates need to be higher and more consistent, it will be crucial for operators to use fibre as their main backhaul technology,..”, BMI Research*

**Optical Fiber-based Mobile Backhaul and Fronthaul to be a \$6 Bn market by 2022**

*“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)*



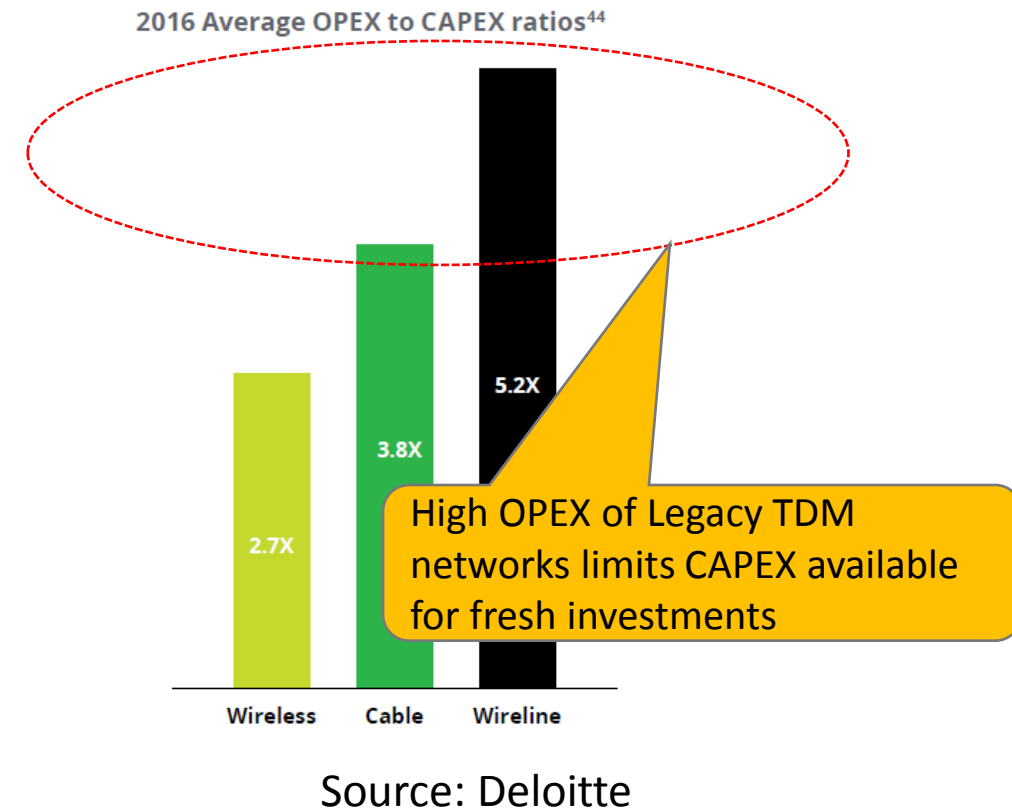
# Tejas: 5G-ready Products for Optical Transport





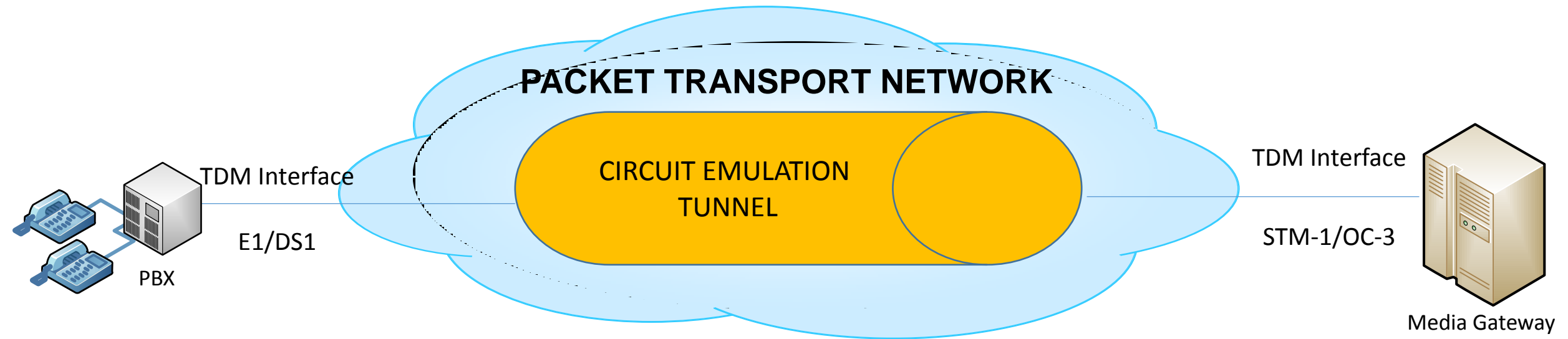
# Transport Network Modernization

- Rapid surge in data traffic incentivizes operators to upgrade their networks using modern-day packet transport technologies
- However, legacy TDM services continue to linger in matured as well as emerging markets
  - Fixed-line Voice and 2G Mobile Voice
  - Enterprise Leased Lines
  - Utility Control Networks, Emergency services
- Several Billion dollars worth of installed base of TDM equipment which is 7+ years old
- Telcos seeking to modernize existing optical infrastructure without changing end-points, to avoid customer churn





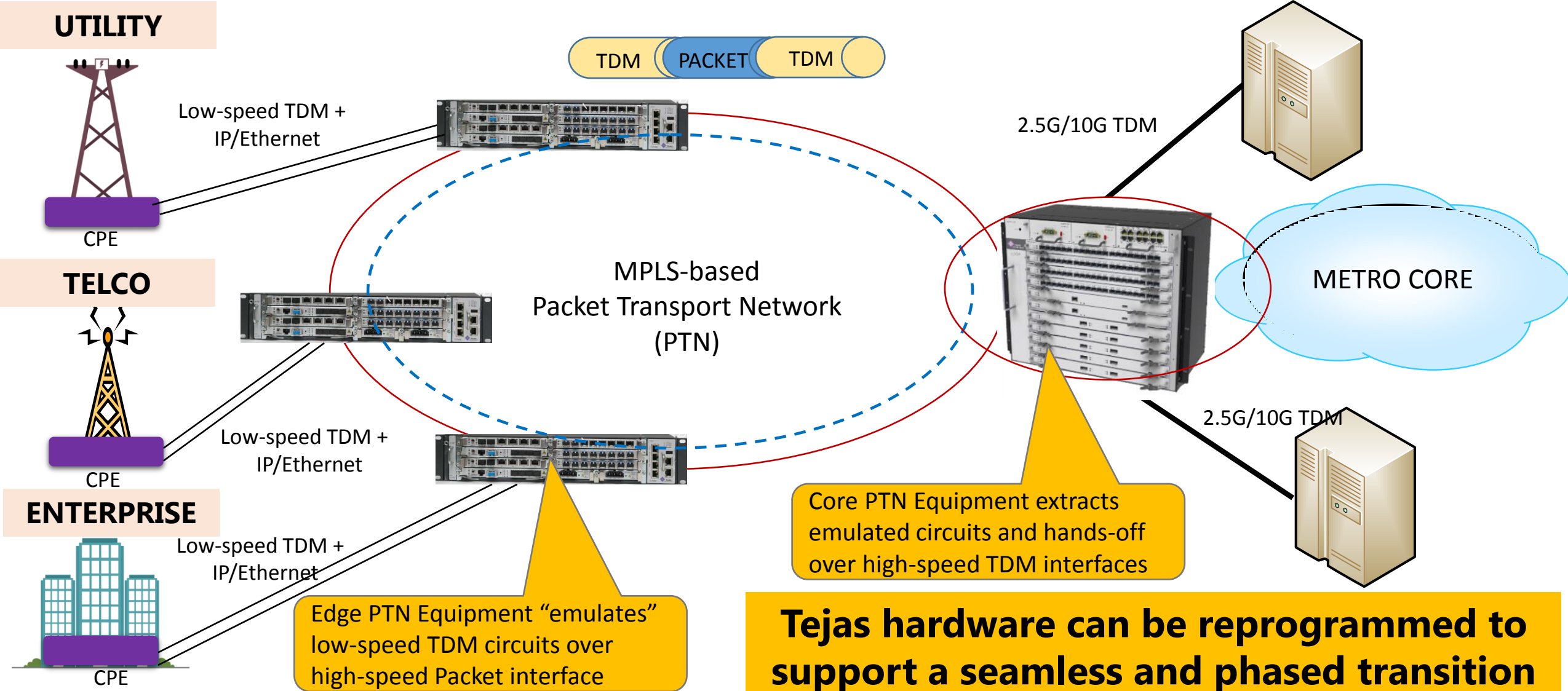
# Enabling Technology: Circuit Emulation



- Circuit Emulation enables conversion of TDM traffic into packets which can then be tunneled through the packet/data network and regenerated as TDM traffic at the other end point
- Transport network infrastructure can be modernized without service disruption and replacement of TDM end-points
- Requires stringent control over timing, latency and protection switching times for TDM traffic



# Tejas: Leader in High-capacity Circuit Emulation

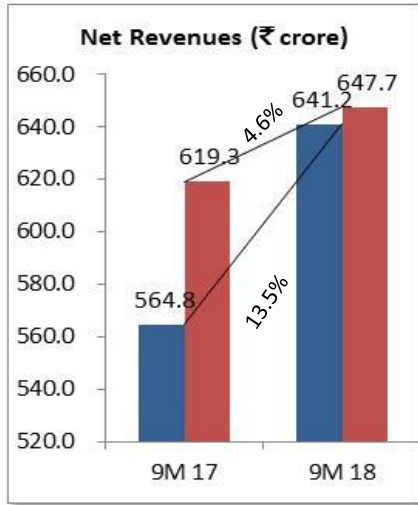


Edge PTN Equipment "emulates" low-speed TDM circuits over high-speed Packet interface

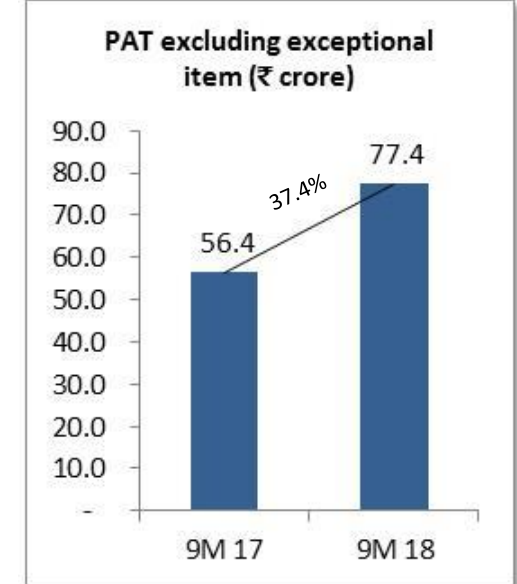
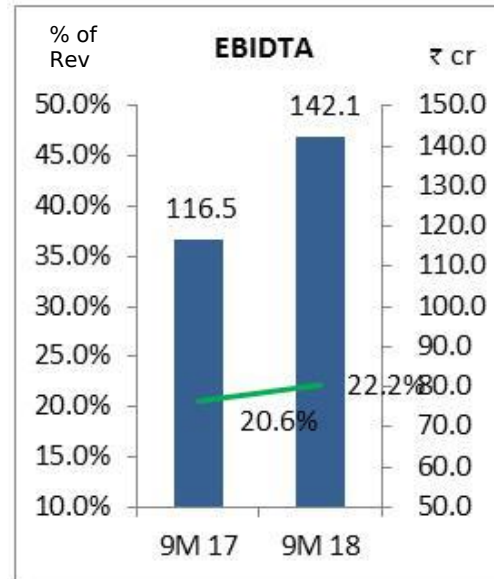
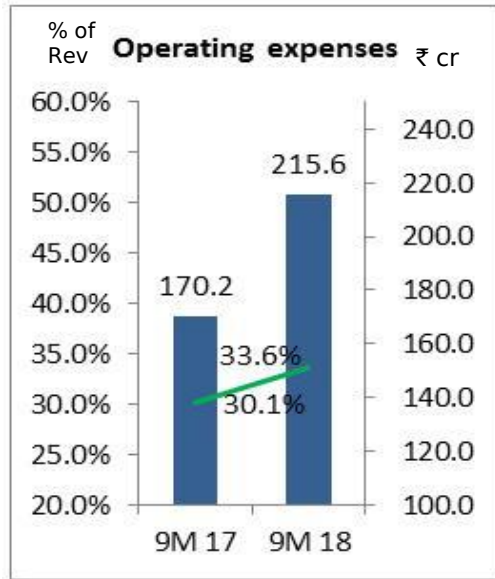
Core PTN Equipment extracts emulated circuits and hands-off over high-speed TDM interfaces

**Tejas hardware can be reprogrammed to support a seamless and phased transition**

# Financials: 9M'18 vs 9M'17



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

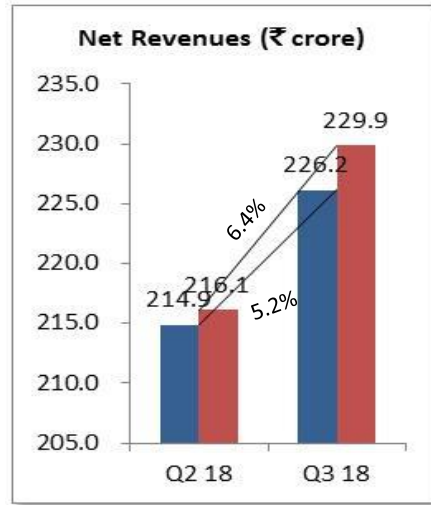


- Net revenues grew by 13.5% on YoY basis
  - The reported revenue for Q3 18 are net of GST, however revenues of all periods earlier to Q2 18 are inclusive of excise duty and are not comparable
  - India revenues were strong, while international OEM revenues were weak
- Operating expenses (inclusive of depreciation) grew by 26.7% on YoY basis- due to increased investment in R&D and Sales
  - as a % of net revenue, increased from 30.1% to 33.6% on YoY basis
- EBIDTA grew by 22.0% on YoY basis
- Profit after tax (before exceptional item) grew by 37.4% on YoY basis

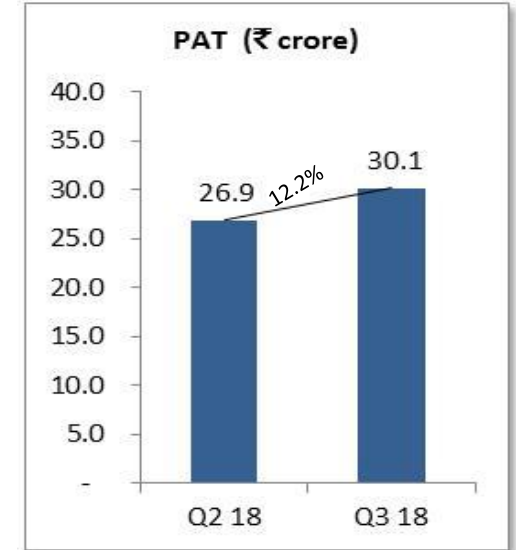
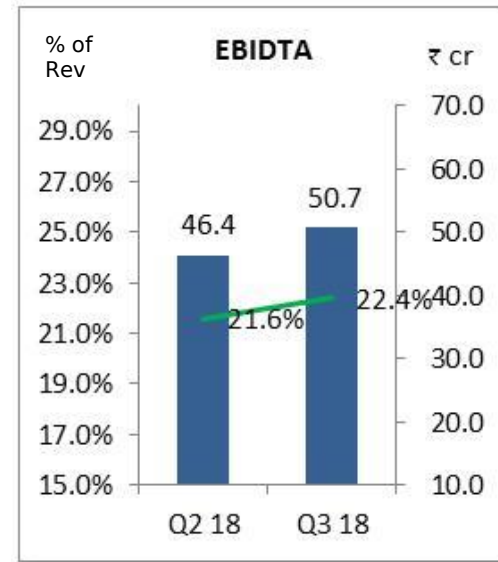
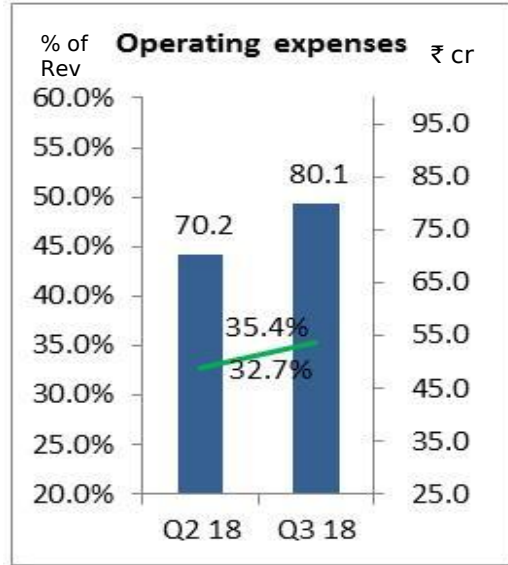
\* Net revenue = Revenue net of taxes and pass through component sales



# Q3 18 vs Q2 18



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



- Net revenue grew by 5.2% on sequential QoQ basis
- Operating expenses (inclusive of depreciation) grew by 14.1% on sequential basis – due to increased investment in R&D and Sales
  - as a % of net revenue, it increased from 32.7% to 35.4% on sequential QoQ basis
- EBIDTA grew by 9.3% on sequential QoQ basis; Profit after tax grew by 12.2% sequentially
- On YoY basis, Q3 18 net revenues declined by 11.0%, operating profits declined by 29.0% and net profit (before exceptional item) declined by 28.5%.
- Given the nature of our business, we see lumpiness across quarters. As few projects are getting shifted to the next financial year, we expect our revenue growth for FY 18 to be around 5%

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

# Key Financial Indicators



Amount in ₹ crore

Particulars	9M 17	9M 18	Variance	Q3 FY17	Q3 FY 18	Variance
Revenue from operations <sup>1</sup>	660	665	1%	289	230	-20%
Revenue from operations (Net) <sup>2</sup>	565	641	14%	254	226	-11%
EBIDTA (before exceptional item)	116	142	22%	63	51	-19%
Operating Profit	76	93	22%	50	35	-29%
Profit after Tax	26	77	199%	12	30	158%
Profit after Tax (before exceptional item)	56	77	37%	42	30	-28%
EPS (Basic) ₹	4.36	9.18	111%	1.88	3.35	78%
EPS (Basic) ₹ (before exceptional item)	9.50	9.18	-3%	6.79	3.35	-51%
EPS (Diluted) ₹	4.36	8.63	98%	1.88	3.16	68%
Cash flow from Operations	112	179	67cr			
Net Worth	461	1,018	557cr			
Borrowings	215	3	(211cr)			
Debt / Equity	0.47	0.00	(0.46x)			
Net working capital <sup>3</sup>	445	389	(56cr)			
Net working capital as % of LTM Revenue <sup>3</sup>	47.19%	38.93%	(826bps)			

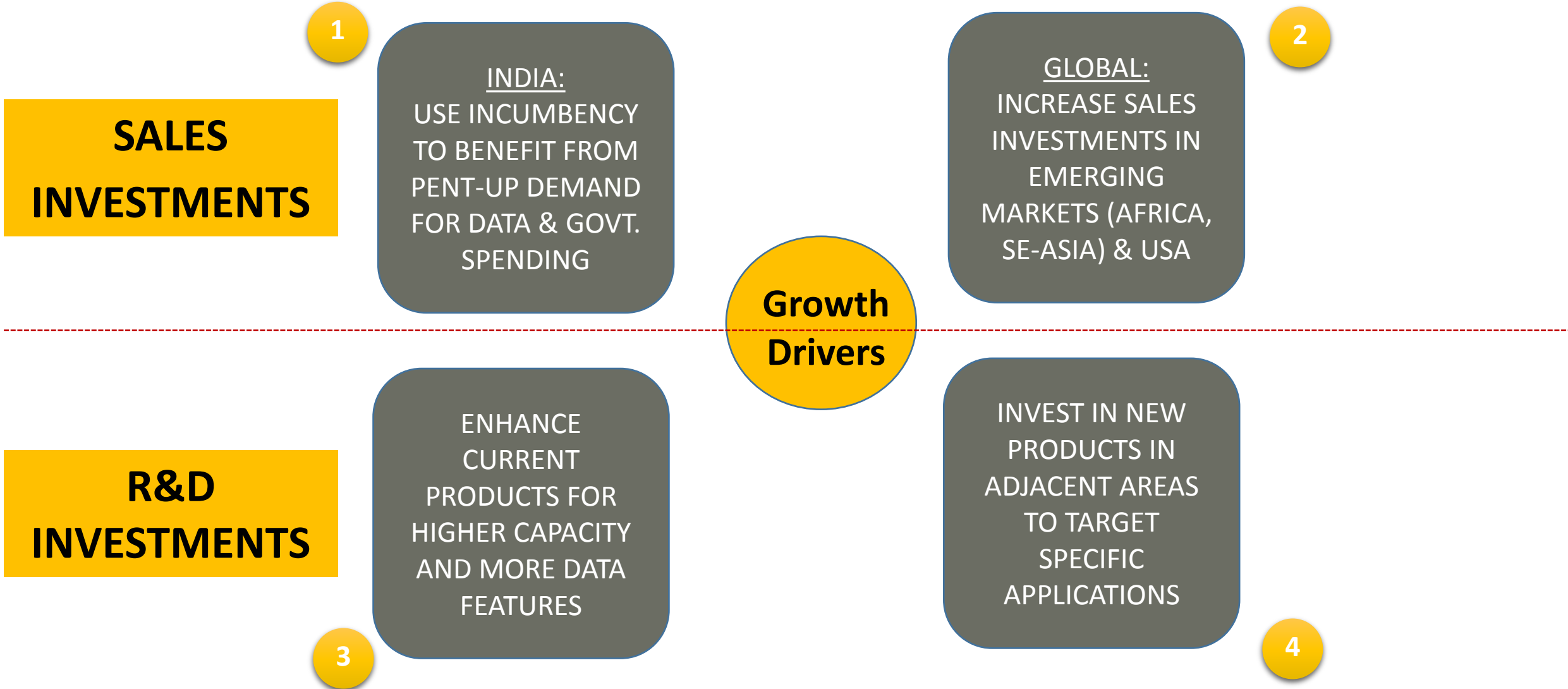
1. The reported revenue for Q3 18 are net of GST, however revenues of all periods earlier to Q2 18 are inclusive of excise duty and are not comparable

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

3. Cash and cash equivalents, 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



# Strategic Priorities & Key Growth Drivers





# Summary

- 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
- Sustained growth momentum seen in our target markets for next few years
  - 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
  - Tejas is well poised to leverage the opportunity of network-modernization in markets like USA
- Tejas has demonstrated strong technology and market leadership
  - Ranked #1 in market share (by Ovum) for optical aggregation in India- world's most competitive market
  - Solid execution in large broadband network rollouts such as Bharatnet Phase-1 in India
- Proven India-based business model delivering growth with profitability
  - Asset-light business model, that uses India's R&D cost advantage to deliver profitable growth



# For further information

- Investor Relations

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  - Phone: 91-80-41794600

- Compliance & Secretarial

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- G. V. Krishnakanth: Company Secretary
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  - Phone: 91-80-41794600

Thank you

