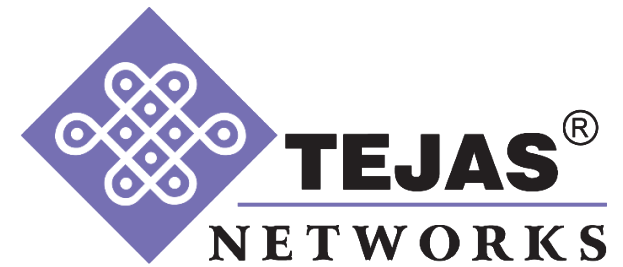




TEJAS NETWORKS LTD
Q1 INVESTOR PRESENTATION

Jul 25, 2022



Key Updates: Q1-FY23

- **Q1 Financial Update**
 - Net Revenue: Rs. 126 Cr
 - PAT Loss: Rs.7 Cr
 - Cash and Cash Equivalents at: Rs 1,739 Cr (no debt)
 - Order book at end of Q1: Rs. 1,158 Cr
- **Supply Chain Update**
 - We could not ship adequate systems because of imbalanced inventory created due to shortage of certain components, despite placing adequate purchase orders on our suppliers
 - We are making changes in our internal processes and IT tools to better address the current challenges in global supply chain and ensure more predictable deliveries
 - Component cost increases have adversely impacted our gross margins, since many deals were at fixed price
- **Corporate Update**
 - We have inducted 2 new Independent Directors on our Board; Prof Bhaskar Ramamurthi (former Director of IIT-Madras) and Mr. P.R Ramesh (former Chairman of Deloitte India)
 - We completed purchase of 63.43% shares of Saankhya Labs, and have started the integration process. This will jumpstart our 5G RAN program
 - We qualify under the new Design Led Incentive (DLI) scheme of Department of Telecom and will be able to enhance our earlier PLI application and get higher incentives

Q1-FY23: Financial Update

	<i>Amount in Rs. crore except EPS</i>		
	Q1-FY23	LTM	FY 2022
Revenues (Net)	125.8 (YoY -12.8%)	532.1 (YoY -8.5%)	550.6
EBIT	-30.7 (YoY -2615.6%)	-189.2 (YoY -1301.0%)	-157.2
PBT	-12.9 (YoY -255.2%)	-138.4 (YoY -440.7%)	-117.1
PAT	-6.6 (YoY -187.9%)	-76.9 (YoY -240.2%)	-62.7
EPS	-0.45 (YoY -155.3%)	-6.47 (YoY -209.5%)	-5.97

- Shortfall in revenues because of component shortage
- Gross margin pressure continued- higher components costs, which we could not pass on to our customers, since many of the orders fulfilled during the quarter were of fixed price
- Lower than planned revenues resulted in a PAT loss
- We continued to aggressively invest in R&D, especially to accelerate our wireless product development programs

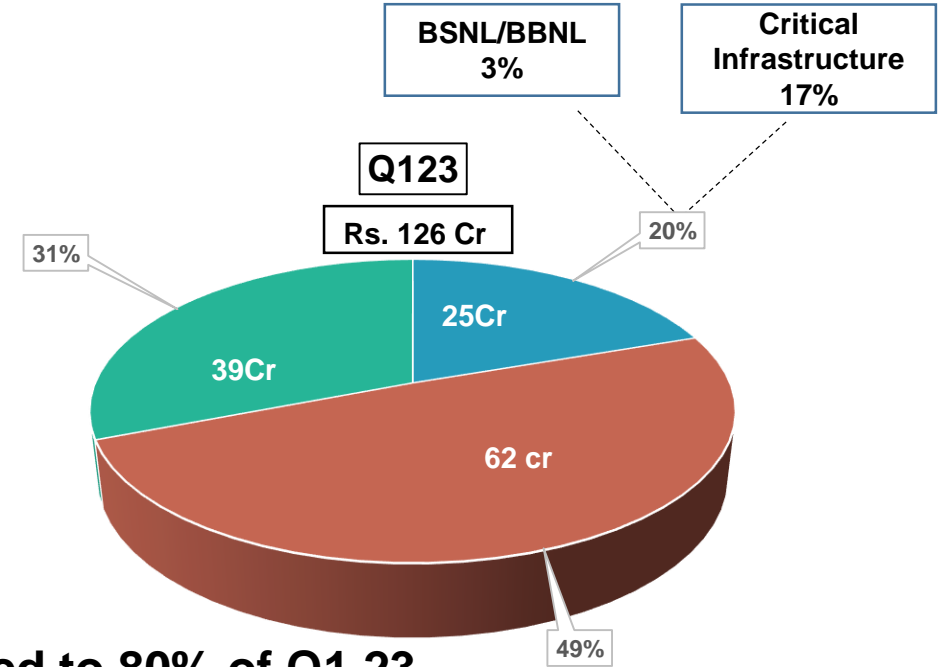
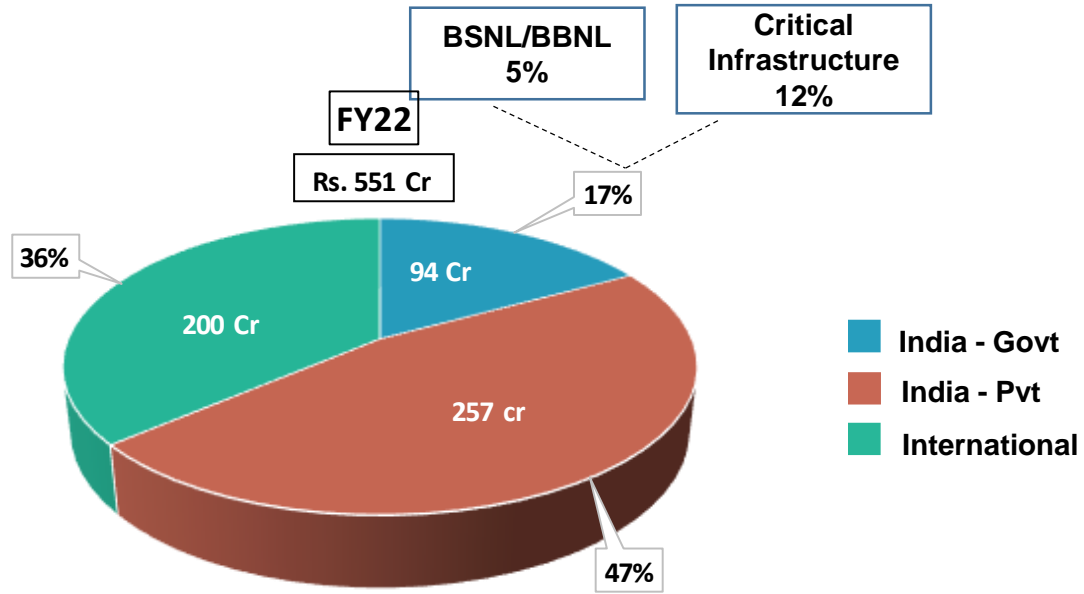
Q1-FY23: Key Financial Indicators

Particulars	Amount in Rs. Cr	
	Q4-FY22	Q1-FY23
Cash flow from Operations	(49)	(49)
Net Worth	1,593	2,540
Inventory	278	322
Trade receivables	292	298
Net working capital	492	539
Cash and Cash Equivalent ¹	1,102	1,739

- **Inventory increased to Rs. 322 Cr**
 - Inventory increased since we couldn't ship complete/balanced systems to fulfill customers orders due to critical component shortage
- **Trade Receivables at Rs. 298 Cr**
 - Collected Rs 141 Cr during Q1
- **Working capital increased in Q1 by Rs. 47 Cr**
 - Primarily due to increased inventory levels
- **Cash Position increased to Rs. 1,739 Cr**
 - Received investment of Rs 712.5 Cr from Panatone
 - We continue to be a debt free company

1. Cash and cash equivalents, investment in liquid mutual funds, Other Bank balances in current assets

Q1-FY23: Sales update



- **Run-rate business (India-Pvt + International) contributed to 80% of Q1 23**
- **India Government**
 - India-Govt was 20% of Q1 23 revenues. YoY growth of 34.4%
 - Won few large tenders, which are expected to convert to PO in Q2
- **India Private**
 - India private was 49% of Q1 23 revenues. YoY growth of 21.5%
- **International**
 - International was 31% of Q1 23. YoY decline of 48%
- **Closing Backlog**
 - India: Rs 986 Cr
 - International: Rs. 172 Cr

Expanding Product Line: Wireline + Wireless

Universal, SDN-ready Network Management System (NMS)

Successful Trial of our 4G equipment



4G
3GPP
RAN

5G
O-
RAN

Base-station

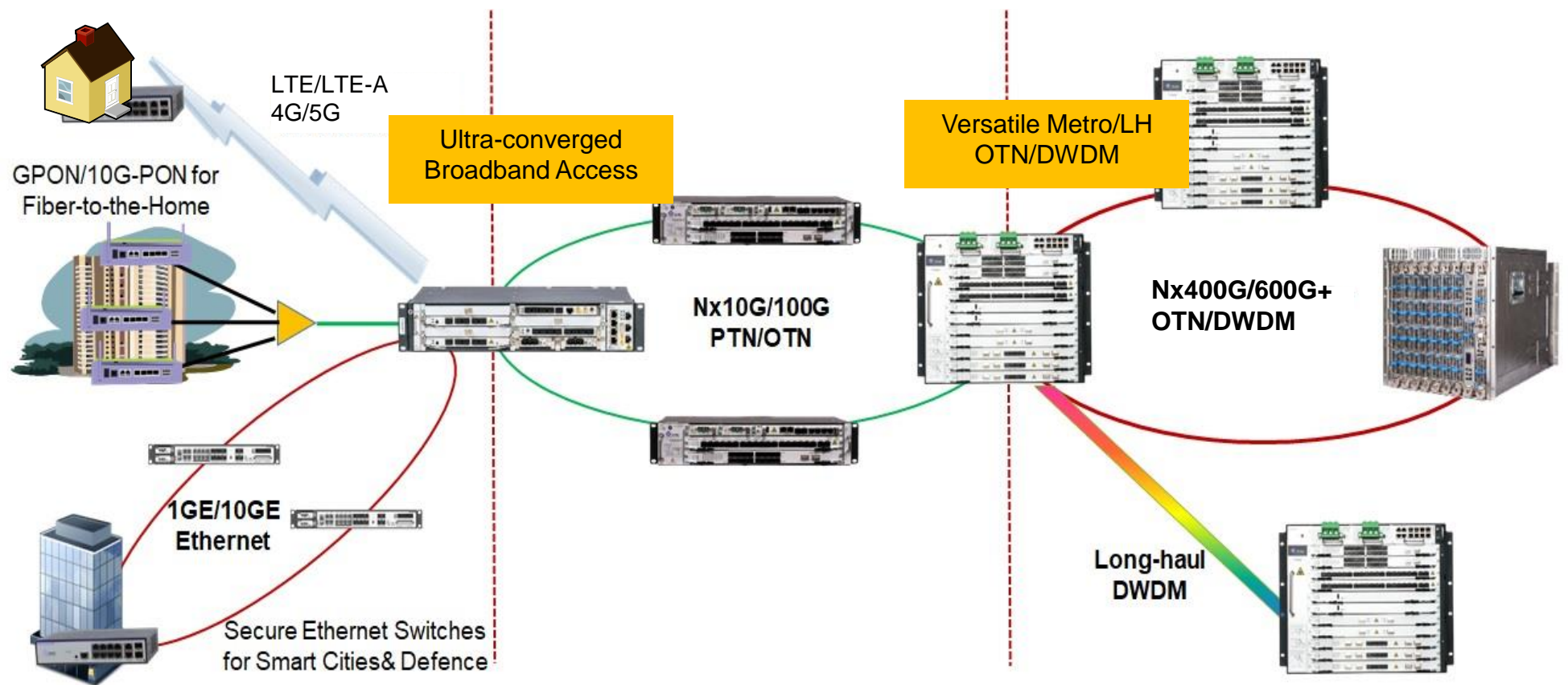


Satellite
Communication

Broadband Access (xPON, LTE, Ethernet)

Optical Transmission (PTN & OTN)

Metro Core & Long-haul (DWDM & OTN)



- **Wireline products:** Optical Transmission, Broadband Access, Secured Ethernet/IP Switches
- **Wireless products:** 4G RAN (Radio Access Network) for Fixed as well as Mobile broadband; 5G O-RAN and Satellite

Key Takeaways

- Q1 revenue was weak since we could not fulfill customer orders due to component shortages; we are making changes to internal processes and tools to better manage our supply chain
- With a healthy order book of Rs 1158 Cr and good visibility of new order inflows, we expect to accelerate our quarterly revenue growth during the rest of FY
- With success of Proof-of-concept (PoC) of our 4G RAN equipment we are well positioned to scale our wireless business
- We are making significant investment in R&D and manufacturing operations, in preparation for scaling up our business
- Inducted 2 Independent Directors with outstanding credentials: Prof Bhaskar Ramamurthi (former Director of IIT-Madras) and Mr. P.R Ramesh (former Chairman of Deloitte India)
- Our healthy cash position at Rs. 1739 Cr enables us to take a long-term investment view of our business