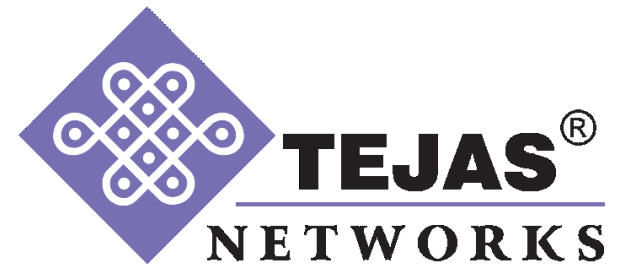




TEJAS NETWORKS LTD
Q3FY23 INVESTOR PRESENTATION

February 06, 2023



Key Updates: Q3-FY23

- **Q3 Financial Update**
 - Net Revenue: Rs. 275 Cr
 - Loss After Tax: Rs. 11 Cr
 - Cash and Cash Equivalents at: Rs 1,221 Cr (no debt)
 - Order book at end of Q3: Rs. 1,431 Cr
- **Key highlights**
 - **Optical business:** strong business momentum continues. We are L1 in a large pan-India backhaul tender, winning against global MNCs, which will have significant revenue potential during next FY
 - **Wireless business:** we are well positioned to win a large 4G project for which firm orders are expected soon.
 - **R&D focus:** We continue to increase our R&D investments, with Increased focus on 4G and 5G. Out of total employees strength of 1250, more than 800 employees are in R&D (YoY 60% headcount increase).
 - **Supply Chain/Manufacturing :**
 - We continue to be supply-constrained for fulfilling customer orders due to shortage of certain chips
 - We have taken advance inventory procurement actions to fulfill current and expected orders, since the lead-time of some of the semiconductor chips continues to be more than 52 weeks.
 - We have signed 3 new EMS vendors and have significantly ramped-up our production capacity, so as to ensure timely delivery of large impending orders.
 - Gross margin pressure due to increased component prices and adverse exchange rate.
 - **Received investment of Rs 300 Cr.** from Panatone Finvest (a subsidiary of Tata Sons Pvt Ltd.) against final subscription of Series-B warrants, for which equity shares were allotted on 6th Feb, 2023.

Corporate Update



- **Corporate Update**

- We received approval from the Government under the Design-led PLI incentive scheme for telecom products, with an investment commitment of Rs 750 Cr.
- Won prestigious “Broadband Innovation of the Year” at Mobile Breakthrough Award 2022 (USA)
- Opened new R&D facility in IIT Madras Research Park, Chennai
- We have increased our portfolio to 443 patents between Tejas and Saankhya Labs
- We will be showcasing our products at the Mobile World Congress (MWC) Barcelona in Feb.

- **Integration of Saankhya Labs on track**

- Company had acquired 64.40% of Saankhya Labs in July 2022. For the balance 35.6%, we have filed for amalgamation of Saankhya Labs with Tejas, through NCLT process which is underway
- We have transferred 169 employees from Saankhya Labs to Tejas Networks. This will strengthen our development programs for 5G RAN and accelerate time-to-market for our new products
- Saankhya team continues to focus on 5G Broadcast, Satellite communications and fabless semiconductor chip design (for use in 5G/6G radios)

Q3-FY23: Financial Update

Amount in Rs. crore except EPS

	Q3-FY23	9M-FY23	LTM	FY 2022
Revenues (Net) ¹	274.6 (YoY 156.4%)	620.3 (YoY 46.3%)	746.8 (YoY 19.4%)	550.6
EBIT ²	-21.3 (YoY 56.0%)	-56.3 (YoY -19.2%)	-166.3 (YoY -424.6%)	-157.2
PBT ³	-5.1 (YoY 84.6%)	-7.1 (YoY 66.5%)	-103.0 (YoY -3701.1%)	-117.1
PAT ⁴	-10.9 (YoY 55.2%)	-16.4 (YoY -25.7%)	-66.1 (YoY -422.9%)	-62.7
EPS	-0.71 (YoY 66.5%)	-1.09 (YoY 15.2%)	-4.66 (YoY -327.2%)	-5.97

On a standalone basis, Tejas had a revenue of Rs. 253 Cr and PAT of Rs 5 Cr in Q3 23

1. Revenue includes Saankhya revenue of Rs. 20.9 crore in Q3 23 and Rs. 34.9 crore in 9M 23
2. EBIT includes Saankhya EBIT of Rs. (14.5) crore in Q3 23 and Rs. (20.1) crore in 9M 23
3. PBT includes Saankhya PBT of Rs. (13.5) crore in Q3 23 and Rs. (18.8) crore in 9M 23
4. PAT includes Saankhya PAT of Rs. (13.5) crore in Q3 23 and Rs. (18.7) crore in 9M 23

Q3-FY23: Key Financial Indicators

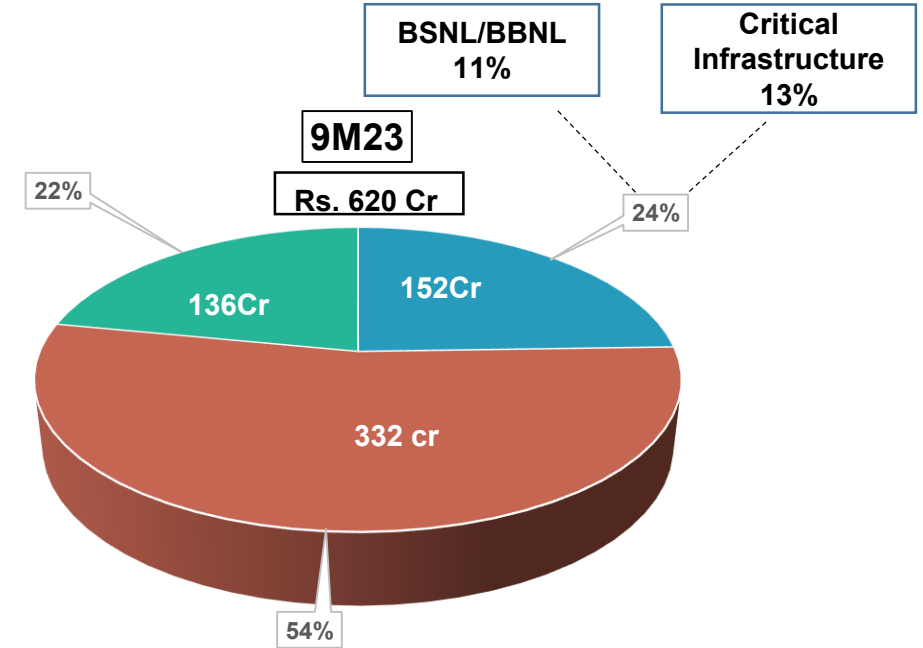
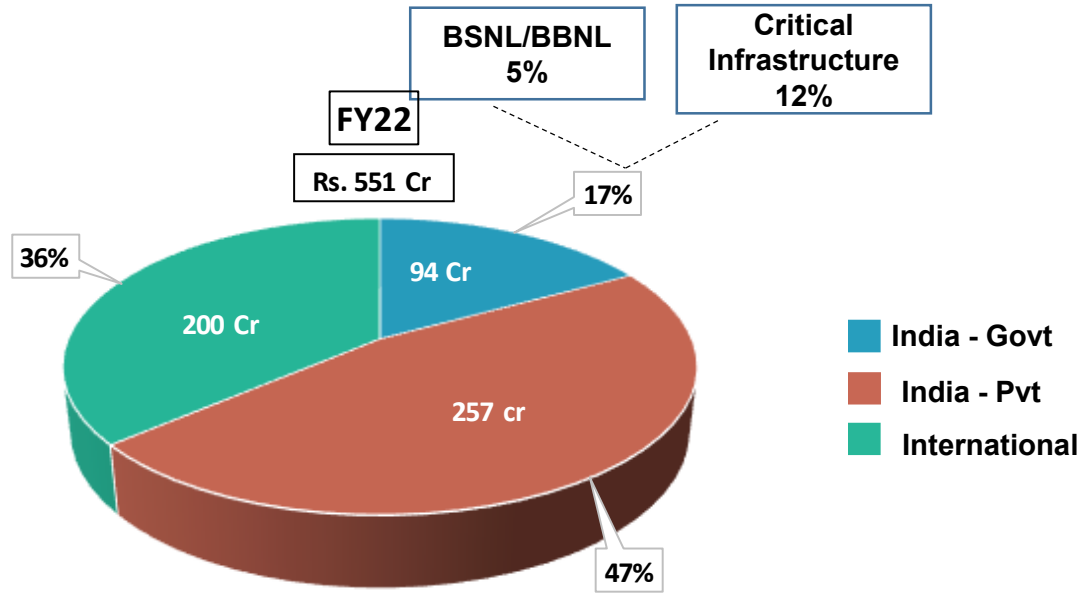
Particulars	Amount in Rs. Cr	
	Q2-FY23	Q3-FY23
Cash flow from Operations	(71)	(114)
Net Worth	2,548	2,567
Inventory	399	494
Trade receivables	380	500
Net working capital	639	766
Cash and Cash Equivalent ¹	1,402	1,221

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

2. Q2 and Q3 numbers include Saankhya

- **Inventory increased by Rs. 95 Cr during Q3-FY23**
 - Inventory increased since we couldn't ship complete/balanced systems due to critical component shortage
 - We have secured some long-lead inventory in anticipation of expected orders requiring faster delivery.
- **Trade Receivables at Rs. 500 Cr**
 - Collected Rs 215 Cr during Q3
- **Working capital increased in Q3 by Rs. 127 Cr**
 - Primarily due to increased inventory and receivables
- **Cash Position at end of Q3 was Rs. 1,221 Cr**
 - Post Q3, on February 03, 2023, we received an investment of Rs 300 Cr from Panatone towards final subscription of Series-B Warrants.

9M-FY23: Sales update



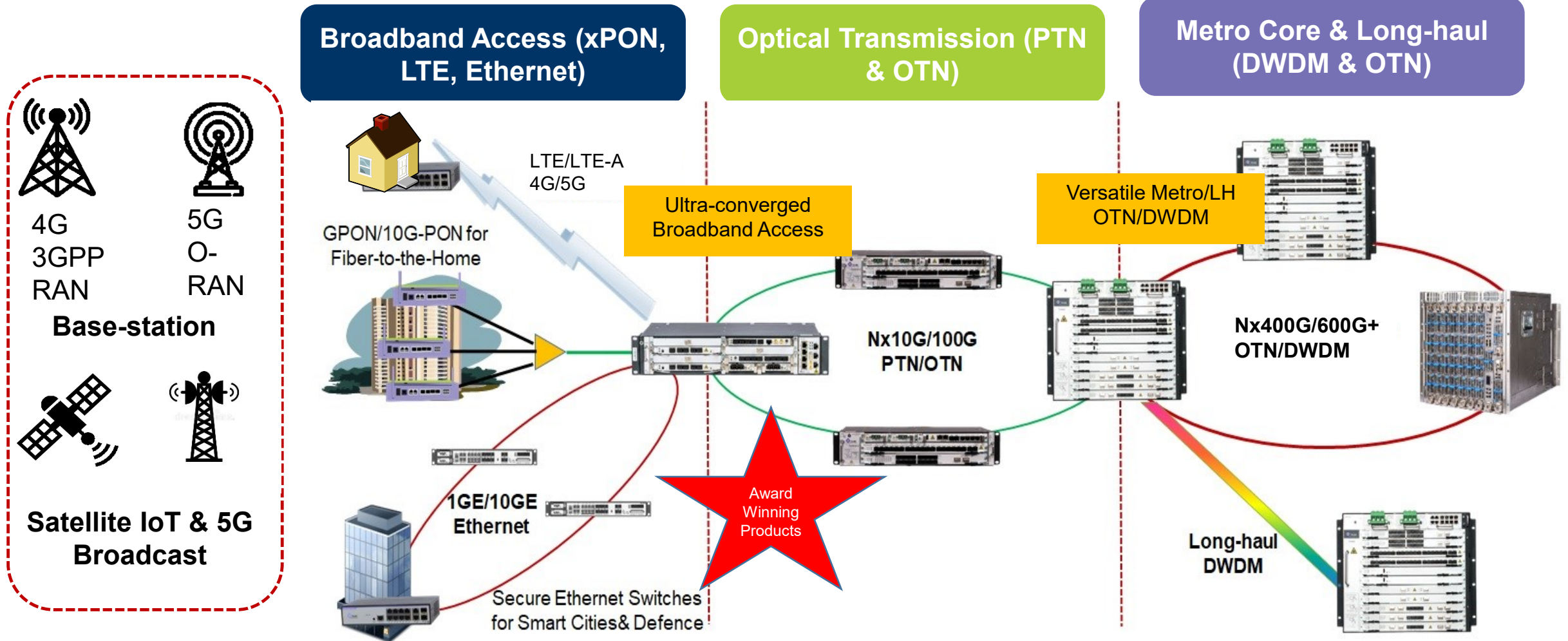
- **Run-rate business (India-Pvt + International) contributed to 76% of 9M 23.**
- **India Government**
 - India-Govt was 24% of 9M 23 revenues. YoY growth of 139.2%
- **India Private**
 - India private was 54% of 9M 23 revenues. YoY growth of 83.3%
- **International**
 - International was 22% of 9M 23 revenues. YoY decline of 24.1%
- **Closing Backlog**
 - India: Rs 1,189 Cr
 - International: Rs. 242 Cr

• Sales Outlook

- Our focus is to expand our business volumes and attain global economies-of-scale at the earliest
- We see large growth opportunities in India, with our expanded set of products and push for Atmanirbharta in telecom.
- We want to gain significant marketshare of India and hence expect India revenues to grow much faster than international revenues in the near/medium term

Comprehensive Products: Optical + Wireless + Satellite

Universal, SDN-ready Network Management System (NMS)



- **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, 5G Broadcast and Satellite IoT

Key Areas of R&D Investments

- Wireline Products
 - DWDM/OTN: Higher capacity long haul transmission and OTN switching
 - xPON: Portfolio evolution to 25G/50G-PON
 - Packet Switching and Transport: Higher capacity switching fabrics for addressing metro capacity growth. Software protocols for next-gen mobile backhaul applications
- Wireless Products
 - Expanding range of TDD/FDD Radios supporting 4G/5G in low and mid-band, including massive MIMO configurations
 - Broadcast Radio Head solutions for D2M and DDaaS applications
 - Upgrading 4G/5G RAN solutions to latest 3GPP Releases and ORAN compliance
- Management Software
 - AI-based network failure prediction engine
 - Cloud-based NMaas products
 - Intelligent Radio Mapping and Control technologies for Interference Reduction and Network Power Savings
- Semiconductor Design
 - Chipsets for next-generation television broadcasting standard ATSC 3.0 (Advanced Television Systems Committee)
 - Next-gen SDR (Software Defined Radio) processor for 5G/6G Radio design



Key Takeaways

- Consistent improvement in revenues, with better supply chain management
- With a healthy order book of Rs 1,431 Cr and good visibility of new order pipeline (both in optical as well as 4G), we expect to significantly accelerate our quarterly revenue growth
- We continue to increase our investment in R&D, to accelerate time-to-market for our 4G/5G products
- We have scaled-up our manufacturing capacity and are well geared to execute large pipeline of orders
- Saankhya Labs integration is progressing well
- Our healthy cash position at Rs. 1,221 Cr, with an additional infusion of Rs 300 Cr from Panatone, will further strengthen our balance sheet to execute large opportunities and scale-up our business.



Thank You!!

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