



TEJAS NETWORKS LTD
EARNINGS CALL PRESENTATION
Q4FY21



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.

Q4FY21: Key Updates

- **Financial Update**

- Q4 Net Revenues: Rs. 201.6 Cr; FY21 Net Revenues: Rs. 514.8 Cr (YoY growth of 35.6%)
- Q4 PBT: Rs. 18.5 Cr; FY21 PBT: Rs. 22.5 Cr
- Operating Cash flow for Q4: Rs. 47 Cr
- Cash and cash equivalents increased by Rs. 29 Cr to Rs. 364 Cr.
- Strong bookings (YoY booking growth of 54%): Order book is at Rs 679 Cr

- **Sales Update**

- **India Government**

- Government of India's multiple policy decisions for promoting "Atmanirbhar" domestic telecom equipment, is providing strong tailwinds for our business

- **India Private**

- Strong business momentum and new applications wins for home broadband (FTTX) and backbone capacity augmentation (DWDM)

- **International**

- During FY21, international revenue growth of 62% YoY (40% of total revenues versus 33% of total in FY20)
- Strong international booking growth of 103% in FY21. Healthy order inflows from Africa and SE Asia
- 5 new customer wins in Q4

- **Supply Chain Update**

- Global shortage of semiconductor components continues: lead-time increased to >50 weeks for few components
- Will need to carefully manage our inventory and place component orders in advance, to secure our supplies

Financial Update

	<i>Amount in Rs. crore except EPS</i>		
	Q4-FY21	FY21	FY 2020
Revenues (Net) ⁽¹⁾	201.6 (YoY 282.6%)	514.8 (YoY 35.6%)	379.8
EBIT	15.5 (YoY 111.2%)	1.4 (YoY 100.8%)	-164.5
PBT	18.5 (YoY 114.6%)	22.5 (YoY 116.3%)	-138.6
PAT	33.6 (YoY 126.5%)	37.5 (YoY 115.8%)	-237.1
EPS	3.61 (YoY 126.3%)	4.05 (YoY 115.7%)	-25.76

Notes:

1. The Revenues (Net) are net of taxes (excise duty/GST) and pass through component sale to our contract manufacturers
2. Q4 FY-20 was an exception.

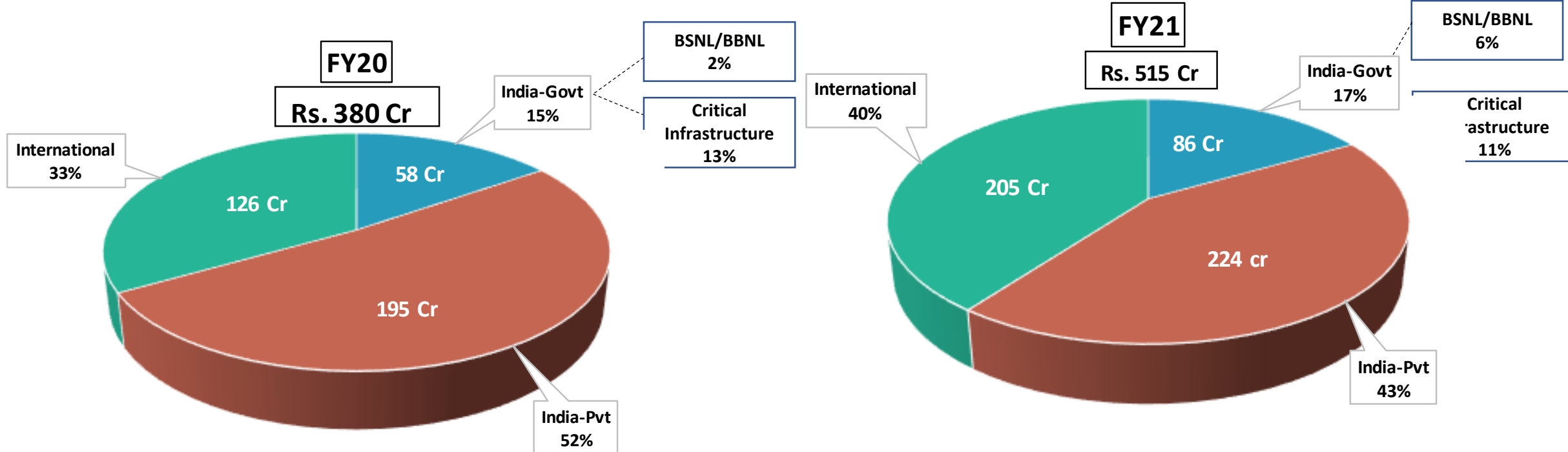
Key Financial Indicators

Particulars	Amount in Rs. Cr	
	Q3-FY21	Q4-FY21
Cash flow from Operations	55	47
Net Worth	1,094	1,134
Inventory	229	214
Trade receivables	402	414
Net working capital	461	450
Cash and Cash Equivalent ¹	335	364

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

- **Inventory decreased by 15 Cr to Rs. 214 Cr**
 - While we will continue to deplete existing inventory, we have to stock-up to manage long-lead times for certain components
- **Improved collections**
 - Trade receivables during FY21 reduced from Rs 456 Cr to Rs 414 Cr
 - Overdue payments from BSNL for Bharatnet project are continuing to come, but at a slow pace
- **Working capital decreased in Q4 by Rs. 11 Cr**
 - Use of existing inventory and improved collections has resulted in lower working capital
 - During FY21, working capital has reduced from Rs. 540 Cr to Rs. 450 Cr
- **Cash Position improved in Q4 by Rs. 29 Cr**
 - During FY21, cash and cash equivalents improved from Rs 280 Cr to Rs 364 Cr

FY21: Revenue By Segments



- Strong YoY growth in international- both on revenue (62%) and bookings (103%)
- Run-rate business (India-Pvt + International) contributed to 83% of total in FY21 (YoY growth of 33.6%)

Sales Update

India

- India business grew by 22% YoY in FY21
- Positive tailwinds from Govt policies such as PLI, “Trusted” Equipment sourcing norms and Make-in-India
- **India Private:** Broadband/FTTx demand is a key growth driver- selected by 2 Tier-1 telcos; For DWDM/OTN capacity expansion, selected by two Tier-1 telcos
- **India Government:** Critical Infra. segment continues to grow, with healthy order flow for FY22 execution. Next phase of Bharatnet projects and BSNL capex exp in FY22

SE Asia

- Asia business grew by 366% YoY in FY21
- Won a multi-million rural broadband project in SE Asia for our converged wireless/wireline product
- Increasing sales investments in the region

Total Addressable Market of ~\$2.2b in target countries; expected to grow to ~\$2.8b by 2025

Africa, Middle East & Europe

- **Africa** business grew by 68% YoY in FY21
- With strong local across multiple customers, we expect strong business growth to continue in FY22
- **CIS and Europe:** Hired new sales leaders for these regions. Expecting traction in FY22

Total Addressable Market of ~\$3b in target countries expected to grow to ~\$4b by 2025

Americas

- Americas underperformed- COVID impacted new customer wins
- **USA & Canada:** Targeting Tier 2 and Tier-3 operators and rural ISPs, who are starting their new capex cycle for FTTX, leveraging federal funds
- **Mexico:** Won multiple new customers. Expect growth in FY22, leveraging local presence and incumbency

Total Addressable Market of ~\$4b, expected to grow to ~\$5.3b by 2025

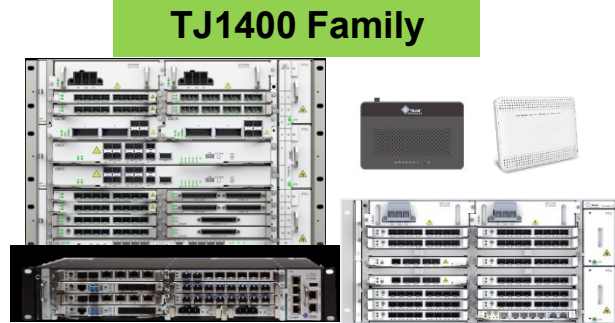
Applications where we are winning

Applications

Products

Technologies

**Home & Office
Broadband**



**GPON/NG-PON (FTTX)
LTE (FWA), PTN,
Carrier Ethernet 2.0**

TJ1600 Family



**DWDM
(100G/200G/400G/600G)
OTN**

**Metro Capacity
Expansion &
Wholesale
Bandwidth**

TJ1400/TJ1400P-M Series



**Ethernet/IP, PTN,
GPON/NG-PON, CPO,
NG-SDH**

**Network
Modernization
& Critical
Infrastructure**



**349 Patents and 300+
Silicon IPs**



- Unique, Software-defined Hardware architecture
- Over 50% Employees in R&D
- Top-3 R&D spender amongst listed companies in India**
- Sustained R&D investment increasing our addressable market as well as global competitiveness

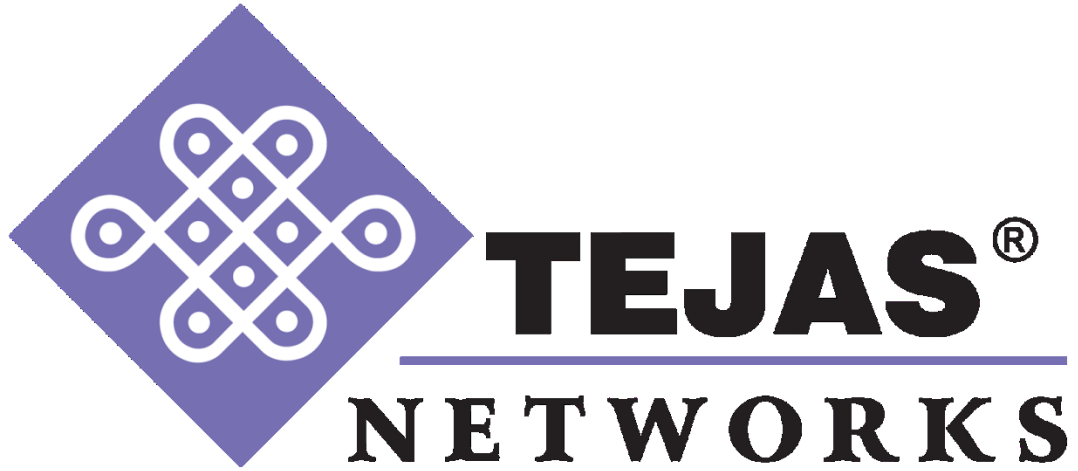


*Note**: Top-3 as a %age of annual revenues among all publicly listed companies in India*

Key Takeaways



- We delivered solid revenue (YoY 36%) as well as booking (YoY 54%) growth and returned to profitability (PAT: 38 Cr) during FY21
- New business win momentum is strong; order book has increased to Rs. 679 Cr
- Our focus on International growth has resulted in strong revenue and booking growth
- We see opportunities to increase our market share in India, based on new wins in home broadband and backbone capacity expansion applications
- Government of India's policy decisions for promoting "Atmanirbhar" domestic telecom equipment is providing strong tailwinds for our business
- We have a strong balance sheet to invest for growth; cash position improved to Rs. 364 Cr, with no debt



Thank you!

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