



“Tejas Networks Limited
Q2 FY '25 Earnings Conference Call”
October 18, 2024



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MODERATOR: **MR. SANJESH JAIN – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Tejas Networks Limited Q2 FY25 Earnings Conference Call hosted by ICICI Securities. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Sanjesh Jain from ICICI Securities. Thank you and over to you, sir.

Sanjesh Jain: Thanks, Sagar. Good evening, everyone. Thank you for joining on Tejas Networks Limited Q2 FY25 Results Conference Call. We have Tejas Networks Management on call represented by Mr. Anand Athreya, Chief Executive Officer and Managing Director. Mr. Arnob Roy, Chief Operating Officer and Whole-Time Director. Mr. Sumit Dhingra, Chief Financial Officer. Dr. Kumar N Sivarajan, Chief Technology Officer. I would like to invite Mr. Arnob to initiate the call with his opening remarks, post which we will have a Q&A session. Over to you, sir.

Arnob Roy: Yes. Thank you. So everyone welcome to our quarterly call. I hope you have received the slides that we have uploaded. So I'll take a few minutes to go through them before our Q&A session.

So I'm on the first chart. So our quarterly revenues have been the highest ever in the history of the company, INR2,811 crores, with a profit after tax of INR275 crores, and an order book at the end of Q2 is INR4,845 crores. So some of the significant things that have happened during the quarter for our wireless business, we have significantly ramped up our 4G/5G RAN shipments for the BSNL network. This quarter, we shipped more than 30,000 sites and, cumulatively, we have shipped more than 58,000 sites for the BSNL's network. I think there has been a tremendous improvement in terms of scaling up our manufacturing capacity. We also received additional orders for densification of the installed 4G sites in a few circles, and by that, what I mean is that to increase the coverage of the BSNL, many of the existing sites, the single band sites, have been upgraded to a dual band with the addition of band 28. And for the existing deployment, BSNL will get a lot more additional coverage with the installation of this additional band.

From a wireline business perspective, we have been selected for PTN and DWDM equipment from one of the Tier 1 telcos in India for the capacity expansion for the 4G/5G mobile network. We have seen continuing success in the critical infrastructure segment in India, and we have been selected by a leading state power utility company for their captive SCADA network and also been selected in one of the smart city projects in the country.

In the international market, we are seeing good traction for our GPON and WDM products, and we've had a few new customer wins in the Americas and in Africa. We received our initial order for the network modernization win in the U.S., which we had reported last quarter. We have seen the initial orders coming, which will be supplying this quarter and we hope to follow this up with additional wins in the U.S. From a corporate point of view, we completed the merger with Saankhya Labs in this quarter. And I'll hand it over to Sumit, our CFO, for walking us through the financial numbers.

Sumit Dhingra: Good evening, everyone. For the quarter, we did revenues of INR2,655 crores. This is 1.8x of the

previous quarter and about 6.7x of the year before. After considering the other operating revenue, which is predominantly PLI incentive, the revenue was INR2,811 crores. Against this, we did a EBIT of INR459 crores, profit after tax of INR275 crores, compared to INR77 crores of profit in the previous quarter. If we move to the next slide, where we talk about key financial indicators, our inventory at the end of the quarter was INR3,411 crores, which has come off slightly compared to the previous quarter.

And it's expected to further come down as we convert this into finished goods. Receivables stand at about INR3,758 crores. The increase is predominantly stemming from higher shipments that happened in this quarter. We also collected about INR1,400 crores during the period. Working capital has gone up by about INR100 crores, and the borrowing position at the end of the quarter was INR2,768 crores, with a cash of about INR583 crores. This slide is handed over back to Arnob.

Arnob Roy:

Thanks, Sumit. So, a little bit more color of our quarter performance and the business outlook. So, in terms of the revenues that we did, of course, the largest segment has been India private, 93% of that. And as we had mentioned earlier, the BSNL shipments simply go to TCS, a private company. We categorize this as India private revenues. So, revenues were dominated by our shipments for BSNL.

The India government business contributed about 4% of our revenues and declined year-over-year by 5%. That was mainly because of the tail-end of the contracts. And as we know that most of the government contracts are tendered and these are not run-rate business. So, they go in the initial period, there's an increase, and then there's a tail-end, and then there's the next project which happens. Our international business was 3% of our overall revenues and declined 3% year-over-year because of the timing of the POs and the shipments. The key international shipments that happened were to Africa and South Asia. We had a closing backlog of INR4,845 crores. Most of it in India, the 4,627 of that in India, and 218-plus in international. From a business outlook point of view, some of the key opportunities, large opportunities that we are targeting is one part of it is the expansion of BSNL's 4G network on the saturation sites, and also for the 5G upgrades, for which trials are ongoing right now. And we hope to convert this at some point of time.

The Indian Railways tender on the collision avoidance system, we have completed our PO successfully, and we are waiting for the tender to come out and bidding to happen. Third large one is a private 5G application for a large enterprise in India where again, we are undergoing trials right now.

Okay. From a wireline point of view, the big opportunity for us is BharatNet Phase III, where we have been bidding to the tenders, with multiple partners. I think the majority of the partners have bid our equipment into the tender. The other part is the expansion of WDM backbone network in the utility segment. Most of our utility customers, for their telecom business, they are seeing business growth in their networks and traffic growth. So, all of them plan for major expansion in their networks.

And thirdly, for the international operators, we see major opportunities in FTTH or GPON and also network modernization deals with multiple operators both in India as well as in Americas. So, I also wanted to add that I mentioned a few of the large deals that we have been targeting. But at the

same time, there are many other smaller deals that we are working on, and especially there are many other opportunities in wireless that we are targeting with initial POCs or design proposals etc. And I can say that we are finally starting to see a lot more engagements with our wireless products, both in India as well as the international markets.

So, from a long-term business outlook point of view, we still see the outlook as being very positive in all the factors that we have mentioned earlier, which are driving growth of traffic in the networks, and leading to traction for our business. All of them continue to be positive and continue to show growth, whether it's enterprise digital transformation, AI data centers, long runway of 4G and 5G deployments, not only in India but also globally. And the backhaul networks for those as well. Moreover there are large investments happening in broadband connectivity throughout the world including for digitalization of cities, smart cities, safe cities and applications such as these. The modernization of utility networks and the modernization of other legacy TDM-based network infrastructure is a large opportunity as well.

So, all of these applications we are targeting with our 4G/5 RAN and backhaul products, multi-terabyte optical and packet transport products, and our FTTH GPON/XGS-PON products. We see a lot of traction for most of the applications that are driving this network traffic growth across the world. So, with that, I'll stop over here, and we can take some questions.

We can do a Q&A session right now. Thank you.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the Aman Soni from Nvest Analytics Advisory LLP.

Aman Soni: Congrats for a good set of numbers. Just one question on the kind of execution that happened in this quarter. It is quite significant, right? So, my question is, do you see like this kind of execution is going to sustain in the upcoming quarters for next, say, three to four quarters, sir?

Arnob Roy: Execution in terms of our RAN shipments for 4G/5G shipments to BSNL?...

Aman Soni: Execution in terms of top line and bottom line kind of margins you reported in this quarter?

Arnob Roy: Well, as you know, we do not give revenue guidance, quarterly guidance kind of things. But I think people are fairly knowledgeable and I think understand our business quite well, as well as our business pipeline and order book. So we really cannot give any business guidance about that.

Moderator: The next question is from the line of Sohan Joshi from ASC Consultants.

Sohan Joshi: Congratulations for a great set of numbers. My first question is, in the previous con-calls, you said that BSNL is going to come up with a nationwide tender for 5G in high-speed performance back of 3.5 gigahertz band. Can you please share any update whether any proof of concept is going on with regards to this?

Arnob Roy: Yea, yes, there are. So, not for the 3.5 gigahertz band yet, but for the 5G upgrades. The POCs that we are doing right now is for the 5G upgrades in the 4G band that we have shipped.

- Sohan Joshi:** Okay, so that is for the 40% sites under 2100 megahertz, right? Basically, the proof of concept is going on currently.
- Arnob Roy:** Yeah, not only in that band, but also in the other bands as well.
- Sohan Joshi:** Okay, so the tender is out? I mean, when the tender will be through this part of the project?
- Arnob Roy:** No, no, this 5G upgrade is part of the current contract that we are executing right now. But not for the 3.5 gigahertz band, which is going to come later.
- Sohan Joshi:** My second question is, the CG Power have acquired the radio frequency components from Renaissance Electronics. So, can you please explain what will be the implications of this on our partnership with Renaissance for designing and development of semiconductor solutions for 4G, 5G RAN?
- Arnob Roy:** See, we are users of those semiconductor components. We are not designers of the semiconductor components that goes into 4G, 5G RAN. So, I think whatever partnership that you're talking about is going to be supplies for the radios that are being designed for 4G, 5G. And so that's what the implication is. It's not that we are not in that business of semiconductors for radios.
- Sohan Joshi:** So, is it right to assume that going ahead, since we have already done localization of most of the components, going ahead, there won't be any major imports from our side, and since majority of the components will be localized?
- Arnob Roy:** No, many of the key semiconductor components are still imported, because they come from Tier 1 semiconductor vendors across the world and a lot of it is in the US. But there are other components of the radio. A lot of it is actually localized and for those parts we source from India. But I think the key semiconductors are still imported components.
- Sohan Joshi:** One last question.
- Arnob Roy:** Which are not yet manufactured in India. I think at the time, I mean, you hear a lot of noise of semiconductor fabs coming up and all this kind of thing. I think when they become real and when the production starts over there and relevant chips that we use for our wireless and wireline products, when they start getting manufactured in India, I mean, of course, we will definitely source them, but that's still going to take some time.
- Sohan Joshi:** Okay one last question. Now since a lot of talks are going on with regards to satellite communication and BSNL has also started testing direct-to-device solutions, are we in talks with BSNL or any other Tata group companies or any other internet service provider for satellite communication devices of Saankhya?
- Anand Athreya:** Yeah, we are talking to few potential customers, but again these are long lead times. These things don't happen overnight. So we are talking to a few of the other providers and see where we can take the satellite communication product, the vehicle tracking system that we have built and see if we can use this for other applications.

- Sohan Joshi:** So proof of concepts are going on with regards to these devices?
- Anand Athreya:** So the vehicle tracking system is deployed. I mean, it is actually not proof of concept, it is actually shipped.
- Sohan Joshi:** Okay, got it. Thank you. All the best for the upcoming quarters.
- Moderator:** Thank you. The next question is from the line of Advait Lath from Nippon India Mutual Fund. Please go ahead.
- Advait Lath:** Yes, so congrats on a great set of numbers. Am I audible?
- Moderator:** Yes.
- Advait Lath:** Yes, so just wanted to ask how has our international order pipeline grown or declined year-on-year or what is the color there in terms of what you think and how it has shaped up?
- Arnob Roy:** Yeah, I think this quarter has been a bit soft for international business especially from many of our run rate customers, but they also come in cycles. But importantly I think we've been able to win a few more logos, a few more new customers which are strategic wins in international territory. So we're looking at that as a very positive sign as we expand our international customer footprint. So that's how it went during the quarter.
- Advait Lath:** Right, sir. And on actually two components Kavach. So Kavach is a big opportunity. So do you think we are well placed in it because of the wireless aspect of it?
- Arnob Roy:** Yes, so as of now, given that we've had a very successful PoC. I think we are well placed over there. Our products do meet the requirements that the customer wants.
- Advait Lath:** Got it, sir. And just last question from my side, the 5G upgradation you said it's already baked into the current tender. What about the incremental 5G deployment that would have to be tendered again and that timeline is not clear?
- Arnob Roy:** Yeah. So that timeline is not clear. I mean, we are expecting it to happen in the later quarters, but right now the first part of it is the 5G upgrade in the current networks in the existing bands. And that's in the current tender and we don't yet have that PO. So we're doing the PoC right now.
- Advait Lath:** So that would be implemented in FY25 itself or that will take a bit longer?
- Arnob Roy:** Yeah, I don't think all of it is going to be executed in FY25. I mean, we think that there is still some time for the PoC to get completed and orders to come and the execution to happen. So I think it will be a few quarters.
- Advait Lath:** Okay, got it. Thank you, sir.
- Moderator:** Thank you. The next question is from the line of Sanjesh Jain. Please go ahead.
- Sanjesh Jain:** Yea. Thanks for taking my questions. I got a couple of them. First on this Kavach project, are we

involved into the equipment for anti-collision or the 4G or LTE deployment on 700 MHz which is the same band we are putting for BSNL for the railway as well? What is the part within the Kavach are we playing the role?

- Arnob Roy:** Yeah, it's only the wireless communication network.
- Sanjesh Jain:** Got it. That's very clear. Second on the closing backlog which stands at close to INR71 billion. Can you just help us in breaking what is the BSNL's component within the 71 billion and how has non-BSNL component has grown Q-o-Q and Y-o-Y?
- Arnob Roy:** Yes, we actually don't disclose customer-wise or any of the segment-wise orders. So, I think the closing backlog is actually INR4,845 crores you may have seen in the presentation. So only split it between India and international and don't disclose it customer-wise or project-wise.
- Sanjesh Jain:** Got it. That's not a problem. And on the last question how has been the performance of the network because we have been on now probably at a risk of deployment. How has been the performance of the network, which has been rolled out on our network? Has it been same as what was proven during PoC?
- Anand Athreya:** The performance actually has been pretty good. So, I mean, as I said, we've shipped close to 58,000 plus sites. And a lot of it is actually being installed and commissioned. And also, I think you must have seen on the press that there are a lot of – BSNL is getting a lot more customer traction. A lot of folks are coming back. So far, so good. I mean the radios have been performing very well. We are closely monitoring. So, again we've been shipping now for more than a year. So far, so good and we'll continue to monitor.
- Sanjesh Jain:** Got it. Just one last question. Are we anyway also looking into getting into the maintenance or O&M part of the network or we will restrict ourselves to supplying equipment?
- Arnob Roy:** No, I think maintenance and support is part of the tender. And after three years we have the support agreement which is there. And that will come after the three-year period of time after deployment.
- Sanjesh Jain:** So when we say closing backlog, do we include the O&M part as well?
- Arnob Roy:** No, not as of now.
- Sanjesh Jain:** That is only the equipment part of it. So O&M will be a recurring business and it will kick in from year 3?
- Arnob Roy:** That is correct.
- Sanjesh Jain:** Got it. That's very clear. Very helpful, best of luck and thanks for taking the questions.
- Moderator:** Thank you. The next question is from the line of Ashish Shriram Thavkar from JM Mutual Funds. Please go ahead.
- Ashish Thavkar:** Thanks for the opportunity. So, with this Cisco, they're setting up a facility in India and

simultaneously we also have a center of excellence for wireless communication. So, at any point in time could we get engaged with Cisco or how should we relate?

Arnob Roy: No, I think these two are unconnected. And this doesn't connect us in any way with Cisco. Our wireless lab, our center of excellence is for our research and development efforts in wireless. And Cisco is more of localizing their manufacturing over here and these two issues are not connected.

Ashish Thavkar: Yeah, fair enough. And on Kavach, I guess there's some shift in timelines from the government side. So how long do you see before investors get to see some revenue traction? Is it a delayed opportunity?

Arnob Roy: Yeah, I think it is. The tender itself is running a bit behind schedule, even though I think the testing and PoCs and all are done. It is still scheduled for the present financial year as of now.

Ashish Thavkar: And what about BharatNet Phase 3 then, the tenders are closed, any timelines when can the outcomes come out?

Arnob Roy: Well, BharatNet Phase 3 is definitely far more advanced compared to Kavach since all the bidding has happened. So, I mean, we expect to see from what we know, I think that there's a lot of background work happening in the tender evaluation. So, maybe a few, several weeks from now, depending on how the evaluation goes, we'll probably see the results coming out.

Ashish Thavkar: Okay, fair enough. So, lastly on Vodafone, we were also engaged in a dialogue with Vodafone. Any success there or potentially any business could come our way?

Arnob Roy: I don't think we have disclosed any particular customer by name where POCs are going on, except for BSNL and maybe Railways. But, yes there are Tier-one operators in the country where the POCs are going on. And these POCs are going through a little extended cycle, because there are additional feature requests or some improvement requests and we keep updating. And so it's a longer POC cycle. And it is going well, and we hope to see business coming at the end of it. It is going to be a little longer process.

Ashish Thavkar: Perfect. Just one last, if I may. This international business, if you could share your perspective, like three years out, where do you see international business? Is there anything in terms of quantum of order books that you want to build for those markets? Is there some number which is there in your mind?

Arnob Roy: For international business?

Ashish Thavkar: Yes.

Arnob Roy: International business in general or for wireless or what was your question?

Ashish Thavkar: It is in general, for wireless, for our RAN equipment and the equipment that we supply.

Arnob Roy: Yes, I mean, it's hard to quantify and we don't give guidance, but we are starting to see a lot of good traction and bidding opportunities and POC opportunities coming up. Initially our focus was

mainly making BSNL successful and doing some of the local trials and POCs and opportunities in India, whether they're private operators or government. But now we are starting to engage a lot more outside of India as well and seeing a lot more opportunities opening up for bidding and for POCs. But it's hard to quantify numbers at this stage.

Ashish Thavkar: Perfect. That was helpful and all the best.

Moderator: Thank you. The next question is from the line of Jinesh Shah from RSPN Ventures. Please go ahead.

Jinesh Shah: First of all, congratulations on your numbers. So, my first question would be that as of end of quarter two, we had a major order book from BSNL and right now we are targeting a couple more opportunities like Kavach, BharatNet and everything. So, I just wanted to understand that what might be the expected time from all the opportunities that we are targeting? And also positively, if we get the contract, then what will be the expected execution time that we will be starting the equipment supply and everything, if you can provide guidance on that?

Arnob Roy: I think it's hard to establish opportunity sizes across all of them. For the tenders that have come out for BharatNet and all, I think you've seen a lot of public reports on the tender size and also that information is available in public. For other opportunities, since we really yet do not know the scope of the tender, we have this high-level guidance on the number of sites, the number of stations and things like that. It's a rough idea, but again, it's hard to speculate and we don't speculate on those numbers. There was a second part to your question.

Jinesh Shah: Yes, so my second part was that hopefully, if we get the opportunities, then what will be the execution timeline?

Arnob Roy: They all depend on when the tenders get awarded and the supply timeline that they set up. And since many of these are very large tenders, I think there will be a process and it will take some time in terms of tender initiation, bidding and evaluation. And also, I think we expect that many of these deals will actually roll over to the next financial year.

Jinesh Shah: Okay, exciting. So, my second question would be regarding the borrowings that we have in our balance sheet. So right now, if I can see that it's around almost 3,000 crores. Now that Tejas has been getting good numbers. And even if in last conference call that we had discussed that probably by the end of this financial year, it will start to get eased out. So right now, are you planning to just reduce the pressure on the working capital cycle?

Sumit Dhingra: So, I think the point we made in the last call also, I think it broadly continues. As the project execution picks up or moves towards completion, we'll see the working capital intensity coming down. This obviously is also linked to other projects and as and when they get added to the order book. So, till the time we have clarity on some of those projects, it is hard to comment on how the working capital cycle plays out.

Jinesh Shah: Okay, fair enough. And my last question would be that if I'm correct, that BharatNet order is around an INR65,000 approximate budget. And Tejas is specifically in supplying of equipment. So, can I

conclude that specifically with respect to this particular project, it's around INR6,000 crores that will be eligible for bid, right?

Arnob Roy: So I think you're calculating at INR 65,000 crores officially for this phase, and then maybe you're taking 10% of that. So I think, I would say it's in the ballpark but it could be lower. I mean, based on the combination of that and also depends on there are many other equipment. I mean, all of it is not addressed by our portion of the equipment in the network. There are other equipment also. But the ballpark, you can say 8% to 10% of the overall spend comes into it, the rest of it is fibre and other infrastructure.

Jinesh Shah: Okay, okay. Thanks a lot.

Moderator: Thank you. The next question is from the line of Aditya Mehta from GK Capital. Please go ahead.

Aditya Mehta: Hi, sir. And congratulations on a great set of numbers. So my question is with regards to private players in the domestic market. So there has been a lot of news flow regarding network upgradation deals being awarded to our global competitors. So just want to understand what is it that we are missing and we are not able to get a share of that pie from the private players?

Arnob Roy: I think most of them for their upgradation have gone with their existing vendors. And as I said, that until now we were focussed on the execution of the BSNL project. At the same time, we started POC last quarter with some of the other opportunities, operators and private industries as well. So I would say, because they are in a hurry to expand, most of them have gone with the existing vendors with existing networks and so on. But at some point of time, later on after we complete our POC successfully, we certainly expect to get some opportunities into these networks. So, this will still have a long tail of deployment.

Aditya Mehta: So, what is the winning point we have over them? Because if you see it will be easy for them to integrate the existing equipment with the existing brand only. So, what is the winning point that we might slice in a share from private players?

Arnob Roy: Our equipment will be quite competitive. And it will support most of the bands, almost all of the bands that are getting deployed in India. We have a variety of single band, dual band, triple band radios, and a wide range of radios. And also, from an architecture point of view, our RAN which has the BBU with integrated transport and features like that, will help reduce the overall cost of the solution. I mean, those are some of the features that we think will serve as differentiators with respect to global competition.

Aditya Mehta: So just one point, whether cost wise we are efficient from our competitors, global competitors or not?

Arnob Roy: Let's put it this way, that it is not an apples-to-apples cost comparison. But the total cost of ownership of the overall solution, if you combine our multi-band radios and our BBUs with integrated transport and a single BBU doing both 4G and 5G, it's an attractive proposition for our customers I mean, the product is architected such that the total cost of solution would work out better for them.

- Aditya Mehta:** Okay. So any timeline for this POC when it will be completed?
- Arnob Roy:** It is going on right now. So I think it will take some time, maybe another quarter or two. ...
- Aditya Mehta:** Got it, got it. And secondly, looking at our current order book, it seems that we will exhaust it within this financial year itself. So till now, after the BSNL order when we haven't seen any major addition to our order book. So how do we see maintaining our revenue flow going ahead in the absence of any major addition?
- Arnob Roy:** Well, as I said, we don't give guidance, but we have shared a flavor of the various opportunities, large opportunities that we are targeting that are in front of us, which look positive for us. And those are the ones that are going to fill the backlog in our order book. And that's where the future business is going to come from. But it's hard to pinpoint a particular number and how the business is going to get replicated.
- Aditya Mehta:** So do we see any major addition in order book in the next six months or within this financial year?
- Arnob Roy:** Again, it's hard to give timelines, but I'll just go back to the slide where we talk about the key opportunities targeted, which is the expansion of the BSNL 4G network, 5G upgrade in the current band, Kavach, BharatNet Phase 3, the expansion of DWDM backbone. All of them are fairly large projects.
- So once they materialize, I think that's the time we'll see our order book really expanding in terms of large numbers. But again, I just want to tell you that we're not giving any guidance over here. And these are also all opportunities that we are well-positioned, but we have not really won in our hand to really, give guidance about.
- Aditya Mehta:** Got it. And just last question, over our tax rate, our tax rate is a little higher, if you see. So, why is it so?
- Sumit Dhingra:** Sorry, did you say higher? How are you looking at that?
- Aditya Mehta:** So, looking at new tax regime, compared it with new tax regime, it seems a little bit higher, 2% or also.
- Sumit Dhingra:** We have not migrated to the new regime. We have losses accumulated over the past. So, we're still in the old regime of taxation.
- Aditya Mehta:** And when do we plan to shift to the new regime?
- Sumit Dhingra:** That will depend on various parameters, including how and when we absorb our losses.
- Aditya Mehta:** Got it. Sure. Thanks and all the best for the future.
- Moderator:** The next question is from the line of Krishna Heda from The Investment Forum.
- Krishna Heda:** First of all, congrats on the excellent set of numbers. How does the company plan to accelerate international business given that international revenue contribution remains small, small at 3%?

Are there any new geographies or contracts in the pipeline?

Arnob Roy: I said, we have been investing and continue to invest into our sales channels and partnerships in the targeted geographies, which is North America, Europe, Middle East, Africa, Asia and so on. So, our strategy for growth is investing in more and more sales channels and partnerships and participating in a lot more trade shows for building our brand. And getting more noticed and winning whatever customer news comes along to build our reference in those geographies, right? So, this is a little long process which goes on. There have been significant engagements, significant opportunities that have also come up, which we are going through the process right now. But yeah, it is a long way, is a long process of building your brand, building your channels and getting to success. So, and we are going through all of that right now.

Moderator: The next question is from the line of Komal Iyer from NBG CFO Services.

Komal Iyer: Good evening, sir. I want to know, you have mentioned in your press release that you have made record deliveries of 30,000 plus 4G sites. So, will you be able to maintain these kinds of deliveries for the next two quarters or exceed them?

Anand Athreya: So, yes, we have actually -- we have increased capacity, so we will have the ability to deliver.

Komal Iyer: So, we will be able to exceed this 30,000 plus number for the next third and fourth quarter.

Anand Athreya: I can't reveal the exact numbers, but let's just say that we have the ability to execute.

Moderator: The next question is from the line of Rajesh Khattar from RK Capital.

Rajesh Khattar: I have two to three small questions. So, you have shared your order book. Can you also share your pipeline numbers as in like how many tenders you have bid for? What is your confidence level in bidding the tenders and pipeline closing cycle?

Arnob Roy: No, unfortunately, we don't do that.

Rajesh Khattar: Then my next question, like historically, the business has been quite up and down in the last four years. In one quarter or year, suddenly there are operating losses. And then in one quarter, suddenly you have bumper numbers. So, going forward, I know you don't give guidance and I'm not asking for numeric guidance. But going forward, like, will it be more consistent and less volatile? What will be the business trajectory going forward? Like, you can just give a qualitative answer without getting into specific numbers. So, as investors, how should we model the business?

Arnob Roy: Well, if you see our business is still dominated by large projects. So, when that comes in, and large projects are still -- in terms of a total business component, they're still dominant. So, there will be periods when you see business wins coming for large projects and they get executed over multiple quarters. And the run rate business will become -- whatever comes from the private and the international kind of a thing.

So, while big projects dominate, there is a possibility of seeing a spike in terms of revenues. And that's the nature of our business as of now.

- Rajesh Khattar:** Okay, like, is it possible to give any base case scenario or you will like to avoid that also?
- Arnob Roy:** No, not data. I think the way we should probably see the business is from an overall annual point of view, right? Quarter by quarter, while if our business is dominated by large projects, there will be spikes. But I think overall, year-over-year, the business is what you always speak to in models.
- Rajesh Khattar:** So my last question, like when you have the capacity, like you -- the previous participant asked you about your capacity to do to deliver 30,000 sites. And when you do have the capacity, you said, so what can stop you? What could go wrong? Like, let's say in the next quarter, or the next to next quarter, where let's say you don't do 30,000 sites, what can go wrong?
- Arnob Roy:** In terms of manufacturing, there is no issue, as long as the order keeps coming the way we have anticipated and the way we see it. I don't think we have any issues in terms of being able to manufacture them.
- Rajesh Khattar:** So in terms of delivery or revenue, what could go wrong? Just trying to understand, why will it not translate into the numbers? What can happen there?
- Arnob Roy:** If what could go wrong in terms of manufacturing supply chain? If we have the order book, we don't, I mean, unless the unforeseen events in terms of supply chain or any other thing that happens in an abnormal business cycle. I don't think any other factor really comes in, because we have really worked hard in setting up this kind of a manufacturing capacity, manufacturing line, where we can ship large numbers with high quality. So as far as what we can see, as far as the business is there, I don't really see any issues in terms of not being able to deliver, barring any unforeseen events that I really can't predict.
- Rajesh Khattar:** Okay, that's helpful. Yea. Thank you.
- Moderator:** Thank you. The next question is from the line of Agam from Raj Trading. Agam, your line is unmuted. Please proceed.
- Agam:** So most of my question and answer the quick thought. You might have said, but I'm not clear. So can you share your thoughts in your closing order book is already INR4,400 crores. So I believe that a lot of projects will take time and so whatever thoughts you can share. So what can we expect in next 6 months to 1 year, whatever you're looking at, potential, whatever you can share? Just some color on it.
- Arnob Roy:** Yea. So I talked about some of the key opportunities. I think that should give an idea of the business being targeted and how the order book is going to get filled up and, even around BharatNet Phase 3, expansion of DWDM backbone network, BSNL 4G/5G network upgrades and things around that. Most of the large opportunities I've highlighted. So that's, those are the projects that are going to come into expanding our order book going forward.
- Agam:** Do you see all things progressing well going ahead? In the next 6 months, we should learn a few things from you currently from where we are?
- Arnob Roy:** Yes, these opportunities are all real. And apart from that, I think, as I mentioned at the end of my

presentation, all the other drivers for our business, which are causing expansion of network, growth of data traffic in networks such as growth of 4G/5G networks, broadband expansion and data centers and stuff like that. All those factors are showing no signs of slowing down. They are still going at a very fast level. So all the drivers for business indicators still look good. So, that's why we are bullish about it.

Agam: Thank you so much and wish you the best.

Moderator: Thank you. The next question is from the line of Dhruv Shah from Ambika Fincap. Please go ahead.

Dhruv Shah: Yea, thanks for the opportunity. And congratulations on a really great set of numbers. My question is for Anand sir. So you have come from Juniper, who is a leader in enterprise business. So my question pertains to, are we seeing a big opportunity in the enterprise side of the business? Because I couldn't see that on the business opportunity side? So if you can just allude to that part, because the captive requirements for Tata Group companies would also be in a sizable portion for us?

Anand Athreya: So look, while we don't talk about a roadmap, what I really want to say is that we want to build a portfolio that's going to serve both service providers and enterprises in both wireline and wireless. And that's the vision and mission of Tejas. Again, we want to build the next global networking OEM from India. And we will serve any and every market including the group.

Dhruv Shah: Fair enough, sir. But are we trying to replicate the products which are there in Juniper in Tejas as well?

Anand Athreya: Look, I can't comment. As I said, I can't comment on the roadmap. When we launch it, you will see.

Dhruv Shah: Fair enough, sir. Thank you for the opportunity and all the best.

Moderator: Thank you. The next question is from the line of Pratap Maliwal from Mount Intra Finance. Please go ahead.

Pratap Maliwal: Hi, sir. Thanks for taking my question. So, I heard you said that the operations and maintenance part starts after a period of 3 years. So, assuming we complete the supply of equipment, maybe by FY '25 end or Q1 FY '24. So, when does the contract for O&M come in?

Arnob Roy: So, it will come in 3 years after they are commissioned. So, it is not that it starts right at the end of the last deployment. It's, for every different circle or every different deployment. As long as after their 3 year period, their maintenance cycle will start.

Pratap Maliwal: And so, you said that one particular tender was running a bit behind schedule. I just missed that part. Was it the Kavach tender or the BharatNet tender? Which one is running a little bit behind schedule?

Arnob Roy: Yes, the Kavach tender is running a bit behind schedule.

Pratap Maliwal: And so, just one last thing. So, I see in the presentation that we received some additional orders regarding that network densification part. So, was this part of the original INR7500 crores, order or is it, something additional in case of that? And do we foresee maybe some additional sites that BSNL would require for which we can get further orders as well?

Arnob Roy: Yea, so, this is part, as I said, part of the tender scope, but not exactly part of the original planned network, right? This is kind of an add-on to the original plan or the network, because as and when the network is deployed and they are seeing more opportunities and, more customers, they are enhancing their plans, as I would say, to upgrade the existing sites from the original plan to add more bands to increase their coverage and capacity. So, that's what is happening.

So, technically, it is part of the same tender that we have won, but the specific plan in terms of the deployment of a particular band in a particular site, I think that is something which is evolving and is adding to our business as these additional bands are coming up. But this is not connected to the additional sites or the saturation sites for the additional coverage.

Pratap Maliwal: Okay. So, is there any timeline, because there's one prevailing line of thought that, maybe 100k sites might not actually suffice for BSNL to have a nationwide 4G rollout looking at the kind of network that maybe some of the other players have. So, is there any plan in the pipeline for some additional sites maybe to kind of have a proper network rollout for that?

Arnob Roy: Yes, I think that's what we mentioned in terms of BSNL, our future opportunity, a large opportunity is the expansion of BSNL's 4G network. So, that is exactly what you're talking about. Beyond the initial 100,000 sites, BSNL is looking at least 20,000 plus sites for expanding their footprint across the country.

Pratap Maliwal: Okay, sir. Thank you for taking my questions and congrats on a good set of numbers.

Anand Athreya: We have time for 1 last question.

Moderator: The next question is from Pankaj Kumar, who's an Individual Investor. Please go ahead.

Pankaj Kumar: Yeah. So, I wanted to know what is the amount of order won in the last quarter? What is the order mix in terms of India government, India private and international? And can you give some color on what kind of orders have been on the company in the last quarter?

Arnob Roy: Are you talking about the new orders won during the quarter?

Pankaj Kumar: In Q2, I'm talking about Q2, the orders won.

Arnob Roy: We don't really disclose at that level. The orders won and the backlog we categorize as India and international. We don't disclose the individual bookings through a quarter but we kind of give a picture of the overall backlog and some color regarding domestic and international.

Pankaj Kumar: Okay. Thanks a lot.

Anand Athreya: So look, as part of closing, again, I want to thank the team. The team has executed really well.



*Tejas Networks Limited
October 18, 2024*

We've delivered a lot on our orders. And we will continue to stay focused and execute as we deliver and also as we build our portfolio. And in the process, hopefully gain more customers, expand to more markets, and build a healthy business. Thank you very much. Have a good night.

Moderator: Thank you. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.

Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings