

Result Snapshot

<u>Amt. in Rs. Crs.</u>	Q4FY20	Q3FY20	Q-o-Q(%)	Q4FY19	Y-oY(%)
Revenue	54.57	86.66	-37.0%	273.13	-80.0%
Other Income	13.52	6.19		6.87	
Total Income	68.09	92.85	-26.7%	280	-75.7%
EBITDA	-17.29	5.13		62.16	
EBIDTA (%)	-25.4%	5.5%		22.2%	
EBIT	-38.18	-15.2		44.71	
Impairment of Non-current assets	69.87				
Allowance for expected credit loss	17.41	-1.12		2.56	
PBT	-126.53	-14.78		37.08	
PAT	-126.53	-112.06		35.89	
PAT%	-185.8%	-120.7%		12.8%	

Result / Con-call Highlights:

1) Business Update

- India Government (Y-o-Y decline of 88%) : BSNL/Bharatnet showed Y-o-Y decline of 98% since all projects got delayed
- India Private (6% Y-o-Y decline): Orders delayed, since operators cut back capex in 2H, post AGR judgement in October 2019
- International (31% Y-o-Y decline): declined due to delayed POs. Customers requested to delay the shipments as there was lockdown in their respective country.
- Run-rate business (India-Private + International) declined by 18% Y-o-Y

2) Cash Position

- Tejas Network is a debt free company with cash and cash equivalent of Rs. 280 cr at the end of Q4 FY20. The company is expected to improve cash position during FY21 based on collections (receivables of Rs. 456 cr), use of existing inventory (inventory of Rs. 252 cr) and tight expense control

3) Order book as on Apr 1, 2020 is ₹ 483 Crores, out of which 35-40% will be for revenue in FY21

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Result / Con-call Highlights: (Continued)

- 5) Fixed cost is around Rs. 18 – 20 cr per month. The company needs to collect more than Rs. 60 cr per quarter in order to maintain its cash position in these tough times.
- 6) For senior management 45% of the salary is fixed salary while the 55% of the salary is variable salary. For the rest of the employees on average 80% is the fixed salary and 20% is the variable salary dependent on company's profitability.
- 7) Tejas Network has been struggling in the USA for the past 3 years. Management has reworked the strategy for USA, they are using local SI channels for increasing reach across Tier-3 customers, while directly addressing Tier-2 customers. Some of the Tier-2 customers are as big as India's Tier-1 customers.
- 8) With the recent developments of COVID-19 many countries are realizing to move away from China based companies. As Huawei is one of the biggest competitors of Tejas Networks in broadband market and optical transmission market, acquiring new customers can significantly boost Tejas Networks topline.

The company short term outlook looks tepid with delay expected in almost every business segment. However, medium to long term perspective of the company looks promising if the management is focused on the right direction as they can be a credible alternative for customers who want to diversify their supply chain risk away from China.

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