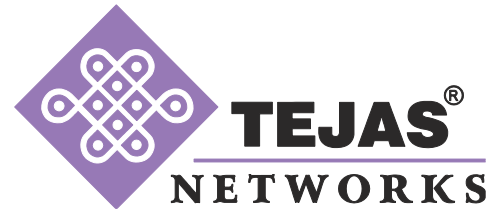


Tejas Networks Ltd.

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April 26, 2024

The Secretary
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
NSE Symbol: TEJASNET

The Secretary
BSE Limited
P J Towers,
Dalal Street,
Mumbai – 400 001
BSE Scrip Code: 540595

Dear Sir/Madam,

Re: Q4 FY24 Earnings Conference Call – Transcript

Please find enclosed the transcripts of the Q4 FY24 Earnings Conference Call held on April 22, 2024.

Kindly take the above information on record.

Yours sincerely
For Tejas Networks Limited

N R Ravikrishnan
General Counsel, Chief Compliance Officer
& Company Secretary



“Tejas Networks Limited Q4 FY '24 Earnings Conference Call”

April 22, 2024



MANAGEMENT: **MR. ANAND ATHREYA – CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR, TEJAS NETWORKS
LIMITED**
**MR. ARNOB ROY – CHIEF OPERATING OFFICER AND
WHOLE-TIME DIRECTOR, TEJAS NETWORKS LIMITED**
**MR. SUMIT DHINGRA – CHIEF FINANCIAL OFFICER,
TEJAS NETWORKS LIMITED**
**DR. KUMAR SIVARAJAN – CHIEF TECHNOLOGY
OFFICER, TEJAS NETWORKS LIMITED**

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

Moderator: Ladies and gentlemen, good day, and welcome to the Q4 FY '24 Tejas Networks Limited 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 touch-tone phone. Please note that this conference is being recorded.

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

Ashvik Jain: Thank you, Sagar. Good evening, everyone. Thank you for joining Tejas Networks Limited Q4 FY '24 Results Conference Call. We have Tejas Networks' management on call represented by Mr. Anand Athreya – CEO and Managing Director; Mr. Arnob Roy – Chief Operating Officer and Whole-Time Director; Mr. Sumit Dhingra – Chief Financial Officer; and Dr. Kumar N. Sivarajan – Chief Technological Officer.

I would like to invite Mr. Anand sir to initiate with opening remarks, post which we will have earning presentation and Q&A session. Over to you, sir.

Anand Athreya: Thanks, Ashvik. Welcome to Q4 FY '24 Tejas Earnings call. Good evening. My name is Anand Athreya. I am the CEO and MD of Tejas Networks and I have Arnob Roy who is the Co-founder and COO; Dr. Kumar Sivarajan who is the Co-founder and CTO and Sumit Dhingra who is our CFO.

I am happy to inform you that Tejas had the best ever quarter and the best ever year in its history and a profitable one, too. Over the last year, Tejas has been insanely focused, and we have been executing ruthlessly on major projects such as BSNL 4G MAAN and many other projects.

What you have witnessed in this recent quarter is growth in all segments and we have also secured the supply chain. So, I am very pleased, having completed one year at Tejas, at the progress that we have made. And I will hand it over to Arnob Roy to go into other details. Thank you.

Arnob Roy: Thanks, Anand. I will take you through our quarterly presentation that we have uploaded, which has two sections. One is the results of Q4 and giving some color and details to it, as well as a refresh of our products and technologies and the outlook for the future.

So, this first update is about Q4. As Anand mentioned, we ended the year on a very strong note, a very strong revenue growth. We scaled our business to achieve profitability and ended the year with a strong order book for execution in FY '25 and beyond.

So, for the quarter, we had a net revenue of 1,327 crores, which is a significant jump over year-over-year, and a profit after tax of 147 crores. For the year, we ended with 2,471 crores, again a

strong growth from the previous year, and a PAT of 63 crores. We also ended the year with an order book of more than 8,200 crores.

To add some more color to the quarter, we made a lot of progress in all fronts of both wireless and wireline business. For wireless, we shipped a lot of equipment for the 4G/5G RAN in the BSNL network. We have shipped cumulatively more than 10,000 sites, and the installations are progressing quite well.

Apart from this, we also engaged with several other customers for our RAN products, and as of now, we have multiple ongoing proof of concepts, POC, with potential customers. So, we have started making business development progress beyond the immediate BSNL opportunity.

We have made good progress for our wireline business as well. I think one of the highlights was completing the supply of large quantities of IP/MPLS routers for BSNL's MAAN network, which is the backhaul network for the 4G/5G wireless network. This is one of the largest deployments of indigenous IP/MPLS routers in India. There are close to 15,000 routers deployed in the BSNL network and we have completed the supplies, and the installation, commissioning and deployment is going on as we speak.

We also had several strategic wins for our WDM and our Switching/Routing products in the Critical infrastructure sector. We entered into a strategic partnership with Telecom Egypt for our FTTx GPON equipment, which includes, apart from local manufacturing and supplies, sharing the experience of BharatNet and NKN Network projects in India and also contributing to the training and manpower development in Egypt. There are also gateways to many countries in which they have a free trade agreement and there could be a potential gateway for supplies to many countries in Africa and Middle East.

Some of the other highlights are the approval of our PLI application and the grant of 32.66 crores for the past year of FY '22-23 and also Saankhya Labs, our subsidiary, also got approved under the semiconductor PLI scheme and received the incentives as well.

During Q4, Tejas and its subsidiaries were granted 22 patents and the total approved patent count of 335.

A few corporate updates. We received the Voice and Data Excellence Award in the "Make in India" category for our Carrier Router portfolio, which are basically the IP/MLS- products that we shipped to BSNL for the MAAN network.

We are also starting to get recognized globally as key vendors for our products and for our wireless products from Gartner, a very respectable industry analyst. They recognized us as a representative vendor in their Open RAN/vRAN market report and Omdia, which is a leading analyst in the wireline space, they also recognized us in their FTTX report as an established PON OLT vendor in the rest of Asia and Oceania markets.

Apart from that, our merger process with Saankhya is progressing well and the resolution was approved by the equity shareholders and the unsecured creditors of the company and after the voting that was conducted as per NCLT directions. We expect the next few steps to get completed over the next couple of quarters for a formal closure of the merger.

So, I, Arnob Roy, was reappointed as the Executive Director and COO. Mr. Bhave, who has been a director for many years, he retired as a non-executive independent director on the completion of his tenure and Mr. Lakshminarayanan also resigned as a non-executive non-independent director to spend time for his professional commitments.

Some color on the revenue profile for FY '24. We see on the right-hand side, the Indian government was 36% of the overall business, Indian private was 54%, and international was 10% of our revenue and this is an area that we are focusing a lot in terms of growth for our international business.

I would like to definitely remind you that the shipments that are happening for BSNL 4G are being categorized as India private, because our immediate customer is TCS, which is a private entity. And just to reiterate, we have a strong closing backlog of 8,200 odd crores of which a substantial part is India at 7,900 odd crores and international is 263 crores.

I will now hand over to our CFO – Sumit to give some details about the financials.

Sumit Dhingra:

Good evening, everyone. From a financial perspective, we had a revenue of 1,327 crores for the quarter. This was a growth of 343% over the previous year same quarter. EBIT of 248 crores and PAT of 147 crores. This implied an EPS of 8.6. From a full-year perspective, consolidated revenue was 2,471 crores, EBIT of 83 crores and PAT of 63 crores with an EPS of 3.7. So, from both a quarter-on-quarter perspective and on a year-on-year perspective, we had a strong growth in quarter.

Now the other key financial indicators, if you look at the net worth of about Rs. 3,150 crores, inventory of Rs. 3,738 crores increased compared to the previous quarter, which was around Rs. 2,683 crores. Predominantly because, as mentioned in the previous call as well, we are securing long-lead items for expedited delivery of large projects, including the BSNL 4G. And as we go along, as the project continues to get executed, the inventory will eventually get absorbed.

Our trade receivables stand at around Rs. 1,458 crores at the end of the year. This is partly also linked to the revenues that we have done during the quarter. We had collection over Rs. 650 crores this quarter. Working capital increased by 1,519 crores, again driven mainly by inventory and receivables. Our cash position at the end of the year was Rs. 641 crores and working capital borrowings of Rs. 1,744 crores, which is essentially all for working capital.

Arnob Roy:

Thanks, Sumit. So, as a recap of what happened in FY '24, FY '24 has been a milestone year for us. We have a significant growth in revenue and a turn to profitability, starting with Q4. We

have growth in all the product segments driven by wireless and all the different product segments in wireline as well. We had a successful entry into two new large product technology segments with high growth. The 4G/5G RAN and the Service Provider Switching/Routing market. We entered these markets with large projects in hand, which we are executing successfully.

We are executing the largest network built in India, with indigenous technology in 4G/5G RAN, Routers, as well as Satellite transponders, which we talked about last quarter for the vessel tracking system (VTS) project that is getting executed by Saankhya Labs.

We demonstrated our ability to scale manufacturing by executing shipments in record time. We finished March shipment of 15,000 routers in literally two months. And we made significant investments for enabling future growth.

We grew our headcount by 42%, mainly in R&D, manufacturing, sales and support. We have expanded our facilities for supporting our growth in R&D and manufacturing operations. And we also made major capital investments in R&D and manufacturing. We have been talking about this over the last couple of quarters as well.

So, I quickly switch on to a little bit of a refresh of our business. As you know, we make end-to-end products for building telecom networks. We have an entire range of products, starting with, on the left-hand side, wireless and wireline access in the wireless 4G, 5G radios and wireline access, GPON/XGS-PON equipment, and also Ethernet and IP/MPLS, customer premises equipment for broadband and enterprise services.

We also have the metro aggregation products, which is in the middle of the slide, in the middle section of the slide, with multiple technologies within the metro aggregation network. And then we have the metro core and long-haul products using DWDM and OTN technologies, and all of these can be managed by a single network management solution. So, this gives us a unique advantage of being able to build complete end-to-end network for any customer.

So, that's where we are today as our products, and the key applications that we serve are the four key applications. One is the mobile RAN, the 4G/5G mobile RAN network, and the backhaul network. That's the big project that we are executing right now. We do our equipment business for both retail and enterprise data services. A big section of our business is home and business broadband, and we develop where we are deployed in ISPs, several ISPs globally. And also network for a critical network infrastructure, such as utilities, power, rail, oil and gas, where our equipment is used to build their critical networks for the captive networks of the SCADA applications and also for their wholesale network bandwidth business.

So, our products are targeted towards high growth market segments in wireless and wireline and on the left-hand side, you will see the addressable market for the RAN network, which is growing significantly in large markets over the next five years.

And also, on the right-hand side, you can see the wireline market. These are our addressable markets, which has even stronger growth. And all the segments that we are in are seeing strong growth globally, both in India as well as in global markets.

So, looking forward to the future, beyond the overall market growth, we are looking at several high-scale opportunities, both in India as well as internationally. In India, we have several large projects. One part of it is, of course, the BSNL 4G/5G continued investment. There are going to be more investments in 4G saturation networks, for the pan-India 5G networks, and for their backhaul expansion.

For the private telcos, we see a lot more CAPEX investments happening for the 4G/5G networks. And similarly, for the Crosshaul networks for the mobile applications. We also have the BharatNet Phase-3 project, the initial specifications and tender documents have come out and it's in the process of getting finalized. And just the CAPEX that you see, which has been asked for, is more than \$500 million. That's the initial estimate, and it's going to be more than that. And the other part is that the broadband roll-outs in India continue to pick up steam, and we see in the plans of all the private operators and the 5G, where more than \$600 million of investments are planned over the next few years.

So, these are summaries of all the significant projects and opportunities that we see which are addressed by the product portfolio that we have. Similarly, globally, there are huge investments going out in broadband equipment, where more than \$100 billion are getting spent in the U.S. and Europe, as you know, the BEAD project and the others in Europe, which is actually bridging the digital divide in the different countries by expanding their rural broadband network and a huge investment is going over there. There is a large replacement market of replacing high-risk vendor equipment in EU and the U.S. and more than \$5 billion have been assigned for that market.

In some of the emerging economies in Africa and Asia, we see a lot of investments which are planned for expanding 4G/5G networks because the deployment is initially starting right now and peaking at this time, and we see that as an opportunity to grow in this market. And a lot of investments are actually planned for utility modernization. But there is more than \$8 billion of additional market for helping transition utility networks from the traditional SONET/SDH equipment to IP-based networks and that's one of the technologies that we are very strong in.

So, net net in summary, I will give you a picture of FY '24 and our outlook for the next few years and our continued investments. I will stop over here, and we will open up the floor to Q&A.

Moderator:

Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sohan Joshi from ASC Consultants. Please go ahead.

Sohan Joshi:

Congratulations for these numbers. So, this backlog order of 8,200 doesn't cover the 5G order site, right? It's just for the 4G coverage of one lakh site, right?

Arnob Roy: That's correct. It just covers our existing backlog using 4G and other wireline order books that we have. This doesn't cover the 5G upgrades.

Sohan Joshi: My second question is, this system on chip IP design regarding the semiconductor developed by the Saankhya, I presume it will be captively consumed for first 5G wireless equipment and then we will market it for outside market, right?

Arnob Roy: So, the current SOCs are actually getting used in one of their chips for their satellite transponder products, which has been designed using the semiconductor. The newer chips that they are designing, I mean, we will evolve our products subsequently when the chips are ready. But our current 5G products are not held up by that because our current generation products are getting designed and will get launched this year. And when their semiconductor gets ready at that time, we will try to optimize the equipment at that point of time.

Moderator: Thank you. The next question is from the line of Santosh Sinha from Emkay Global. Please go ahead.

Santosh Sinha: My question is regarding the BSNL project. So, what exactly is the timeline for this project? Is the whole of many portion will be excluded in FY '25 alone or will they be excluded in FY '26 as well? Is there any resource related to BSNL, sir?

So, my question is regarding this BSNL project. So, we were reading about some news articles that there has been concern regarding delays in the project and BSNL is also looking for help from the vendors as such. So, do you want to comment on that? And the last question is, what kind of margins do we expect in the long run?

Arnob Roy: So, you have asked three questions, Santosh. The first thing is BSNL supplies. Yes, I think we expect to finish our supplies in this financial year, in FY '25 itself, right? And I think, again, most part of the network will also get deployed and commissioned during that time. So, this is the answer to the first question.

Second question was about news reports that have come up and just to reiterate what that report really meant. I will give you the subsequent clarification that came. See, the RAN equipment is actually getting deployed all across the country right now in different zones, right? North and then West and other zones also started right now.

But what has happened is the core has been deployed in a few of the zones, not in all of them. So, wherever our RAN is getting deployed and installed, at that time, whenever the CDOT core is not there, the equipment is getting integrated to the existing core. So, when the CDOT core gets deployed in those circles, in those zones, they will get parented to the CDOT core as well.

So, this is just a temporary situation where the RAN is deployed. And in that zone, the core is not available. So, it is getting integrated with the existing core in the network. So, that is all that the report has meant.

Your third question was about margins. As you have seen, our margins have actually grown over the last quarter. And going forward, we don't comment on how the margins are going to look like. But as a combination of our wireless and wireline equipment, we keep saying that our long-term goal is to see a historical margin that we have in the company. Over time, we will be growing the projection and keeping those kinds of numbers in terms of margins and financials as well.

Santosh Sinha:

Just two more questions. After that I will fall in the queue. One is regarding international. So, what kind of headway we are seeing at the international front? Because ultimately FY '26 we will have to grow on the international side. So, what kind of, are we seeing any new interactions or interest from the client? And second is regarding BharatNet. So, what is the update there? And where can we see actually the revenue coming from BharatNet?

Arnob Roy:

I am not sure we could follow your questions because your line was not too good. I think your question was, I understand was international business and what kind of opportunities we see and what do we see in BharatNet? If you recall the last slide that I presented on the immediate and the upcoming opportunities in international market, we are increasing our focus and investments in international markets. We have given you a big picture of the opportunities that we are looking at both in the U.S. and Europe as well as the kind of opportunities and utilities as well as emerging markets. There are several projects and the opportunities we are currently engaged in in these markets without giving a lot of details, but that's going to be a focus area for us. That's going to be where our investments are also going to happen in the next few quarters, that's internationally.

As far as BharatNet is concerned, as you know, the project is already announced. Lot of the technical documents and tender documents are out, but right now, there are questions and clarifications are going on with that tender, and we expect that sometime during the year, the tender will be picked and completed and so on. And a lot of the active equipment over there is for IP/MPLS routers, the kind that we have and that we have shipped to BSNL and also for the FTTx equipment or the xPON equipment OLT and ONT. So, we are well covered in terms of products for the opportunities in BharatNet, in the upcoming BharatNet tender. I hope I have answered your question.

Moderator:

Thank you. The next question is from the line of Deep Mehta from Bank of India Mutual Fund. Please go ahead.

Deep Mehta:

Hi sir, thank you for the opportunity and congratulations for a very robust set of executions which you have done for this quarter. I just have one question. This quarter we have seen significant stretching of our working capital cycle. How should we look at this number as you

ramp up our orders and what can we steady state working capital cycle, if you can comment on that?

Arnob Roy: I will let Sumit take your question. Please go ahead.

Sumit Dhingra: So, as we had commented earlier, the working capital currently needs to be looked at in context of the BSNL 4G project. We are in the midst of executing this large project. This is 7,700 crores worth of value over the next four quarters. A lot of working capital build up is in context or in preparation or execution of that project. As we go along over the next couple of quarters, you will see eventually the working capital tapering down as the execution progresses.

Moderator: Thank you. The next question is from the line of Ashish from JM Mutual Funds. Please go ahead.

Ashish: Sir, in terms of our RAN, if you could highlight the competitive scenario in the Indian market. We understand there are international players also selling similar radios. Is there a cost advantage for private telcos? So, basically, are our products cost competitive? And if you could also highlight whether there is a difference in technology stack for 4G and 5G RAN between us and those guys?

Arnob Roy: Yes, we have bid and won this large BSNL network and BSNL has ensured that they get the most competitive prices which are available in the market. So, you can be rest assured that the products that we have designed and that we are selling are extremely competitive as far as the global operators go. So, that's one part from a cost competitiveness perspective.

The other part is about technological differentiators. Yes, any product that we make are always made with several technological differentiators and I will let Kumar, our CTO talk about that.

Kumar Sivarajan: One of the important differentiators we have is that we integrate optical transport into the wireless, which almost no one else is doing in the industry, and that's the key differentiator. We also have the ability to integrate other forms of optical access into the same product, what we call universal converged product. So, that's the key differentiator.

This integration actually helps bring down the total cost of ownership of the wireless operators by doing multiple technology integration into our RAN equipment. So, they save a lot of money in buying and building the backhaul equipment and as well as it gives them the platform for launching other services apart from the mobile services which is like helping them address all the home and the enterprise for broadband opportunities in and around the area where they are installed. So, this is one of the key differentiators and the customer really appreciates this and is leveraging this technological advantage as well.

Ashish: This is helpful. Secondly, on this private telcos, apart from BSNL, as far as the private telcos are concerned, is there an opportunity for us? Obviously, you have mentioned on the slide that more

than \$3 billion of CAPEX will be rolled out in terms of opportunity size and are we in discussion with some of the bigger private telcos as far as these radios are concerned?

Arnob Roy: So, as I mentioned in the earlier slides, that we are actually engaged in a few opportunities of the telcos and in the critical infrastructure sector. And as we speak, to name them, we are into multiple POCs where our radios are actually deployed and undergoing trials. So, yes, even beyond this, there are multiple opportunities, and we have started engaging with other customers and they are all in India, and we hope to actually line up some opportunities internationally as well.

Ashish: And lastly, do we have sufficient manufacturing capacity on our side? And to that extent, would you say that the borrowings would not increase from current levels or would stay at current levels?

Arnob Roy: So, after the manufacturing capacity has been built up, that is why the investments have been happening over the last few quarters and now we have established a scale where we can execute a project of this size within the timelines that are expected and these are very aggressive, right? So, we have to invest in that kind of manufacturing capacity. So, that is there.

And I think your question was about the working capital going forward. See, the one part is the investment in manufacturing for filling it up, but a lot of the working capital is in procurement of components which go into these manufacturing lines. And that is a temporary phenomenon for executing this large project where existing inventory that is getting converted into the finished products and they will get shipped out and we are getting our collections in as well and that is where the working capital cycle will go through and go down over time.

Moderator: Thank you. The next question is from the line of Pavnish from Hridya Cars. Please go ahead.

Pavnish: Sir, I just wanted to make a request if we could release our results a bit early because today the conference call was scheduled at 7 and results were declared at 7.10. So, didn't get much time to analyze the presentation and ask the question. Otherwise, my questions have mostly been covered by other analysts. Just this request.

Anand Athreya: Sure. Yes, this was a first for us, but yes, definitely we will do it ahead of time.

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

Pratap Maliwal: So, I just wanted to confirm that I was seeing in the presentation that these cumulatively shipped equipment for about 10,000 plus sites on the wireless business. So, just to confirm, the overall order was for about 100,000 sites. So, we will be looking to the remaining 90,000 in the next three or four quarters going ahead. Is that correct?

Arnob Roy: That's correct.

- Pratap Maliwal:** And just one more thing. We have had an improvement in profitability as well this quarter. So, last quarter we have seen that the low margin parts of the network equipment were deployed more and that had consequently affected our profitability a little bit. So, has that actually been compensated for this quarter? And going ahead, can we expect this improvement to sustain now that the low margin parts are out?
- Arnob Roy:** So, yes, your observation is right. I mean, we mentioned that last quarter and that's correct. I think this quarter we shipped components of products with higher margin and that's what is showing in our overall margins.. So, going forward, I think the blended margin, as I said, we don't comment on future margins, but we can see the trend out there and as you said, our margins, the blend of wireless and wireless products. So, yes, the trajectory is there and it will depend on the combination of products associated.
- Pratap Maliwal:** So, we do expect to hopefully maintain the improvement going forward as well?
- Anand Athreya:** We don't give guidance on that.
- Moderator:** The next question is from the line of Hirenkumar Thakorlal Desai who is an individual investor. Please go ahead.
- Hirenkumar T. Desai:** I have just one question. Do we have an estimate of what PLI incentives we may receive for FY '25?
- Arnob Roy:** The PLI estimates for the year are dependent on the revenues that we do for the year. For FY '25, since we don't give any guidance on the revenue, it will be difficult to give you that estimate.
- Hirenkumar T. Desai:** Can you provide some percentage of revenue as an incentive that is there? I mean, what is the percentage number?
- Arnob Roy:** Policy states that the PLI would be between 5%-6% of the manufacturing revenue, which is incremental revenue over the base year. So, for every year, whatever is the manufacturing revenue, less the revenue for the base year. On that number, you would get, let's say, 6% kind of PLI.
- Moderator:** Thank you. The next question is from the line of Prathamesh Dhiwar from Tiger Assets. Please go ahead.
- Prathamesh Dhiwar:** So, I was having just one question. How are we looking at a strategic partnership with Valiant Communications? Are we looking at any acquisition which will help us doing any backward integration, like...?
- Arnob Roy:** Yes. So, with Valiant Technologies, we have a very strong partnership going over many years. They are our key partners for the utility markets. Their teleprotection technology gets integrated with our transmission products to provide an optimized solution to our utility and critical

infrastructure customers. So, that partner offers an orthogonal set of products, but they work very well together with our products to address this market. And this is going to continue. We are looking at opportunities together in markets, not only in India, but globally. But that's how it works.

Moderator: Thank you. The next question is from the line of Gurvinder Juneja from Fortuna Investment Advisors. Please go ahead.

Gurvinder Juneja: My first question is about getting some clarity on this proof of concept you are doing on the utility side. What does that mean? Is that including any work with Valiant? And second question is, I probably misunderstood or didn't understand the split of revenue you gave between India Government and India Private. What gets classified as India Government revenue and what gets classified as India Private? I just wanted some clarification. I missed that piece.

Arnob Roy: First of all, the POCs that we are doing is on our wireless 4G/5G RAN equipment. And this is not including Valiant. So, this is purely applications in wireless. So, these are multiple networks where they are getting tried out as you see for potential deployment.

Your second question is about India government and all. As you see, as you know, we split our revenue in terms of three sectors. One is the Indian government, which is mainly the public sector companies, the operators, the EPC companies, BBNL, BSNL and so on. And then the Indian private, which are the telcos, private telcos and ISPs in India. And the third part is the international customers.

So, the clarification we gave was, in India private in the last few quarters, our shipment to BSNL 4G is categorized as India private, because actually our immediate customer is TCS and not BSNL. And we look at our immediate customer who we are shipping to, to kind of classify the business segment. So, we just want to make sure that we understand that the India private numbers that we are showing, reporting, that includes the BSNL 4G/5G shipment.

Moderator: Thank you. Our next question is from the line of Harshit from Wallfort PMS. Please go ahead.

Harshit: Just wanted to get a sense of the kind of order book build-up that we can have going forward. Could you give some sense on that?

Arnob Roy: We don't give guidance on future business. You know, you have the order book and a kind of painted color of the opportunities in front of us, both in India as well as internationally. So, I think that's the best that we can do, right? Talk about our products, talk about our current order book and talk about the market for these products and the immediate large opportunities that we see in front of us. I think that's the best we can do.

Harshit: So, globally, sir, the kind of business that we do, globally, how many competitors would be there, comparable competitors, if you can just put that kind of a number?

Arnob Roy: Well, if you look at it in India, all the global vendors and our global competitors are actually doing business in India, right? I mean, all the names that you know of. So, internationally also, we compete against them in India and it's the same set of vendors that we compete against in the rest of the world. So, there is no difference. I think it's the same comparative environment that you see in India that you see internationally.

Harshit: And so, would you like to share how many tenders have we filled in or how many, what is the win ratio or something like that? Is that possible?

Arnob Roy: Yes, I think those are far more details of our business. Unfortunately, we cannot share, but I think bidding keeps happening all the time and we win some and lose some.. But those are numbers that we really don't share in terms of how many bids and win ratios and all those kind of things. I mean, that's really confidential information.

Harshit: Okay, sir, not a problem.

Moderator: Thank you. Our next follow-up question is from the line of Hirenkumar Thakorlal Desai, who is an individual investor. Please go ahead.

Hirenkumar T. Desai: One more question was just regarding the inventory part of it, or you may just say the entire inventory cycle. The fact that we are dealing with TCS in a way, do we have a sort of better estimate or better certainty in terms of how long that cycle will be? I mean, what is the inventory turnover that we need to maintain, especially for BSNL business?

Sumit Dhingra: See, as I mentioned, this project is a 7,700 crores worth of projects. The execution in terms of number of sites is about 10,000 sites, as against 1 lakh sites. So, it's about 90% yet to be executed. And from a lead time perspective, we have done some advanced procurement to be able to ship these products in time.

Now, purely from that perspective, if you see the order size versus the inventory, we have inventory for the next few months of delivery. We have not fully yet procured all the inventory for the project, but a significant part of it is in place and it helps us have that assurance with respect to being able to deliver.

On an overall basis, the operating cycle is less than 12 months from a working capital standpoint, but that would essentially, as we go along, it could ease off.

Arnob Roy: So, Hiren, I think the inventory is basically the time cycle between the time we procure the components, and we actually manufacture them and ship them out. So, it's really not connected to TCS. It's connected to the cycle of manufacture and shipment to the warehouse, to TCS and regional warehouses.

Hirenkumar T. Desai: No, I understand. I mean, I am assuming the context that payment from TCS will be fairly predictable in that context.

- Sumit Dhingra:** Yes. The inventory levels wouldn't depend on the payments. That is something that we procure from our vendors and against that we would have payables in the books. And as we go along, as we ship and deliver the sites to TCS, then the payment cycle starts.
- Hirenkumar T. Desai:** Yes, you just mentioned that we have built inventory for a few months. Can you quantify a few months?
- Arnob Roy:** See, when I say a few months, I was referring in the context of the BSNL project execution.
- Hirenkumar T. Desai:** Yes, that's what my question is regarding.
- Arnob Roy:** Over the next two to three quarters is what we're looking to execute this project. And the inventory that we have is a portion of what we really need to execute that. There are some advanced actions that we have taken. So, this inventory would, let's say, peak up a little bit from here and thereafter as the execution progresses, we would progressively see it coming down.
- Hirenkumar T. Desai:** In that case, are you in a position to specify, okay, not exact, but some ballpark number, at what level will it peak?
- Arnob Roy:** It's difficult to give any guidance on what level would it peak. Maybe in the next three to four months is where you would see this peaking up and then possibly coming down. But as I said, it depends on the pace of execution of the project.
- Moderator:** Thank you. We will take our last question from the line of Sohan Joshi from ASC Consultants. Please go ahead.
- Sohan Joshi:** Thanks a lot, sir, for taking my follow-up question. I just want to understand, when will the PO of the 5G sites will be out? Will it be out by this year only or first the entire execution is completed, then the PO will be out for the 5G sites?
- Arnob Roy:** Yes. So, the PO, see, it's not designed to wait for the entire project to get over. We will be doing a POC for this 5G upgrade shortly. In the next few months, when all that is completed, I think we expect to get the 5G upgrade business, obviously.
- Sohan Joshi:** So, that will be for the 40% sites of the existing 1 lakh sites, right?
- Arnob Roy:** That's correct.
- Sohan Joshi:** So, the current order book doesn't contain that 40% of the upgradation, right?
- Arnob Roy:** That's correct. It does not contain that.
- Sohan Joshi:** And then the maintenance PO will be out, which is for the next seven years post three years?



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Arnob Roy: That's correct.

Moderator: Thank you. Ladies and gentlemen, we will take that as the last question for today. I would now like to hand the conference over to Mr. Anand Athreya sir, for closing comments.

Anand Athreya: Thank you. So, as the FY '24 closes, first I would like to thank our employees, customers, board members, investors, and stockholders for your continued support. This has been a record year for us, and we will continue to stay focused and execute month-on-month and quarter-over-quarter to put Tejas on a world map. Again, I wish you all the best and thank you very much.

Moderator: On behalf of ICICI Securities, that concludes this conference. Thank you for joining us. 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