

**Samena Capital exits its investment in Tejas Networks (India); a leading telecommunications products company with an end to end presence in the optical transportation segment.**

**Dear Shareholders and Investors**

We are pleased to announce that on April 19, 2022 Samena Special Situations Fund II L.P. (“the Fund”) successfully exited its entire investment position in Tejas Networks (India), a leading telecommunications products company with an end to end presence in the optical transportation segment.

In July 2016 the Fund invested US\$26.1 million in Tejas Networks for a 17.5% stake in the company, making the Fund the second largest shareholder in the company. Despite a 14.1% depreciation in the Indian Rupee over our holding period, **the investment has realised a total return of US\$56.6 million, generating a 2.17x ROI and an IRR of 21.0% over our investment period.**

In July 2021, the Tata Group acquired a controlling stake in Tejas Networks through a primary injection of fresh equity and a secondary purchase of shares from our Fund at INR 258/share. This transaction was made possible by our sale and we held on to the remaining position because we were confident that under the aegis of the Tata Group, the company would undergo a transformational change and be rerated upwards. Over the past 3 quarters, the listed stock has rerated from INR 258/share to over INR 500/share and we have used this rally to exit our balance position at a significantly higher sale price and have realised 3.7x return on this leg of the transaction (translating into a 25.6% IRR).

Since our investment in 2016, Tejas Networks has transformed from a niche privately held telecom component manufacturer to India’s leading indigenous optical, broadband and data networking product company, which is now a part of the Tata Group, India’s leading and most respected conglomerate. Throughout the course of our investment, we have worked alongside management on strategic and operational decisions which has reflected our ability to create value in partnership with the leadership team of the company.

Our initial investment was a combination of primary growth capital and secondary consolidation of equity from existing shareholders. This investment enabled the company to inject much needed capital for growth and provided a pathway for a successful listing of the shares on the Indian stock exchanges in 2017.

During its initial years of listing, the company’s stock was closely held by a few large institutional investors which resulted in large price volatility, especially as the underlying business faced cyclical headwinds due to an evolving telecom policy in India. We continued to remain steadfast shareholders and through our Board participation (Shirish Saraf and Chetan Gupta), we have actively helped the company realign its business from being solely dependent on the Indian government to a more diversified international client base. This was especially true in the Middle East markets where the Samena network helped Tejas diversify its presence and partnerships.

Due to the onset of the COVID-19 pandemic, the listed stock valuation fell below the net cash on its balance sheet, which consequently raised questions by some investors on the sustainability of its business model.

Despite these challenges, we engaged positively with the company and ensured that they had our full support in pursuing growth even during these difficult times. As markets started to recover, it became clear that data consumption, both through broadband and next generation mobility networks would see a surge in demand. Tejas Networks was in a prime position to benefit from this which was reflected in the company's order backlog.

In light of these favourable tailwinds, together with management we collectively decided that this would be the opportune time to bring on board a strategic investor who would enable the company to accelerate its growth journey towards becoming a global champion. As a result, we partially sold our shareholding to a subsidiary of the Tata Group, who have been long standing partners of Tejas Networks with an active interest in making Tejas Networks a core part of their telecom eco-system. This transaction was executed at INR 258 per share, within a 3-week duration during the local lockdown period and in complete confidentiality to ensure the deal was not compromised. During this juncture, our engagement and deal structuring was critical as it enabled the company to set a new foundation of growth for itself.

Today, the Tata Group has majority control of Tejas Networks and the original leadership team continues to manage the operations of the business which inherently reflects the strength of the team we backed during their nascent stage. We remain optimistic about Tejas Networks' growth prospects and believe this can truly become a global telecom champion in years to come. Our journey with Tejas Networks, through the life of the Fund has been deeply engaging and mutually beneficial.

**Founder and Vice Chairman of Samena Capital, Shirish Saraf, commented,** "Tejas Networks has been an anchor investment for the Fund and we are delighted with the outcome. Sanjay and the entire team at Tejas have always treated us as equal partners and it has been a privilege to contribute to their growth and success. Their journey still has a long way to go and we wish them well for all their future endeavours."

**CEO of Tejas Networks, Sanjay Nayak, commented,** "Samena has been a wonderful partner for us over the past six years. From the pre-IPO investment, to going public, to standing by us in challenging times and finally actively participating during our control sale to the Tata Group, they have genuinely added value at all times. We thank Shirish and Chetan for their inputs at the Board and all the stakeholders of Samena for their belief in us."

We would like to thank our shareholders and investors for their trust and support over the last six years of this investment.

Best Regards

**Shirish Saraf**

*Founder & Vice Chairman*

**20 April 2022**

**Ramiz Hasan**

*Co-Founder & Chief Operating Officer*