



Chairman's Speech

Dear Shareholders,

It goes without saying that these are extraordinary times. Just as our hearts go out to everyone affected by Covid-19, we are grateful to all our first responders and medical professionals who are risking their lives to keep us safe. We are also grateful to all our employees who continued to deliver on our commitments to all stakeholders despite these challenging times.

FY 2021 was a year of paradoxes for the telecommunications industry. While the macro-economic environment and government restrictions posed severe challenges to our operations, the global movement towards digitisation with increased spending on network capacities by operators provided a strong tailwind to our business.

During the year, it became clear that a robust telecommunications infrastructure is an essential service for delivering connectivity to people, homes, offices, and governments, and which keeps our lives going on in as normal a way as possible. While it was always known that digitisation and a highly connected world were the way forward, COVID-19 fast-forwarded this transformation and increased the demand for reliable, high-bandwidth services. To deliver

these high-bandwidth services, telecom and internet service providers need to make capital investments in optical transmission and fiber broadband access equipment, which is the focus area of your company.

I am happy to report that during FY 2021, your company showed a solid turnaround in financial performance with robust year-on-year growth in our revenues while we returned to profitability. We improved our performance on almost all financial parameters while continuing to be a zero-debt company. As a deep-technology company, we continued our investments in R&D and maintained our focus on innovation to create globally competitive products. Since all our R&D manpower is located in India, we get a significant competitive cost advantage as compared to our global peers. Over the years, we have built a globally competitive portfolio of Software-Defined-Hardware products, which are well-positioned for building high-capacity optical backbone networks as well as high-speed broadband access networks.

Over the past few years, we have increased our focus on international sales to tap the large global opportunity and to reduce our over-dependence on the Indian market by geographically diversifying our customer base. We are happy to report that during FY 2021, we significantly increased our international business, both on absolute levels as well as a percentage of our total revenues. Our sales investments and focus on Africa, South-East Asia, and the Americas are expected to continually grow our international business. What also helps is that many of the countries in emerging markets have India-like needs, and our success in India serves as a strong reference in winning new customers in these markets.

With telecom networks becoming an integral part of our daily lives and increased connectivity of internet-of-things (IoT), there is heightened sensitivity around cyber-security globally and the need to build secured telecom networks. As a result, sourcing of trusted telecom equipment has now become a key geopolitical concern for many countries. With our products being deployed in over 75 countries, we have a great opportunity to become a trusted and reliable global source for leading-edge, yet cost-competitive telecom products.

India continues to be one of the largest telecom markets in the world and is our home market, from which we get a majority of our revenues. While India has 13% of the world's telecom subscribers and is one of the biggest consumers of mobile data in the world, the capex spend by Indian telecom operators is disproportionately low and is only 5% of the global equipment spend. With an increased demand for highly reliable, high-speed home/office fiber-broadband connectivity, the impending 5G rollouts, and the stabilisation of competitive intensity amongst telcos, we expect a robust capex cycle in the years to come.

During FY 2021, our India business grew healthily across both government and private segments. We see a strong intent from the Government to promote products developed with Indian R&D and IPR and which are manufactured in India. We believe that supportive Government policies such as the Product Linked Incentive (PLI) Scheme, the mandate for all telecom service providers (both Government and private) to source only trusted telecom equipment, and further strengthening of Preference to Make in India (PMI) policy, clearly signals that the Government wants to make India a global telecom equipment manufacturing hub, especially in the light of the new geopolitical situation.

To conclude, we have the right product mix at competitive price points; great R&D team which continues to develop leading-edge technologies; highly favorable geopolitical situation where countries are seeking trusted telecom products; increased digital adoption driving increasing investments in network capacities, and more importantly, favorable Indian Government policies and intent. All these combined together set a great platform for our future growth.

On behalf of the Board of Directors of Tejas Networks, we thank the Government of India, the Government of Karnataka, and all Government agencies, Governments of various countries where we have business operations and we look forward to their continued support. We are grateful to our customers, employees, shareholders, suppliers, and bankers, all of whom have supported us during these challenging times. I wish you all good health and inner strength to tide over these testing times.

Warm regards,

Balakrishnan V
Chairman, Board of Directors