

# Chairman's Speech



**N Ganapathy Subramaniam**

Non-Independent, Non-Executive Chairman

Dear Shareholders,

It gives me immense pleasure to welcome you all to your Company's 24<sup>th</sup> Annual General Meeting. On behalf of the Board of Directors, and everyone at Tejas Networks Limited, I would like to thank you for your trust and confidence and look forward to your continued support to the Board of Directors and the Management.

The Annual Report for the year ended 31<sup>st</sup> March 2024, along with the Directors' Report and audited Annual Accounts of the Company, have been shared with you, and may I request that these be taken as read. I would now like to outline the salient aspects of your Company's financial and operational performance for the fiscal year 2023-24, followed by an outline of the overall business environment.

## Performance Highlights

FY24 was a breakthrough year for your company with record-breaking revenues and order wins

coupled with good progress on operational excellence and transformation. The summary of our FY24 financial performance is as follows.

- Revenues from operations were at ₹ 2,471 crore (YoY growth of 168%)
- Earnings before Interest and Income Tax (EBIT) was ₹ 93 crore (compared to ₹ (104) crore in the previous year)
- Profit after Tax (PAT) was ₹ 63 crore (compared to ₹ (36) crore in the previous year)
- Earnings per Share (EPS) was ₹ 3.71 (compared to ₹ (2.46) in the previous year)
- Order book at the end of the year was ₹ 8,221 crore

In FY24, your company was awarded two of the largest wireline and wireless equipment contracts in its history. The cash position of the company remains strong at ₹ 641 crore in cash and cash equivalents with short-term borrowings of ₹ 1,744 crore for working capital purposes. The proposed amalgamation with Saankhya Labs is progressing well and was approved by our equity shareholders and unsecured creditors at a meeting organized by the company as per the National Company Law Tribunal (NCLT) process, which is currently underway. Following the approval under the Government of India's Design Linked PLI scheme (DLI) for telecom and networking products, the company received ₹ 32.66 crore as incentives for FY23 during this year.

In FY24, Tejas collaborated with Tata Consultancy Services Limited (TCS) and the Centre for Development of Telematics (C-DOT) in the design, development and roll-out of an indigenous telecom stack. BSNL awarded the mandate to TCS to supply, install and commission the pan-India 4G/5G mobile network. Tejas is the supplier of 4G/5G baseband and radio units for this network.

Spanning over 100,000 sites, this is possibly one of the most challenging network rollouts in the world due to its scale, technical complexity, stringent performance standards and integration with museum of existing technologies. I'm proud to note that your company has stepped up and is well on track to deliver on this project in the coming year. I commend the team for rising to the challenge and for their outstanding all-round execution across all operational functions including R&D, supply chain, network services and program management.

In FY24, the company also completed supplies of its state-of-the-art T1400 access and aggregation routers for BSNL's pan-India wireline network for unified backhaul of its full range of mobile, broadband and enterprise services. Carrier Switching and Routing is another complex technology area that your company has recently ventured into that has a large global addressable market. With a countrywide deployment of 13,000+ nodes, this is the largest such network in India that has been built solely using indigenously designed and manufactured routers.

With an extensive portfolio of world-class products and combined with our proven expertise in building large-scale networks, I believe that your company has the potential to realize its ambition to be a top-tier global telecom and networking OEM from India.

### **Business Outlook**

The key drivers of our business such as expanding network connectivity, growing data usage and advancing communications technologies continue to be favorable. While 5G and FTTX rollouts have been gathering pace globally, these technologies have a multi-year capex runway both in India and in many parts of the world. The average data consumption per user is growing exponentially due to the availability of more sophisticated devices and higher-bandwidth applications such as streaming video, online gaming and virtual reality simulations. Generative AI and Spatial Computing technologies are enabling new

applications and driving a second wave of digitalization in enterprises and consumer-facing industries. This, in turn, is expected to result in a massive surge in data traffic in networks and data centers globally and will call for significant network capacity scaling and fresh network build-outs in the next few years.

Your company is closely tracking these technology trends and is extending and advancing its extensive portfolio of wireless, optical and packet products to make them future-ready. Besides creating a complete range of state-of-the-art baseband and radio products for 5G networks aligning to 3GPP standards, we are also introducing advanced hardware and software capabilities in our wireline products to make them more scalable, flexible and intelligent. Saankhya Labs is bolstering our competencies in adjacent technology areas such as satellite communications, broadcast and fabless semiconductor designs. We believe that with these new products and feature additions, we are well-positioned to win new customers and gain market share in existing accounts. As of 31<sup>st</sup> March 2024, Tejas and Saankhya had cumulatively filed 446 global patent applications and owned a rich portfolio of 350+ semiconductor IPs.

### **Awards & Recognition**

The company has been expanding its international presence and seeking to elevate its global branding through targeted physical and digital marketing campaigns. Thanks to these efforts, your company won several reputed international awards this year for its innovative products and solutions, notably the NetworkX award in Paris for global leadership in "PON-based Smart City Services" and the prestigious "Public Company of the Year" award from Light Reading (USA). As one of the fastest growing economies in the world with a large home market, success in India serves as a strong reference in many parts of the world.

### **Our People and Community**

As an R&D-driven company, we recognize that human intelligence is a core asset that drives the organization's long-term success. As of

March 31<sup>st</sup> 2024, on a consolidated basis, the company had 1980 employees on its rolls which is a nearly 40% increase over the last fiscal. Over 60% of our employees are in R&D. Our company is committed to its mission of creating value for all its stakeholders and to positively impact the environment and the community at large. Our company is taking steps towards reducing carbon footprint and ensuring that our products are engineered to operate in an environment-friendly manner throughout their life-cycle. Our business operations too are geared to minimize negative environmental externalities.

In summary, FY23-24 was a transformative year for the company which will serve as a solid launchpad for future growth and success. The company has significantly expanded its execution capabilities to deliver projects at scale while continuing to follow an asset-light manufacturing model. We have added both breadth and depth to our world-class portfolio to be able to address a larger share of the global telecom equipment market. The fundamental drivers of our business remain robust and there are several near-to-medium term opportunities on the horizon which hold significant promise in terms of their potential to generate meaningful revenues for the company and sustain our sales momentum in the coming years.

On behalf of the Board of Directors of Tejas Networks, I thank the respective Governments, nodal agencies of India, the Government of Karnataka, and all Government agencies, Governments of various countries where we have business operations. We are grateful to all our customers, employees, shareholders, suppliers, and bankers, for their consistent and tireless support even in the most challenging times. The Board also places on record its deep appreciation and gratitude to Chandrashekhar Bhawe and Sanjay Nayak who retired from the Board, and Amur Lakshminarayanan who stepped down from the Board this year. The company immensely benefited from their rich experience and invaluable guidance over the years.

We look forward to the future with tremendous optimism and confidence, as we strive to build India's global telecom and networking company that we can all be proud of in the years to come.

Thank You.

Warm regards,

**N Ganapathy Subramaniam**  
*Chairman*

