

Dear Shareholders,

I am happy to welcome you all to the 17th Annual General Meeting of your company. On behalf of the Board of Directors of Tejas, I thank you for joining us today. Your presence here is a testimony to your interest and support to the company.

This year is a landmark year for your company. We had completed a successful IPO in India raising Rs. 450 crore in primary issuance which received strong institutional support from Indian as well as International investors. We are thankful for the support and welcome all the new investors to be part of the broader Tejas family.

As you all know, Tejas was started in the year 2000 with a meagre capital, but a very ambitious vision- to build a world-class technology product company from India. The success of Tejas signifies the emergence of innovative, new-generation deep-technology product companies from India, which are driven by first-generation entrepreneurs. It is also a significant milestone for the start-up ecosystem in India, since Tejas has set an example for early investors to get significant financial returns, thereby improving the overall investment climate in the country for startups.

Fiscal 2017 was yet another year of solid growth and strong financial performance for your company. While our consolidated revenues grew by 33.7%, our EBITDA grew by 54.8%. Our Net profit after tax had grown by 121.6%. Our cash flow from operations (excluding the effect of changes in bill discounting of trade receivables) grew by 101.6%.

Experts say that Data is the New Oil. Telecom service providers globally are seeing an exponential increase in data traffic on their networks, due to increased proliferation of high-speed 4G and broadband networks, growing use of streaming video, mobile apps, ecommerce and other popular Internet services on affordable and powerful smartphones, tablets and home devices. The rapid acceleration in data traffic is driving the demand for an increased investment in optical networking products, since they provide the only future-proof way of handling the insatiable data demand. This investment is needed as more base stations, offices and homes get connected on optical fiber and also for further capacity upgrades in existing sites that are already connected on optical fiber. In future, emergence of 5G, IOT and M2M will only increase the data demand and we see positive business environment for your company for the foreseeable future.

India too is going through a digital transformation and the Government of India has a flagship program of “Digital India”. Government is making significant investments in increasing the country’s broadband infrastructure through projects such as BharatNet, which will provide high speed broadband to rural India which was otherwise being ignored by telecom operators for lack of commercial viability. This government spending provides us significant growth opportunities. In addition, policies like “Make in India” and “Preferential Market Access” (PMA) will benefit us, since they are targeted towards encouraging indigenous technology and use of domestically manufactured products like ours. Tejas lies right at the intersection of the key Government of India initiatives. Our innovative product and talent helps us to be an invaluable partner to the government’s initiative to create a “New India”.

Internationally, in emerging markets, the state of digital infrastructure, economic affordability, trends of data growth and need for technology are similar to India. We are taking our success in India into “India-like” markets in South-East Asia, Africa and Latin America. Customers in these countries highly value our experience in India and we have seen a strong demand for our products and solutions in these countries. In addition, we are able to leverage our strong OEM partners in USA, who sell our products to their customers across the world.

At Tejas, we are well poised to capitalise on these rising industry trends. Our end-to-end portfolio of optical networking products for access, metro and long-haul networks help us leverage the expected growth in optical networking capex, both in India as well as internationally. Today, we are ranked as the sixth largest supplier in the global optical aggregation segment and we are growing faster than the market.

Over the years, we have built a reputation for delivering technologically advanced and high-quality products that are backed by our reliable customer service team. We share long-term relationships with all our customers, with 88% of our business during Fiscal 2017 coming from existing customers and most of our top customers have been with us for more than a decade. We continue to aggressively invest in R&D and have filed 333 patents as of Fiscal 2017.

Our company's progress is the outcome of the outstanding capabilities and hard work of our team. We strive to hire the best talent and we continuously challenge and encourage our people to give their best.

Going forward, we aim to invest in expanding our product portfolio and to increase our sales and marketing presence, especially in international markets. We expect our performance to gain momentum in India as well internationally, as the demand for higher-speed data networks continues to increase.

We are grateful to our customers, employees, shareholders, suppliers, bankers and Governments in several countries and states all of whom are critical to our success. We see significant opportunities for growth over the next several years and we look forward to the next stage of our journey together.

Thank You,

V. Balakrishnan
Chairman of the Board

Bengaluru,
September 27, 2017