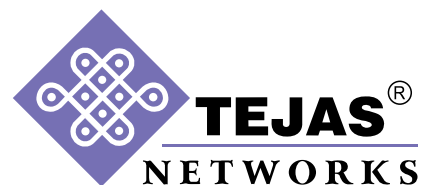




Enabling Global Data and Broadband Networks



Annual Report 2018-19

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Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

About Us



WHO WE ARE

We are India's largest R&D-driven telecom equipment company, founded by technocrats, having 750+ employees. We are India's first deep-technology product company to be publicly listed in the Indian Stock Exchanges in June, 2017.



WHAT WE DO

We design, develop and market high-performance optical and data networking products to telecommunications service providers, utilities, defence and government entities around the world. Today, we are ranked among the top-10 suppliers in the global optical aggregation segment and are #1 in India. Our products are deployed in 75+ countries.



OUR VISION

To build a pioneering innovation-driven, global networking product company.



OUR MISSION

To innovate leading-edge, yet pragmatic, telecommunications products and solutions that provide the highest value to our customers world-wide.

REVENUES*

876.73
₹ CRORE

EBIT

130.33
₹ CRORE

PAT

147.24
₹ CRORE

BASIC EPS
(PAR VALUE ₹ 10 EACH)

₹16.13

*Revenues (net of taxes and component sales)
Financial information are based on consolidated financials
EBIT: Earnings Before Interest and Tax

Snapshot of FY 2018-19

Based on Ind AS Consolidated Financial Statements

in ₹ crore

Particulars	2019	2018	Growth (%)
Financial Performance			
Revenue (net of taxes and component sale)	876.73	739.87	18
Gross Profit	366.06	299.74	22
Operating profit after depreciation	130.33	91.61	42
Profit before tax	150.02	106.04	41
Profit after tax	147.24	106.52	38
EPS (par value of ₹ 10 each) : Basic	16.13	12.41	30
Diluted	15.39	11.73	31
Financial Position			
Cash and cash equivalents ⁽¹⁾	369.56	512.70	(28)
Net current assets ⁽²⁾	590.75	327.42	80
Fixed assets (including assets under development)	140.50	121.58	16
Total Assets	1,585.28	1,329.77	19
Borrowings ⁽³⁾	1.19	2.27	(48)
Total Equity	1,320.24	1,152.08	15
Net cash generated flow from/(used in) operations	(81.59)	239.49	(134)
Free cash generated/(used)	(161.91)	171.39	(194)
DSO (days)	236.00	135.00	75
DPO (days)	132.00	99.00	33
Inventory (days)	64.00	83.00	(23)
Net Working Capital (days)	206.00	141.00	46

⁽¹⁾ Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions, investment in mutual funds and excludes margin money deposits.

⁽²⁾ Excluding the current assets considered in cash and cash equivalents and current liabilities considered as borrowings in this section.

⁽³⁾ Borrowings include long term borrowings, short term borrowings and current maturities of long term debt.

Financial Trends



⁽¹⁾Net of taxes and component sales

⁽²⁾Delays in payment from one large Indian Government customer resulted in reduction of Cash and Cash equivalents and increase in working capital days for FY 19

⁽³⁾Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions, investment in mutual funds and includes margin money deposits.

Tejas at a Glance

Background



- Founded in the year 2000
- Headquartered in Bengaluru, India
- First deep-technology company to list in the Indian Stock Exchange (BSE/NSE)

Global Reach



- Offices in 10+ countries
- Customers in 75+ countries
- Focus on high-growth markets- India, SE Asia, Africa, Americas

Market Leadership



- #1 in Optical aggregation in India
- Top-10 globally*
- Increasing number of wins in Tier-1 operators

*(Source: Ovum)

Product Portfolio

- Optical: High-capacity optical transmission and broadband access for fiber
- Wireless: LTE-based wireless broadband access
- Switches: Ethernet switches used for building critical infrastructure



Technology Differentiation

- Innovative Software-defined Hardware™ providing time-to-market and cost advantage
- Award-winning products at international forums
- World-class talent with more than 50% team in R&D



Innovative Business Model

- Leveraging Indian R&D costs to have 4X R&D efficiency
- Focus on Innovation, Quality and Cost
- Debt-free and Profitable



Telecom Ecosystem: Where We Fit

Telecom industry is a key enabler of the digital transformation wave by providing a robust infrastructure for interconnectivity. Tejas Networks has a diverse range of optical networking products that enable transport and switching of voice, data and video traffic from fixed line, mobile and broadband networks. Our future ready optical and data networking products are sold to telecom service providers, web-scale internet companies, utilities, large enterprises, defence and government agencies.



Enabling Data & Broadband Networks

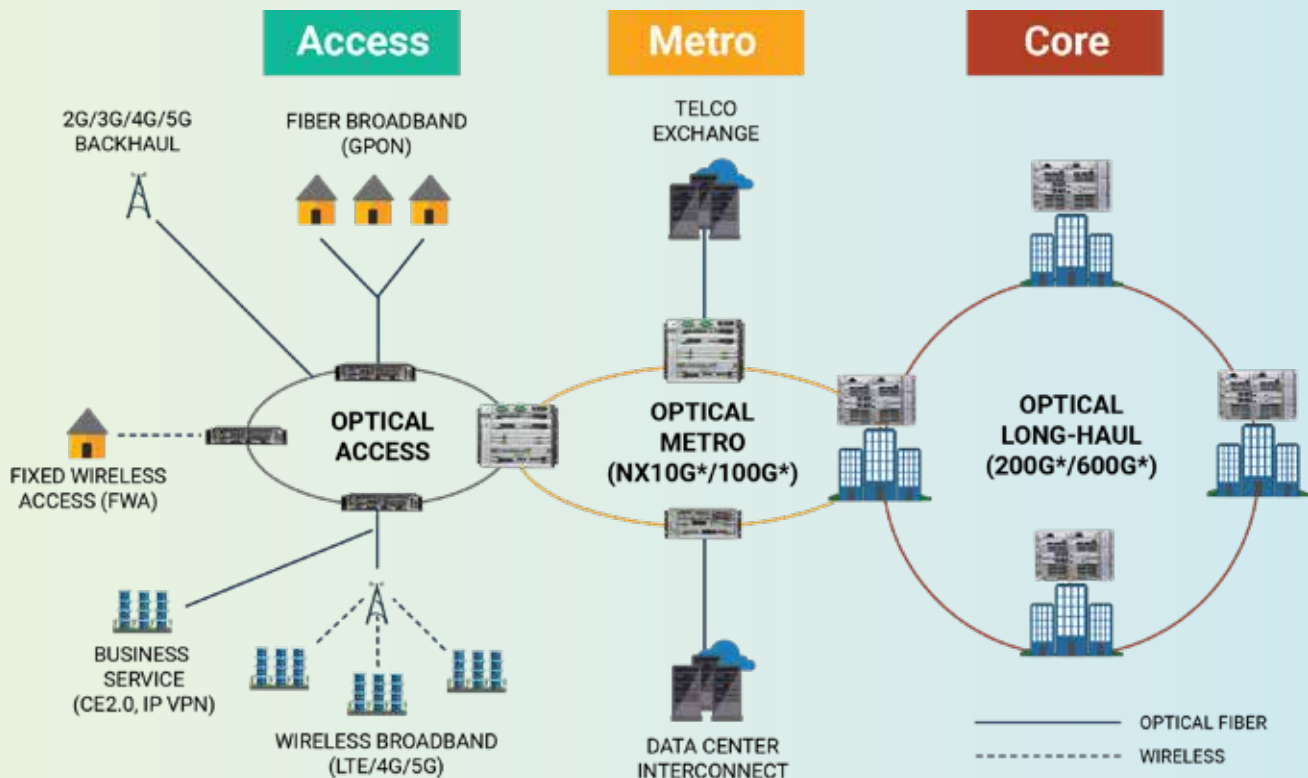
Tejas Networks is a pioneering R&D company from India, developing next-generation telecom products for the global markets. Tejas has leveraged the strength of its R&D team to create a portfolio of software-defined, carrier-grade solutions that enable telecom carriers to cost-effectively build converged networks for voice, broadband data and video services. The unique combination of advanced technology, density, reliability, and service flexibility has helped Tejas emerge as a global Top-10 supplier of optical aggregation products.

Our products are used for multiple network applications that includes backhaul of mobile and fixed-line traffic from cell towers to switching centers or exchanges, delivering digital leased line circuits or ethernet services to businesses, building high-capacity national or regional “digital highways” for transport of data traffic and offering wholesale bandwidth services, interconnecting terabit-scale data centers of web-scale companies and for realizing mission-critical control networks for utility companies such as Railways, Power, Oil and Gas, Metro/Light Rail etc.

Tejas offers a full range of optical networking and broadband access products that can scale from megabits to terabits and can be remotely upgraded to new capabilities. The products are designed using programmable software-defined hardware architecture that can be easily upgraded as per new protocols and technology standards such as 5G and SDN/NFV and changing customer requirements. Our scalable, re-programmable and re-usable products allow reduction in total cost of ownership for our customers and improve the overall efficiencies of their networks and operations.

Tejas Network Management System (TejNMS) simplifies network deployments and service implementation across all our products. With a web-based graphical user interface for point-and-click provisioning of services, wizards to speed up operational tasks and profiles to automate repetitive parameter settings, TejNMS ensures rapid time to service without the need for specialized and expensive skill sets.

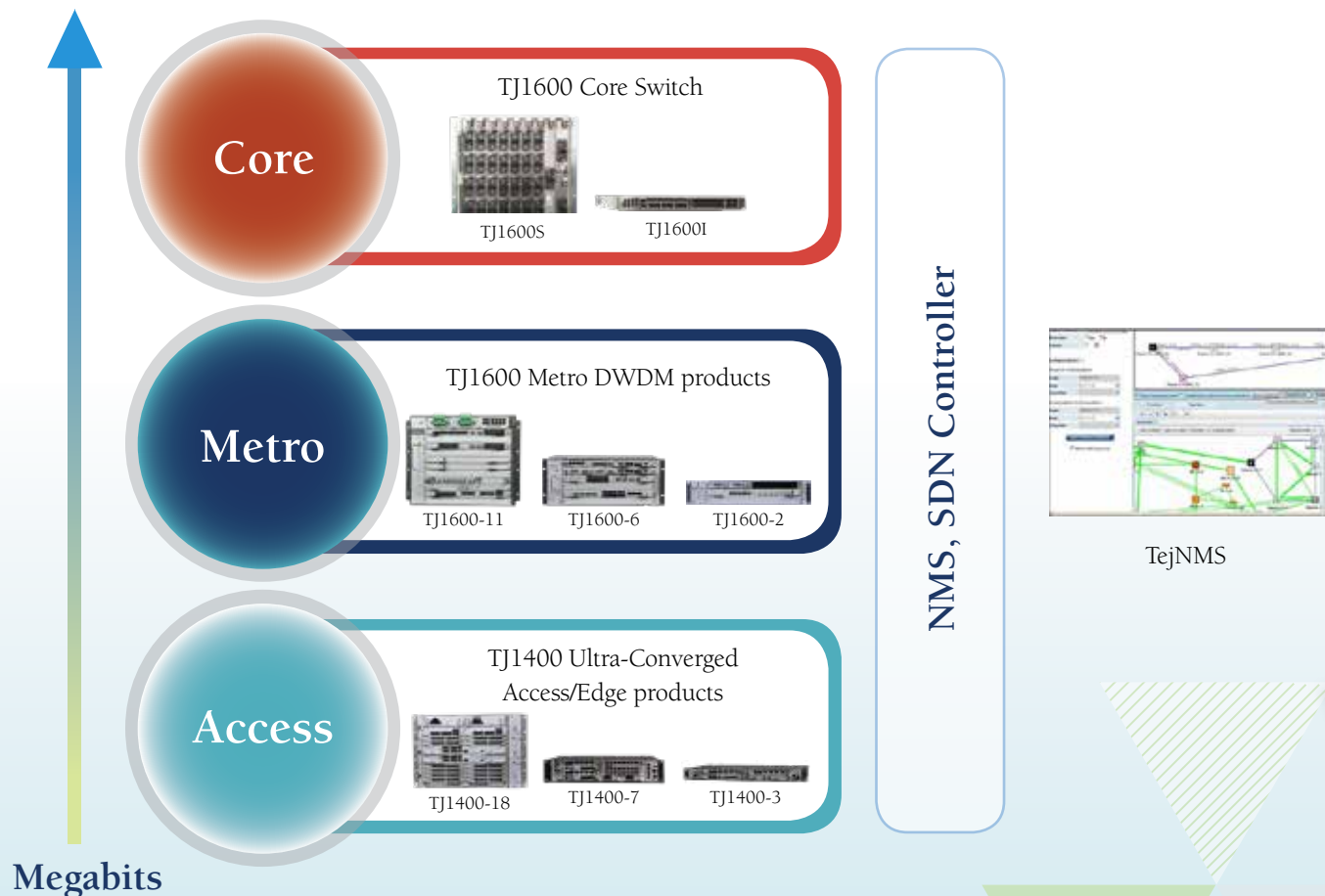
Building Converged Services Networks



G*- Gigabits per second

Product Portfolio at Tejas

Terabits



Product Highlights

- Single platform, Multiple technologies
- Multi-generation Support (2G to 5G)
- Converged Access and Transport Products
- Re-programmable Hardware and Common Software
- Caters to SDN/NFV-enabled Packet Optical Transport Networks
- Centralized Network Management

Competitive Advantage

- Ultra-Converged Access Technology
- Converged Infrastructure for 2G/3G -> 4G/5G backhaul
- Guaranteed Service Level Agreements – Latency, Quality, Reliability, Availability
- High-Capacity Circuit Emulation
- Versatile Alien Wavelength Solution
- Flexible Pay-as-you-grow Model

Applications

- 2G/3G/4G/5G Mobile and Fixed-line Backhaul
- Enterprise Leased Line/VPN Services
- Wholesale Bandwidth Services
- Next-generation Utility Networks
- Optical Network Modernization
- Fiber-to-the-Home and Wireless Broadband Access



Chairman's Message

Digital economy is core to India's journey towards a US\$ 5 trillion economy and we have the right products to enable high-speed broadband networks, that will power that journey.

Dear Shareholders,

We are in the age of extreme technology disruptions that are transforming every industry. We have built a pioneering deep-technology product company from India with very strong foundation and sustainable moats around our business. The financial year 2019 had seen healthy revenue growth and improved profitability for your company. Our Board of Directors had recommended a maiden dividend to our shareholders which will be paid in July 2019, subject to approval of shareholders.

High-speed internet and digital connectivity are critical elements of the new digital economy. Thanks to the availability of powerful and affordable smartphones and tablets, over half of the world population is now on the Internet. In 2018-19, an average user spent more time on his mobile than watching TV and there is more data stored in the cloud today than on private enterprise servers. As the world's largest carrier of Internet traffic, India is clearly leading this trend and the total data usage in the country is doubling every year. We have built high-capacity optical transmission and next-generation broadband access products that are foundational to modern-day telecom networks that will play a critical role in enabling the digital highways of our future. Digital economy is core to India's journey towards a US\$ 5 trillion economy and we have the right products to enable high-speed broadband networks, that will power that journey.

We continue to break new ground on the technology front, thanks to our pioneering use of field programmable chips (FPGAs) to design highly flexible software-defined hardware™ products. Today we own a rich portfolio of re-usable "building blocks" of hardware as well as software intellectual property (IP), which enable us to develop cost-effective and highly customisable products that optimally meet market requirements, in terms of features and performance. Our

reprogrammable hardware approach provides a significant time-to-market advantage while incorporating new features and technology standards. During the year, we employed our software-defined hardware™ approach to commercialise a unique access product that combines fiber broadband, fixed wireless and optical transport functions in a single ultra-converged platform. This product attracted wide international attention from the global telecom industry and it was selected as a finalist for two of the world's most prestigious innovation awards, which is a testimony to our ability to design globally leading products. Our continued investments in R&D have created a strong technology moat in the industry.

We operate in a highly dynamic industry characterised by rapid technology advances, diverse customer requirements, evolving industry standards and competitive pressures. We have a highly differentiated approach whereby a substantial part of our operations including R&D, manufacturing and G&A are based in India. Also, we are able to tap into the best and brightest talent pool offered by India, which enables us to achieve significantly higher productivity on our R&D investments. This results in significantly lower operating expenses as compared to our global competitors and enables us to deliver superior returns on our investors.

In a highly competitive world, companies should focus on their core competencies and align with right outsourcing partners to create asset-light, scaleable and competitive business models. We partner with leading Electronics Manufacturing Services (EMS) companies in India and outsource a large part of our manufacturing. This allows us to significantly reduce capex costs as well as working capital needs, while providing virtually unlimited manufacturing capacity.

In India, large opportunities exist for us in both Private and Government segments. On the India Private front, the