



## Press Release

**Tejas Networks announces consolidated results for quarter ended September 30, 2019**  
**Q2 revenue ₹85.1 crore and H1 revenue was ₹241.7 crore**

**Bengaluru, October 23, 2019:** Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the second quarter ended September 30, 2019. Tejas Networks designs, develops, manufactures and sells high-performance optical and data networking products, which are used to build high-speed communication networks over optical fiber.

Highlights for the quarter:

- India-Private segment grew 67% for H1 on YoY basis
- Added 5 new international customers in Q2, and closed techno-commercials on 6 new deals
- DSO (excluding BSNL) decreased by 24 days as compared to Q1
- Cash and cash equivalents increased by ₹ 59 Cr to ₹ 290 Cr as of September 30, 2019

For Q2, 2019, consolidated revenues (net of pass-through component sale) were ₹ 85.1 crore which was a year-on-year decline of 58.0%. The weak revenue during the quarter was primarily due to lower revenues from India Government segment, which had a year-on-year decline of 88% for H1 ended September 30, 2019, on account of BSNL and Bharatnet. On the other hand, India-Private segment was robust and grew by 67% year-on-year for the first six months. Decline in revenues resulted in a loss after tax of ₹ 4.4 crore for the quarter ended September 30, 2019, since a majority of costs such as R&D, are linked to manpower and are fixed in nature.

For the half year ended September 30, 2019, revenues (net of pass-through component sale) were ₹ 241.7 crore, which was a year-on-year decline of 44.4%. As a result, for H1 2019, profit after tax was ₹ 1.5 crore, a decline of 98.1% on year-on-year basis.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "As we anticipated, there was a decline in India Government business which is lumpy in nature, and resulted in weak Q2 revenues. Our medium term goal is to increase our international revenue contribution to at least 50% of our total and we are on track to achieve it. Despite delay in collection from BSNL, our cash position continues to be strong, which will help us to invest and achieve our medium term goals. We see strong momentum in our international business, and during the quarter we added 5 new international customers. We also closed techno-commercial discussions for 6 new international customer deals, each of which are expected to result in multi-million orders during H2 of this year."

Mr. Venkatesh Gadiyar, CFO said, "During Q2, our cash position improved by ₹ 59 crore and our cash and cash equivalents, including investment in liquid mutual funds and deposits with financial institutions, stood at ₹ 290 crore. During the quarter, our overall DSO marginally improved to 277 days and excluding BSNL, our DSO improved by 24 days to 173 days, as compared to June 30, 2019. We also started to receive some amount of long-overdue payments from BSNL during the quarter. We are practically debt-free and we have a strong balance sheet to support our growth plans."

As on date, the company has filed for 349 patents and during the quarter was granted 2 patents, bringing the cumulative grant to 109 patents. Tejas Networks recently launched a new product, TJ1600S/I, which is the world's largest disaggregated multi-terabit packet-optical switch optimized for 5G, cloud and broadband networks.

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### **About Tejas Networks Limited**

Tejas Networks designs, develops and sells high-performance and cost-competitive networking products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 70 countries. Tejas products utilize programmable, software-defined hardware architecture with a common software code-base that delivers seamless upgrades of new features and technology standards. Tejas Networks is ranked among top-10 suppliers in the global optical aggregation segment and has filed 349 patents.

For more information, visit Tejas Networks at <http://www.tejasnetworks.com> or contact

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### **SAFE HARBOUR**

*Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy and our growth and expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, changes in the laws and regulations that apply to the industry in which the Company operates. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.*

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Tejas Networks Limited and subsidiaries  
Consolidated Balance Sheet as at

(in ₹ crore, except share data)

|  | September 30,<br>2019 | March 31,<br>2019 |
|--|-----------------------|-------------------|
| <b>ASSETS</b>  |                       |                   |
| <b>Non-current assets</b>  |                       |                   |
| Property, plant and equipment  | 29.19                 | 30.68             |
| Right-of-use assets  | 23.94                 | -                 |
| Intangible assets  | 63.35                 | 68.44             |
| Intangible assets under development  | 60.31                 | 41.38             |
| <b>Financial assets</b>  |                       |                   |
| Trade receivables  | 41.28                 | 42.81             |
| Loans  | 5.56                  | 4.38              |
| Other financial assets   | 0.04                  | 0.12              |
| Income tax asset (net)   | 43.70                 | 36.92             |
| Deferred Tax Asset   | 139.64                | 138.00            |
| Other non-current assets   | 0.05                  | 0.14              |
| <b>Total non - current assets</b>  | <b>407.06</b>         | <b>362.87</b>     |
| <b>Current assets</b>  |                       |                   |
| Inventories  | 258.22                | 181.39            |
| <b>Financial assets</b>  |                       |                   |
| Investments  | 76.50                 | 86.55             |
| Trade receivables  | 565.77                | 622.12            |
| Cash and cash equivalents  | 101.44                | 16.90             |
| Bank deposits with maturity of more than 3 months but less than 12 months              | 56.70                 | 106.11            |
| Balance held as margin money   | 0.02                  | 0.04              |
| Loans  | 1.38                  | 0.95              |
| Other financial assets   | 68.96                 | 180.44            |
| Other current assets   | 34.89                 | 27.91             |
| <b>Total current assets</b>  | <b>1,163.88</b>       | <b>1,222.41</b>   |
| <b>Total assets</b>  | <b>1,570.94</b>       | <b>1,585.28</b>   |
| <b>EQUITY AND LIABILITIES</b>  |                       |                   |
| <b>Equity</b>  |                       |                   |
| Equity share capital   | 95.39                 | 94.99             |
| Other equity   | 1,220.26              | 1,225.25          |
| <b>Total equity</b>  | <b>1,315.65</b>       | <b>1,320.24</b>   |
| <b>Liabilities</b>   |                       |                   |
| <b>Non-current liabilities</b>   |                       |                   |
| <b>Financial liabilities</b>   |                       |                   |
| Lease Liabilities  | 24.89                 | -                 |
| Provisions   | 0.91                  | 1.75              |
| <b>Total non - current liabilities</b>   | <b>25.80</b>          | <b>1.75</b>       |
| <b>Current liabilities</b>   |                       |                   |
| <b>Financial liabilities</b>   |                       |                   |
| Trade payables   |                       |                   |
| Total outstanding dues of micro enterprises and small enterprises                      | 25.19                 | 26.83             |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 131.75                | 136.70            |
| Lease liabilities  | 5.73                  | -                 |
| Other financial liabilities  | 51.14                 | 81.72             |
| Provisions   | 9.72                  | 8.14              |
| Other current liabilities  | 5.96                  | 9.90              |
| <b>Total current liabilities</b>   | <b>229.49</b>         | <b>263.29</b>     |
| <b>Total equity and liabilities</b>  | <b>1,570.94</b>       | <b>1,585.28</b>   |

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Tejas Networks Limited and subsidiaries  
Consolidated Statements of Comprehensive Income for

(in ₹ crore, except share data)

|   | Quarter ended<br>Sep 30, 2019 | Quarter ended<br>Jun 30, 2019 | Quarter ended<br>Sep 30, 2018 | Six months<br>ended<br>Sep 30, 2019 | Six months<br>ended<br>Sep 30, 2018 | Year ended<br>March 31, 2019 |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------------|-------------------------------------|------------------------------|
| Revenue from operations   | 87.42                         | 161.89                        | 207.03                        | 249.31                              | 442.86                              | 900.32                       |
| Other Income  | 6.89                          | 7.05                          | 10.87                         | 13.94                               | 20.52                               | 36.69                        |
| <b>Total Income</b>   | <b>94.31</b>                  | <b>168.94</b>                 | <b>217.90</b>                 | <b>263.25</b>                       | <b>463.38</b>                       | <b>937.01</b>                |
| <b>Expenses</b>   |                               |                               |                               |                                     |                                     |                              |
| Cost of materials consumed  | 35.22                         | 93.82                         | 111.19                        | 129.04                              | 222.83                              | 463.70                       |
| Employee benefit expense  | 22.57                         | 26.46                         | 29.81                         | 49.03                               | 62.37                               | 123.66                       |
| Finance costs   | 2.51                          | 3.44                          | 4.07                          | 5.95                                | 7.39                                | 17.00                        |
| Depreciation and amortization expense   | 18.24                         | 17.59                         | 15.04                         | 35.83                               | 32.24                               | 65.88                        |
| Other expenses  | 23.24                         | 17.42                         | 21.40                         | 40.66                               | 50.52                               | 116.75                       |
| <b>Total Expenses</b>   | <b>101.78</b>                 | <b>158.73</b>                 | <b>181.51</b>                 | <b>260.51</b>                       | <b>375.35</b>                       | <b>786.99</b>                |
| <b>Profit/(Loss) before tax</b>   | <b>(7.47)</b>                 | <b>10.21</b>                  | <b>36.39</b>                  | <b>2.74</b>                         | <b>88.03</b>                        | <b>150.02</b>                |
| Current tax   | (1.54)                        | 2.20                          | 7.91                          | 0.66                                | 19.52                               | 19.63                        |
| Deferred tax  | (1.55)                        | 2.16                          | (5.00)                        | 0.61                                | (10.00)                             | (16.85)                      |
| <b>Profit/(Loss) after tax</b>  | <b>(4.38)</b>                 | <b>5.85</b>                   | <b>33.48</b>                  | <b>1.47</b>                         | <b>78.51</b>                        | <b>147.24</b>                |
| <b>Other comprehensive income/(loss)</b>  | <b>0.62</b>                   | <b>(0.07)</b>                 | <b>2.15</b>                   | <b>0.55</b>                         | <b>1.33</b>                         | <b>(0.95)</b>                |
| Items that will not be reclassified to profit or loss                             |                               |                               |                               |                                     |                                     |                              |
| Remeasurements of the defined benefit obligation                                  | 0.23                          | (0.04)                        | (0.26)                        | 0.19                                | (0.31)                              | (1.72)                       |
| Items that will be reclassified to profit or loss                                 |                               |                               |                               |                                     |                                     |                              |
| Exchange differences on translation of foreign operations                         | 0.39                          | (0.03)                        | 2.41                          | 0.36                                | 1.64                                | 0.77                         |
| <b>Total comprehensive income/(loss) for the period</b>                           | <b>(3.76)</b>                 | <b>5.78</b>                   | <b>35.63</b>                  | <b>2.02</b>                         | <b>79.84</b>                        | <b>146.29</b>                |
| <b>Earnings per equity share of ₹ 10 each</b>                                     |                               |                               |                               |                                     |                                     |                              |
| Basic (₹)   | (0.47)                        | 0.64                          | 3.67                          | 0.16                                | 8.62                                | 16.13                        |
| Diluted (₹)   | (0.47)                        | 0.61                          | 3.48                          | 0.16                                | 8.17                                | 15.39                        |
| <b>Weighted average equity shares used in computing earnings per equity share</b> |                               |                               |                               |                                     |                                     |                              |
| Basic   | 9,20,06,222                   | 9,18,42,866                   | 9,12,68,735                   | 9,19,24,991                         | 9,10,87,186                         | 9,13,08,108                  |
| Diluted   | 9,20,06,222                   | 9,53,29,314                   | 9,62,64,598                   | 9,43,51,737                         | 9,60,83,049                         | 9,56,67,708                  |

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