

Price Waterhouse Chartered Accountants LLP

The Board of Directors
Tejas Networks Limited,
5th Floor, J P Software Park,
Plot No 25, Sy. No 13, 14, 17, 18,
Konnapana Agrahara Village,
Begur Hobli, Bangalore – 560100

1. We have reviewed the unaudited financial results of Tejas Networks Limited (the “Company”) for the quarter ended September 30, 2018 which are included in the accompanying ‘Statement of Standalone Unaudited Financial Results for the quarter and six months ended September 30, 2018’ and the unaudited statement of assets and liabilities as on that date, together with the notes thereon (together the “Statement”). The Statement has been prepared by the Company’s Management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations, 2015”), which has been initialled by us for identification purposes. The Statement is the responsibility of the Company’s Management and has been approved by its Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: October 23, 2018



Tejas Networks Limited

Registered and Corporate Office: J.P. Software Park, Plot No. 25, Sy. No. 13, 14, 17 and 18,
Konnappa Agrahara Village, Begur Hobli, Bengaluru 560 100, Karnataka, India.
Corporate Identity Number: U72900KA2000PLCD26980
Tel: +91 80 4179 4600; Fax: +91 80 2852 0201
E-mail: corporate@tejasnetworks.com; Website: www.tejasnetworks.com

Statement of Standalone Unaudited Financial Results for the quarter and six months ended September 30, 2018

Particulars	(Rs. in crore except per share data)					
	Quarter ended September 30, 2018	Quarter ended June 30, 2018	Quarter ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017	Year ended March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations*	205.61	235.41	216.10	441.02	433.84	761.07
II Other Income	10.80	9.72	6.46	20.52	11.00	27.22
III Total Revenue (I + II)	216.41	245.13	222.56	461.54	444.84	788.29
IV EXPENSES						
(a) Cost of materials consumed	111.22	111.62	116.77	222.84	225.16	382.30
(b) Excise duty	-	-	-	-	17.64	17.64
(c) Employee benefits expense	28.35	31.04	22.80	59.39	44.85	88.65
(d) Finance costs	3.90	3.17	1.49	7.07	8.32	13.45
(e) Depreciation and amortization expense	15.04	17.20	17.29	32.24	34.15	61.27
(f) Other expenses	20.98	30.34	29.57	51.32	54.51	118.34
Total Expenses (IV)	179.49	193.37	187.92	372.86	384.63	681.65
V Profit before tax (III - IV)	36.92	51.76	34.64	88.68	60.21	106.64
VI Tax Expense						
(1) Current tax	7.91	11.61	7.17	19.52	12.54	23.78
(2) Deferred tax (benefit)	(5.00)	(5.00)	-	(10.00)	-	(24.26)
Total tax expense	2.91	6.61	7.17	9.52	12.54	(0.48)
VII Profit after tax (V - VI)	34.01	45.15	27.47	79.16	47.67	107.12
VIII Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liabilities / (assets)	(0.32)	(0.07)	(1.07)	(0.39)	(1.45)	(2.05)
Income tax relating to above	0.06	0.02	-	0.08	-	0.44
IX Total comprehensive income for the period (VII + VIII)	33.75	45.10	26.40	78.85	46.22	105.51
X Earnings per equity share of Rs. 10 each						
(1) Basic	3.73	4.97	3.07	8.69	5.85	12.48
(2) Diluted	3.53	4.71	2.90	8.24	5.50	11.79

* Refer Note 1





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Unaudited Standalone Statement of Assets and Liabilities as at September 30, 2018

Particulars	(Rs. in crore)	
	As at September 30, 2018	As at March 31, 2018
ASSETS		
Non-current assets		
Property, plant and equipment	27.66	35.98
Intangible assets	50.27	38.75
Intangible assets under development	48.24	46.85
Investments in subsidiaries	10.87	10.87
Financial assets		
Investments [#]	0.00	0.00
Trade receivables	61.28	34.84
Loans	5.34	5.41
Other financial assets	0.04	0.04
Income Tax Asset (net)	32.84	32.02
Deferred Tax Asset	131.16	121.16
Other non-current assets	0.25	0.34
Total non-current assets	367.95	326.26
Current assets		
Inventories	165.40	190.89
Financial assets		
Investments	10.71	76.52
Trade receivables	422.50	259.48
Cash and cash equivalents	26.70	213.48
Bank balances other than above	130.57	21.76
Loans	0.64	0.58
Other financial assets	301.94	213.40
Other current assets	19.94	20.69
Total current assets	1,078.40	996.80
Total assets	1,446.35	1,323.06
EQUITY AND LIABILITIES		
Equity		
Equity share capital	94.67	94.09
Other equity	1,148.29	1,057.81
Total equity	1,242.96	1,151.90
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	1.00	1.00
Provisions	1.74	1.14
Total non-current liabilities	2.74	2.14
Current liabilities		
Financial liabilities		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	131.16	105.09
Other financial liabilities	48.37	47.36
Provisions	8.85	6.89
Current tax liabilities (net)	3.90	-
Other current liabilities	8.37	9.68
Total current liabilities	200.65	169.02
Total liabilities	203.39	171.16
Total equity and liabilities	1,446.35	1,323.06

[#] Amount below the rounding off norm adopted by the Company





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Notes

(Rs. in crore except share data)

- 1 Revenue from operations for quarter ended June 30, 2017 was inclusive of excise duty. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the periods post June 30, 2017 is net of the related GST. Accordingly, the revenue for the six months ended September 30, 2018 and the corresponding six months of the previous year are not strictly comparable. On a comparable basis, revenue, net of such taxes is given below:

Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	September 30, 2018	June 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	March 31, 2018
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenue from operations	205.61	235.41	216.10	441.02	433.84	761.07
Less: Excise Duty	-	-	-	-	17.64	17.64
Revenue from operations (net of excise duty)	205.61	235.41	216.10	441.02	416.20	743.43
Comparable revenue increase for six months (in %)				6%		

- 2 These financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 prescribed under section 133 of the Companies Act, 2013 read with relevant rules, issued thereunder, and other recognised accounting practices and policies ('Ind AS') and in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), as modified by SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 ('SEBI Circular').
- 3 The Company's operations comprise of only one segment viz. Networking equipment.
- 4 During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of Rs. 10/- each at a premium of Rs 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. Cumulatively 100% of the proceeds have been utilised during the previous quarter. There was no deviation in use of proceeds from the objects stated in the offer document.
- 5 During the quarter September 2017, the Income Tax Department initiated proceedings under Section 132 of the Income Tax Act, 1961. The Company and its officials fully co-operated with the Income Tax Department. As on date, there is no demand raised by the Income Tax Department. The Company is of the view that the outcome of the proceedings will not have any material impact on the Company's results. During the current quarter, the Company and certain officers of the Company have received Summons under section 276C(1) of the Income Tax Act, 1961 from the Special Court for Economic Offences. The Company has responded appropriately in this matter.
- 6 The Company has received an Order from CESTAT dated July 4, 2018 with respect to applicability of excise duty on the software used as part of the Multiplexer products during the financial years 2002 to 2009 and 2011 to 2014. According to the Order, the value of software will require to be included for the purpose of arriving at the assessable value for calculating the excise duty liability. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. Based on Management's assessment of the CESTAT Order, supported by an external legal opinion, Management has concluded that the company has a strong case to defend its position in this matter and accordingly, no provision has been made in this statement of financial results, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company had disclosed this matter as contingent liability/footnote in the financial statements for the year ended March 31, 2018. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order.
- 7 The Company has with effect from April 01, 2018 revised the estimated useful lives of Laboratory Equipment, Electrical Installation and Furniture and Fittings from 10 years to 5 years, Vehicles from 8 years to 5 years and Servers and Networking Equipment from 6 years to 5 years, based on a periodic technical evaluation carried out during the previous quarter. Accordingly, additional depreciation of Rs. 1.42 and Rs. 7.06 has been charged for the quarter and six months ended September 30, 2018 respectively on a prospective basis in this statement of financial results.
- 8 The Company has issued 9,11,350 Restricted Stock Units (RSU) to its employees at face value of the Company's share, which was approved by the Nomination and Remuneration Committee and the Board of Directors. An amount of Rs. 1.97 and Rs. 6.40 representing the fair value of such RSU's has been charged for the quarter and six months ended September 30, 2018 respectively in this statement of financial results.
- 9 The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables from a major customer on a non-recourse basis and as at September 30, 2018 has derecognized such receivables amounting to Rs. 117.27 (March 31, 2018: Rs. 72.86) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements.
- 10 The Company has adopted Ind AS 115 "Revenue from Contracts with Customers" with effect from April 01, 2018 by applying the modified retrospective approach. Based on an evaluation, the Company has identified and considered the impact on account of Ind AS 115 in this statement of financial results on long term retention money due from customers and penalties/ liquidated damages, where applicable.
- 11 The Company during the quarter, has received approval from the Registrar of Companies, Karnataka for striking off and dissolution of vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary with effect from July 28, 2018.
- 12 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 13 The above statement of financial results was reviewed by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on October 23, 2018. The Statutory Auditors of the Company have carried out a limited review of this statement of financial results for the quarter and six months ended September 30, 2018.

For and on behalf of the Board of Directors

Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

Place: Bengaluru
Date: October 23, 2018

