



Press Release

Tejas Networks announces consolidated results for quarter ended Sep 30, 2018

Q2 Revenues (net of taxes and pass-through component sale) declined by 5.7% YoY

Q2 Net profit grew by 24.6% YoY

Six months Revenues (net of taxes and pass-through component sale) grew by 4.8% YoY

Six Month Net profit grew by 65.9% YoY

Bengaluru, October 23, 2018: Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the second quarter ended Sep 30, 2018. 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.

For the quarter ended Sep 30, 2018, on a year-on-year basis, our consolidated revenues (net of taxes and pass-through component sale) declined by 5.7% from ₹ 214.9 crore to ₹ 202.7 crore. Our operating profit increased to ₹ 29.6 crore which was 14.6% of our revenues (net) as against 13.6% for Q2 2018. Our profit after tax was ₹ 33.5 crore, which was a year-on-year increase of 24.6%. Our PAT as percentage of net revenue increased from 12.5% in Q2 2018 to 16.5% in Q2 2019.

For the half year ended Sep 30, 2018, our revenues (net of taxes and pass-through component sale) were ₹ 434.7 crore, which was a year-on-year growth of 4.8%. Our operating profit grew by 30.8% and net profit grew by 65.9% on year-on-year basis.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "Even though our first six-month revenue growth was modest, we expect strong revenue growth during the second half of the year. For the full FY, we expect revenues to grow faster than our medium term growth target of 20% based on our business visibility with existing customers and new international customer wins. India continues to be one of the fastest growing optical networking markets in the world. In addition, with recent supportive policy changes for domestic telecom equipment manufacturing, we see sustainable growth prospects in India. Our international sales investments are yielding positive results and we expect strong growth in our international revenues."

Mr. Venkatesh Gadiyar, CFO said, "On a six-month basis, we significantly improved our profitability, primarily on account of higher gross margins for our products. Due to delayed collections from one large Indian customer, we saw a one-off increase in our working capital, which we expect to reduce during Q3 FY19. As a technology product company, we continue to invest heavily in R&D, with a year-on-year increase of 30.4% during the first six months."

During the quarter, we were granted 16 patents resulting in a cumulative grant of 94 patents. As on date, we have filed for 349 patents.

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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 over 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.

A small, handwritten mark or signature, possibly initials, located at the end of the Safe Harbour paragraph.



Tejas Networks Limited and subsidiaries
Consolidated Balance Sheet as at

(in ₹ crore, except share data)

	September 30, 2018	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
Financial assets		
Trade receivables	61.28	34.84
Loans	5.36	5.44
Other financial assets	0.04	0.04
Income tax asset (net)	32.84	32.01
Deferred Tax Asset	131.16	121.16
Other non-current assets	0.25	0.34
Total non - current assets	357.10	315.41
Current assets		
Inventories	165.40	190.89
Financial assets		
Investments	10.71	76.52
Trade receivables	436.05	275.71
Cash and cash equivalents	28.13	214.19
Bank deposits with maturity of more than 3 months but less than 12 months	130.53	16.95
Balance held as margin money	0.04	4.81
Loans	0.85	0.62
Other financial assets	301.94	213.40
Other current assets	21.74	21.27
Total current assets	1,095.39	1,014.36
Total assets	1,452.49	1,329.77
EQUITY AND LIABILITIES		
Equity		
Equity share capital	94.67	94.09
Other equity	1,149.46	1,057.99
Total equity	1,244.13	1,152.08
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	132.13	105.03
Other financial liabilities	51.95	53.30
Provisions	8.85	6.89
Current tax liabilities (Net)	3.91	-
Other current liabilities	8.78	10.33
Total current liabilities	205.62	175.55
Total equity and liabilities	1,452.49	1,329.77

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Tejas Networks Limited and subsidiaries
Consolidated Statements of Comprehensive Income for

(in ₹ crore, except share data)

	Quarter ended Sep 30, 2018	Quarter ended June 30, 2018	Quarter ended Sep 30, 2017	Six months ended Sep 30, 2018	Six months ended Sep 30, 2017	Year ended March 31, 2018
Revenue from operations*	207.03	235.83	216.13	442.86	435.44	767.44
Other Income	10.87	9.65	6.47	20.52	10.97	27.83
Total Revenue	217.90	245.48	222.60	463.38	446.41	795.27
Expenses						
Cost of materials consumed	111.19	111.64	116.79	222.83	242.73	400.06
Employee benefit expense	29.81	32.56	23.43	62.37	46.21	92.26
Finance costs	4.07	3.32	1.54	7.39	8.36	13.40
Depreciation and amortization expense	15.04	17.20	17.29	32.24	34.15	61.27
Other expenses	21.40	29.12	29.50	50.52	55.10	122.24
Total Expenses	181.51	193.84	188.55	375.35	386.55	689.23
Profit before tax	36.39	51.64	34.05	88.03	59.86	106.04
Current tax	7.91	11.61	7.18	19.52	12.55	23.78
Deferred tax	(5.00)	(5.00)	-	(10.00)	-	(24.26)
Profit after tax	33.48	45.03	26.87	78.51	47.31	106.52
Other comprehensive income	2.15	(0.82)	(1.15)	1.33	(1.50)	(1.76)
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit liabilities / (assets)	(0.26)	(0.05)	(1.07)	(0.31)	(1.45)	(1.61)
Items that may be reclassified to profit or loss						
Exchange differences in translating the financial statements of foreign operations	2.41	(0.77)	(0.08)	1.64	(0.05)	(0.15)
Total comprehensive income for the period	35.63	44.21	25.72	79.84	45.81	104.76
Earnings per equity share of Rs. 10 each						
Basic (₹)	3.67	4.95	3.00	8.62	5.80	12.41
Diluted (₹)	3.48	4.70	2.84	8.17	5.46	11.73
Weighted average equity shares used in computing earnings per equity share						
Basic	9,12,68,735	9,09,03,642	8,96,08,609	9,10,87,186	8,15,33,478	8,58,58,425
Diluted	9,62,64,598	9,58,14,581	9,48,37,536	9,60,83,049	8,67,62,405	9,08,27,823

*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 are net of the related GST. Accordingly, the revenue for the current six months and the corresponding six months of the previous year are not strictly comparable.

Supplementary Information

Particulars	Quarter ended Sep 30, 2018	Quarter ended June 30, 2018	Quarter ended Sep 30, 2017	Six months ended Sep 30, 2018	Six months ended Sep 30, 2017	Year ended March 31, 2018
Revenue from operations	207.03	235.83	216.13	442.86	435.44	767.44
Less: Excise Duty	-	-	-	-	17.64	17.64
Revenue (net of taxes)	207.03	235.83	216.13	442.86	417.80	749.80
Less: Sale of Components	4.34	3.79	1.23	8.13	2.79	9.93
Revenue (net of taxes and component sales)	202.69	232.04	214.90	434.73	415.01	739.87
Year on Year Growth				4.8%		

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