

# Price Waterhouse Chartered Accountants LLP

The Board of Directors  
Tejas Networks Limited,  
5<sup>th</sup> Floor, J P Software Park,  
Plot No 25, Sy. No 13, 14, 17, 18,  
Konnapanan 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, 2017 which are included in the accompanying ‘Statement of Standalone Unaudited Results for the quarter and six months ended September 30, 2017’ and the statement of assets and liabilities on that date together with the notes thereon (the “Statement”). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations, 2015”) and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company’s management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company’s opening unaudited Balance Sheet as at April 01, 2016 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. 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 Ind AS 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 and SEBI circular dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to the following matters:
  - a. Note 3 to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2016, and accordingly, the Statement has been prepared by the Company’s Management in compliance with Ind AS.
  - b. We were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended on September 30, 2016 and accordingly, we do not express any conclusion on the results in the Statement for the quarter ended September 30, 2016. As set out in Notes 5 and 8 to the Statement, these figures have been furnished by the Management.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N)

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- c. The standalone financial results of the Company for the quarter ended June 30, 2017 prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015, were reviewed by another firm of chartered accountants who, vide their report dated August 03, 2017, expressed an unmodified conclusion on those financial results.

Our conclusion is not qualified in respect of these matters.

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



Pradip Kanakia  
Partner  
Membership Number: 039985

Place: Bengaluru  
Date: October 25, 2017



## 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: U72900KA2000PLC026980

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E-mail: corporate@tejasnetworks.com; Website: www.tejasnetworks.com

### Statement of Standalone Unaudited Results for the quarter and six months ended September 30, 2017

| Particulars  | (Rs. in Lakhs except per share data) |                                |                                     |  |  |
|--|--------------------------------------|--------------------------------|-------------------------------------|--|--|
|  | Quarter ended<br>September 30, 2017  | Quarter ended<br>June 30, 2017 | Quarter ended<br>September 30, 2016 | Six months ended<br>September 30, 2017 | Six months ended<br>September 30, 2016 |
|  | Unaudited                            | Unaudited                      | Unaudited                           | Unaudited                              | Unaudited                              |
| I Revenue from operations*                                   | 21,610                               | 21,774                         | 21,789                              | 43,384                                 | 36,367                                 |
| II Other Income  | 646                                  | 454                            | 268                                 | 1,100                                  | 403                                    |
| III Total Revenue (I + II)                                   | 22,256                               | 22,228                         | 22,057                              | 44,484                                 | 36,770                                 |
| IV EXPENSES  |                                      |                                |                                     |  |  |
| (a) Cost of materials consumed                               | 11,677                               | 10,839                         | 13,739                              | 22,516                                 | 21,221                                 |
| (b) Excise duty on sale of goods                             | -                                    | 1,764                          | 925                                 | 1,764                                  | 1,879                                  |
| (c) Employee benefit expense                                 | 2,280                                | 2,205                          | 2,276                               | 4,485                                  | 3,940                                  |
| (d) Finance costs  | 149                                  | 683                            | 477                                 | 832                                    | 1,692                                  |
| (e) Depreciation and amortization expense                    | 1,729                                | 1,686                          | 1,318                               | 3,415                                  | 2,780                                  |
| (f) Other expenses   | 2,957                                | 2,494                          | 2,189                               | 5,451                                  | 4,262                                  |
| Total Expenses (IV)  | 18,792                               | 19,671                         | 20,924                              | 38,463                                 | 35,774                                 |
| V Profit before tax (III - IV)                               | 3,464                                | 2,557                          | 1,133                               | 6,021                                  | 996                                    |
| VI Tax Expense   |                                      |                                |                                     |  |  |
| (1) Current tax  | 717                                  | 537                            | -                                   | 1,254                                  | -                                      |
| Total tax expense  | 717                                  | 537                            | -                                   | 1,254                                  | -                                      |
| VII Profit after tax (V - VI)                                | 2,747                                | 2,020                          | 1,133                               | 4,767                                  | 996                                    |
| VIII Other comprehensive income                              |                                      |                                |                                     |  |  |
| Items that will not be reclassified to profit or loss        |                                      |                                |                                     |  |  |
| Remeasurements of the defined benefit liabilities / (assets) | (107)                                | (38)                           | 5                                   | (145)                                  | 5                                      |
| IX Total comprehensive income for the period (VII + VIII)    | 2,640                                | 1,982                          | 1,138                               | 4,622                                  | 1,001                                  |
| X Earnings per equity share of Rs. 10 each                   |                                      |                                |                                     |  |  |
| (1) Basic  | 3.07                                 | 2.75                           | 1.90                                | 5.85                                   | 1.72                                   |
| (2) Diluted  | 2.90                                 | 2.62                           | 1.90                                | 5.50                                   | 1.72                                   |

\* Refer Note 1





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### Unaudited Standalone Statement of Assets and Liabilities as at September 30, 2017

|   | (Rs. in Lakhs)              |
|---|-----------------------------|
| Particulars                               | As at<br>September 30, 2017 |
| <b>ASSETS</b>                             |                             |
| <b>Non-current assets</b>                 |                             |
| (a) Property, plant and equipment         | 2,690                       |
| (b) Intangible assets                     | 3,791                       |
| (c) Intangible assets under development   | 4,195                       |
| (d) Investment in subsidiaries            | 459                         |
| (e) Financial assets                      |                             |
| (i) Investments                           | -                           |
| (ii) Trade receivables                    | 2,817                       |
| (iii) Bank balances                       | 1,409                       |
| (iv) Loans                                | 502                         |
| (v) Other financial assets                | -                           |
| (f) Income tax assets (net)               | 2,625                       |
| (g) Other non-current assets              | 57                          |
| <b>Total non - current assets</b>         | <b>18,545</b>               |
| <b>Current assets</b>                     |                             |
| (a) Inventories                           | 17,191                      |
| (b) Financial assets                      |                             |
| (i) Trade receivables                     | 43,020                      |
| (ii) Cash and cash equivalents            | 26,894                      |
| (iii) Bank balances other than (ii) above | 10,559                      |
| (iv) Loans                                | 128                         |
| (v) Other financial assets                | 639                         |
| (c) Other current assets                  | 2,397                       |
| <b>Total current assets</b>               | <b>1,00,828</b>             |
| <b>Total assets</b>                       | <b>1,19,373</b>             |
| <b>EQUITY AND LIABILITIES</b>             |                             |
| <b>Equity</b>                             |                             |
| (a) Equity share capital                  | 8,971                       |
| (b) Other equity                          | 89,449                      |
| <b>Total equity</b>                       | <b>98,420</b>               |
| <b>Liabilities</b>                        |                             |
| <b>Non-current liabilities</b>            |                             |
| (a) Financial liabilities                 |                             |
| (i) Borrowings                            | 200                         |
| (b) Provisions                            | 444                         |
| <b>Total non - current liabilities</b>    | <b>644</b>                  |
| <b>Current liabilities</b>                |                             |
| (a) Financial liabilities                 |                             |
| (i) Borrowings                            | -                           |
| (ii) Trade payables                       | 16,584                      |
| (iii) Other financial liabilities         | 1,071                       |
| (b) Provisions                            | 417                         |
| (c) Other current liabilities             | 2,237                       |
| <b>Total current liabilities</b>          | <b>20,309</b>               |
| <b>Total equity and liabilities</b>       | <b>1,19,373</b>             |





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### Notes

- Revenue from operations for the quarter ended September 30, 2016 was inclusive of excise duty Rs. 925 lakhs. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the quarter ended September 30, 2017 is net of the related GST Rs. 3,226 lakhs. Accordingly, the revenue for the current quarter and the corresponding quarter of the previous year are not strictly comparable. Sales, net of such taxes for the quarter ended September 30, 2017 increased by 3.6% in comparison to the corresponding quarter of the previous year.
- The above statement of financial results and statement of assets and liabilities was reviewed by the Audit Committee of the Board on October 24, 2017 and subsequently approved by the Board of Directors at its meeting held on October 25, 2017. The Statutory Auditors of the Company have carried out a limited review of this statement of financial results for the quarter ended September 30, 2017 and the statement of assets and liabilities as of that date.
- These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and in terms of the Listing Regulations, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016. Beginning April 1, 2017, the Company has for the first time adopted Ind AS with a transition date of April 1, 2016.
- The Company's operations comprises only of one segment viz. of Networking equipment.
- The Ind AS compliant corresponding figures for the quarter ended September 30, 2016 including the reconciliation of the total comprehensive income as set out in Note 7 below have not been subjected to review by the Statutory Auditors (also refer Note 8 below). However, the Company's management has exercised necessary due diligence to ensure that such financial results provide a true and fair view of its affairs.
- The statement does not include Ind AS compliant statement of financials results for the previous year ended March 31, 2017 and the statement of assets and liabilities as of that date since the disclosure is not mandatory as per SEBI's circular dated July 5, 2016.
- The reconciliation of net profit reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

| Particulars  | (Rs. in Lakhs)                      |  |
|--|-------------------------------------|--|
|  | Quarter ended<br>September 30, 2016 | Six months ended<br>September 30, 2016 |
| <b>Profit after tax as per IGAAP</b>   | 1,222                               | 1,224                                  |
| <b>Add/(Less): Adjustment under IND AS</b>   |                                     |  |
| Impact of recognition of employee stock option at fair value                                 | (185)                               | (368)                                  |
| Net impact on fair valuation of security deposit   | (1)                                 | (1)                                    |
| Discounting of long term warranty provision  | -                                   | 13                                     |
| Impairment of trade receivables using lifetime expected credit loss method                   | 92                                  | 156                                    |
| Net impact on fair valuation of long-term receivables  | (65)                                | (80)                                   |
| Fair valuation of derivatives  | 77                                  | 71                                     |
| Impact of effective interest rate on government loans  | (12)                                | (24)                                   |
| Re-measurements of the defined benefit plans- to be classified as other comprehensive income | 5                                   | 5                                      |
| <b>Net Profit as per Ind AS</b>  | <b>1,133</b>                        | <b>996</b>                             |
| Other comprehensive income for the period  |                                     |  |
| Re-measurements of the defined benefit plans- to be classified as other comprehensive income | 5                                   | 5                                      |
| <b>Total comprehensive income under Ind AS</b>   | <b>1,138</b>                        | <b>1,001</b>                           |

- During the quarter ended June 30, 2017, the Company has completed the Initial Public Offer ('IPO') and has 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. There is no deviation in use of proceeds from the objects stated in the offer document, during the current quarter. Regulation 33 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 became applicable to the Company post its listing on BSE and NSE as mentioned above. Since the results for the quarter ended September 30, 2016 were not presented under the Indian GAAP (Previous GAAP), the reconciliation of Profit under Previous GAAP to Total Comprehensive Income under Ind AS was not subjected to review.
- During the period ended September 30, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued restraint order on certain bank accounts and deposits of the Company. The Company and its officials fully co-operated with the income Tax Department. As on date, the restraint order has been withdrawn and there is no demand raised. 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 quarter, the Company has factored receivables on a non-recourse basis in the normal course of business pertaining to a customer to a banker under a factoring agreement and has derecognised such receivables amounting to Rs 4,991 lakhs in the statement of Assets and Liabilities as of September 30, 2017 in accordance with Ind AS 109 - Financial Instruments.
- Previous period's figures have been regrouped/reclassified to conform to the current period's presentation for the purpose of comparability.

For and on behalf of the Board of Directors

Sanjay Nayak

Managing Director & CEO  
(DIN: 01049871)

Place: Bengaluru

Date: October 25, 2017



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