

# 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, ✓  
Konnappa Agrahara Village, ✓  
Begur Hobli, Bangalore – 560100 ✓

1. ✓ We have reviewed the unaudited financial results of Tejas Networks Limited (the “Company”) for the quarter ended June 30, 2018, ✓ which are included in the accompanying ‘Statement of Standalone ✓ Unaudited Financial Results for the quarter ended June 30, 2018’ together with the notes thereon ✓ (the “Statement”). The Statement has been prepared by the Company 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. ✓
5. ✓ 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, issued their unmodified conclusion, vide their report dated August ✓ 03, 2017. Our conclusion is not qualified in respect of this matter. ✓

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



Pradip Kanakia ✓  
Partner ✓  
Membership Number: 039985 ✓

Place: Bengaluru ✓  
Date: July 23, 2018 ✓



## Tejas Networks Limited

Registered and Corporate Office: J.P. Software Park, Plot No. 25, Sy. No. 13, 14, 17 and 18,

Konnappana Agrahara Village, Begur Hobli, Bengaluru 560 100, Karnataka, India.

Corporate Identity Number: U72900KA2000PLC026980

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 ended June 30, 2018

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Refer Note 12	Refer Note 5	Audited
I Revenue from operations*	235.41	98.25	217.74	761.07
II Other Income	9.72	9.38	4.54	27.22
<b>III Total Revenue (I + II)</b>	<b>245.13</b>	<b>107.63</b>	<b>222.28</b>	<b>788.29</b>
<b>IV EXPENSES</b>				
(a) Cost of materials consumed	111.62	42.92	108.39	382.30
(b) Excise duty	-	-	17.64	17.64
(c) Employee benefits expense	31.04	19.12	22.05	88.65
(d) Finance costs	3.17	1.62	6.83	13.45
(e) Depreciation and amortization expense	17.20	11.83	16.86	61.27
(f) Other expenses	30.34	26.67	24.94	118.34
<b>Total Expenses (IV)</b>	<b>193.37</b>	<b>102.16</b>	<b>196.71</b>	<b>681.65</b>
<b>V Profit before tax (III - IV)</b>	<b>51.76</b>	<b>5.47</b>	<b>25.57</b>	<b>106.64</b>
<b>VI Tax Expense</b>				
(1) Current tax	11.61	2.61	5.37	23.78
(2) Deferred tax (benefit)	(5.00)	(24.26)	-	(24.26)
<b>Total tax expense</b>	<b>6.61</b>	<b>(21.65)</b>	<b>5.37</b>	<b>(0.48)</b>
<b>VII Profit after tax (V - VI)</b>	<b>45.15</b>	<b>27.12</b>	<b>20.20</b>	<b>107.12</b>
<b>VIII Other comprehensive income</b>				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit liabilities / (assets)	(0.07)	(0.05)	(0.38)	(2.05)
Income tax relating to above	0.02	0.44	-	0.44
<b>IX Total comprehensive income for the period (VII + VIII)</b>	<b>45.10</b>	<b>27.51</b>	<b>19.82</b>	<b>105.51</b>
<b>X Earnings per equity share of Rs. 10 each</b>				
(1) Basic	4.97	3.00	2.75	12.48
(2) Diluted	4.71	2.84	2.62	11.79

\* Refer Note 1





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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 current quarter and the corresponding quarter 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	Year ended
	June 30, 2018	March 31, 2018	June 30, 2017	March 31, 2018
	Unaudited	Refer Note 12	Refer Note 5	Audited
Revenue from operations	235.41	98.25	217.74	761.07
Less: Excise Duty	-	-	17.64	17.64
<b>Revenue from operations (net of excise duty)</b>	<b>235.41</b>	<b>98.25</b>	<b>200.10</b>	<b>743.43</b>
<b>Comparable revenue increase (in %)</b>	<b>18%</b>			

- 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 current quarter. There was no deviation in use of proceeds from the objects stated in the offer document.
- 5 The Ind AS compliant corresponding figures for the quarter ended June 30, 2017 are based on financial results prepared in accordance with Ind AS which were reviewed by the predecessor auditor who, issued their unmodified conclusion, vide their report dated August 03, 2017.
- 6 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. Post 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 is taking appropriate steps in this matter.
- 7 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 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.
- 8 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 quarter. Accordingly, additional depreciation of Rs 5.64 has been charged on a prospective basis in this statement of financial results.
- 9 The Company has issued 8,62,550 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. The vesting period of the above RSU's commences from April 01, 2018. An amount of Rs 4.43 representing the fair value of such RSU's has been charged in this statement of financial results.
- 10 The Company has from time to time in the normal course of business entered into factoring agreements with a banker for some of the trade receivables from a major customer on a non-recourse basis and as at June 30, 2018 has derecognized such receivables amounting to Rs 76.77 (June 30, 2017: Nil) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreement.
- 11 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 results on long term retention money due from customers and penalties/ liquidated damages, where applicable.
- 12 The figures for the quarter ended March 31, 2018 are the balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year which were subjected to review.
- 13 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 14 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 July 23, 2018. The Statutory Auditors of the Company have carried out a limited review of this statement of financial results for the quarter ended June 30, 2018.

For and on behalf of the Board of Directors

Sanjay Nayak  
CEO and Managing Director  
(DIN: 01049871)

Place: Bengaluru  
Date: July 23, 2018



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