

# 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,  
Konnapana Agrahara Village,  
Begur Hobli, Bangalore - 560100

1. We have reviewed the unaudited consolidated financial results of Tejas Networks Limited (the "Company") and its subsidiaries (hereinafter referred together as the "Group") (refer Note 3 to the Statement) for the quarter ended September 30, 2017 which are included in the accompanying 'Statement of Consolidated Unaudited Results for the quarter and six months ended September 30, 2017' and the consolidated statement of assets and liabilities on that date together with the notes thereon (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") 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 its 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 Group's opening unaudited consolidated 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 group personnel and analytical procedures applied to group's 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 4 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 consolidated results in the Statement for the quarter ended September 30, 2016. As set out in Notes 6 and 9 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/N500016 (ICAI registration number before conversion was 012754N)

## Price Waterhouse Chartered Accountants LLP

- c. The consolidated financial results of the Group 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: 12754N/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

Tel: +91 80 4179 4600; Fax: +91 80 2852 0201

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

**Statement of Consolidated Unaudited Results for the quarter and six months ended September 30, 2017**

Particulars	(Rs. in Lakhs except per share data)				
	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended
	September 30, 2017	June 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
I Revenue from operations*	21,613	21,931	22,356	43,544	37,079
II Other Income	647	450	266	1,097	535
III Total Revenue (I + II)	22,260	22,381	22,622	44,641	37,614
IV EXPENSES					
(a) Cost of materials consumed	11,679	10,830	13,905	22,509	21,338
(b) Excise duty on sale of goods	-	1,764	925	1,764	1,879
(c) Employee benefit expense	2,343	2,278	2,351	4,621	4,085
(d) Finance costs	154	682	474	836	1,712
(e) Depreciation and amortization expense	1,729	1,686	1,318	3,415	2,780
(f) Other expenses	2,950	2,560	2,050	5,510	4,397
Total Expenses (IV)	18,855	19,800	21,023	38,655	36,191
V Profit before tax (III - IV)	3,405	2,581	1,599	5,986	1,423
VI Tax Expense					
(1) Current tax	718	537	-	1,255	-
Total tax expense	718	537	-	1,255	-
VII Profit after tax (V- VI)	2,687	2,044	1,599	4,731	1,423
VIII Other comprehensive income					
a Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit liabilities / (assets)	(107)	(38)	5	(145)	5
b Items that may be reclassified to profit or loss					
Exchange differences in translating the financial statements of foreign operations	(8)	3	(1)	(5)	-
IX Total comprehensive income for the period (VII + VIII)	2,572	2,009	1,603	4,581	1,428
X Earnings per equity share of Rs. 10 each					
(1) Basic	3.00	2.78	2.67	5.80	2.45
(2) Diluted	2.84	2.65	2.67	5.46	2.45

\* Refer Note 1



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

Particulars	(Rs. In Lakhs)
	As at 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) Financial assets	
(i) Investments	-
(ii) Trade receivables	2,817
(iii) Bank balances	1,409
(iv) Loans	510
(v) Other financial assets	-
(e) Income tax assets (net)	2,625
(f) Other non-current assets	57
<b>Total non-current assets</b>	<b>18,094</b>
<b>Current assets</b>	
(a) Inventories	17,188
(b) Financial assets	
(i) Trade receivables	44,375
(ii) Cash and cash equivalents	26,985
(iii) Bank balances other than (ii) above	10,559
(iv) Loans	143
(v) Other financial assets	639
(c) Other current assets	1,827
<b>Total current assets</b>	<b>1,01,716</b>
<b>Total assets</b>	<b>1,19,810</b>
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
(a) Equity Share Capital	8,971
(b) Other Equity	89,483
<b>Total equity</b>	<b>98,454</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	16,964
(iii) Other financial liabilities	1,071
(b) Provisions	417
(c) Current tax liabilities (Net)	1
(d) Other current liabilities	2,259
<b>Total current liabilities</b>	<b>20,712</b>
<b>Total equity and liabilities</b>	<b>1,19,810</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 0.8% in comparison to the corresponding quarter of the previous year.
- The above statement of consolidated financial results and consolidated statement of assets and liabilities of the Company and its subsidiaries (together the 'Group') 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 consolidated statement of financial results for the quarter ended September 30, 2017 and the consolidated statement of assets and liabilities as of that date.
- The Statement includes the results of the following subsidiaries:
  - Tejas Communication Pte Limited, Singapore
  - Tejas Israel Limited,
  - vSave Energy Pvt. Limited and
  - Tejas Communication (Nigeria) Limited
- These financial results of the Group 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 Group'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 8 below have not been subjected to review by the Statutory Auditors (also refer Note 9 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 consolidated 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 September 30, 2016	Six months ended September 30, 2016
Consolidated profit after tax as per IGAAP	1,688	1,651
<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>1,599</b>	<b>1,423</b>
Other comprehensive income for the period		
Re-measurements of the defined benefit plans classified as other comprehensive income	5	5
Exchange differences in translating the financial statements of foreign operations	(1)	-
<b>Total comprehensive income under Ind AS</b>	<b>1,603</b>	<b>1,428</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. 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 Consolidated results for the quarter ended September 30, 2016 were not presented under the Indian GAAP (Previous GAAP), the reconciliation of Consolidated Profit under Previous GAAP to Total Comprehensive Income under Ind AS was not subjected to review.

- Summary of key standalone financial results is as follows:

Particulars	(Rs. in Lakhs)		
	Quarter ended		Six months ended
	September 30, 2017	June 30, 2017	September 30, 2016
Revenues from operations	21,610	21,774	21,789
Profit before tax	3,464	2,557	1,133
Profit after tax	2,747	2,020	1,133

Note: The standalone results of Tejas Networks Limited for the above mentioned periods are available in the investors section in www.tejasnetworks.com and also with the stock exchanges where it is listed. The information above has been extracted from the standalone financial results.

- 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 consolidated results.
- During the quarter, the Group 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 consolidated 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.

Place: Bengaluru  
Date: October 25, 2017



For and on behalf of the Board of Directors  
  
 Sanjay Nayak  
 Managing Director & CEO  
 (DIN: 01049871)