

# 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

## Independent Auditor's Report on the Statement of consolidated financial results

1. We have audited the accompanying Statement containing the annual audited consolidated financial results of Tejas Networks Limited ("hereinafter referred to as the Holding Company") and its subsidiaries/ step down subsidiary, (the Holding Company and its subsidiaries/step down subsidiary together referred to as "the Group" herein under) (refer Note 2 to the Statement) for the year ended March 31, 2018 together with the notes thereon (hereinafter referred to as the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016, which we have initialed for identification purposes only.

## Management's Responsibility for the consolidated financial results

2. The preparation of the accompanying Statement is the responsibility of the management of the Holding Company and the Statement has been approved by the Board of Directors. The Management is also responsible for the preparation of the annual statutory consolidated Ind AS financial statements in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act (referred to as the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited consolidated financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.



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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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)

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5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us:
  - (i) the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated July 5, 2016 in this regard and
  - (ii) the Annual audited consolidated financial results for the year ended March 31, 2018 as set out in the Statement gives a true and fair view of the total consolidated comprehensive income (comprising of consolidated profit and consolidated other comprehensive income) and other financial information of the Group for the year ended March 31, 2018 in accordance with the accounting principles generally accepted in India.

### Emphasis of Matter

7. We draw your attention to Note 12 of the Statement regarding the figures for the quarter ended March 31, 2018, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year which was subjected to review. Our opinion is not qualified in respect of this matter.

### Other Matters

8. We did not audit the Statements of 4 subsidiaries whose Statements reflect total assets of Rs 38.48 Crores and net assets of Rs 12.75 Crores as at March 31, 2018, total revenue of Rs. 19.35 Crores, total comprehensive income [comprising of profit (net) and other comprehensive income] of Rs. 0.23 Crores for the year ended on that date, as considered in the consolidated Ind AS Statement. These Statements are unaudited and have been furnished to us by the Management, and our opinion on the consolidated Ind AS Financial Statements insofar as it relates to the amounts is based solely on such unaudited Statements. In our opinion and according to the information and explanations given to us by the Management, these Statements are not material to the Group.
9. a) As explained in note 8 of the Statement, the Holding Company had prepared consolidated financial statements for the year ended March 31, 2017 in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, which were audited by another firm of chartered accountants, who vide their report dated April 17, 2017 issued an unmodified opinion on those consolidated financial statements.  
b) As explained in note 3 of the Statement, the Group has adopted Ind AS for the financial year commencing from April 1, 2017 with a transition date of April 1, 2016, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS. The adjustments to those standalone financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.



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- c) As explained in note 5 of the Statement, the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended on March 31, 2017, have been furnished by the Management.
10. The Statement dealt with by this report has been prepared for the express purpose of filing with Stock Exchanges on which the Company's shares are listed. This Statement is based on and should be read with the Annual audited consolidated Ind AS financial statements of the Group for the year ended March 31, 2018 on which we issued an unmodified audit opinion vide our report dated April 24, 2018.

Our opinion is not qualified in respect of these matters.

### Restriction on Use

11. This report is addressed to the Board of Directors of the Holding Company and has been prepared for and only for the purposes set out in paragraph 10 above. This report should not be otherwise used by any other party for any other purpose.

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



Pradip Kanakia

Partner

Membership No: 039985

Place: Bengaluru  
Date: April 24, 2018



## Tejas Networks Limited

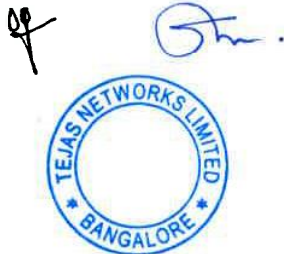
Registered and Corporate Office: J.P. Software Park, Plot No. 25, Sy. No. 13, 14, 17 and 18,  
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E-mail: corporate@tejasnetworks.com; Website: www.tejasnetworks.com

### Statement of Consolidated Financial Results for the quarter and year ended March 31, 2018

(Rs. in crore except per share data)

| Particulars  | Quarter ended  | Quarter ended     | Quarter ended  | Year ended     | Year ended       |
|--|----------------|-------------------|----------------|----------------|------------------|
|  | March 31, 2018 | December 31, 2017 | March 31, 2017 | March 31, 2018 | March 31, 2017   |
|  | Refer Note 12  | Unaudited         | Refer Note 7   | Audited        | Refer Note 7 & 8 |
| I Revenue from operations*   | 102.13         | 229.87            | 272.99         | 767.44         | 932.58           |
| II Other Income  | 10.06          | 6.80              | 1.28           | 27.83          | 8.66             |
| III Total Revenue (I + II)   | 112.19         | 236.67            | 274.27         | 795.27         | 941.24           |
| <b>IV EXPENSES</b>   |                |                   |                |                |                  |
| (a) Cost of materials consumed   | 43.00          | 114.33            | 140.89         | 382.42         | 514.05           |
| (b) Excise duty  | -              | -                 | 17.65          | 17.64          | 57.95            |
| (c) Employee benefits expense  | 20.48          | 25.57             | 22.71          | 92.26          | 84.69            |
| (d) Finance costs  | 1.55           | 3.49              | 8.08           | 13.40          | 31.81            |
| (e) Depreciation and amortization expense  | 11.83          | 15.29             | 15.88          | 61.27          | 56.42            |
| (f) Other expenses   | 27.91          | 39.23             | 44.50          | 122.24         | 112.16           |
| Total Expenses (IV)  | 104.77         | 197.91            | 249.71         | 689.23         | 857.08           |
| V Profit before exceptional items and tax (III - IV)                               | 7.42           | 38.76             | 24.56          | 106.04         | 84.16            |
| VI Exceptional item  | -              | -                 | -              | -              | 30.47            |
| VII Profit before tax (V - VI)   | 7.42           | 38.76             | 24.56          | 106.04         | 53.69            |
| <b>VIII Tax Expense</b>  |                |                   |                |                |                  |
| (1) Current tax  | 2.61           | 8.62              | (2.04)         | 23.78          | 1.20             |
| (2) Deferred tax (benefit)   | (24.26)        | -                 | (40.49)        | (24.26)        | (40.49)          |
| Total tax expense  | (21.65)        | 8.62              | (42.53)        | (0.48)         | (39.29)          |
| IX Profit after tax (VII - VIII)   | 29.07          | 30.14             | 67.09          | 106.52         | 92.98            |
| <b>X Other comprehensive income</b>  |                |                   |                |                |                  |
| a Items that will not be reclassified to profit or loss                            |                |                   |                |                |                  |
| Remeasurements of the defined benefit liabilities / (assets)                       | (0.05)         | (0.55)            | 0.45           | (2.05)         | 0.38             |
| Income tax relating to above   | 0.44           | -                 | (0.08)         | 0.44           | (0.08)           |
| b Items that may be reclassified to profit or loss                                 |                |                   |                |                |                  |
| Exchange differences in translating the financial statements of foreign operations | (0.30)         | 0.20              | 0.21           | (0.15)         | 0.28             |
| XI Total comprehensive income for the period (IX + X)                              | 29.16          | 29.79             | 67.67          | 104.76         | 93.56            |
| <b>XII Earnings per equity share of Rs. 10 each</b>                                |                |                   |                |                |                  |
| (1) Basic  | 3.21           | 3.35              | 9.62           | 12.41          | 14.09            |
| (2) Diluted  | 3.04           | 3.16              | 9.62           | 11.73          | 14.09            |

\* Refer Note 1





## Tejas Networks Limited

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Consolidated Statement of Assets and Liabilities as at March 31, 2018

| Particulars                          | (Rs. in crore except per share data) |                 |
|--------------------------------------|--------------------------------------|-----------------|
|                                      | As at                                |                 |
|                                      | March 31, 2018                       | March 31, 2017  |
| <b>ASSETS</b>                        |                                      |                 |
| <b>Non-current assets</b>            |                                      |                 |
| Property, plant and equipment        | 35.98                                | 27.99           |
| Intangible assets                    | 38.75                                | 64.09           |
| Intangible assets under development  | 46.85                                | 18.62           |
| <b>Financial assets</b>              |                                      |                 |
| Investments*                         | 0.00                                 | 0.00            |
| Trade receivables                    | 34.84                                | 14.56           |
| Loans                                | 5.44                                 | 4.98            |
| Other financial assets               | 0.04                                 | 99.22           |
| Income Tax Asset (net)               | 32.01                                | 22.61           |
| Deferred Tax Asset                   | 121.16                               | 96.90           |
| Other non-current assets             | 0.34                                 | 0.80            |
| <b>Total non-current assets</b>      | <b>315.41</b>                        | <b>349.77</b>   |
| <b>Current assets</b>                |                                      |                 |
| Inventories                          | 190.89                               | 181.72          |
| <b>Financial assets</b>              |                                      |                 |
| Investments                          | 76.52                                | -               |
| Trade receivables                    | 275.71                               | 382.87          |
| Cash and cash equivalents            | 214.19                               | 31.06           |
| Bank balances other than above       | 21.76                                | 39.96           |
| Loans                                | 0.62                                 | 16.03           |
| Other financial assets               | 213.40                               | 7.06            |
| Other current assets                 | 21.27                                | 25.99           |
| <b>Total current assets</b>          | <b>1,014.36</b>                      | <b>684.69</b>   |
| <b>Total assets</b>                  | <b>1,329.77</b>                      | <b>1,034.46</b> |
| <b>EQUITY AND LIABILITIES</b>        |                                      |                 |
| <b>Equity</b>                        |                                      |                 |
| Equity share capital                 | 94.09                                | 74.01           |
| Other equity                         | 1,057.99                             | 518.93          |
| <b>Total equity</b>                  | <b>1,152.08</b>                      | <b>592.94</b>   |
| <b>Liabilities</b>                   |                                      |                 |
| <b>Non-current liabilities</b>       |                                      |                 |
| <b>Financial liabilities</b>         |                                      |                 |
| Borrowings                           | 1.00                                 | 2.00            |
|                                      | 1.14                                 | 2.10            |
| <b>Provisions</b>                    | <b>2.14</b>                          | <b>4.10</b>     |
| <b>Total non-current liabilities</b> |                                      |                 |
| <b>Current liabilities</b>           |                                      |                 |
| <b>Financial liabilities</b>         |                                      |                 |
| Borrowings                           | -                                    | 252.30          |
| Trade payables                       | 105.03                               | 107.83          |
| Other financial liabilities          | 53.30                                | 60.09           |
| <b>Provisions</b>                    | <b>6.89</b>                          | <b>4.64</b>     |
| Other current liabilities            | 10.33                                | 12.56           |
| <b>Total current liabilities</b>     | <b>175.55</b>                        | <b>437.42</b>   |
| <b>Total liabilities</b>             | <b>177.69</b>                        | <b>441.52</b>   |
| <b>Total equity and liabilities</b>  | <b>1,329.77</b>                      | <b>1,034.46</b> |

\* Amount below the rounding off norm adopted by the Group.





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### Notes

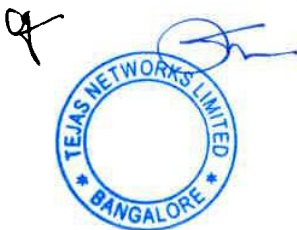
- 1 Revenue from operations for all prior and for quarter ended June 30, 2017 was inclusive of excise duty. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the periods post June 30, 2017 is net of the related GST. Accordingly, the revenue for the current quarter/year and the corresponding quarter/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     | Year ended     |
|---|----------------|-------------------|----------------|----------------|----------------|
|   | March 31, 2018 | December 31, 2017 | March 31, 2017 | March 31, 2018 | March 31, 2017 |
| Revenue from operations                             | 102.13         | 229.87            | 272.99         | 767.44         | 932.58         |
| Less: Excise Duty                                   | -              | -                 | 17.65          | 17.64          | 57.95          |
| <b>Revenue from operations (net of excise duty)</b> | <b>102.13</b>  | <b>229.87</b>     | <b>255.34</b>  | <b>749.80</b>  | <b>874.63</b>  |
| Comparable revenue decline (in %)                   | -60%           |                   |                | -14%           |                |

- 2 The Statement includes the results of Tejas Networks Limited ('the Company') and the following subsidiaries/ step down subsidiary (collectively referred as 'the Group' hereinafter):  
- Tejas Communication Pte Limited, Singapore  
- Tejas Israel Limited,  
- vSave Energy Pvt. Limited and  
- Tejas Communication (Nigeria) Limited
- 3 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 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'). Beginning April 1, 2017, the Group has for the first time adopted Ind AS with a transition date of April 1, 2016.
- 4 The Group's operations comprises of only one segment viz. of Networking equipment.
- 5 The Ind AS compliant corresponding figures for the quarter ended March 31, 2017 including the reconciliation of the total comprehensive income as set out in Note 6 below have not been subjected to review by the Statutory Auditors (also refer Note 7 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 financial performance.
- 6 The reconciliation of consolidated net profit as per Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

| Particulars   | (Rs. in crore)                  |                              |
|---|---------------------------------|------------------------------|
|   | Quarter ended<br>March 31, 2017 | Year ended<br>March 31, 2017 |
| <b>Consolidated profit after tax as per Indian GAAP</b>                               | 32.13                           | 63.22                        |
| <b>Add/(Less): Adjustments under IND AS</b>   |                                 |                              |
| Impact of recognition of employee stock option at fair value                          | (1.96)                          | (7.82)                       |
| Tejas Employee Welfare Trust (Treasury shares)  | (0.17)                          | (0.17)                       |
| Net impact on fair valuation of security deposit                                      | (0.01)                          | (0.03)                       |
| Discounting of long term warranty provision   | 0.09                            | 0.24                         |
| Impairment of trade receivables using lifetime expected credit loss method            | (0.67)                          | (0.50)                       |
| Net impact on fair valuation of long-term receivables                                 | (1.76)                          | (2.49)                       |
| Fair valuation of derivatives   | (0.86)                          | 0.52                         |
| Impact of effective interest rate on government loans                                 | 0.18                            | (0.18)                       |
| Re-measurements of the defined benefit plans classified as other comprehensive income | (0.45)                          | (0.38)                       |
| Tax effects of above adjustments  | 0.08                            | 0.08                         |
| Deferred Tax benefit mainly relating to tax losses and tax credits                    | 40.49                           | 40.49                        |
| <b>Net Profit as per Ind AS</b>   | <b>67.09</b>                    | <b>92.98</b>                 |
| Other comprehensive income for the period   |                                 |                              |
| Re-measurements of the defined benefit plans classified as other comprehensive income | 0.45                            | 0.38                         |
| Tax effects of above adjustments  | (0.08)                          | (0.08)                       |
| Exchange differences in translating the financial statements of foreign operations    | 0.21                            | 0.28                         |
| <b>Total comprehensive income under Ind AS</b>  | <b>67.67</b>                    | <b>93.56</b>                 |

- 7 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. Regulation 33 of the Listing Regulations became applicable to the Company post its listing on BSE and NSE as mentioned above. Since the Consolidated results for the quarter and year ended March 31, 2017 (also refer Note 8 below) were not published under the Indian GAAP (Previous GAAP), the reconciliation of Profit under Previous GAAP to Total Comprehensive Income under Ind AS for the quarter ended March 31, 2017 was not subjected to review.
- 8 The comparative financial information for the year ended March 31, 2017 included in these consolidated financial results, are based on previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated April 17, 2017. The adjustments to those financial statements for the difference in accounting principles adopted by the Group on transition to Ind AS have been audited by the current auditors.







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9 Summary of key standalone financial results is as follows: (Rs. in crore)

| Particulars              | Quarter ended                   |                                | Year ended                     |                           |                                |
|--------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
|                          | March 31, 2018<br>Refer Note 12 | December 31, 2017<br>Unaudited | March 31, 2017<br>Refer Note 7 | March 31, 2018<br>Audited | March 31, 2017<br>Refer Note 7 |
| Revenues from operations | 98.25                           | 228.98                         | 267.60                         | 761.07                    | 919.72                         |
| Profit before tax        | 5.48                            | 40.96                          | 24.21                          | 106.64                    | 43.68                          |
| Profit after tax         | 27.13                           | 32.33                          | 65.72                          | 107.12                    | 82.97                          |

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 published standalone financial results.

- 10 During the quarter September 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued a restraint order on certain bank accounts and deposits of the Company and later the restraint order was withdrawn. 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 Group's results.
- 11 The Group has from time to time in the normal course of business entered into factoring agreements with a banker for some of the trade receivables on a non-recourse basis and as at March 31, 2018 has derecognized such receivables amounting to Rs 72.86 (March 31, 2017: Nil) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreement.
- 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 current financial year which was subjected to review.
- 13 Previous period's figures have been regrouped/reclassified to conform with the current period's presentation for the purpose of comparability.
- 14 The above statement of consolidated financial results of the Company and its subsidiaries (together the 'Group') was reviewed by the Audit Committee of the Board and subsequently approved by the Board of Directors at its meeting held on April 24, 2018.

Place: Bengaluru  
Date: April 24, 2018

For and on behalf of the Board of Directors

Sanjay Nayak  
CEO and Managing Director  
(DIN: 01049871)

