



Press Release

Tejas Networks announces consolidated results for quarter ended December 31, 2017

***Sequential QoQ basis, Q3'18 Revenues (net of taxes and pass-through component sale) grew by 5.2%, Operating profit grew by 21.7% and Net profit grew by 12.2%.
Nine months YoY Revenues (net of taxes and pass-through component sale) grew by 13.5%, Operating profit grew by 22.1% and Net profit (before exceptional item) grew by 37.4% year-on-year.***

Bengaluru, January 19, 2018: Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the third quarter and nine months ended December 31, 2017. Tejas Networks designs, develops, manufactures and sells high-performance and cost-competitive optical and data networking products, which are used to build high-speed communication networks over optical fiber.

On a sequential basis, for Q3'18 our consolidated revenues (net of taxes and pass-through component sale to our contract manufacturers) grew by 5.2% to Rs. 226.15 crore. Our operating profit grew by 21.7% and net profit after tax by 12.2%. As a percentage of consolidated revenues (net of taxes and pass-through component sale) our operating margin was 15.7% in Q3'18 compared to 13.6% in Q2'18 and our net profit after tax was 13.3% as compared to net profit of 12.5% in the previous quarter.

For the nine month period ended December 31, 2017, our revenues (net of taxes and pass-through component sale) were Rs. 641.16 crore which was a growth of 13.5% year-on-year, our operating profits grew by 22.1% year-on-year and our net profit (before exceptional item) grew by 37.4% year-on-year.

For the quarter ended December 31, 2017, our consolidated revenues (net of taxes and pass-through component sale) declined by 11.0% year-on-year and our operating profits declined by 29.0% and net profit (before exceptional item) declined by 28.5% year-on-year.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "Globally, there is a robust demand for optical transmission equipment, driven by increased usage of mobile data as well as broadband by consumers, businesses and governments. With expansion of 4G networks and advent of 5G networks in future, we expect that this trend will continue for the next few years". He added "We continue to see strong growth led by India, particularly driven by government-funded projects. We see greater opportunities in large telecom projects, however, some of these projects are getting shifted to the next financial year. Due to this, we expect our revenue growth during the current financial year to be around 5%".

Mr. Venkatesh Gadiyar, CFO said, "As a technology product company, we continue to see the benefits of operating leverage, which is reflected in our strong profitability growth on a Nine months basis. For the nine months ended, our net profit after tax was Rs. 77.45 crore and we generated cash of Rs. 179.18 crore from operations. We are a debt-free company and our current cash and cash equivalent including investment in liquid mutual funds was Rs 449.50 crore."

During the quarter, Tejas won many awards, including "Best performing equipment supply partner for Bharatnet Phase-1" from Minister of Communications (Independent Charge) Government of India, "High Growth Electronic Hardware Exporter" from Software Technology Parks of India, Karnataka and "Digital India Excellence Award for Electronics Manufacturing", at the PAN-IIM World Management Conference.

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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 65 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 338 patents.

For more information, visit Tejas Networks at <http://www.tejasnetworks.com> or contact Investor Relations: ir@india.tejasnetworks.com
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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.

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Tejas Networks Limited and subsidiaries
Consolidated Unaudited Balance Sheet as at

(in ₹ crore, except share data)

	December 31, 2017	December 30, 2016
ASSETS		
Non-current assets		
Property, plant and equipment	33.35	29.28
Intangible assets	34.06	58.79
Intangible assets under development	46.38	24.26
Financial assets		
Trade receivables	34.63	6.96
Bank balances	14.00	40.44
Loans	5.11	4.75
Other financial assets	-	1.59
Income tax assets (net)	28.30	16.76
Other non-current assets	0.41	0.68
Total non - current assets	196.24	183.51
Current assets		
Inventories	148.05	197.95
Financial assets		
Investments	114.43	-
Trade receivables	386.59	396.97
Cash and cash equivalents	99.64	34.48
Bank deposits with maturity of more than 3 months but less than 12 months	221.43	-
Restricted Cash and balance held as margin money	7.58	15.56
Loans	0.98	16.52
Other financial assets	26.51	2.67
Other current assets	18.57	48.59
Total current assets	1,023.78	712.74
Total assets	1,220.02	896.25
EQUITY AND LIABILITIES		
Equity		
Share capital	90.21	72.88
Other equity	928.24	388.52
Total equity	1,018.45	461.40
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	2.00	29.00
Provisions	6.39	2.71
Total non - current liabilities	8.39	31.71
Current liabilities		
Financial liabilities		
Borrowings	-	184.37
Trade payables	155.90	188.53
Other financial liabilities	2.02	1.70
Provisions	3.59	3.76
Current tax liabilities (Net)	0.01	1.84
Other current liabilities	31.66	22.94
Total current liabilities	193.18	403.14
Total equity and liabilities	1,220.02	896.25

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Tejas Networks Limited and subsidiaries
Consolidated Unaudited Statements of Comprehensive Income for

(in ₹ crore, except share data)

	Quarter ended December 31, 2017	Quarter ended September 30, 2017	Quarter ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenue from operations*	229.87	216.13	288.80	665.31	659.59
Other Income	6.80	6.47	2.03	17.77	7.38
Total Revenue	236.67	222.60	290.83	683.08	666.97
Expenses					
Cost of materials consumed	114.33	116.79	181.29	357.06	413.46
Employee benefit expense	25.57	23.43	21.13	71.78	61.98
Finance costs	3.49	1.54	6.61	11.85	23.73
Depreciation and amortization expense	15.29	17.29	12.74	49.44	40.54
Other expenses	39.23	29.50	23.69	94.33	67.66
Total Expenses	197.91	188.55	245.46	584.46	607.37
Profit before exceptional items and tax	38.76	34.05	45.37	98.62	59.60
Exceptional Items	-	-	30.47	-	30.47
Profit before tax	38.76	34.05	14.90	98.62	29.13
Tax Expense	8.62	7.18	3.24	21.17	3.24
Profit after tax	30.14	26.87	11.66	77.45	25.89
Other comprehensive income	(0.35)	(1.15)	(0.05)	(1.85)	-
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit liabilities / (asset)	(0.55)	(1.07)	(0.12)	(2.00)	(0.07)
Items that may be reclassified to profit or loss					
Exchange differences in translating the financial statements of foreign operations	0.20	(0.08)	0.07	0.15	0.07
Total comprehensive income for the period	29.79	25.72	11.61	75.60	25.89
Earnings per equity share of Rs. 10 each					
Basic (₹)	3.35	3.00	1.88	9.18	4.36
Diluted (₹)	3.16	2.84	1.88	8.63	4.36
Weighted average equity shares used in computing earnings per equity share					
Basic	8,99,46,198	8,96,08,609	6,20,61,190	8,43,47,915	5,93,45,357
Diluted	9,53,18,756	9,48,37,536	6,20,61,190	8,97,20,473	5,93,45,357

*Revenue from operations for the quarter ended December 31, 2016 was inclusive of excise duty Rs. 21.50 crore. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the quarter ended December 31, 2017 is net of the related GST Rs. 28.97 crore. 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 for the quarter ended December 31, 2017 is lower by 14% in comparison to the corresponding quarter of the previous year.

Supplementary Information

Particulars	Quarter ended December 31, 2017	Quarter ended September 30, 2017	Quarter ended December 31, 2016	Nine months ended December 31, 2017	Nine months ended December 31, 2016
Revenue from operations	229.87	216.13	288.80	665.31	659.59
Less: Excise Duty	-	-	21.50	17.64	40.30
Revenue (net of taxes)	229.87	216.13	267.30	647.67	619.29
Less: Sale of Components sales)	3.72	1.23	13.30	6.51	54.48
	226.15	214.90	254.00	641.16	564.81
Year on Year Growth	-11.0%			13.5%	

Profit after tax (before exceptional item)	30.14	26.87	42.13	77.45	56.36
Earnings per equity share of Rs. 10 each (before exceptional item)					
Basic (₹)	3.35	3.00	6.79	9.18	9.50
Diluted (₹)	3.16	2.84	6.79	8.63	9.50
Weighted average equity shares used in computing earnings per equity share					
Basic	8,99,46,198	8,96,08,609	6,20,61,190	8,43,47,915	5,93,45,357
Diluted	9,53,18,756	9,48,37,536	6,20,61,190	8,97,20,473	5,93,45,357

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