

# 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 standalone financial results

1. We have audited the accompanying Statement containing the annual audited standalone financial results of Tejas Networks Limited (the "Company") 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 standalone financial results

2. The preparation of the accompanying Statement is the responsibility of the management and the Statement has been approved by the Board of Directors. The Management is also responsible for the preparation of the annual statutory standalone 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 standalone 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millennium City 2, Murphy Road, Ulsoor  
Bangalore - 560 008  
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

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)

# Price Waterhouse Chartered Accountants LLP

## 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 standalone financial results for the year ended March 31, 2018 as set out in the Statement gives a true and fair view of the total comprehensive income (comprising of profit and other comprehensive income) and other financial information 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 10 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. a) As explained in note 7 of the Statement, the Company had prepared the standalone 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 standalone financial statements.
- b) As explained in note 2 of the Statement, the Company 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.
- c) As explained in note 4 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.
9. 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 standalone financial statements of the Company 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.



# Price Waterhouse Chartered Accountants LLP

## Restriction on Use

10. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 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  
Chartered Accountants



Pradip Kanakia

Place: Bengaluru  
Date: April 24, 2018

Partner  
Membership No: 039985



**Tejas Networks Limited**

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

**Statement of Standalone Financial Results for the quarter and year ended March 31, 2018**

Particulars	(Rs. in crore except per share data)				
	Quarter ended March 31, 2018	Quarter ended December 31, 2017	Quarter ended March 31, 2017	Year ended March 31, 2018	Year ended March 31, 2017
	Refer note 10	Unaudited	Refer note 6	Audited	Refer note 6 & 7
I Revenue from operations*	98.25	228.98	267.60	761.07	919.72
II Other Income	9.38	6.84	1.23	27.22	7.13
III Total Revenue (I + II)	107.63	235.82	268.83	788.29	926.85
IV EXPENSES					
(a) Cost of materials consumed	42.92	114.22	140.97	382.30	515.39
(b) Excise duty	-	-	17.65	17.64	57.95
(c) Employee benefits expense	19.12	24.68	22.02	88.65	81.67
(d) Finance costs	1.62	3.51	7.80	13.45	31.09
(e) Depreciation and amortization expense	11.83	15.29	15.88	61.27	56.42
(f) Other expenses	26.67	37.16	40.30	118.34	110.18
Total Expenses (IV)	102.16	194.86	244.62	681.65	852.70
V Profit before exceptional items and tax (III - IV)	5.47	40.96	24.21	106.64	74.15
VI Exceptional Item	-	-	-	-	30.47
VII Profit before tax (V - VI)	5.47	40.96	24.21	106.64	43.68
VIII Tax Expense					
(1) Current tax	2.61	8.63	(1.02)	23.78	1.20
(2) Deferred tax (benefit)	(24.26)	-	(40.49)	(24.26)	(40.49)
Total tax expense	(21.65)	8.63	(41.51)	(0.48)	(39.29)
IX Profit after tax (VII - VIII)	27.12	32.33	65.72	107.12	82.97
X Other comprehensive income					
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)
XI Total comprehensive income for the period (IX + X)	27.51	31.78	66.09	105.51	83.27
XII Earnings per equity share of Rs. 10 each					
(1) Basic	3.00	3.60	9.42	12.48	12.58
(2) Diluted	2.84	3.39	9.42	11.79	12.58

\* Refer Note 1

*Handwritten signatures*





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

(Rs. in crore except per share data)

Particulars	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	19.29
Investments in subsidiaries	10.87	4.59
<b>Financial assets</b>		
Investments <sup>#</sup>	0.00	0.00
Trade receivables	34.84	14.56
Loans	5.41	4.92
Other financial assets	0.04	99.22
Income Tax Asset (net)	32.02	22.62
Deferred Tax Asset	121.16	96.90
Other non-current assets	0.34	0.80
<b>Total non-current assets</b>	<b>326.26</b>	<b>354.98</b>
<b>Current assets</b>		
Inventories	190.89	182.33
<b>Financial assets</b>		
Investments	76.52	
Trade receivables	259.48	366.96
Cash and cash equivalents	213.48	29.86
Bank balances other than above	21.76	39.96
Loans	0.58	16.01
Other financial assets	213.40	7.06
Other current assets	20.69	29.33
<b>Total current assets</b>	<b>996.80</b>	<b>671.51</b>
<b>Total assets</b>	<b>1,323.06</b>	<b>1,026.49</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	94.09	74.01
Other equity	1,057.81	518.30
<b>Total equity</b>	<b>1,151.90</b>	<b>592.31</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings	1.00	2.00
Provisions	1.14	2.10
<b>Total non-current liabilities</b>	<b>2.14</b>	<b>4.10</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Borrowings		252.29
Trade payables	105.09	107.99
Other financial liabilities	47.36	55.77
Provisions	6.89	4.64
Other current liabilities	9.68	9.39
<b>Total current liabilities</b>	<b>169.02</b>	<b>430.08</b>
<b>Total liabilities</b>	<b>171.16</b>	<b>434.18</b>
<b>Total equity and liabilities</b>	<b>1,323.06</b>	<b>1,026.49</b>

<sup>#</sup> Amount below the rounding off norm adopted by the Company.

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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	98.25	228.98	267.60	761.07	919.72
Less: Excise Duty	-	-	17.65	17.64	57.95
Revenue from operations (net of excise duty)	98.25	228.98	249.95	743.43	861.77
Comparable revenue decline (in %)	-61%			-14%	

- 2 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 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 Company has for the first time adopted Ind AS with a transition date of April 1, 2016.
- 3 The Company's operations comprises of only one segment viz. of Networking equipment.
- 4 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 5 below have not been subjected to review by the Statutory Auditors (also refer Note 6 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.
- 5 The reconciliation of net profit reported as per Indian GAAP to total comprehensive income in accordance with Ind AS is given below:

Particulars	(Rs. in crore)	
	Quarter ended March 31, 2017	Year ended March 31, 2017
Profit after tax as per Indian GAAP	30.76	53.21
<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>65.72</b>	<b>82.97</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)
<b>Total comprehensive income under Ind AS</b>	<b>66.09</b>	<b>83.27</b>

- 6 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. 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 Obligations 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 and year ended March 31, 2017 (also refer Note 7 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.
- 7 The comparative financial information for the year ended March 31, 2017 included in these standalone 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 Company on transition to Ind AS have been audited by the current auditors.
- 8 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 Company's results.
- 9 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 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.
- 10 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.
- 11 Previous period's figures have been regrouped/reclassified to conform with the current period's presentation for the purpose of comparability.
- 12 The above statement of financial results 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.

For and on behalf of the Board of Directors

Sanjay Nayak  
CEO and Managing Director  
(DIN: 01049871)

Place: Bengaluru  
Date: April 24, 2018



of