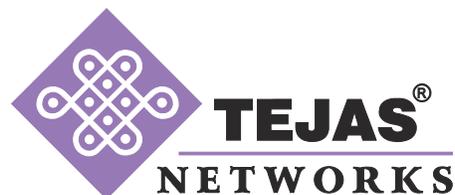


## Tejas Networks Ltd.

Regd. Office: Plot No. 25, 5th Floor  
J.P. Software Park, Electronic City Phase 1  
Hosur Road, Bengaluru 560 100, India  
Tel : +91- 80- 4179 4600/700/800  
Fax: +91- 80- 2852 0201



The Secretary  
**National Stock Exchange of India Ltd**  
Exchange Plaza, C/1, Block G,  
Bandra Kurla Complex, Bandra (East)  
Mumbai – 400 051  
**NSESymbol: TEJASNET**

The Secretary  
**BSE Limited**  
P J Towers, Dalal Street, Fort,  
Mumbai – 400 001  
**BSE Scrip Code: 540595**

**July 24, 2019**

Dear Sir/Madam,

### **Re: Outcome of Board Meeting**

This is with reference to our letter dated July 10, 2019 informing about the Board Meeting scheduled on July 24, 2019.

The Board of Directors of Tejas Networks Limited ('the Company') at their meeting held on Wednesday, July 24, 2019 at Bangalore has *inter alia* considered and approved the following:

### **Financial Results**

1. Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the unaudited financial results (standalone and consolidated) as per IND-AS for the quarter ended June 30, 2019 together with the Limited review report of the Statutory Auditors for the said period is enclosed as **Annexure - A**.

### **Other matters**

2. The Nomination and Remuneration Committee and the Board of Directors in its meeting held today, have approved the grant of 1,23,200 Restricted Stock Units at face value of Rs. 10/- each under Tejas Restricted Stock Unit Plan 2017 to the employees including senior management of the Company with the effective date of grant as of July 24, 2019.
3. Allotment of 16,143 Equity Shares of the Company pursuant to exercise of the Stock Options/ Restricted Stock Units by eligible employees of the Company under respective Stock Options Plan/ Tejas Restricted Stock Unit Plan 2017.

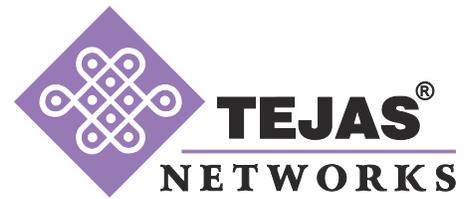
### **We also enclose:**

- a) Copy of the press release issued with respect of said financial results as **Annexure- B**.
- b) Extracts of the unaudited financial results under IND-AS (Standalone and Consolidated) for the quarter ended June 30, 2019 being published in the newspapers as **Annexure - C**.

Please note that the Conference Call details to discuss the Company's performance on Thursday, July 25, 2019 at 6.00 P.M (IST) has already been intimated to Stock Exchanges vide our letter dated July 21, 2019.

## Tejas Networks Ltd.

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The above information is also being made available on the website of the Company at [www.tejasnetworks.com](http://www.tejasnetworks.com).

Kindly take the above information on record and acknowledge.

Thanking you,

Yours sincerely

**For Tejas Networks Limited**



**N R Ravikrishnan**  
**General Counsel, Chief Compliance Officer**  
**& Company Secretary**

## 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

### Independent Auditors' Report on Review of Interim standalone results for the quarter ended June 30, 2019

1. We have reviewed the unaudited financial results of Tejas Networks Limited (the "Company") for the quarter ended June 30, 2019, which are included in the accompanying 'Statement of Standalone Unaudited Financial Results for the quarter ended June 30, 2019' together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Regulations and Disclosure Requirements) Regulations, 2015 as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion 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.

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



Pradip Kanakia  
Partner

Membership Number: 039985  
UDIN: 19039985AAAAAS7351

Place: Bengaluru  
Date: July 24, 2019

Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 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)



## Tejas Networks Limited

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

Corporate Identity Number: L72900KA2000PLC026980

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, 2019

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Refer Note 8	Unaudited	Audited
I Revenue from operations	160.56	271.91	235.41	894.03
II Other Income	7.05	6.97	9.72	36.64
<b>III Total income (I + II)</b>	<b>167.61</b>	<b>278.88</b>	<b>245.13</b>	<b>930.67</b>
<b>IV EXPENSES</b>				
(a) Cost of materials consumed	93.82	145.50	111.62	463.70
(b) Employee benefit expense	24.90	32.08	31.04	117.60
(c) Finance costs	3.41	5.03	3.17	16.88
(d) Depreciation and amortization expense	17.59	17.45	17.20	65.88
(e) Other expenses	17.76	41.77	30.34	117.14
<b>Total expenses (IV)</b>	<b>157.48</b>	<b>241.83</b>	<b>193.37</b>	<b>781.20</b>
<b>V Profit before tax (III - IV)</b>	<b>10.13</b>	<b>37.05</b>	<b>51.76</b>	<b>149.47</b>
<b>VI Income tax expense</b>				
(1) Current tax	2.20	3.04	11.61	19.63
(2) Deferred tax expense/(benefit)	2.16	(1.85)	(5.00)	(16.85)
<b>Total tax expense</b>	<b>4.36</b>	<b>1.19</b>	<b>6.61</b>	<b>2.78</b>
<b>VII Profit after tax (V - VI)</b>	<b>5.77</b>	<b>35.86</b>	<b>45.15</b>	<b>146.69</b>
<b>VIII Other comprehensive income</b>				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit obligation	(0.05)	(1.61)	(0.07)	(2.20)
Income tax relating to above	0.01	0.35	0.02	0.48
<b>IX Total comprehensive income for the period (VII + VIII)</b>	<b>5.73</b>	<b>34.60</b>	<b>45.10</b>	<b>144.97</b>
<b>X Earnings per equity share</b>				
Equity shares of par value Rs. 10 each				
(1) Basic	0.63	3.91	4.97	16.07
(2) Diluted	0.60	3.78	4.71	15.33





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

Notes

(Rs. in crore except share data)

- 1 These financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 (as amended) ['Ind AS'] prescribed under section 133 of the Companies Act, 2013 read with relevant rules, issued thereunder, and other recognised accounting practices and policies and in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ['Listing Regulations'].
- 2 The Company's operations comprise of only one segment viz. Networking equipment.
- 3 In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the previous years, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial results.
- 4 In July, 2018, the Company has received an Order from Customs, Excise and Service Tax Appellate Tribunal ('CESTAT') with respect to applicability of excise duty on the software used as part of the Multiplexer products sold during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 with associated demand of Rs. 11.87 and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. 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 the financial results, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order. The Company has also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to Rs. 3.01 which are not part of the Order.
- 5 a) The Company has, at various grant dates issued Restricted Stock Units (RSUs) to its employees at face value of the Company's share, which were approved by the Nomination and Remuneration Committee and the Board of Directors. For the quarter ended June 30, 2019, an amount of Rs. 2.96 (June 30, 2018: Rs. 4.43) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'. The RSUs granted and outstanding as at June 30, 2019, aggregates to 16,50,552 (June 30, 2018: 8,98,340).  
b) The Company has, at various grant dates in the earlier years issued stock options under different Employee Stock Option Plans to its employees at different exercise prices. For the quarter ended June 30, 2019, an amount of Rs. 0.20 (June 30, 2018: Rs. 0.88) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'.
- 6 The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at June 30, 2019 the trade receivables does not include receivables amounting to Rs. 21.17 (June 30, 2018: Rs. 76.77) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements.
- 7 The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor in the past 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial results.
- 8 The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures for the full financial year and the published unaudited year to date figures for the third quarter ended December 31, 2018 which were subjected to review by the statutory auditors.
- 9 The Board of Directors in their meeting held on April 22, 2019 have recommended the payment of final dividend of Re. 1/- per fully paid equity share. This proposed final dividend is subject to the approval of shareholders in the ensuing general meeting.
- 10 Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'. Therefore, the comparative information for the prior periods have not been restated. On transition, the Company has recorded the lease liabilities at the present value of future lease payments discounted using the incremental borrowing rate. The adoption of Ind AS 116 has resulted in recognition of Right-of-use assets of Rs. 22.65 and lease liabilities of Rs. 29.09 on the transition date. Cumulative effect of adoption of Ind AS 116 has been recognised by debiting retained earnings by Rs. 4.69 (net of deferred tax impact). In the financial results for the quarter ended June 30, 2019, the nature of expense for leasing arrangements has changed from lease rent in previous periods to depreciation on the Right-of-use assets and finance cost on the corresponding lease liabilities. The adoption of Ind AS 116 did not have a material impact on the results for the quarter.
- 11 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 12 The above statement of standalone financial results and statement of assets and liabilities was reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on July 24, 2019.

For and on behalf of the Board of Directors



Sanjay Nayak  
CEO and Managing Director  
(DIN: 01049871)



Place: Bengaluru  
Date: July 24, 2019



# 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

## Independent Auditors' Report on Review of Interim consolidated results for the quarter ended June 30, 2019

1. We have reviewed the unaudited consolidated financial results of Tejas Networks Limited (the "Parent") and its subsidiary/ step down subsidiary (hereinafter referred to as the "Group") (refer Note 1 to the Statement) for the quarter ended June 30, 2019 which are included in the accompanying 'Statement of Consolidated Unaudited Financial Results for the quarter ended June 30, 2019' together with the notes thereon (the "Statement"). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the Listing Regulations, 2015, to the extent applicable.

4. The Statement includes the results of the following entities:

Tejas Communication Pte. Limited, Singapore  
Tejas Communication (Nigeria) Limited  
Tejas Israel Limited (upto November 25, 2018)  
vSave Energy Private Limited (upto July 28, 2018)



Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 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

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India 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.

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



Pradip Kanakia  
Partner  
Membership Number: 039985  
UDIN: 19039985AAAAAT8636

Place: Bengaluru  
Date: July 24, 2019



## Tejas Networks Limited

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

### Statement of Consolidated Unaudited Financial Results for the quarter ended June 30, 2019

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
	Unaudited	Refer Note 10	Unaudited	Audited
I Revenue from operations	161.89	273.13	235.83	900.32
II Other Income	7.05	6.87	9.65	36.69
<b>III Total income (I + II)</b>	<b>168.94</b>	<b>280.00</b>	<b>245.48</b>	<b>937.01</b>
<b>IV EXPENSES</b>				
(a) Cost of materials consumed	93.82	145.59	111.64	463.70
(b) Employee benefit expense	26.46	33.69	32.56	123.66
(c) Finance costs	3.44	5.07	3.32	17.00
(d) Depreciation and amortization expense	17.59	17.45	17.20	65.88
(e) Other expenses	17.42	41.12	29.12	116.75
<b>Total Expenses (IV)</b>	<b>158.73</b>	<b>242.92</b>	<b>193.84</b>	<b>786.99</b>
<b>V Profit before tax (III - IV)</b>	<b>10.21</b>	<b>37.08</b>	<b>51.64</b>	<b>150.02</b>
<b>VI Income tax expense</b>				
(1) Current tax	2.20	3.04	11.61	19.63
(2) Deferred tax expense/(benefit)	2.16	(1.85)	(5.00)	(16.85)
<b>Total tax expense</b>	<b>4.36</b>	<b>1.19</b>	<b>6.61</b>	<b>2.78</b>
<b>VII Profit after tax (V - VI)</b>	<b>5.85</b>	<b>35.89</b>	<b>45.03</b>	<b>147.24</b>
<b>VIII Other comprehensive income</b>				
a Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit obligation	(0.05)	(1.61)	(0.07)	(2.20)
Income tax relating to above	0.01	0.35	0.02	0.48
b Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	(0.03)	(0.07)	(0.77)	0.77
<b>IX Total comprehensive income for the period (VII + VIII)</b>	<b>5.78</b>	<b>34.56</b>	<b>44.21</b>	<b>146.29</b>
<b>X Earnings per equity share</b>				
<b>Equity shares of par value Rs. 10 each</b>				
(1) Basic	0.64	3.92	4.95	16.13
(2) Diluted	0.61	3.79	4.70	15.39





## Tejas Networks Limited

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Notes

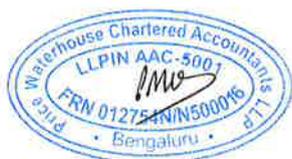
(Rs. in crore except share data)

- The Statement of consolidated financial results includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company') and the following subsidiaries/ step down subsidiary (collectively referred as 'the Group' hereinunder):
  - Tejas Communication Pte. Limited, Singapore
  - Tejas Communication (Nigeria) Limited
  - vSave Energy Private Limited (upto July 28, 2018) and
  - Tejas Israel Limited (upto November 25, 2018)
- These consolidated financial results of the Group have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 (as amended) ['Ind AS'] prescribed under section 133 of the Companies Act, 2013 read with relevant rules, issued thereunder, and other recognised accounting practices and policies and in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ['Listing Regulations'].
- The Group's operations comprise of only one segment viz. Networking equipment.
- Summary of key standalone financial results of the Company is as follows:

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	June 30, 2019	March 31, 2019	June 30, 2018	March 31, 2019
Revenues from operations	160.56	271.91	235.41	894.03
Profit before tax	10.13	37.05	51.76	149.47
Profit after tax	5.77	35.86	45.15	146.69

Note: The standalone financials results of the Company 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.

- In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the previous years, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial results.
- In July, 2018, the Company has received an Order from Customs, Excise and Service Tax Appellate Tribunal ('CESTAT') with respect to applicability of excise duty on the software used as part of the Multiplexer products sold during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 with associated demand of Rs. 11.87 and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. 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 the financial results, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order. The Company has also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to Rs. 3.01 which are not part of the Order.
- The Company has, at various grant dates issued Restricted Stock Units (RSUs) to its employees at face value of the Company's share, which were approved by the Nomination and Remuneration Committee and the Board of Directors. For the quarter ended June 30, 2019, an amount of Rs. 2.96 (June 30, 2018: Rs. 4.43) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'. The RSUs granted and outstanding as at June 30, 2019, aggregates to 16,50,552 (June 30, 2018: 8,98,340).
  - The Company has, at various grant dates in the earlier years issued stock options under different Employee Stock Option Plans to its employees at different exercise prices. For the quarter ended June 30, 2019, an amount of Rs. 0.20 (June 30, 2018: Rs. 0.88) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'.
- The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at June 30, 2019 the trade receivables does not include receivables amounting to Rs. 21.17 (June 30, 2018: Rs. 76.77) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements.
- The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor in the past 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial results.
- The figures for the quarter ended March 31, 2019 are the balancing figures between the audited figures for the full financial year and the published unaudited year to date figures for the third quarter ended December 31, 2018 which were subjected to review by the statutory auditors.
- The Board of Directors in their meeting held on April 22, 2019 have recommended the payment of final dividend of Re. 1/- per fully paid equity share. This proposed final dividend is subject to the approval of shareholders in the ensuing general meeting.





## 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: L72900KA2000PLC026980

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

E-mail: [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com); Website: [www.tejasnetworks.com](http://www.tejasnetworks.com)

- 12 Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'. Therefore, the comparative information for the prior periods have not been restated. On transition, the Company has recorded the lease liabilities at the present value of future lease payments discounted using the incremental borrowing rate. The adoption of Ind AS 116 has resulted in recognition of Right-of-use assets of Rs. 22.65 and 'lease liabilities of Rs. 29.09 on the transition date. Cumulative effect of adoption of Ind AS 116 has been recognised by debiting retained earnings by Rs. 4.69 (net of deferred tax impact). In the financial results for the quarter ended June 30, 2019, the nature of expense for leasing arrangements has changed from lease rent in previous periods to depreciation on the Right-of-use assets and finance cost on the corresponding lease liabilities. The adoption of Ind AS 116 did not have a material impact on the results for the quarter.
- 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 consolidated financial results and consolidated statement of assets and liabilities was reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on July 24, 2019.

For and on behalf of the Board of Directors

CEO and Managing Director  
(DIN: 01049871)

Place: Bengaluru  
Date: July 24, 2019





## Press Release

**Tejas Networks announces consolidated results for quarter ended June 30, 2019**  
**Consolidated Revenue was ₹156.6 crore; Net profit was ₹5.9 crore**

**Bengaluru, July 24, 2019:** Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the first quarter ended June 30, 2019. Tejas Networks designs, develops, manufactures and sells high-performance optical and data networking products, which are used to build high-speed communication networks over optical fiber.

For the quarter ended June 30, 2019, our consolidated revenues (net of pass-through component sale) were ₹ 156.6 crore which was a year-on-year decline of 32.5%. The weak revenue during the quarter was primarily due to steep decline in Government business. The Government business was 15% of revenues during the quarter as compared to 55% in Fiscal 2019. The decline is due to deferment of spending on Government projects and we expect to see enhanced Government spending during the second half of the fiscal year.

Our Operating profit was at ₹ 6.6 crore which was 4.2% of our revenues (net) as against 19.5% for Q1 2019. Our profit after tax was ₹ 5.9 crore which was a year-on-year decline of 87%. The decline in profits is primarily due to decline in revenues, coupled with the fact that a majority of our costs such as R&D, are linked to manpower and are fixed in nature. We believe that the margins will normalise on a full year basis, with better business momentum.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "A large portion of our Government business is lumpy with significant fluctuations on a quarterly basis. To de-risk our business, we aim to increase our international revenue contribution to at least 50% of our total revenues in the medium term. We are continuing to make investments in international sales and recently we have hired a strong sales leader in US, which is expected to be a key market for us."

The macro factors driving our business continue to be robust, as increased use of data by consumers, businesses and governments and the rollout of 5G networks is resulting in an increased demand for our optical transmission equipment.

During the quarter, our DSO increased to 284 days and working capital to 283 days primarily due to continued delay in collections from a PSU customer and higher revenue in the last month of the previous quarter.

Mr. Venkatesh Gadiyar, CFO said, "While our receivables days are stretched our cash position is comfortable with cash and cash equivalents (including investment in mutual funds) at ₹ 231 crore as of June 30, 2019. We are virtually a debt-free company. We expect to collect the overdue amounts and normalise our working capital cycle in near future."

Investment in Research and Development (R&D) continues to be a key focus area for us. Our products have won accolades at national as well as international levels. Tejas' GPON OLT product won the prestigious "National Technology Award" from Department of Science and Technology, Government of India. Our latest ultra-converged broadband access/edge product family, was the finalist at the "Leading Lights Award 2019" from Light Reading, USA. As on date, we have filed for 349 patents and during the quarter, we were granted 1 patent bringing our cumulative grant to 107 patents.

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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 70 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 349 patents.

For more information, visit Tejas Networks at <http://www.tejasnetworks.com> or contact Investor Relations: [ir@india.tejasnetworks.com](mailto:ir@india.tejasnetworks.com)  
Attn: Mr. Santosh Kesavan: [skeshavan@india.tejasnetworks.com](mailto:skeshavan@india.tejasnetworks.com) Phone: +91 80 41794600

### **SAFE HARBOUR**

*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.*

of



Tejas Networks Limited and subsidiaries  
Consolidated Statements of Comprehensive Income for

(in ₹ crore, except share data)

	Quarter ended Jun 30, 2019	Quarter ended Mar 31, 2019	Quarter ended Jun 30, 2018	Year ended March 31, 2019
Revenue from operations	161.89	273.13	235.83	900.32
Other Income	7.05	6.87	9.65	36.69
<b>Total Income</b>	<b>168.94</b>	<b>280.00</b>	<b>245.48</b>	<b>937.01</b>
<b>Expenses</b>				
Cost of materials consumed	93.82	145.59	111.64	463.70
Employee benefit expense	26.46	33.69	32.56	123.66
Finance costs	3.44	5.07	3.32	17.00
Depreciation and amortization expense	17.59	17.45	17.20	65.88
Other expenses	17.42	41.12	29.12	116.75
<b>Total Expenses</b>	<b>158.73</b>	<b>242.92</b>	<b>193.84</b>	<b>786.99</b>
<b>Profit before tax</b>	<b>10.21</b>	<b>37.08</b>	<b>51.64</b>	<b>150.02</b>
Current tax	2.20	3.04	11.61	19.63
Deferred tax	2.16	(1.85)	(5.00)	(16.85)
<b>Profit after tax</b>	<b>5.85</b>	<b>35.89</b>	<b>45.03</b>	<b>147.24</b>
<b>Other comprehensive income</b>	<b>(0.07)</b>	<b>(1.33)</b>	<b>(0.82)</b>	<b>(0.95)</b>
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit obligation	(0.04)	(1.26)	(0.05)	(1.72)
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	(0.03)	(0.07)	(0.77)	0.77
<b>Total comprehensive income for the period</b>	<b>5.78</b>	<b>34.56</b>	<b>44.21</b>	<b>146.29</b>
<b>Earnings per equity share of ₹ 10 each</b>				
<b>Basic (₹)</b>	<b>0.64</b>	<b>3.92</b>	<b>4.95</b>	<b>16.13</b>
<b>Diluted (₹)</b>	<b>0.61</b>	<b>3.79</b>	<b>4.70</b>	<b>15.39</b>
<b>Weighted average equity shares used in computing earnings per equity share</b>				
<b>Basic</b>	<b>9,18,42,866</b>	<b>9,16,12,403</b>	<b>9,09,03,642</b>	<b>9,13,08,108</b>
<b>Diluted</b>	<b>9,53,29,314</b>	<b>9,47,91,242</b>	<b>9,58,14,581</b>	<b>9,56,67,708</b>

Supplementary Information

Particulars	Quarter ended Jun 30, 2019	Quarter ended Mar 31, 2019	Quarter ended Jun 30, 2018	Year ended March 31, 2019
Revenue from operations	161.89	273.13	235.83	900.32
Less: Sale of Components	5.28	7.29	3.79	23.59
Revenue (net of component sales)	156.61	265.84	232.04	876.73
Year on Year decline	-32.5%			

of



Tejas Networks Limited and subsidiaries  
Consolidated Balance Sheet as at

(in ₹ crore, except share data)

	June 30, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	28.78	30.68
Right-of-use asset	21.53	-
Intangible assets	57.95	68.44
Intangible assets under development	59.43	41.38
<b>Financial assets</b>		
Trade receivables	45.68	42.81
Loans	5.13	4.38
Other financial assets	0.04	0.12
Income tax asset (net)	40.55	36.92
Deferred Tax Asset	138.09	138.00
Other non-current assets	0.07	0.14
<b>Total non - current assets</b>	<b>397.25</b>	<b>362.87</b>
<b>Current assets</b>		
Inventories	221.51	181.39
<b>Financial assets</b>		
Investments	38.51	86.55
Trade receivables	680.52	622.12
Cash and cash equivalents	14.89	16.90
Bank deposits with maturity of more than 3 months but less than 12 months	122.82	106.11
Balance held as margin money	0.02	0.04
Loans	0.87	0.95
Other financial assets	70.43	180.44
Other current assets	37.84	27.91
<b>Total current assets</b>	<b>1,187.41</b>	<b>1,222.41</b>
<b>Total assets</b>	<b>1,584.66</b>	<b>1,585.28</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	95.18	94.99
Other equity	1,230.57	1,225.25
<b>Total equity</b>	<b>1,325.75</b>	<b>1,320.24</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Other financial liabilities	23.07	-
Provisions	1.68	1.75
<b>Total non - current liabilities</b>	<b>24.75</b>	<b>1.75</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
<b>Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises	19.87	26.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	136.46	136.70
Other financial liabilities	61.67	81.72
Provisions	8.91	8.14
Other current liabilities	7.25	9.90
<b>Total current liabilities</b>	<b>234.16</b>	<b>263.29</b>
<b>Total equity and liabilities</b>	<b>1,584.66</b>	<b>1,585.28</b>

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**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: L72900KA2000PLC026980  
Tel: +91 80 4179 4600; Fax: +91 80 2852 0201  
E-mail: corporate@tejasnetworks.com; Website: www.tejasnetworks.com

Extract of Consolidated Unaudited Results for the quarter ended June 30, 2019

(Rs. in crore except per share data)

Sl. No.	Particulars	Quarter ended June 30, 2019	Year ended March 31, 2019	Quarter ended June 30, 2018
1	Total Income from operations*	161.89	900.32	235.83
2	Net Profit before tax	10.21	150.02	51.64
3	Net Profit after tax	5.85	147.24	45.03
4	Total Comprehensive Income for the period (Comprising Profit for the period after tax and Other Comprehensive Income after tax)	5.78	146.29	44.21
5	Equity Share Capital (Face value of ₹ 10/- each)	95.18	94.99	94.30
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	1,225.25	-
7	Earnings per Share (of ₹ 10/- each)			
	(i) Basic ₹	0.64	16.13	4.95
	(ii) Diluted ₹	0.61	15.39	4.70

#### Notes

1 Key Standalone Financial Information of the company is given below:

Particulars	Quarter ended June 30, 2019	Year ended March 31, 2019	Quarter ended June 30, 2018
Total Income from operations*	160.56	894.03	235.41
Net Profit before tax	10.13	149.47	51.76
Net Profit after tax	5.77	146.69	45.15

- 2 The above is an extract of the detailed format of quarterly financial results filed with the Stock Exchanges under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. The full format of the Quarterly Results are available on the website of the Stock Exchange(s) and the Company (www.tejasnetworks.com).
- 3 In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the previous years, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial results.
- 4 In July, 2018, the Company has received an Order from Customs, Excise and Service Tax Appellate Tribunal ('CESTAT') with respect to applicability of excise duty on the software used as part of the Multiplexer products sold during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 with associated demand of Rs. 11.87 and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. 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 the financial results, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order. The Company has also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to Rs. 3.01 which are not part of the Order.

\* excludes other income.

For and on behalf of the Board of Directors

**Sanjay Nayak**  
CEO and Managing Director  
(DIN: 01049871)

Place: Bengaluru  
Date: July 24, 2019

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