



## **Press Release**

**Tejas Networks announces consolidated results for quarter ended March 31, 2020**  
**Q4 revenue Rs. 52.7 crore and FY 20 revenue was Rs. 379.8 crore**  
**Q4 PBT (Rs. 126.5) crore and FY 20 PBT was (Rs. 138.6) crore**

**Bengaluru, April 21, 2020:** Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the fourth quarter ended March 31, 2020. 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 Q4, 2020, consolidated revenues (net of pass-through component sale) were Rs. 52.7 crore which was a YoY decline of 80.2%. Decline in revenues resulted in a loss before tax and before impairment of intangible assets of Rs. 56.7 crore, as compared to a profit of Rs. 37.1 crore for corresponding previous period, since a majority of costs other than cost of material, are linked to manpower and are fixed in nature. The weak revenue during Q4 was primarily because of operational challenges and inability to ship confirmed customer orders because of lockdown due to Covid-19 and pushout of new customer orders, which were otherwise expected. The company also reassessed the marketability of its intangible assets under development as well as capitalized intangible assets, and has taken a one-time impairment charge of Rs. 69.87 crore towards the accumulated costs relating to past R&D.

For the year ended March 31, 2020, revenues (net of pass-through component sale) were Rs. 379.8 crore, which was a YoY decline of 56.7%. As a result, for the year, loss before tax and before impairment of intangibles was Rs. 68.7 crore (Loss of Rs. 138.6 crore, post one-time R&D impairment charge), against a profit before tax of Rs. 150.0 crore for the corresponding period. Revenues from customers in India (which was 79% of total revenues in FY19) declined by 63% YoY and in particular, revenues from the India Government segment declined by 88% YoY.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "Indian telecom sector is undergoing major financial stress, resulting in capex reduction by all private operators. In addition, Government spending on telecom projects declined sharply during FY20, resulting in a major revenue decline for us. We have put a lot of focus to reduce our dependence on India, and our medium term goal is to get 50% of our revenues from international customers. We made significant progress during FY20 in terms of securing new international customer wins and increasing our sales investments, but we could not see the positive impact in Q4, due to pushout of orders because of COVID-19.

In the short-term, due to ever-changing COVID-19 situation, it is likely that we will have fluctuations in the Company's operations. There may be delays in customer orders and with various logistics and governmental restrictions, even the execution of orders in hand could be impacted. From a macro industry outlook, with more people working remotely and many services being accessed from homes, there has been a significant increase in data traffic in telecom networks, which will drive a demand for higher bandwidth and more optical and data transmission equipment. Our customers are expected to increase their investments to address fiber-to-the-home broadband requirements and to augment the capacity of their optical networks."

Mr. Venkatesh Gadiyar, CFO said, "As of March 31, 2020, we are a debt free Company and our cash and cash equivalents, including investment in liquid mutual funds and deposits with financial institutions, stood at Rs. 280 crore. Our receivables are at Rs. 456 crore, of which a majority is expected to be collected in FY21 and we also have inventory of Rs. 252 crore, a large part of which is expected to be shipped to customers in FY21. During FY21, we expect to improve our cash position from our



current levels, based on our collection plan, inventory usage and tight operations. We have done a detailed cash flow planning for the next 12 months and believe that we are well covered to meet all our business growth requirement. Since the Company has made a loss, as per our policy, the Board has decided not to recommend any dividend this year.”

As on date, we have filed for 349 patents and during the quarter, we were granted 3 patent bringing our cumulative grant to 116 patents.

#### **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 75 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

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#### **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.*



Tejas Networks Limited and subsidiaries  
Consolidated Balance Sheet as at

(in ₹ crore, except share data)

	March 31, 2020	March 31, 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	30.55	30.68
Right-of-use asset	21.29	-
Intangible assets	26.81	68.44
Intangible assets under development	26.99	41.38
<b>Financial assets</b>		
Trade receivables	80.28	42.81
Loans	5.61	4.38
Other financial assets	1.11	0.12
Income tax asset (net)	47.80	36.92
Deferred Tax Asset	41.70	138.00
Other non-current assets	6.97	0.14
<b>Total non - current assets</b>	<b>289.11</b>	<b>362.87</b>
<b>Current assets</b>		
Inventories	251.99	181.39
<b>Financial assets</b>		
Investments	50.97	86.55
Trade receivables	375.63	622.12
Cash and cash equivalents	66.48	16.90
Bank deposits with maturity of more than 3 months but less than 12 months	64.15	106.11
Balance held as margin money	12.56	0.04
Loans	1.17	0.95
Other financial assets	91.59	180.44
Other current assets	37.50	27.91
<b>Total current assets</b>	<b>952.04</b>	<b>1,222.41</b>
<b>Total assets</b>	<b>1,241.15</b>	<b>1,585.28</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	95.48	94.99
Other equity	985.46	1,225.25
<b>Total equity</b>	<b>1,080.94</b>	<b>1,320.24</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
<b>Financial liabilities</b>		
Lease Liabilities	21.91	-
Provisions	0.59	1.75
<b>Total non - current liabilities</b>	<b>22.50</b>	<b>1.75</b>
<b>Current liabilities</b>		
<b>Financial liabilities</b>		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	10.96	26.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	63.81	136.70
Lease liabilities	5.97	-
Other financial liabilities	42.27	81.72
Provisions	7.44	8.14
Other current liabilities	7.26	9.90
<b>Total current liabilities</b>	<b>137.71</b>	<b>263.29</b>
<b>Total equity and liabilities</b>	<b>1,241.15</b>	<b>1,585.28</b>



Tejas Networks Limited and subsidiaries  
Consolidated Statements of Comprehensive Income for

(in ₹ crore, except share data)

	Quarter ended Mar 31, 2020	Quarter ended Dec 31, 2019	Quarter ended Mar 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	54.57	86.66	273.13	390.54	900.32
Other Income	13.52	6.19	6.87	33.65	36.69
<b>Total Income</b>	<b>68.09</b>	<b>92.85</b>	<b>280.00</b>	<b>424.19</b>	<b>937.01</b>
<b>Expenses</b>					
Cost of materials consumed	31.56	42.98	145.59	203.58	463.70
Employee benefit expense	35.66	25.83	33.69	110.52	123.66
Finance costs	1.07	0.70	5.07	7.72	17.00
Depreciation and amortization expense	20.89	20.33	17.45	77.05	65.88
Impairment of non-current assets	69.87	-	-	69.87	-
Allowance for expected credit loss (net)	17.41	(1.12)	2.56	20.03	5.24
Other expenses	18.16	18.91	38.56	73.99	111.51
<b>Total Expenses</b>	<b>194.62</b>	<b>107.63</b>	<b>242.92</b>	<b>562.76</b>	<b>786.99</b>
<b>Profit before tax</b>	<b>(126.53)</b>	<b>(14.78)</b>	<b>37.08</b>	<b>(138.57)</b>	<b>150.02</b>
Current tax	-	(0.66)	3.04	-	19.63
Deferred tax	-	97.94	(1.85)	98.55	(16.85)
<b>Profit after tax</b>	<b>(126.53)</b>	<b>(112.06)</b>	<b>35.89</b>	<b>(237.12)</b>	<b>147.24</b>
<b>Other comprehensive income</b>	<b>(1.05)</b>	<b>0.07</b>	<b>(1.33)</b>	<b>(0.43)</b>	<b>(0.95)</b>
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit obligation	(1.29)	0.03	(1.26)	(1.07)	(1.72)
Items that will be reclassified to profit or loss					
Exchange differences on translation of foreign operations	0.24	0.04	(0.07)	0.64	0.77
<b>Total comprehensive income for the period</b>	<b>(127.58)</b>	<b>(111.99)</b>	<b>34.56</b>	<b>(237.55)</b>	<b>146.29</b>
<b>Earnings per equity share of ₹ 10 each</b>					
<b>Basic (₹)</b>	<b>(13.73)</b>	<b>(12.16)</b>	<b>3.92</b>	<b>(25.76)</b>	<b>16.13</b>
<b>Diluted (₹)</b>	<b>(13.73)</b>	<b>(12.16)</b>	<b>3.79</b>	<b>(25.76)</b>	<b>15.39</b>
<b>Weighted average equity shares used in computing earnings per equity share</b>					
<b>Basic</b>	<b>9,21,75,744</b>	<b>9,21,28,349</b>	<b>9,16,12,403</b>	<b>9,20,38,454</b>	<b>9,13,08,108</b>
<b>Diluted</b>	<b>9,21,75,744</b>	<b>9,21,28,349</b>	<b>9,65,78,691</b>	<b>9,20,38,454</b>	<b>9,56,67,708</b>

Supplementary Information

Particulars	Quarter ended Mar 31, 2020	Quarter ended Dec 31, 2019	Quarter ended Mar 31, 2019	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	54.57	86.66	273.13	390.54	900.32
Less: Sale of Components	1.89	1.25	7.29	10.75	23.59
Revenue (net of component sales)	52.68	85.41	265.84	379.79	876.73
Year on Year decline	-80.2%			-56.7%	