

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,
Konnappa Aagrahara Village,
Begur Hobli, Bangalore – 560100

1. We have reviewed the unaudited consolidated financial results of Tejas Networks Limited (the “Company”) and its subsidiaries/ step down subsidiary, (hereinafter referred together as the “Group”) (refer Note 2 to the Statement) for the quarter ended December 31, 2017 which are included in the accompanying ‘Statement of Consolidated Unaudited Results for the quarter and nine months ended December 31, 2017’ together with the notes thereon (the “Statement”). The Statement has been prepared by the Company’s Management pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations, 2015”) and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company’s Management and has been approved by its Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Group’s opening unaudited consolidated Balance Sheet as at April 01, 2016 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report 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 group personnel and analytical procedures applied to group’s 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 Ind AS 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 and SEBI circular dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to the following matters:
 - a. Note 3 to the Statement which states that 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.
 - b. We were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter ended on December 31, 2016 and accordingly, we do not express any conclusion on the consolidated results in the Statement for the quarter ended December 31, 2016. As set out in Notes 5 and 8 to the Statement, these figures have been furnished by the Management.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LI PIN 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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- c. The consolidated financial results of the Group for the quarter ended June 30, 2017 prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015, were reviewed by another firm of chartered accountants who, vide their report dated August 03, 2017, expressed an unmodified conclusion on those financial results.

Our conclusion is not qualified in respect of these matters.

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



Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: January 19, 2018



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: U72900KA2000PLC026980

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

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

Statement of Consolidated Unaudited Results for the quarter and nine months ended December 31, 2017

(Rs. in Lakhs except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
I Revenue from operations*	22,987	21,613	28,880	66,531	65,959
II Other Income	680	647	203	1,777	738
III Total Revenue (I + II)	23,667	22,260	29,083	68,308	66,697
IV EXPENSES					
(a) Cost of materials consumed	11,433	11,679	15,978	33,942	37,316
(b) Excise duty on sale of goods	-	-	2,151	1,764	4,030
(c) Employee benefits expense	2,557	2,343	2,113	7,178	6,198
(d) Finance costs	349	154	661	1,185	2,373
(e) Depreciation and amortization expense	1,529	1,729	1,274	4,944	4,054
(f) Other expenses	3,923	2,950	2,369	9,433	6,766
Total Expenses (IV)	19,791	18,855	24,546	58,446	60,737
V Profit before exceptional items and tax (III - IV)	3,876	3,405	4,537	9,862	5,960
VI Exceptional Items	-	-	3,047	-	3,047
VII Profit before tax (V - VI)	3,876	3,405	1,490	9,862	2,913
VIII Tax Expense					
(1) Current tax	862	718	324	2,117	324
Total tax expense	862	718	324	2,117	324
IX Profit after tax (V - VI)	3,014	2,687	1,166	7,745	2,589
X Other comprehensive income					
a Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit liabilities / (assets)	(55)	(107)	(12)	(200)	(7)
b Items that may be reclassified to profit or loss					
Exchange differences in translating the financial statements of foreign operations	20	(8)	7	15	7
XI Total comprehensive income for the period (IX + X)	2,979	2,572	1,161	7,560	2,589
XII Earnings per equity share of Rs. 10 each					
(1) Basic	3.35	3.00	1.88	9.18	4.36
(2) Diluted	3.16	2.84	1.88	8.63	4.36

* Refer Note 1





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Notes

- Revenue from operations for the quarter ended December 31, 2016 was inclusive of excise duty Rs. 2,151 lakhs. 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. 2,897 lakhs. 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.
- The Statement includes the results of the following subsidiaries/ step down subsidiary:
 - Tejas Communication Pte Limited, Singapore
 - Tejas Israel Limited,
 - vSave Energy Pvt. Limited and
 - Tejas Communication (Nigeria) Limited
- 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.
- The Group's operations comprises only of one segment viz. of Networking equipment.
- The Ind AS compliant corresponding figures for the quarter ended December 31, 2016 including the reconciliation of the total comprehensive income as set out in Note 7 below have not been subjected to review by the Statutory Auditors (also refer Note 8 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.
- The statement does not include Ind AS compliant statement of financials results for the previous year ended March 31, 2017 since the disclosure is not mandatory as per the SEBI Circular.
- 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 Lakhs)	
	Quarter ended December 31, 2016	Nine months ended December 31, 2016
Consolidated profit after tax as per Indian GAAP	1,457	3,109
Add/(Less): Adjustments under IND AS		
Impact of recognition of employee stock option at fair value	(218)	(586)
Net impact on fair valuation of security deposit	(1)	(2)
Discounting of long term warranty provision	2	15
Impairment of trade receivables using lifetime expected credit loss method	(148)	17
Net impact on fair valuation of long-term receivables	7	(73)
Fair valuation of derivatives	67	138
Impact of effective interest rate on government loans	(12)	(36)
Re-measurements of the defined benefit plans- to be classified as other comprehensive income	12	7
Net Profit as per Ind AS	1,166	2,589
Other comprehensive income for the period		
Re-measurements of the defined benefit plans classified as other comprehensive income	(12)	(7)
Exchange differences in translating the financial statements of foreign operations	7	7
Total comprehensive income under Ind AS	1,161	2,589

- During the quarter ended June 30, 2017, the Company has completed an Initial Public Offer ('IPO') and has 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 ended December 31, 2016 were not published under the Indian GAAP (Previous GAAP), the reconciliation of Consolidated Profit under Previous GAAP to Total Comprehensive Income under Ind AS was not subjected to review.
- Summary of key standalone financial results is as follows:

Particulars	(Rs. in Lakhs)				
	Quarter ended			Nine months ended	
	December 31, 2017 (Unaudited)	September 30, 2017 (Unaudited)	December 31, 2016 (Unaudited)	December 31, 2017 (Unaudited)	December 31, 2016 (Unaudited)
Revenues from operations	22,898	21,610	28,845	66,282	65,212
Profit before tax	4,096	3,464	952	10,117	1,947
Profit after tax	3,233	2,747	730	8,000	1,725

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.

- During the quarter September 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued 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.
- During the quarter, the Group has factored receivables on a non-recourse basis in the normal course of business pertaining to a customer with a banker under a factoring agreement and has derecognized such receivables amounting to Rs 9,962 lakhs in accordance with Ind AS 109 - Financial Instruments.
- Previous period's figures have been regrouped/reclassified to conform to the current period's presentation for the purpose of comparability.
- 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 on January 18, 2018 and subsequently approved by the Board of Directors at its meeting held on January 19, 2018. The Statutory Auditors of the Company have carried out a limited review of this consolidated statement of financial results for the quarter ended December 31, 2017.

For and on behalf of the Board of Directors


Sanjay Nayak
Managing Director & CEO
(DIN: 01049871)



Place: Bengaluru

Date: January 19, 2018