



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.

09/2



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

Attn: Mr. Santosh Kesavan: 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
Total Income	168.94	280.00	245.48	937.01
Expenses				
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
Total Expenses	158.73	242.92	193.84	786.99
Profit before tax	10.21	37.08	51.64	150.02
Current tax	2.20	3.04	11.61	19.63
Deferred tax	2.16	(1.85)	(5.00)	(16.85)
Profit after tax	5.85	35.89	45.03	147.24
Other comprehensive income	(0.07)	(1.33)	(0.82)	(0.95)
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
Total comprehensive income for the period	5.78	34.56	44.21	146.29
Earnings per equity share of ₹ 10 each				
Basic (₹)	0.64	3.92	4.95	16.13
Diluted (₹)	0.61	3.79	4.70	15.39
Weighted average equity shares used in computing earnings per equity share				
Basic	9,18,42,866	9,16,12,403	9,09,03,642	9,13,08,108
Diluted	9,53,29,314	9,47,91,242	9,58,14,581	9,56,67,708

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
ASSETS		
Non-current assets		
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
Financial assets		
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
Total non - current assets	397.25	362.87
Current assets		
Inventories	221.51	181.39
Financial assets		
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
Total current assets	1,187.41	1,222.41
Total assets	1,584.66	1,585.28
EQUITY AND LIABILITIES		
Equity		
Equity share capital	95.18	94.99
Other equity	1,230.57	1,225.25
Total equity	1,325.75	1,320.24
Liabilities		
Non-current liabilities		
Financial liabilities		
Other financial liabilities	23.07	-
Provisions	1.68	1.75
Total non - current liabilities	24.75	1.75
Current liabilities		
Financial liabilities		
Trade payables		
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
Total current liabilities	234.16	263.29
Total equity and liabilities	1,584.66	1,585.28

09