

August 16, 2017

Tejas Networks Limited

Tejas Networks Limited (TNL) has announced its quarterly results for Q1FY2018 on August 3, 2017.

The company has reported operating income of Rs 219.31 crore in Q1FY2018, a 49% growth vis-à-vis Q1FY2017, which has translated into strong growth in profits on year-on year basis with PAT in Q1FY2018 at Rs 20.09 crore vis-à-vis a loss of 1.7 crore. As on 30 June 2017, the company had cash and bank balances of Rs 290 crore, largely arising from the IPO proceeds which are pending to be deployed. The total debt has also significantly come down from 177.5 crore as on September 2016 to Rs 14.2 crore as on June 2017, since a part of the IPO proceeds was used to reduce the debt level. The company has also disclosed search proceedings under Section 132 of the Income Tax Act on its premises on July 19, 2017 as a result of which restraints were imposed on certain accounts and deposits of the company. Based on discussions with the management, ICRA understands that there has been no demand raised till date by the income tax department and that the restraint on accounts has not impacted routine business and financial operations. ICRA will continue to monitor the developments in this regard and assess its impact on TNL's credit profile.

ICRA has ratings of [ICRA]A (Stable) and [ICRA]A1 outstanding for the Rs. 559.86 crore bank facilities of TNL. The ratings continue to derive comfort from the technically competent management of TNL, strong product profile and increased data traffic in telecom networks which creates favourable demand prospects for optical networking equipments from domestic telecom operators as well as export customers. Part of the proceeds of the IPO has been used by TNL to reduce its overall debt levels, leading to significant improvement in its capital structure and debt coverage metrics.

The previous rating rationale is available on the following link: [Tejas Networks Limited - February 2017](#)

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