September 06, 2017

Tejas Networks Limited

Tejas Networks Limited ('TNL' / 'the company') had 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. The management has informed ICRA that the restraint placed earlier on the bank and deposit account of the company by the IT department has been released as of date. With this release, now all bank and deposit account are available for operations as of date. Based on discussions with the management, ICRA understands that there has been no demand raised till date by the income tax department. Also, the restraint on accounts had neither impacted the routine business operations of the company, nor the debt servicing.

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

Name and Contact Details of the Rating Analyst(s):

Mr. K Ravichandran
+91-44 4596 4301
ravichandran@icraindia.com

Mr. Shubham Jain
+91 124 4545306
shubhamj@icraindia.com

Mr. Mathew Kurian Eranat
+91 80 4332 6415
mathew.eranat@icraindia.com

Mr. Shaswata Maitra
+91 80 4332 6419
Shaswata.maitra@icraindia.com

Name and Contact Details of Relationship Contacts:

Mr. Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit **www.icra.in**

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Registered Office
ICRA Limited
1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office
Mr. Vivek Mathur
Mobile: +**91 9871221122**
Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 3rd Floor, Electric Mansion Appasaheb Marathe Marg, Prabhadevi Mumbai—400025, Board : +91-22-61796300; Fax: +91-22-24331390	**Kolkata** **Mr. Jayanta Roy** Mobile: **+91 9903394664** Email: jayanta@icraindia.com A-10 & 11, 3rd Floor, FMC Fortuna 234/3A, A.J.C. Bose Road Kolkata—700020 Tel +91-33-22876617/8839 22800008/22831411, Fax +91-33-22870728
Chennai **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 5th Floor, Karumuttu Centre 634 Anna Salai, Nandanam Chennai—600035 Tel: +91-44-45964300; Fax: +91-44 24343663	**Bangalore** **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 'The Millenia' Tower B, Unit No. 1004,10th Floor, Level 2 12-14, 1 & 2, Murphy Road, Bangalore 560 008 Tel: +91-80-43326400; Fax: +91-80-43326409
Ahmedabad **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 907 & 908 Sakar -II, Ellisbridge, Ahmedabad- 380006 Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-79-25569231	**Pune** **Mr. L. Shivakumar** Mobile: +**91 9821086490** Email: shivakumar@icraindia.com 5A, 5th Floor, Symphony, S.No. 210, CTS 3202, Range Hills Road, Shivajinagar,Pune-411 020 Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231
Hyderabad **Mr. Jayanta Chatterjee** Mobile: +**91 9845022459** Email: jayantac@icraindia.com 4th Floor, Shobhan, 6-3-927/A&B. Somajiguda, Raj Bhavan Road, Hyderabad—500083 Tel:- +91-40-40676500	