

Price Waterhouse Chartered Accountants LLP

Independent Auditors' Review Report on the Statement of Unaudited Consolidated Financial Results

To
The Board of Directors
Tejas Networks Limited
5th Floor, J P Software Park,
Plot No. 25, Sy, No 13, 14, 17 and 18,
Konnapana Agrahara Village,
Begur Hobli, Bengaluru – 560 100

1. We have reviewed the unaudited consolidated financial results of Tejas Networks Limited (the "Parent") and its subsidiaries (the parent and its subsidiaries hereinafter referred to as the "Group"), (refer Note 1 on the Consolidated Statement) for the quarter ended June 30, 2023 which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023' (the "Consolidated Statement"). The Consolidated Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialed by us for identification purposes.
2. This Consolidated Statement, which is the responsibility of the Parent's Management and has been approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Consolidated Statement based on our review.
3. We conducted our review of the Consolidated Statement in accordance with the Standard on Review Engagements (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 Consolidated Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor
Bangalore - 560 008
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

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4. The Consolidated Statement includes the results of the following entities:

Subsidiaries

- a) Tejas Communications Pte. Limited, Singapore
 - b) Saankhya Labs Private Limited, India
 - c) Tejas Communications (Nigeria) Limited
 - d) Saankhya Strategic Electronics Private Limited
 - e) Saankhya US Inc, USA
5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Consolidated Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The Consolidated Financial Results includes the financial results of 4 subsidiaries which have not been reviewed by their auditors and whose financial results reflect total revenue of Rs. 1.06 crores, total net profit after tax of Rs. 0.01 crores and total comprehensive income of Rs. 0.10 crores for the quarter ended June 30, 2023. According to the information and explanations given to us by the Management, the financial information of the aforesaid subsidiaries is not material to the Group.

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



Mohan Danivas S A
Partner

Membership Number: 209136
UDIN: 23209136BGTXC9129

Place: Bengaluru
Date: July 21, 2023



Tejas Networks Limited

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Corporate Identity Number: L72900KA2000PLC026980

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

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Year ended
	June 30, 2023	March 31, 2023	June 30, 2022	March 31, 2023
	Unaudited	Unaudited	Unaudited	Audited
	(Refer note - 10)			
I Revenue from operations	187.89	299.32	125.76	919.57
II Other Income	19.48	21.27	18.69	81.01
III Total income (I + II)	207.37	320.59	144.45	1,000.58
IV EXPENSES				
(a) Cost of materials consumed	117.57	177.32	70.46	532.73
(b) Purchases of stock in trade	4.40	5.99	8.93	31.82
(c) Changes in inventories of stock in trade, work in progress and finished goods	(2.63)	13.93	(2.78)	(3.85)
(d) Employee benefit expense	77.05	77.52	37.96	232.65
(e) Finance costs	4.67	4.65	0.94	15.20
(f) Depreciation and amortization expense	34.42	35.47	23.37	122.50
(g) Allowance for expected credit loss	(2.26)	(7.60)	(4.71)	(32.97)
(h) Other expenses	40.03	40.35	23.22	145.15
Total Expenses (IV)	273.25	347.63	157.39	1,043.23
V Profit/(Loss) before tax (III - IV)	(65.88)	(27.04)	(12.94)	(42.65)
VI Income tax expense/(benefit)				
(1) Current tax expense/(benefit)	(9.85)	(0.32)	(0.89)	(0.32)
(2) Deferred tax expense/(benefit) (Refer Note - 6)	(29.74)	(15.25)	(5.41)	(5.92)
Total tax expense/(benefit)	(39.59)	(15.57)	(6.30)	(6.24)
VII Profit/(Loss) after tax (V - VI)	(26.29)	(11.47)	(6.64)	(36.41)
VIII Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit obligation (expense)/benefit	(0.73)	0.89	(0.05)	(3.29)
Income tax relating to above	-	0.11	-	0.14
Items that will be reclassified to profit or loss				
Exchange differences on translation of foreign operations	0.04	0.45	0.22	0.73
IX Total comprehensive income/(loss) for the period (VII + VIII)	(26.98)	(10.02)	(6.47)	(38.83)
X Earnings/(Loss) per equity share				
Equity shares of par value Rs. 10 each				
(1) Basic	(1.56)	(0.70)	(0.45)	(2.46)
(2) Diluted (Refer Note - 11)	(1.56)	(0.70)	(0.45)	(2.46)



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Notes

- 1 The Statement of unaudited consolidated financial results includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company' or 'the Parent') and the following subsidiaries (collectively referred as 'the Group' hereinunder):

Subsidiaries:

- Tejas Communication Pte. Limited, Singapore
 - Saankhya Labs Private Limited (Saankhya Labs)
 - Tejas Communications (Nigeria) Limited, Nigeria
 - Saankhya Strategic Electronics Private Limited (SSE)
 - Saankhya Labs Inc, USA
- 2 This Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2023 has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India, read with the relevant rules issued thereunder and in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
- 3 The Group's operations comprise of only one segment viz. telecom and data networking related products.
- 4 Summary of key unaudited standalone financial results of the Company is as follows:

Particulars	(Rs. in crore)			
	Quarter ended June 30, 2023	Quarter ended March 31, 2023	Quarter ended June 30, 2022	Year ended March 31, 2023
	Unaudited	Unaudited	Unaudited	Audited
	(Refer note - 10)			
Revenues from operations	167.11	284.39	125.63	869.08
Profit/(Loss) before tax	(51.06)	(6.06)	(12.98)	11.29
Profit/(Loss) after tax	(14.65)	(4.95)	(6.68)	3.04

Note: The unaudited standalone financials results of the Company 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 above information has been extracted from the published unaudited standalone financial results.

- 5 a) The Company has, at various grant dates issued Restricted Stock Units (RSUs) to its employees and employees of its subsidiaries at face value of the Company's share, which were approved by the Nomination and Remuneration Committee and the Board of Directors. For the quarter ended June 30, 2023, an amount of Rs. 31.30 crore (June 30, 2022: Rs. 3.29 crore), has been recorded as employee share expenses based on requirements in Ind AS 102, 'Share-based payments'. The RSUs granted and outstanding as at June 30, 2023, aggregates to 41,76,426 (June 30, 2022: 15,37,585).
- b) Saankhya Labs has, at various grant dates issued stock options under different Employee Stock Option Plans to its employees at exercise price of Rs. 10. For the quarter ended June 30, 2023, an amount of Rs. 0.22 crore has been recorded as employee share expenses based on requirements in Ind AS 102, 'Share-based payments'. The ESOPs granted and outstanding as at June 30, 2023, aggregates to 10,06,120.



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- 6 With respect to certain ongoing Income tax disputes for various assessment years, based on an assessment by an independent tax expert on the likelihood of outcome, the Company has during the quarter, recognised an additional deferred tax asset on tax losses and MAT credit amounting to Rs. 18.73 crore.
- 7 The Company at various dates acquired 64.40% of equity shares in Saankhya Labs through secondary purchase at a price of Rs. 454.19 per equity share amounting to Rs. 283.94 crore. On July 08, 2022, Saankhya Labs has acquired 100% Shareholding in SSE. Consequent to such acquisition Saankhya Labs and SSE have become subsidiary and a step-down subsidiary of the Company with effect from July 01, 2022 and July 08, 2022 respectively, the unaudited consolidated results for the quarter ended June 30, 2023 includes the contribution from those entities as below:

(Rs. in crore)

Particulars	Quarter ended	Quarter ended	Year ended
	June 30, 2023	March 31, 2023	March 31, 2023
	Unaudited	Unaudited (Refer note - 10)	Audited
Revenue from Operations	20.70	14.67	49.48
Profit / (Loss) before Tax	(7.57)	(14.48)	(33.25)
Profit / (Loss) after Tax	(5.86)	(4.50)	(23.23)

Results for the quarter ended June 30, 2023 include the impact of the above transaction and are not comparable with corresponding quarter ended June 30, 2022.

- 8 a) The Board of Directors of the Company, at its meeting held on September 29, 2022, approved the Draft Scheme of Amalgamation of Saankhya Labs and SSE with the Company and the respective stakeholders (the "Scheme"). The Company filed the scheme with the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on September 30, 2022. Upon implementation of the scheme, the shareholders holding remaining 35.60% equity shares in Saankhya Labs will be issued 112 equity shares of the Company for every 100 equity shares held in Saankhya Labs. On July 06, 2023, NSE and BSE in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, have conveyed their no objection on the Scheme. Currently, the Company is in the process of filing the Scheme with National Company Law Tribunal (NCLT). Further, the Scheme is subject to receipt of necessary approvals from shareholders, creditors, NCLT and such other persons and authorities, as may be required. Till such time, Saankhya Labs and SSE will continue to operate as majority-owned subsidiaries of Tejas Networks Limited.

b) As per the Shareholders agreement ("SHA"), in the event the merger is not completed within the "Merger Long Stop Date", the Company shall purchase and the remaining shareholders of Saankhya Labs shall sell the equity shares to the Company, as per terms provided for in SHA.

As the contract contains an obligation for the entity to deliver cash in exchange for its own equity shares (Non-Controlling interest), such an obligation is in the nature of financial liability under the provisions of Ind AS 32 "Financial instruments-Presentation" and has been accordingly considered in the unaudited consolidated financial results.

- 9 The Company has received approval from the Department of Telecommunication under the Production Linked Incentive (PLI) Scheme communicated vide SIDBI's (Project Management Agency 'PMA') letter dated October 31, 2022 and the Company is eligible to apply for the said incentive for the year ended March 31, 2023 upon complying with the terms and conditions prescribed in the said PLI scheme. The Company has not recognised the estimated incentive claim of Rs. 32.57 crore, as the Company is in the process of evaluating its entitlement of the incentive and will then make an application with the PMA seeking approval for its entitlement on the PLI.



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- 10 The figures for the quarter ended March 31, 2023 are the balancing figures between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of that financial year which were subjected to review by the statutory auditors.
- 11 Potentially issuable equity shares, on account of Share Options/RSUs issued to employees and share warrants, that could potentially dilute basic earnings per share, are not included in the calculation of diluted earnings per share if they are anti-dilutive for the period presented.
- 12 Previous period's figures have been regrouped/reclassified wherever necessary, to confirm with the current period's presentation for the purpose of comparability.
- 13 The above statement of unaudited consolidated financial results was reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on July 21, 2023.

For and on behalf of the Board of Directors


Anand S. Athreya
Managing Director and CEO
(DIN: 10118880)



Place: Bengaluru
Date: July 21, 2023



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