

Price Waterhouse Chartered Accountants LLP

Independent Auditors' Review Report on the Statement of Unaudited Standalone 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 Standalone Financial Results of Tejas Networks Limited (the "Company") for the quarter and six months period ended September 30, 2023, which are included in the accompanying 'Statement of Unaudited Standalone Financial Results for the quarter and six months period ended September 30, 2023', the 'Unaudited Standalone Statement of Assets and Liabilities' as on that date and the 'Unaudited Standalone Statement of Cash Flows' for the six months period ended on that date (together the "Standalone Statement"). The Standalone Statement has been prepared by the Company pursuant to Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes.
2. This Standalone Statement, which is the responsibility of the Company's Management and approved by the 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 Standalone Statement based on our review.
3. We conducted our review of the Standalone 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 Standalone 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.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Standalone Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in 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, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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



Mohan Danivas S A
Partner
Membership Number: 209136
UDIN: 23209136BGXYL5528

Place: Bengaluru
Date: October 20, 2023

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Tejas Networks Limited

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Corporate Identity Number: L72900KA2000PLC026980

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

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

Statement of Unaudited Standalone Financial Results for the quarter and six months period ended September 30, 2023

Particulars	(Rs in crore except per share data)					
	Quarter ended September 30, 2023	Quarter ended June 30, 2023	Quarter ended September 30, 2022	Six months ended September 30, 2023	Six months ended September 30, 2022	Year ended March 31, 2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	359.21	167.11	205.77	526.32	331.40	869.08
II Other Income	18.03	19.50	19.38	37.53	38.07	79.14
III Total income (I + II)	377.24	186.61	225.15	563.85	369.47	948.22
IV EXPENSES						
(a) Cost of materials consumed	261.64	117.08	112.66	378.72	183.13	528.79
(b) Purchases of stock in trade	2.33	4.40	7.08	6.73	16.01	31.82
(c) Changes in inventories of stock in trade and finished goods	(14.01)	(4.74)	(1.36)	(18.75)	(4.15)	(0.71)
(d) Employee benefit expense	61.09	59.28	39.40	120.37	76.57	172.16
(e) Finance costs	3.80	1.47	1.45	5.27	2.33	5.20
(f) Depreciation and amortization expense	36.26	29.01	23.88	65.27	47.25	105.13
(g) Allowance for expected credit loss	8.45	(2.26)	(8.21)	6.19	(12.92)	(33.32)
(h) Other expenses	36.28	33.43	31.12	69.71	55.10	127.86
Total expenses (IV)	395.84	237.67	206.02	633.51	363.32	936.93
V Profit/(Loss) before tax (III - IV)	(18.60)	(51.06)	19.13	(69.66)	6.15	11.29
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	(1.94)	(9.85)	1.36	(11.79)	0.47	-
(2) Deferred tax expense/(benefit) (Refer Note - 4)	(4.68)	(26.56)	8.51	(31.24)	3.10	8.25
Total tax expense/(benefit)	(6.62)	(36.41)	9.87	(43.03)	3.57	8.25
VII Profit/(Loss) after tax (V - VI)	(11.98)	(14.65)	9.26	(26.63)	2.58	3.04
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation (expense)/benefit	1.81	(0.73)	(3.00)	1.08	(3.05)	(2.92)
Income tax relating to above	-	-	0.53	-	0.53	-
IX Total comprehensive income/(loss) for the period (VII + VIII)	(10.17)	(15.38)	6.79	(25.55)	0.06	0.12
X Equity Share Capital (Face value of Rs. 10/- each)	172.99	172.84	155.38	172.99	155.38	171.64
XI Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-	-	-	2,835.63
XII Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	(0.71)	(0.87)	0.61	(1.57)	0.17	0.20
(2) Diluted (Refer Note - 8)	(0.71)	(0.87)	0.57	(1.57)	0.16	0.19



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Unaudited Standalone Statement of Assets and Liabilities

(Rs. in crore)

Particulars	As at	
	September 30, 2023	March 31, 2023
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	138.03	78.28
Capital work in progress	2.42	-
Right-of-use assets	132.51	42.89
Intangible assets	127.00	97.85
Intangible assets under development	198.81	136.41
Financial assets		
(i) Investments	294.81	294.81
(ii) Trade receivables	37.96	19.10
(iii) Other financial assets	9.94	5.44
Current Tax Assets (net)	51.68	25.82
Deferred Tax Assets (net)	134.33	103.09
Other non-current assets	32.16	24.63
Total non-current assets	1,159.65	828.32
Current assets		
Inventories	1,383.94	628.07
Financial assets		
(i) Investments	717.39	262.24
(ii) Trade receivables	399.73	462.18
(iii) Cash and cash equivalents	29.98	78.98
(iv) Bank balances other than (iii) above	304.52	652.06
(v) Other financial assets	393.53	365.03
Other current assets	339.47	178.61
Total current assets	3,568.56	2,627.17
Total assets	4,728.21	3,455.49
EQUITY AND LIABILITIES		
Equity		
Equity share capital	172.99	171.64
Other equity	2,880.37	2,835.63
Total equity	3,053.36	3,007.27
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	132.99	43.86
Provisions	1.86	2.03
Total non-current liabilities	134.85	45.89
Current liabilities		
Financial liabilities		
(i) Lease liabilities	4.36	4.37
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	31.54	24.53
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	683.95	282.75
(iii) Other financial liabilities	36.05	61.42
Provisions	16.31	10.11
Other current liabilities	767.79	19.15
Total current liabilities	1,540.00	402.33
Total liabilities	1,674.85	448.22
Total equity and liabilities	4,728.21	3,455.49



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Unaudited Standalone Statement of Cash Flows

(Rs. in crore)

Particulars	Six months ended	Six months ended
	September 30, 2023	September 30, 2022
	Unaudited	Unaudited
a) Cash flows from operating activities		
Profit/(Loss) before tax	(69.66)	6.15
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation and amortization expense	65.27	47.25
Allowance for expected credit loss (net)	6.19	(12.92)
Interest Income	(29.06)	(23.62)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	(1.15)	0.43
(Gain)/Loss on sale of current investment carried at fair value through statement of profit and loss	(5.77)	(12.83)
Finance costs recognized in the statement of profit and loss	5.27	2.33
Unrealised Exchange Difference on cash held in foreign currencies	(0.15)	(0.51)
Unrealised Exchange Difference (Net)	1.22	(2.54)
Expense recognized in respect of equity-settled share-based payments	21.90	9.01
	(5.94)	12.75
Movements in working capital:		
(Increase)/decrease in inventories	(755.87)	(102.80)
(Increase)/decrease in trade receivables	36.17	(49.46)
(Increase)/decrease in other financial assets	(15.83)	(8.91)
(Increase)/decrease in other assets	(161.08)	(40.96)
Increase/(decrease) in trade and other payables	408.22	72.57
Increase/(decrease) in provisions	6.91	3.01
Increase/(decrease) in other financial liabilities	(15.95)	(1.12)
Increase/(decrease) in other liabilities	748.64	(0.78)
Cash generated from/(used in) operations	245.27	(115.70)
Income taxes refund/(paid)	(14.07)	2.73
Net cash generated from/(used) in operating activities	231.20	(112.97)
b) Cash flows from investing activities		
Expenditure on property, plant and equipment	(93.60)	(19.86)
Expenditure on intangible assets (including under development)	(116.57)	(52.93)
Sale proceeds of property, plant and equipment*	0.00	-
Investments in Deposits with banks	(346.64)	(389.61)
Withdrawals of Deposits from banks	694.18	37.15
Withdrawals of Deposits from financial institutions	-	2.97
Investments in mutual funds	(1,835.00)	(2,603.32)
Redemption of mutual funds	1,386.77	2,708.17
Investment in subsidiary	-	(283.94)
Interest received	30.80	20.98
Net cash used in investing activities	(280.06)	(580.39)
c) Cash flows from financing activities		
Proceeds from exercise of restricted stock units/employee stock options	7.33	3.80
Proceeds from Issue of equity shares through private placement (net of Issue expense)	-	712.50
Principal payment on lease liabilities	(2.55)	(2.77)
Interest payment on lease liabilities	(2.79)	(1.96)
Finance costs paid	(2.28)	(0.29)
Net cash generated from/(used in) financing activities	(0.29)	711.28
d) Net increase/(decrease) in cash and cash equivalents	(49.15)	17.92
Cash and cash equivalents at the beginning of the period	78.98	45.50
Effects of exchange rate changes on the balance of cash held in foreign currencies	0.15	0.51
Cash and cash equivalents at the end of the period	29.98	63.93

* Amount below the rounding off norm adopted by the Company



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Notes

1. This Statement of Unaudited Standalone Financial Results (which comprises of statement of unaudited standalone financial results, unaudited standalone statement of assets and liabilities and unaudited standalone statement of cash flows) for the quarter ended September 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, 2015").
2. The Company's operations comprise of only one segment viz. telecom and data networking related products and related services.
3. 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 equity share, which were approved by the Nomination and Remuneration Committee and the Board of Directors. For the quarter ended September 30, 2023, an amount of Rs. 21.56 crore (June 30, 2023: Rs. 18.31 crore; September 30, 2022: Rs. 5.72 crore), net of recoveries from subsidiaries, has been recorded as employee share expenses based on requirements in Ind AS 102, 'Share-based payment'. The RSUs granted and outstanding as at September 30, 2023, aggregates to 43,22,308 (June 30, 2023: 41,76,426; September 30, 2022: 19,81,912). The ESOPs granted and outstanding as at September 30, 2023, aggregates to 10,60,278 (June 30, 2023: 11,05,372; September 30, 2022: 25,92,760).
4. 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 ended June 30, 2023, recognised an additional deferred tax asset on tax losses and MAT credit amounting to Rs. 18.73 crore.
5. The Company at various dates during financial year 2022-23, acquired 64.40% of equity shares in Saankhya Labs Private Limited (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 Saankhya Strategic Electronics Private Limited (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 Board of Directors of the Company, at its meeting held on September 29, 2022, approved the draft Scheme of Amalgamation (the "Scheme") of Saankhya Labs and SSE (Transferor Companies) with the Company and the respective stakeholders. On September 30, 2022, the Company filed the Scheme with the National Stock Exchange of India Limited and BSE Limited and on July 6, 2023 both the Stock Exchanges have conveyed their "No Objection" to the Scheme. Further, on July 27, 2023, the Company has filed the merger application under Section 230 and 232 of the Companies Act, 2013 with National Company Law Tribunal (NCLT) Bangalore, for the merger of Transferor Companies with the Company. The Scheme is subject to receipt of necessary approvals from shareholders, creditors and NCLT and such other persons and authorities as may be required. 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. Till such time, the Transferor Companies will continue to operate as majority-owned subsidiaries of Tejas Networks Limited.
6. The Company has received approval from the Department of Telecommunication (DOT) under the Production Linked Incentive (PLI) Scheme communicated vide SIDBI's (Project Management Agency 'PMA') letter dated October 31, 2022. During the quarter, the Company has made an application to claim incentive for the year ended March 31, 2023 for an amount of Rs. 32.68 crore and is awaiting approval from the DOT in this regard. The Company has not recognised this incentive claim pending such approval.
7. During the quarter, the Company has received purchase orders from Tata Consultancy Services Limited amounting to Rs. 7,492 crore (excluding Goods and Services Tax) and has received a mobilization advance of Rs. 750 crore towards supply of Radio Access Network equipment for approximately 1,00,000 sites of BSNL Pan-India 4G/5G network.
8. 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.
9. Previous period's figures have been regrouped/reclassified wherever necessary, to confirm with the current period's presentation for the purpose of comparability.
10. The above statement of unaudited standalone financial results were reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on October 20, 2023. The Statutory Auditors of the Company have carried out Limited Review of the aforesaid results.

For and on behalf of the Board of Directors


Anand Sathreya
Managing Director and CEO
(DIN: 10118880)



Place: Bengaluru
Date: October 20, 2023



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