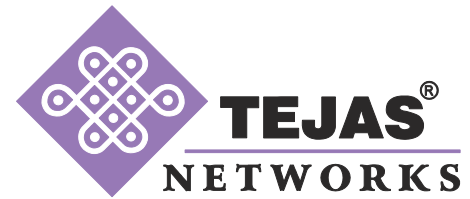


Tejas Networks Ltd.

Regd. Office: Plot No. 25, 5th Floor
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Hosur Road, Bengaluru 560 100, India
Tel : +91- 80- 4179 4600/700/800
Fax: +91- 80- 2852 0201



October 21, 2022

The Secretary
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
NSE Symbol: TEJASNET

The Secretary
BSE Limited
P J Towers, Dalal Street, Fort,
Mumbai – 400 001
BSE Scrip Code: 540595

Dear Sir/Madam,

Re: Outcome of Board Meeting

This is with reference to our letter dated October 13, 2022 informing about the Board Meeting scheduled on October 21, 2022.

The Board of Directors of Tejas Networks Limited ('the Company') at their meeting held on Friday, October 21, 2022 at 2:00 P.M and concluded at 5:50 P.M at the registered office of the Company has *inter alia* considered and approved the following:

Financial Results:

1. Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the unaudited financial results (standalone and consolidated) as per IND-AS for the quarter and half- year ended September 30, 2022 together with the Limited review report of the Statutory Auditors for the said period is enclosed as **Annexure - A**.

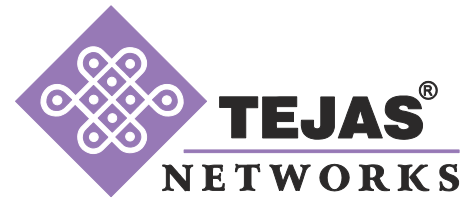
Other matters:

2. Approved the amended Restricted Stock Unit Plan 2022.
3. Based on the recommendations of the Nomination and Remuneration Committee:
 - Approved the grant of 1,14,400 Restricted Stock Units at face value of Rs. 10/- each under Tejas Restricted Stock Unit Plan 2022 to the eligible employees of the Company.
 - Approved the grant 16,72,360 Restricted Stock Units at face value of Rs. 10/- each under Tejas Restricted Stock Unit Plan 2022 to the eligible employees/ senior management/ key managerial personnel of Saankhya Labs Private Limited, a majority owned subsidiary of the Company.
4. Allotment of 77,111 Equity Shares of the Company pursuant to exercise of the Stock Options/ Restricted Stock Units by eligible Employees/Senior Management/ Key Managerial Personnel of the Company under respective Stock Options Plans/ Tejas Restricted Stock Unit Plan 2017.



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We also enclose:

- a) Copy of the press release issued with respect of said financial results as **Annexure- B**.
- b) Extracts of the unaudited financial results under IND-AS (Standalone and Consolidated) for the quarter and half- year ended September 30, 2022 being published in the newspapers as **Annexure - C**.

Please note that the Conference Call details to discuss the Company's performance on Friday, October 21, 2022 at 6.30 P.M (IST) has already been intimated to Stock Exchanges vide our letter dated October 13, 2022 and October 20, 2022.

The above information is also available on the website of the Company at www.tejasnetworks.com.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours sincerely
For Tejas Networks Limited

N R Ravikrishnan
General Counsel, Chief Compliance Officer
& Company Secretary

Encl: as above

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 half year ended September 30, 2022, which are included in the accompanying 'Statement of Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2022', 'Unaudited Standalone Statement of Assets and Liabilities as on that date and 'Unaudited Standalone Statement of Cash Flows' for the six months ended on that date (together the "Standalone Statement"). The Standalone Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (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 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, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.



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

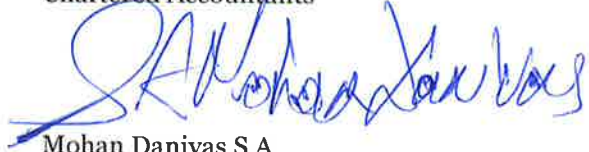
Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/NS00016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

5. We draw your attention to Note 7 to the Standalone Statement which explains the uncertainties and the management's assessment of the financial impact (including recoverability of carrying value of assets) due to supply constraints and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon the circumstances as they evolve. Our conclusion is not modified in respect of this matter.

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



Mohan Danivas S A

Partner

Membership Number: 209136

UDIN: 22209136BAOXR8102

Place: Bengaluru

Date: October 21, 2022



Tejas Networks Limited

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Statement of Unaudited Standalone Financial Results for the quarter and six months ended September 30, 2022

(Rs in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	205.77	125.63	172.53	331.40	316.60	549.14
II Other Income	19.38	18.69	4.09	38.07	12.47	43.25
III Total income (I + II)	225.15	144.32	176.62	369.47	329.07	592.39
IV EXPENSES						
(a) Cost of materials consumed	112.30	67.40	91.05	179.70	157.01	290.74
(b) Purchases of stock in trade	7.08	8.93	1.79	16.01	11.07	23.69
(c) Changes in inventories of stock in trade	(1.00)	0.28	(0.24)	(0.72)	(1.67)	(3.65)
(d) Employee benefit expense	39.40	37.17	30.45	76.57	57.47	124.51
(e) Finance costs	1.45	0.88	0.85	2.33	2.08	3.03
(f) Depreciation and amortization expense	23.88	23.37	18.28	47.25	34.67	76.78
(g) Allowance for expected credit loss	(8.21)	(4.71)	5.14	(12.92)	6.30	87.91
(h) Other expenses	31.12	23.98	26.15	55.10	50.72	107.53
Total expenses (IV)	206.02	157.30	173.47	363.32	317.65	710.54
V Profit/(Loss) before tax (III - IV)	19.13	(12.98)	3.15	6.15	11.42	(118.15)
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	1.36	(0.89)	0.19	0.47	1.63	0.19
(2) Deferred tax expense/(benefit)	8.51	(5.41)	(0.52)	3.10	(1.17)	(54.61)
Total tax expense/(benefit)	9.87	(6.30)	(0.33)	3.57	0.46	(54.42)
VII Profit/(Loss) after tax (V - VI)	9.26	(6.68)	3.48	2.58	10.96	(63.73)
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	(3.00)	(0.05)	(1.90)	(3.05)	(1.85)	(2.08)
Income tax relating to above	0.53	-	0.33	0.53	0.32	-
IX Total comprehensive income/(loss) for the period (VII + VIII)	6.79	(6.73)	1.91	0.06	9.43	(65.81)
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	0.61	(0.44)	0.36	0.17	1.15	(6.07)
(2) Diluted (Refer Note - 11)	0.57	(0.44)	0.28	0.16	0.91	(6.07)



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Standalone Statement of Assets and Liabilities

Particulars	(Rs. in crore)	
	As at	
	September 30, 2022	March 31, 2022
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	51.68	40.09
Capital work in progress	3.98	-
Right-of-use assets	46.83	14.56
Intangible assets	85.69	83.20
Intangible assets under development	55.44	39.61
Financial assets		
(i) Investments	294.81	10.87
(ii) Trade receivables	10.89	7.07
(iii) Other financial assets	5.11	5.67
Current Tax Asset (net)	32.55	35.63
Deferred Tax Assets	108.77	111.33
Other non-current assets	23.61	23.19
Total non-current assets	719.36	371.22
Current assets		
Inventories	380.82	278.02
Financial assets		
(i) Investments	309.32	401.78
(ii) Trade receivables	338.94	275.51
(iii) Cash and cash equivalents	63.93	45.50
(iv) Bank balances other than (iii) above	653.50	299.68
(v) Other financial assets	368.83	363.16
Other current assets	115.46	74.38
Total current assets	2,230.80	1,738.03
Total assets	2,950.16	2,109.25
EQUITY AND LIABILITIES		
Equity		
Equity share capital	155.38	117.82
Other equity	2,497.09	1,809.28
Total equity	2,652.47	1,927.10
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	45.80	11.95
Provisions	1.27	0.49
Total non-current liabilities	47.07	12.44
Current liabilities		
Financial liabilities		
(i) Lease liabilities	5.15	7.81
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	26.91	11.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	164.67	105.22
(iii) Other financial liabilities	24.42	20.31
Provisions	12.02	6.66
Other current liabilities	17.45	18.23
Total current liabilities	250.62	169.71
Total liabilities	297.69	182.15
Total equity and liabilities	2,950.16	2,109.25





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Standalone statement of Cash Flows

Particulars	(Rs. in crore)	
	Six months ended September 30, 2022	Six months ended September 30, 2021
	Unaudited	Unaudited
Cash flows from operating activities		
Profit/(Loss) before tax	6.15	11.42
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation and amortization expense	47.25	34.67
Allowance for expected credit loss (net)	(12.92)	6.30
Interest Income	(23.62)	(9.44)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	0.43	(0.08)
(Gain)/Loss on sale of current investment carried at fair value through statement of profit and loss	(12.83)	(0.54)
Finance costs recognized in profit or loss	2.33	2.08
Unrealized Exchange Difference on cash held in foreign currencies	(0.51)	(0.15)
Unrealised Exchange Difference (Net)	(2.54)	(0.47)
Expense recognized in respect of equity-settled share-based payments	9.01	3.88
	12.75	47.67
Movements in working capital:		
(Increase)/decrease in inventories	(102.80)	(13.08)
(Increase)/decrease in trade receivables	(49.46)	(7.86)
(Increase)/decrease in loans	-	0.14
(Increase)/decrease in other financial assets	(8.91)	(0.45)
(Increase)/decrease in other assets	(40.96)	(33.67)
Increase/(decrease) in trade and other payables	72.57	31.44
Increase/(decrease) in provisions	3.01	1.67
Increase/(decrease) in other financial liabilities	(1.12)	(10.34)
Increase/(decrease) in other liabilities	(0.78)	(1.86)
Cash generated from/(used in) operations	(115.70)	13.66
Income taxes refund/(paid)	2.73	21.81
a) Net cash generated from/(used in) operating activities	(112.97)	35.47
Cash flows from investing activities		
Expenditure on property, plant and equipment	(19.86)	(9.89)
Expenditure on intangible assets (including under development)	(52.93)	(42.48)
Investments in Deposits with banks	(389.61)	(89.69)
Investments in Deposits with financial institutions	-	(165.48)
Withdrawals of Deposits from banks	37.15	29.51
Withdrawals of Deposits from financial institutions	2.97	35.51
Investments in mutual funds	(2,603.32)	(945.29)
Redemption of mutual funds	2,708.17	394.37
Investment in subsidiary	(283.94)	-
Interest received	20.98	6.79
b) Net cash (used in) investing activities	(580.39)	(786.65)
Cash flows from financing activities		
Proceeds from exercise of restricted stock units/employee stock options	3.80	7.59
Proceeds from Issue of equity shares through private placement (net of Issue expense)	712.50	499.81
Proceeds from Issue of Share Warrants	-	337.50
Principal payment on lease liabilities	(2.77)	(3.12)
Interest payment on lease liabilities	(1.96)	(1.13)
Finance costs paid	(0.29)	(0.90)
c) Net cash generated from/(used in) financing activities	711.28	839.75
d) Net decrease in cash and cash equivalents	17.92	88.57
Cash and cash equivalents at the beginning of the period	45.50	52.44
Effects of exchange rate changes on the balance of cash held in foreign currencies	0.51	0.15
Cash and cash equivalents at the end of the period	63.93	141.16



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Notes

- 1 This Statement of Unaudited Standalone Financial Results for the quarter ended September 30, 2022 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").
- 2 The Company's operations comprise of only one segment viz. Networking equipment.
- 3 In July 2017, Income Tax Department initiated proceedings under section 132 of the Income Tax Act, 1961 for assessment years 2012-13 to 2018-19. During the year 2019-20, 2020-21 and 2022-23 certain other agencies sent notices as part of their inquiries, which were duly responded / attended by the Company and its officials.

In FY 2019-20, the Income Tax assessments for AY 2012-13 to 2018-19 were carried out and the Company received Income Tax demands for Rs. 25.62 crore (after adjusting carry forward losses of earlier years) and Rs. 0.48 crore for AY 2017-18 and AY 2018-19, respectively. Pursuant to the Company's application for rectification of certain errors in the aforesaid orders, during the quarter ended September 30, 2020, the Company received rectification orders for AY 2012-13 to AY 2018-19 under section 154 of the IT Act. Certain brought forward losses which were not considered in the earlier demand orders were allowed and other computation errors were corrected in the rectification orders resulting in a cumulative net refund position. The Company has also filed appeal against the orders for the aforementioned assessment years disputing certain disallowances. The management is of the view that the outcome of these proceedings/ notices has no material adverse impact on the Company's financial results.

- 4 During FY 2018-19 and 2019-20, the Company received demand orders for Rs. 42.92 crore towards additional duty and penalty from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) on the applicability of excise duty on software used in the multiplexer products pertaining to FY 2002-03 to FY 2009-10. Further, an additional penalty on certain officers of the Company amounting to Rs. 0.90 crore was raised. The Company has filed a stay application before the Honourable Supreme Court and has also filed an appeal before CESTAT. During the previous year the Company received a demand order for Rs. 3.32 crore for FY 2010-11 to FY 2013-14 on similar matters. The Company has filed appeals with the concerned authorities. Based on an assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matters and accordingly, no provision has been made in this regard.
- 5 The Company has, at various grant dates issued Restricted Stock Units (RSUs) to its employees 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 September 30, 2022, an amount of Rs. 5.72 crore (September 30, 2021: Rs. 2.09 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 September 30, 2022, aggregates to 19,81,912 (September 30, 2021: 15,62,155).
- 6 The Company has from time to time in the normal course of business entered into factoring agreements on a non-recourse basis with bankers/factoring institutions for some of the trade receivables. As at September 30, 2022 the trade receivables do not include receivables amounting to Rs. 24.86 crore (September 30, 2021: 23.06 crore) which have been derecognized in accordance with Ind AS 109, 'Financial Instruments', pursuant to such factoring arrangements entered in the current quarter.
- 7 **Impact due to supply constraints and other conditions relating to COVID-19 pandemic**
The spread of COVID-19 severely impacted businesses around the globe. The Company has considered various internal and external information available up to the date of approval of financial results in assessing the impact of COVID-19 pandemic on the financial results for the quarter ended September 30, 2022.

During the quarter ended September 30, 2022, the Company continued to face delays in executing certain orders-in-hand, due to an increase in lead-time for sourcing semiconductor components. Based on current assessment, management is of the view that some uncertainty is likely to continue for the next few quarters, till the demand-supply situation in the semiconductor component industry stabilises.

In the view of the management, there is no significant impact on the immediate liquidity position of the company based on management's evaluation of future cash flows for the next one year. As at September 30, 2022, management has made an assessment of the recoverability of carrying values of Property, Plant and Equipment, Intangible assets, Inventories and Financial assets. Management has taken into account all possible impact of known events arising from COVID-19 pandemic and supply constraints in making this assessment and has concluded that no further adjustments are considered necessary. The above impact assessment is however a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.



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8 Issue of Equity shares and Warrants through Preferential allotment

During the year ended March 31, 2022, the Company made preferential allotment, based on the approval of the Board of Directors, as follows:

- 1,93,79,845 equity shares, having face value of Rs. 10/- each, at a price of Rs. 258 per Equity Share, aggregating to Rs. 500 crore ("Subscription Shares");
- 3,68,21,706 warrants, each carrying a right to subscribe to 1 (one) equity share at an exercise price of Rs. 258 per equity share aggregating to Rs. 950 crore ("Series A Warrant Exercise Price"), which may be exercised in one or more tranches during the period commencing from the date of allotment of the warrants until expiry of 11 (eleven) months from the date of allotment of the warrants ("Series A Warrants"); and
- 1,55,03,876 warrants, each carrying a right to subscribe to 1 (one) equity share at an exercise price of Rs. 258 per equity share aggregating to Rs. 400 crore ("Series B Warrant Exercise Price"), which may be exercised in one or more tranches during the period commencing after the expiry of 12 (twelve) months from the date of allotment of the warrants until expiry of 18 (eighteen) months from the date of allotment of the warrants ("Series B Warrants");

on terms and conditions as determined by the Board in accordance with the SEBI (ICDR) Regulations and other applicable laws, and as set out in the share subscription agreement executed between the Company and Panatone Finvest Limited (a subsidiary of Tata Sons Private Limited).

The Company on September 7, 2021 received a total amount aggregating to Rs. 837.50 crore, which includes exercise price on subscription shares amounting to Rs. 500 crore and 25% of the Series A Warrants and Series B Warrants amounting to Rs. 237.50 crore and Rs. 100 crore respectively.

In view of substantial acquisition of securities, voting rights and control over the Company, Panatone Finvest Limited along with Akashastha Technologies Private Limited (a subsidiary of Panatone Finvest limited) and Tata Sons Private Limited made an Open Offer to acquire 4,02,55,631 fully paid-up equity shares at Rs. 258/- per equity share. The open offer tendering commenced on October 11, 2021 and ended on October 26, 2021. 2,592 equity shares were acquired through the open offer. Upon completion of the Open Offer, Panatone Finvest Limited is designated as promoter of the Company and Akashastha Technologies Limited and Tata Sons Private Limited as members of the Promoter Group of the Company.

During the previous quarter, Panatone Finvest Limited exercised the right attached to the Series A Warrants and subscribed to the equity shares by remitting the balance 75% of the Exercise Price of Series A Warrant amounting to Rs. 712.50 crore. On April 8, 2022, the Company allotted 3,68,21,706 equity shares upon exercise of warrants. The balance 75% of Series B Warrants shall be payable at the time of allotment of equity shares pursuant to exercise of rights attached to Series B Warrants to subscribe to equity share. The 25% of consideration amount received upfront against Series B Warrants shall be adjusted / set-off against the issue price for the resultant equity shares.

- 9 Pursuant to a definitive agreement entered into by the Company with Saankhya Labs Private Limited (Saankhya Labs) and its shareholders on March 30, 2022, the Company acquired majority stake in Saankhya Labs Private Limited on July 1, 2022. The Company at various dates acquired 64.40% of equity shares in aggregate through secondary purchase at a price of Rs. 454.19 per equity share amounting to 283.94 crore.

On July 08, 2022, Saankhya Labs has acquired 100% Shareholding in Saankhya Strategic Electronics Private Limited (SSE) which was incorporated with the main objective to develop, maintain and service all types of communication systems, electronic products, semiconductor integrated circuits/ chips, micro controllers, digital signal processors, processing algorithms, embedded software and related hardware and software. Consequent to such acquisition SSE has become a wholly-owned subsidiary of Saankhya Labs and step-down subsidiary of the Company with effect from July 08, 2022.

- 10 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 has 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 Private Limited will be issued 112 equity shares of the Company for every 100 equity shares held in Saankhya Labs Private Limited.

The Scheme is subject to receipt of necessary approvals from the National Company Law Tribunal (NCLT), Stock Exchanges, the Securities and Exchange Board of India (SEBI), Shareholders, Creditors and such other persons and authorities, as may be required. Till such approvals are received, Saankhya Labs and SSE will continue to operate as majority-owned subsidiaries of Tejas Networks Limited.

- 11 Potentially issuable equity shares, on account of Share Options/RUSOs 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 when 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 standalone financial results, standalone statement of assets and liabilities and standalone statement of cash flows 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 October 21, 2022.

Place: Bengaluru
Date: October 21, 2022

For and on behalf of the Board of Directors


Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)



For identification purpose only

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"), its subsidiaries and stepdown subsidiaries (the parent, its subsidiaries and stepdown subsidiaries hereinafter referred to as the "Group"), (refer Note 1 on the Consolidated Statement) for the quarter and half year ended September 30, 2022 which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2022', 'Unaudited Consolidated Statement of Assets and Liabilities as on that date and 'Unaudited Consolidated Statement of Cash Flows' for the six months ended on that date (together 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 initialled 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.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

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

Subsidiaries

- a) Tejas Communications Pte. Limited, Singapore
- b) Saankhya Labs Private Limited

Stepdown Subsidiaries

- a) Tejas Communications (Nigeria) Limited
- b) Saankhya Strategic Electronics Private Limited
- c) 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. We draw your attention to Note 9 to the Consolidated Statement which explains the uncertainties and the management's assessment of the financial impact (including recoverability of carrying value of assets) due to supply constraints and other conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon the circumstances as they evolve. Our conclusion is not modified in respect of this matter.
7. The Consolidated Financial Results includes the financial results of 1 subsidiary and 3 step down subsidiaries which have not been reviewed by their auditors and whose financial results reflect total assets of Rs. 30.25 crores and net assets of Rs. 20.23 crores as at September 30, 2022, total revenue of Rs. 0.70 crores and 1.68 crores, total net profit/ (loss) after tax of Rs. (1.01) crores and Rs. (0.04) crores and total comprehensive income/ (loss) of Rs. (0.31) crores and Rs. (0.70) crores for the quarter and half year ended September 30, 2022 respectively, and net cash outflows of Rs. 10.05 crores for the half year ended September 30, 2022. According to the information and explanations given to us by the Management, the financial information of the aforesaid subsidiary and stepdown subsidiaries are 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: 22209136BAOYUC5991

Place: Bengaluru

Date: October 21, 2022

**Tejas Networks Limited**

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Statement of Unaudited Consolidated Financial Results for the quarter and six months ended September 30, 2022

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	219.94	125.76	172.78	345.70	317.03	550.59
II Other Income	20.05	18.69	4.17	38.74	12.55	43.30
III Total income (I + II)	239.99	144.45	176.95	384.44	329.58	593.89
IV EXPENSES						
(a) Cost of materials consumed	115.39	67.40	91.05	182.79	157.01	290.74
(b) Purchases of stock in trade	7.08	8.93	1.79	16.01	11.07	23.69
(c) Changes in inventories of stock in trade	(3.40)	0.28	(0.24)	(3.12)	(1.67)	(3.65)
(d) Employee benefit expense	48.51	37.96	32.12	86.47	61.72	134.43
(e) Finance costs	4.87	0.94	0.90	5.81	2.16	3.19
(f) Depreciation and amortization expense	25.82	23.37	18.28	49.19	34.67	76.78
(g) Allowance for expected credit loss	(8.24)	(4.71)	5.14	(12.95)	6.30	87.76
(h) Other expenses	39.06	23.22	24.58	62.28	46.65	98.08
Total Expenses (IV)	229.09	157.39	173.62	386.48	317.91	711.02
V Profit/(Loss) before tax (III - IV)	10.90	(12.94)	3.33	(2.04)	11.67	(117.13)
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	1.36	(0.89)	0.19	0.47	1.63	0.19
(2) Deferred tax expense/(benefit)	8.47	(5.41)	(0.52)	3.06	(1.17)	(54.61)
Total tax expense/(benefit)	9.83	(6.30)	(0.33)	3.53	0.46	(54.42)
VII Profit/(Loss) after tax (V - VI)	1.07	(6.64)	3.66	(5.57)	11.21	(62.71)
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	(3.13)	(0.05)	(1.90)	(3.18)	(1.85)	(2.08)
Income tax relating to above	0.56	-	0.33	0.56	0.32	-
Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations	0.13	0.22	0.45	0.35	0.46	0.89
IX Total comprehensive income/(loss) for the period (VII + VIII)	(1.37)	(6.47)	2.54	(7.84)	10.14	(63.90)
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	0.07	(0.45)	0.37	(0.37)	1.17	(5.97)
(2) Diluted (Refer Note - 13)	0.07	(0.45)	0.30	(0.37)	0.93	(5.97)



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Consolidated Statement of Assets and Liabilities

(Rs. in crore)

Particulars	As at	
	September 30, 2022	March 31, 2022
	Unaudited	Audited
ASSETS		
Non-current assets		
Property, plant and equipment	58.91	40.09
Capital work in progress	3.98	-
Right-of-use assets	52.49	14.56
Intangible assets	85.73	83.20
Intangible assets under development	68.44	39.61
Goodwill	355.21	-
Financial assets		
(i) Investments*	0.00	0.00
(ii) Trade receivables	10.89	7.07
(iii) Other financial assets	8.11	5.71
Current Tax Asset (net)	37.73	35.63
Deferred Tax Assets	110.57	111.33
Other non-current assets	30.48	23.19
Total non-current assets	822.54	360.39
Current assets		
Inventories	399.46	278.02
Financial assets		
(i) Investments	309.32	401.78
(ii) Trade receivables	369.16	285.09
(iii) Cash and cash equivalents	83.68	47.56
(iv) Bank balances other than (iii) above	658.26	299.68
(v) Other financial assets	371.21	363.16
Other current assets	122.60	74.44
Total current assets	2,313.69	1,749.73
Total assets	3,136.23	2,110.12
EQUITY AND LIABILITIES		
Equity		
Equity share capital	155.38	117.82
Other equity	2,492.80	1,812.43
Total equity	2,648.18	1,930.25
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	48.32	11.95
Other financial liabilities (Refer Note - 12)	150.52	-
Provisions	2.41	0.49
Total non-current liabilities	201.25	12.44
Current liabilities		
Financial liabilities		
Borrowings		
(i) Lease liabilities	8.96	7.81
(ii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	28.87	11.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	171.07	100.09
(iii) Other financial liabilities	30.12	22.48
Provisions	14.58	6.92
Other current liabilities	33.20	18.65
Total current liabilities	286.80	167.43
Total liabilities	488.05	179.87
Total equity and liabilities	3,136.23	2,110.12

* Amount below the rounding off norm adopted by the Company



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Consolidated statement of Cash Flows**(Rs. in crore)**

Particulars	Six months ended	Six months ended
	September 30, 2022	September 30, 2021
	Unaudited	Unaudited
Cash flows from operating activities		
Profit/(Loss) before tax	(2.04)	11.67
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation and amortization expense	49.19	34.67
Allowance for expected credit loss (net)	(12.95)	6.30
Interest Income	(23.99)	(9.44)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	0.43	(0.08)
(Gain)/Loss on sale of current investment carried at fair value through statement of profit and loss	(12.83)	(0.54)
Finance costs recognized in profit or loss	5.81	2.16
Unrealized Exchange Difference on cash held in foreign currencies	2.31	(0.15)
Unrealised Exchange Difference (Net)	(4.61)	(0.45)
Expense recognized in respect of equity-settled share-based payments	9.46	3.88
	10.78	48.02
Movements in working capital:		
(Increase)/decrease in inventories	(106.60)	(12.71)
(Increase)/decrease in trade receivables	(52.36)	(5.58)
(Increase)/decrease in loans	-	(0.03)
(Increase)/decrease in other financial assets	(9.29)	(0.45)
(Increase)/decrease in other assets	(41.80)	(33.00)
Increase/(decrease) in trade and other payables	75.86	28.82
Increase/(decrease) in provisions	3.47	1.67
Increase/(decrease) in other financial liabilities	(2.69)	(10.85)
Increase/(decrease) in other liabilities	0.76	(2.01)
Cash generated from/(used in) operations	(121.87)	13.88
Income taxes refund	1.70	21.81
a) Net cash generated from/(used in) operating activities	(120.17)	35.69
Cash flows from investing activities		
Expenditure on property, plant and equipment	(15.03)	(9.89)
Expenditure on intangible assets (including under development)	(66.00)	(42.48)
Investments in Deposits with banks	(389.61)	(89.69)
Investments in Deposits with financial institutions	-	(165.48)
Withdrawals of Deposits from banks	32.86	29.51
Withdrawals of Deposits from financial institutions	2.97	35.51
Investments in mutual funds	(2,603.32)	(945.29)
Redemption of mutual funds	2,708.17	394.37
Payment for acquisition of subsidiary, net of cash and cash equivalents acquired	(240.18)	-
Interest received	21.16	6.79
b) Net cash used in investing activities	(548.98)	(786.65)
Cash flows from financing activities		
Proceeds from exercise of restricted stock units/employee stock options	3.80	7.58
Proceeds from Issue of equity shares through Private Placement (Net of Issue Expenses)	712.50	499.81
Proceeds from Issue of Share Warrants	-	337.50
Principal payment of lease liabilities	(2.99)	(3.11)
Interest payment of lease liabilities	(2.15)	(1.12)
Finance costs paid	(3.58)	(0.97)
c) Net cash generated from financing activities	707.58	839.69
d) Net decrease in cash and cash equivalents	38.43	88.73
Cash and cash equivalents at the beginning of the period	47.56	53.43
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2.31)	0.15
Cash and cash equivalents at the end of the period	83.68	142.31



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Notes

- The Statement of unaudited consolidated financial results includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company') and the following subsidiaries/ step down subsidiaries (collectively referred as 'the Group' hereunder):
Subsidiaries:
- Tejas Communication Pte. Limited, Singapore
- Saankhya Labs Private Limited
Step down Subsidiaries:
- Tejas Communications (Nigeria) Limited, Nigeria
- Saankhya Strategic Electronics Private Limited
- Saankhya Labs Inc, USA

- This Statement of Unaudited Consolidated Financial Results for the quarter ended September 30, 2022 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").

- The Group's operations comprise of only one segment viz. Networking equipment.

- Summary of key standalone financial results of the Company is as follows: (Rs. in crore)

Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
Revenues from operations	205.77	125.63	172.53	331.40	316.60	549.14
Profit/(Loss) before tax	19.13	(12.98)	3.15	6.15	11.42	(118.15)
Profit/(Loss) after tax	9.26	(6.68)	3.48	2.58	10.96	(63.73)

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

- In July 2017, Income Tax Department initiated proceedings under section 132 of the Income Tax Act, 1961 for assessment years 2012-13 to 2018-19. During the year 2019-20, 2020-21 and 2022-23 certain other agencies sent notices as part of their inquiries, which were duly responded / attended by the Company and its officials.

In FY 2019-20, the Income Tax assessments for AY 2012-13 to 2018-19 were carried out and the Company received Income Tax demands for Rs. 25.62 crore (after adjusting carry forward losses of earlier years) and Rs. 0.48 crore for AY 2017-18 and AY 2018-19, respectively. Pursuant to the Company's application for rectification of certain errors in the aforesaid orders, during the quarter ended September 30, 2020, the Company received rectification orders for AY 2012-13 to AY 2018-19 under section 154 of the IT Act. Certain brought forward losses which were not considered in the earlier demand orders were allowed and other computation errors were corrected in the rectification orders resulting in a cumulative net refund position. The Company has also filed appeal against the orders for the aforementioned assessment years disputing certain disallowances. The management is of the view that the outcome of these proceedings/ notices has no material adverse impact on the Group's financial results.

- During FY 2018-19 and 2019-20, the Company received demand orders for Rs. 42.92 crore towards additional duty and penalty from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) on the applicability of excise duty on software used in the multiplexer products pertaining to FY 2002-03 to FY 2009-10. Further, an additional penalty on certain officers of the Company amounting to Rs. 0.90 crore was raised. The Company has filed a stay application before the Honourable Supreme Court and has also filed an appeal before CESTAT.

During the previous year the Company received a demand order for Rs. 3.32 crore for FY 2010-11 to FY 2013-14 on similar matters. The Company has filed appeals with the concerned authorities. Based on an assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matters and accordingly, no provision has been made in this regard.

- a) The Company has, at various grant dates issued Restricted Stock Units (RSUs) to its employees 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 September 30, 2022, an amount of Rs. 5.72 crore (September 30, 2021: Rs. 2.09 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 September 30, 2022, aggregates to 19,81,912 (September 30, 2021: 15,62,155).

b) Saankhya Labs Private Limited has, at various grant dates issued stock options under different Employee Stock Option Plans to its employees at different exercise prices. For the quarter ended September 30, 2022, an amount of Rs. 0.45 has been recorded as employee share expenses based on requirements in Ind AS 102, 'Share-based payments'. The ESOPs granted and outstanding as at September 30, 2022, aggregates to 10,06,120.

- The Company has from time to time in the normal course of business entered into factoring agreements on a non-recourse basis with bankers/factoring institutions for some of the trade receivables. As at September 30, 2022 the trade receivables do not include receivables amounting to Rs. 24.86 crore (September 30, 2021: 23.06 crore) which have been derecognized in accordance with Ind AS 109, 'Financial Instruments', pursuant to such factoring arrangements entered in the current quarter.

- Impact due to supply constraints and other conditions relating to COVID-19 pandemic

The spread of COVID-19 severely impacted businesses around the globe. The Group has considered various internal and external information available up to the date of approval of financial results in assessing the impact of COVID-19 pandemic on the financial results for the quarter ended September 30, 2022.

During the quarter ended September 30, 2022, the Group continued to face delays in executing certain orders-in-hand, due to an increase in lead-time for sourcing semiconductor components. Based on current assessment, management is of the view that some uncertainty is likely to continue for the next few quarters, till the demand-supply situation in the semiconductor component industry stabilises.

In the view of the management, there is no significant impact on the immediate liquidity position of the Group based on management's evaluation of future cash flows for the next one year. As at September 30, 2022, management has made an assessment of the recoverability of carrying values of Property, Plant and Equipment, Intangible assets, Inventories and Financial assets. Management has taken into account all possible impact of known events arising from COVID-19 pandemic and supply constraints in making this assessment and has concluded that no further adjustments are considered necessary. The above impact assessment is however a continuing process given the uncertainties associated with its nature and duration. The Group will continue to closely monitor any material changes to future economic conditions.



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10 Issue of Equity shares and Warrants through Preferential allotment

During the year ended March 31, 2022, the Company made preferential allotment, based on the approval of the Board of Directors, as follows:

- 1,93,79,845 equity shares, having face value of Rs. 10/- each, at a price of Rs. 258 per Equity Share, aggregating to Rs. 500 crore ("Subscription Shares");
- 3,68,21,706 warrants, each carrying a right to subscribe to 1 (one) equity share at an exercise price of Rs. 258 per equity share aggregating to Rs. 950 crore ("Series A Warrant Exercise Price"), which may be exercised in one or more tranches during the period commencing from the date of allotment of the warrants until expiry of 11 (eleven) months from the date of allotment of the warrants ("Series A Warrants"); and
- 1,55,03,876 warrants, each carrying a right to subscribe to 1 (one) equity share at an exercise price of Rs. 258 per equity share aggregating to Rs. 400 crore ("Series B Warrant Exercise Price"), which may be exercised in one or more tranches during the period commencing after the expiry of 12 (twelve) months from the date of allotment of the warrants until expiry of 18 (eighteen) months from the date of allotment of the warrants ("Series B Warrants");

on terms and conditions as determined by the Board in accordance with the SEBI (ICDR) Regulations and other applicable laws, and as set out in the share subscription agreement executed between the Company and Panatone Finvest Limited (a subsidiary of Tata Sons Private Limited).

The Company on September 7, 2021 received a total amount aggregating to Rs. 837.50 crore, which includes exercise price on subscription shares amounting to Rs. 500 crore and 25% of the Series A Warrants and Series B Warrants amounting to Rs. 237.50 crore and Rs. 100 crore respectively.

In view of substantial acquisition of securities, voting rights and control over the Company, Panatone Finvest Limited along with Akashastha Technologies Private Limited (a subsidiary of Panatone Finvest limited) and Tata Sons Private Limited made an Open Offer to acquire 4,02,55,631 fully paid-up equity shares at Rs. 258/- per equity share. The open offer tendering commenced on October 11, 2021 and ended on October 26, 2021. 2,592 equity shares were acquired through the open offer. Upon completion of the Open Offer, Panatone Finvest Limited is designated as promoter of the Company and Akashastha Technologies Limited and Tata Sons Private Limited as members of the Promoter Group of the Company.

During the previous quarter, Panatone Finvest Limited exercised the right attached to the Series A Warrants and subscribed to the equity shares by remitting the balance 75% of the Exercise Price of Series A Warrant amounting to Rs. 712.50 crore. On April 8, 2022, the Company allotted 3,68,21,706 equity shares upon exercise of warrants. The balance 75% of Series B Warrants shall be payable at the time of allotment of equity shares pursuant to exercise of rights attached to Series B Warrants to subscribe to equity share. The 25% of consideration amount received upfront against Series B Warrants shall be adjusted / set-off against the issue price for the resultant equity shares.

11 Pursuant to a definitive agreement entered into by the Company with Saankhya Labs Private Limited (Saankhya Labs) and its shareholders on March 30, 2022, the Company acquired majority stake in Saankhya Labs Private Limited on July 1, 2022. The Company at various dates acquired 64.40% of equity shares in aggregate through secondary purchase at a price of Rs. 454.19 per equity share amounting to 283.94 crore.

On July 08, 2022, Saankhya Labs has acquired 100% Shareholding in Saankhya Strategic Electronics Private Limited (SSE) which was incorporated with the main objective to develop, maintain and service all types of communication systems, electronic products, semiconductor integrated circuits/ chips, micro controllers, digital signal processors, processing algorithms, embedded software and related hardware and software. Consequent to such acquisition SSE has become a wholly-owned subsidiary of Saankhya Labs and a step-down subsidiary of the Company with effect from July 08, 2022.

As a result of acquisition of controlling interest by the Company in Saankhya and Saankhya in SSE with effect from July 1, 2022 and July 8, 2022 respectively, the consolidated results for the Quarter and Six Months ended 30th September 2022 includes the contribution from those entities as below:

Particulars	Quarter ended	Six months ended	As on
	September 30, 2022	September 30, 2022	September 30, 2022
Revenue from Operations	13.87	13.87	-
Profit / (Loss) before Tax	(5.31)	(5.31)	-
Profit / (Loss) after Tax	(5.28)	(5.28)	-
Total Assets	-	-	112.81
Total Liabilities	-	-	41.63

The fair value of assets and liabilities acquired have been provisionally determined by the Company and accounted for in accordance with IND AS 103 Business Combination. Results for the quarter ended September 30, 2022, include the impact of the above transaction and are not comparable with previous corresponding periods.

12 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 has 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 Private Limited will be issued 112 equity shares of the Company for every 100 equity shares held in Saankhya Labs Private Limited.

The Scheme is subject to receipt of necessary approvals from the National Company Law Tribunal (NCLT), Stock Exchanges, the Securities and Exchange Board of India (SEBI), Shareholders, Creditors and such other persons and authorities, as may be required. Till such approvals are received, Saankhya Labs and Saankhya Strategic 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 Private Limited 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". Hence, a financial liability has been recognized in the consolidated financial results and Statement of Assets and Liabilities.

13 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 when they are anti-dilutive for the period presented.

14 Previous period's figures have been regrouped/reclassified wherever necessary, to confirm with the current period's presentation for the purpose of comparability.

15 The above statement of consolidated financial results, consolidated statement of assets and liabilities and consolidated statement of cash flows 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 October 21, 2022.

Place: Bengaluru
Date: October 21, 2022

For and on behalf of the Board of Directors


Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)



For identification purpose only



Press Release

Tejas Networks announces consolidated results for quarter ended September 30, 2022
Q2 23 revenue was Rs. 219.9 crore and H1 23 revenue was Rs. 345.7 crore
Q2 23 Net profit was Rs. 1.1 crore and H1 23 loss was Rs. 5.6 crore

Bengaluru, October 21, 2022: Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the second quarter ended September 30, 2022. Tejas Networks designs, develops, manufactures and sells high-performance telecom and networking products, which are used to build high-speed communication networks.

For Q2-FY23, consolidated net revenue was Rs. 219.9 crore, which was a YoY increase of 27.3%, resulting in a profit before tax of Rs. 10.9 crore as compared to Rs. 3.3 crore, for corresponding previous period. Profit after tax was Rs. 1.1 crore as compared to Rs. 3.7 crore for corresponding previous period. Effective Q2-FY23 Saankhya Labs revenue is consolidated in Tejas books and the above revenue includes Rs. 14 crore from Saankhya Labs.

For H1-FY23, consolidated net revenue was Rs. 345.7 crore, which was a YoY increase of 9.0%, resulting in a loss before tax of Rs. 2.1 crore as compared to profit of Rs. 11.7 crore, for corresponding previous period. Loss after tax was Rs. 5.6 crore as compared to a profit of Rs. 11.2 crore for corresponding previous period.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "We continue to see strong order inflow for our optical products, resulting in all-time high order book of Rs 1,455 crore. We have been re-engineering our supply chain processes and have made substantial improvements during Q2, which will yield better results in the coming quarters. With the launch of our 4G and 5G products, we are well positioned to scale our wireless business in addition to our existing optical business. The integration of Saankhya Labs is progressing well and this has strengthened our R&D investments for 5G development".

Mr. Venkatesh Gadiyar, CFO said, "During Q2, we made investment in Saankhya Labs amounting to Rs. 284 crore and as on September 30, 2022, our cash and cash equivalents, including investment in liquid mutual funds and deposits with financial institutions, were Rs. 1,402 crore and we continue to be a debt-free Company. We have also started the merger process for acquisition of the balance 35.60% of Saankhya Labs shares, into our company".

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About Tejas Networks Limited

Tejas Networks Ltd. designs and manufactures high-performance wireline and wireless networking products for telecommunications service providers, internet service providers, utilities, defence and government entities in over 75 countries. Tejas Networks Ltd. is a part of the Tata Group, with Panatone Finvest Ltd. (a subsidiary of Tata Sons Pvt. Ltd.) being the majority shareholder.

For more information, visit Tejas Networks Ltd. 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.

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Tejas Networks Limited and subsidiaries
Abstract of Consolidated Balance Sheet as at

(in Rs. crore)

	September 30, 2022	March 31, 2022
ASSETS		
Non-current assets		
Property, plant and equipment	58.91	40.09
Right-of-use assets	52.49	14.56
Intangible assets	85.73	83.20
Intangible assets under development	68.44	39.61
Goodwill	355.21	-
Financial assets		
Trade receivables	10.89	7.07
Other financial assets ¹	8.11	5.71
Current tax asset (net)	37.73	35.63
Deferred Tax Asset	110.57	111.33
Other non-current assets	30.48	23.19
Total non - current assets	822.54	360.39
Current assets		
Inventories	399.46	278.02
Financial assets		
Investments ²	309.32	401.78
Trade receivables	369.16	285.09
Cash and cash equivalents ³	83.68	47.56
Other bank balances ⁴	658.26	299.68
Other financial assets ⁵	371.21	363.16
Other current assets	122.60	74.44
Total current assets	2,313.69	1,749.73
Total assets	3,136.23	2,110.12
EQUITY AND LIABILITIES		
Equity		
Equity share capital	155.38	117.82
Other equity	2,492.80	1,812.43
Total equity	2,648.18	1,930.25
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease Liabilities	48.32	11.95
Other financial liabilities	150.52	-
Provisions	2.41	0.49
Total non - current liabilities	201.25	12.44
Current liabilities		
Financial liabilities		
Lease Liabilities	8.96	7.81
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	28.87	11.48
Total outstanding dues of creditors other than micro enterprises and small enterprises	171.07	100.09
Other financial liabilities	30.12	22.48
Provisions	14.58	6.92
Other current liabilities	33.20	18.65
Total current liabilities	286.80	167.43
Total equity and liabilities	3,136.23	2,110.12

Supplementary Information

(in Rs. crore)

	September 30, 2022	March 31, 2022
Cash and Cash Equivalents as at		
¹ Other non current financial asset includes Fixed Deposits with banks with remaining maturity of more than twelve months	-	0.22
² Investments includes Investment in mutual funds	309.32	401.78
³ Cash and cash equivalents	83.68	47.56
⁴ Other bank balances	658.26	299.68
⁵ Other current financial asset includes Deposits with financials institutions	348.82	351.79
⁵ Other current financial asset includes Fixed Deposits with banks with original maturity of more than twelve months but remaining maturity of less than twelve months	2.07	1.15
Total	1,402.15	1,102.18

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Tejas Networks Limited and subsidiaries
Consolidated Statements of Comprehensive Income for

(in Rs. crore, except share data)

	Quarter ended September 30, 2022	Quarter ended Jun 30, 2022	Quarter ended September 30, 2021	Six months September 30, 2022	Six months September 30, 2021	Year ended March 31, 2022
Revenue from operations	219.94	125.76	172.78	345.70	317.03	550.59
Other Income	20.05	18.69	4.17	38.74	12.55	43.30
Total Income	239.99	144.45	176.95	384.44	329.58	593.89
Expenses						
Cost of materials consumed	115.39	67.40	91.05	182.79	157.01	290.74
Purchases of stock in trade	7.08	8.93	1.79	16.01	11.07	23.69
Changes in inventories of stock in trade	(3.40)	0.28	(0.24)	(3.12)	(1.67)	(3.65)
Employee benefit expense	48.51	37.96	32.12	86.47	61.72	134.43
Finance costs	4.87	0.94	0.90	5.81	2.16	3.19
Depreciation and amortization expense	25.82	23.37	18.28	49.19	34.67	76.78
Allowance for expected credit loss	(8.24)	(4.71)	5.14	(12.95)	6.30	87.76
Other expenses	39.06	23.22	24.58	62.28	46.65	98.08
Total Expenses	229.09	157.39	173.62	386.48	317.91	711.02
Profit/(Loss) before tax	10.90	(12.94)	3.33	(2.04)	11.67	(117.13)
Current tax	1.36	(0.89)	0.19	0.47	1.63	0.19
Deferred tax	8.47	(5.41)	(0.52)	3.06	(1.17)	(54.61)
Profit/(Loss) after tax	1.07	(6.64)	3.66	(5.57)	11.21	(62.71)
Other comprehensive income/(loss)	(2.44)	0.17	(1.12)	(2.27)	(1.07)	(1.19)
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation (Net of tax)	(2.57)	(0.05)	(1.57)	(2.62)	(1.53)	(2.08)
Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations	0.13	0.22	0.45	0.35	0.46	0.89
Total comprehensive income/(loss) for the period	(1.37)	(6.47)	2.54	(7.84)	10.14	(63.90)
Earnings/(Loss) per equity share of Rs. 10 each						
Basic (Rs.)	0.07	(0.45)	0.37	(0.37)	1.17	(5.97)
Diluted (Rs.)	0.07	(0.45)	0.30	(0.37)	0.93	(5.97)
Weighted average equity shares used in computing earnings per equity share						
Basic	15,16,39,508	14,86,17,496	9,85,89,967	15,01,36,759	9,59,81,843	10,50,19,617
Diluted	16,38,33,828	14,86,17,496	12,39,44,451	15,01,36,759	12,02,77,666	10,50,19,617

As a result of acquisition of controlling interest by the Company in Saankhya and Saankhya in SSE with effect from July 1, 2022 and July 8, 2022 respectively, the consolidated results for the Quarter and Six Months ended 30th September 2022 includes the contribution from those entities as below:

Particulars	Rs. In crore	
	Quarter ended September 30, 2022	Six months ended September 30, 2022
Revenue from Operations	13.87	13.87
Profit / (Loss) before Tax	(5.31)	(5.31)
Profit / (Loss) after Tax	(5.28)	(5.28)

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Tejas Networks Limited

Registered and Corporate Office: J.P. Software Park, Plot No. 25, Sy. No. 13, 14, 17 and 18,
Konnappana Agrahara Village, Begur Hobli, Bengaluru 560 100, Karnataka, India.

Corporate Identity Number: L72900KA2000PLC026980

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

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

Extract of Unaudited Consolidated Results for the quarter and six months ended September 30, 2022

Sl. No.	Particulars	(Rs. in crore except per share data)		
		Quarter ended September 30, 2022	Six months ended September 30, 2022	Quarter ended September 30, 2021
1	Total Income from operations*	219.94	345.70	172.78
2	Net Profit/(Loss) before tax	10.90	(2.04)	3.33
3	Net Profit/(Loss) after tax	1.07	(5.57)	3.66
4	Total Comprehensive Income/(Loss) for the period (Comprising Profit/(Loss) for the period after tax and Other Comprehensive Income/(Loss) after tax)	(1.37)	(7.84)	2.54
5	Equity Share Capital (Face value of Rs. 10/- each)	155.38	155.38	117.19
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-
7	Earnings/(Loss) per equity share (of Rs. 10/- each)			
	(i) Basic Rs.	0.07	(0.37)	0.37
	(ii) Diluted Rs.	0.07	(0.37)	0.30

Notes

- 1 Key Standalone Financial Information of the company is given below:

Particulars	Quarter ended		
	September 30, 2022	September 30, 2022	September 30, 2021
Total Income from operations*	205.77	331.40	172.53
Net Profit/(Loss) before tax	19.13	6.15	3.15
Net Profit/(Loss) after tax	9.26	2.58	3.48

- 2 The above is an extract of the detailed format of quarterly financial results filed with the Stock Exchanges under Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). The full format of the Quarterly financial results are available on the website of the Stock Exchange(s) and the Company (www.tejasnetworks.com).
- 3 In July 2017, Income Tax Department initiated proceedings under section 132 of the Income Tax Act, 1961 for assessment years 2012-13 to 2018-19. During the year 2019-20, 2020-21 and 2022-23 certain other agencies sent notices as part of their inquiries, which were duly responded / attended by the Company and its officials.

In FY 2019-20, the Income Tax assessments for AY 2012-13 to 2018-19 were carried out and the Company received Income Tax demands for Rs. 25.62 crore (after adjusting carry forward losses of earlier years) and Rs. 0.48 crore for AY 2017-18 and AY 2018-19, respectively. Pursuant to the Company's application for rectification of certain errors in the aforesaid orders, during the quarter ended September 30, 2020, the Company received rectification orders for AY 2012-13 to AY 2018-19 under section 154 of the IT Act. Certain brought forward losses which were not considered in the earlier demand orders were allowed and other computation errors were corrected in the rectification orders resulting in a cumulative net refund position. The Company has also filed appeal against the orders for the aforementioned assessment years disputing certain disallowances. The management is of the view that the outcome of these proceedings/ notices has no material adverse impact on the Group's financial results.

- 4 During FY 2018-19 and 2019-20, the Company received demand orders for Rs. 42.92 crore towards additional duty and penalty from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) on the applicability of excise duty on software used in the multiplexer products pertaining to FY 2002-03 to FY 2009-10. Further, an additional penalty on certain officers of the Company amounting to Rs. 0.90 crore was raised. The Company has filed a stay application before the Honourable Supreme Court and has also filed an appeal before CESTAT.

During the previous year the Company received a demand order for Rs. 3.32 crore for FY 2010-11 to FY 2013-14 on similar matters. The Company has filed appeals with the concerned authorities. Based on an assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matters and accordingly, no provision has been made in this regard.



- 5 The spread of COVID-19 severely impacted businesses around the globe. The Company has considered various internal and external information available up to the date of approval of financial results in assessing the impact of COVID-19 pandemic on the financial results for the quarter ended September 30, 2022.

During the quarter ended September 30, 2022, the Company continued to face delays in executing certain orders-in-hand, due to an increase in lead-time for sourcing semiconductor components. Based on current assessment, management is of the view that some uncertainty is likely to continue for the next few quarters, till the demand-supply situation in the semiconductor component industry stabilises.

In the view of the management, there is no significant impact on the immediate liquidity position of the company based on management's evaluation of future cash flows for the next one year. As at September 30, 2022, management has made an assessment of the recoverability of carrying values of Property, Plant and Equipment, Intangible assets, Inventories and Financial assets. Management has taken into account all possible impact of known events arising from COVID-19 pandemic and supply constraints in making this assessment and has concluded that no further adjustments are considered necessary.

The above impact assessment is however a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

- 6 Pursuant to a definitive agreement entered into by the Company with Saankhya Labs Private Limited (Saankhya Labs) and its shareholders on March 30, 2022, the Company acquired majority stake in Saankhya Labs Private Limited on July 1, 2022. The Company at various dates acquired 64.40% of equity shares in aggregate through secondary purchase at a price of Rs. 454.19 per equity share amounting to 283.94 crore.

On July 08, 2022, Saankhya Labs has acquired 100% Shareholding in Saankhya Strategic Electronics Private Limited (SSE) which was incorporated with the main objective to develop, maintain and service all types of communication systems, electronic products, semiconductor integrated circuits/ chips, micro controllers, digital signal processors, processing algorithms, embedded software and related hardware and software. Consequent to such acquisition SSE has become a wholly-owned subsidiary of Saankhya Labs and a step-down subsidiary of the Company with effect from July 08, 2022.

As a result of acquisition of controlling interest by the Company in Saankhya and Saankhya in SSE with effect from July 1, 2022 and July 8, 2022 respectively, the consolidated results for the Quarter and Six Months ended 30th September 2022 includes the contribution from those entities as below:

Particulars	Quarter ended September	Six months ended	As on
	30, 2022	September 30, 2022	September 30, 2022
Revenue from Operations	13.87	13.87	-
Profit / (Loss) before Tax	(5.31)	(5.31)	-
Profit / (Loss) after Tax	(5.28)	(5.28)	-
Total Assets	-	-	112.81
Total Liabilities	-	-	41.63

The fair value of assets and liabilities acquired have been provisionally determined by the Company and accounted for in accordance with IND AS 103 Business Combination. Results for the quarter ended September 30, 2022, include the impact of the above transaction and are not comparable with previous corresponding periods.

- 7 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 has 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 Private Limited will be issued 112 equity shares of the Company for every 100 equity shares held in Saankhya Labs Private Limited.

The Scheme is subject to receipt of necessary approvals from the National Company Law Tribunal (NCLT), Stock Exchanges, the Securities and Exchange Board of India (SEBI), Shareholders, Creditors and such other persons and authorities, as may be required. Till such approvals are received, Saankhya Labs and Saankhya Strategic 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 Private Limited 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". Hence, a financial liability has been recognized in the consolidated financial results and Statement of Assets and Liabilities.

* excludes other income.

Place: Bengaluru
Date: October 21, 2022

For and on behalf of the Board of Directors



Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

