

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 (the parent and its subsidiaries hereinafter referred to as the "Group"), (refer Note 1 of the Consolidated Statement) for the quarter and six months period ended September 30, 2024, the 'Unaudited Consolidated Statement of Assets and Liabilities' as on that date and the 'Unaudited Consolidated Statement of Cash Flows' for the six months period 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 Securities and Exchange Board of India (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 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).

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

Parent Company

Tejas Networks Limited, India

Subsidiaries

- a) Tejas Communications Pte. Limited, Singapore
b) Tejas Communications (Nigeria) Limited, Nigeria
c) Saankhya Labs 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, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The unaudited consolidated financial results includes the financial results of 3 subsidiaries which have not been reviewed by their auditors, whose financial results reflect total assets of Rs. 18.78 crores and net assets of Rs. 6.28 crores as at September 30, 2024 and total revenue of Rs.6.45 crores and Rs. 8.43 crores, total net profit after tax of Rs. 0.23 crores and Rs. 0.47 crores and total comprehensive income of Rs. 0.06 crores and Rs. 0.31 crores for the quarter and six months period ended September 2024 respectively, and cash inflows of 1.58 crores for the six months period ended September 30, 2024, as considered in the Consolidated Statement. According to the information and explanations given to us by the Management, the financial results are not material to the Group.

Our conclusion on the Consolidated Statement is not modified in respect of the above matter.

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

Prasanna

Prasanna Padar Mahabala
Partner

Membership Number: 206477
UDIN: 24206477BKEWRD4240

Place: Bengaluru
Date: October 18, 2024



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

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Statement of Unaudited Consolidated Financial Results for the quarter and six months period ended September 30, 2024

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended	Year ended
	September 30, 2024	June 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023	March 31, 2024
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations						
a) Revenue from sale of goods and rendering of services	2,655.16	1,496.07	395.95	4,151.23	583.84	2,314.32
b) Other operating revenue (Refer note - 6)	156.10	66.70	-	222.80	0.24	156.60
Total Revenue from operations	2,811.26	1,562.77	395.95	4,374.03	584.08	2,470.92
II Other Income	10.61	13.03	17.97	23.64	37.21	64.66
III Total income (I + II)	2,821.87	1,575.80	413.92	4,397.67	621.29	2,535.58
IV EXPENSES						
(a) Cost of materials consumed	2,001.65	1,097.63	258.76	3,099.28	379.12	1,564.06
(b) Purchases of stock in trade	40.09	31.68	5.92	71.77	7.00	41.86
(c) Changes in inventories of stock in trade, work in progress and finished goods	(71.06)	(5.79)	(14.79)	(76.85)	(17.10)	(20.82)
(d) Employee benefit expense	122.58	94.97	79.35	217.55	156.40	351.49
(e) Finance costs	61.01	56.56	7.00	117.57	11.67	50.75
(f) Depreciation and amortization expense	73.80	64.95	41.68	138.75	76.10	182.45
(g) Allowance for expected credit loss	(4.59)	0.89	8.45	(3.70)	6.19	15.21
(h) Other expenses	187.88	113.36	45.29	301.24	85.53	250.36
Total Expenses (IV)	2,411.36	1,454.25	431.66	3,865.61	704.91	2,435.36
V Profit/(Loss) before tax (III - IV)	410.51	121.55	(17.74)	532.06	(83.62)	100.22
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	74.73	23.47	(1.93)	98.20	(11.78)	21.79
(2) Deferred tax expense/(benefit)	60.60	20.60	(3.17)	81.20	(32.91)	15.45
Total tax expense/(benefit)	135.33	44.07	(5.10)	179.40	(44.69)	37.24
VII Profit/(Loss) after tax (V - VI)	275.18	77.48	(12.64)	352.66	(38.93)	62.98
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the post-employment benefit obligation expense	(0.99)	(0.67)	1.99	(1.66)	1.26	(5.30)
Income tax relating to above	0.18	(0.04)	(0.05)	0.14	(0.05)	0.97
Items that will be reclassified to profit or loss						
Gains/(losses) in cash flow hedges	0.24	(0.66)	-	(0.42)	-	0.09
Exchange differences on translation of foreign operations	(0.03)	0.09	0.11	0.06	0.15	0.06
Income tax relating to gains/(losses) in cash flow hedges	(0.05)	0.12	-	0.07	-	-
IX Total comprehensive income/(loss) for the period (VII + VIII)	274.53	76.32	(10.59)	350.85	(37.57)	58.80
X Equity Share Capital (Face value of Rs. 10/- each)	174.53	174.27	172.99	174.53	172.99	173.98
XI Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet						2,975.51
XII Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	16.06	4.54	(0.74)	20.61	(2.30)	3.71
(2) Diluted	15.75	4.44	(0.74)	20.22	(2.30)	3.65



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**Tejas Networks Limited**

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Unaudited Consolidated Statement of Assets and Liabilities

(Rs. in crore)

Particulars	As at	As at
	September 30, 2024	March 31, 2024
	Unaudited	Audited
Assets		
Non-current assets		
Property, plant and equipment	261.87	209.46
Capital work-in-progress	52.36	15.03
Right-of-use assets	124.71	127.80
Goodwill	211.81	211.81
Other Intangible assets	440.64	411.49
Intangible assets under development	273.81	220.36
Financial assets		
(i) Investments*	0.00	0.00
(ii) Trade receivables	256.00	47.75
(iii) Other financial assets	17.60	15.18
Current tax assets (net)	-	34.66
Deferred tax assets (net)	-	26.64
Other non-current assets	122.23	113.89
Total non-current assets	1,761.03	1,434.07
Current assets		
Inventories	3,411.13	3,737.74
Financial assets		
(i) Investments	450.62	333.71
(ii) Trade receivables	3,502.48	1,410.15
(iii) Cash and cash equivalents	119.75	192.55
(iv) Bank balances other than (iii) above	7.89	109.35
(v) Other financial assets	397.65	210.47
Other current assets	564.83	774.49
Total current assets	8,454.35	6,768.46
Total assets	10,215.38	8,202.53
Equity and Liabilities		
Equity		
Equity share capital	174.53	173.98
Other equity	3,545.72	2,975.51
Total equity	3,720.25	3,149.49
Liabilities		
Non-current liabilities		
Financial liabilities		
(i) Lease liabilities	132.70	133.37
(ii) Other financial liabilities	-	168.99
Provisions	61.57	14.03
Deferred tax liabilities (net)	54.56	-
Total non-current liabilities	248.83	316.39
Current liabilities		
Financial liabilities		
(i) Borrowings	2,768.27	1,744.09
(ii) Lease liabilities	9.83	6.86
(iii) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises	254.94	215.48
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,528.98	1,623.84
(iv) Other financial liabilities	99.45	119.78
Provisions	56.75	21.07
Current tax liabilities (net)	37.27	-
Other current liabilities	1,490.81	1,005.53
Total current liabilities	6,246.30	4,736.65
Total liabilities	6,495.13	5,053.04
Total equity and liabilities	10,215.38	8,202.53

* Amount below the rounding off norm adopted by the Company



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Unaudited Consolidated Statement of Cash Flows

(Rs. in crore)

Particulars	Six months ended	Six months ended
	September 30, 2024	September 30, 2023
	Unaudited	Unaudited
Cash flows from operating activities		
Profit/(Loss) before tax	532.06	(83.62)
Adjustments to reconcile net profit to net cash generated from operating activities:		
Depreciation and amortization expense	138.75	76.10
Allowance for expected credit loss	(3.70)	6.19
Interest Income	(2.43)	(29.02)
Unwinding of discount on fair valuation of financials assets	(0.34)	(0.34)
Gain on current investments carried at FVTPL	(0.96)	(1.15)
Gain on sale of current investments carried at FVTPL	(19.19)	(5.77)
Finance costs	117.57	11.67
Unrealised exchange difference on cash held in foreign currencies	0.24	(0.15)
Unrealised exchange difference (Net)	(4.12)	1.40
Profit on disposal of property, plant and equipment*	0.00	0.00
Expense recognized in respect of equity-settled share-based payments	32.87	45.28
	790.75	20.59
Movements in working capital:		
(Increase)/decrease in inventories	326.61	(753.79)
(Increase)/decrease in trade receivables	(2,294.95)	23.52
(Increase)/decrease in other financial assets	(189.89)	(14.38)
(Increase)/decrease in other assets	207.57	(162.60)
Increase/(decrease) in trade and other payables	(53.16)	416.08
Increase/(decrease) in provisions	80.78	7.20
Increase/(decrease) in other financial liabilities	(8.52)	(19.76)
Increase/(decrease) in other liabilities	485.28	740.19
Cash generated from/(used in) operations	(655.53)	257.05
Income taxes paid	(26.06)	(14.20)
Net cash generated from/(used in) operating activities (A)	(681.59)	242.85
Cash flows from investing activities		
Payment for purchase of property, plant and equipment	(146.34)	(94.06)
Payment for intangible assets (including under development)	(162.38)	(120.65)
Proceeds from disposal of property, plant and equipment*	0.00	0.00
Investments in Deposits with banks	(212.21)	(346.64)
Withdrawals of Deposits from banks	313.67	697.03
Payments for purchase of investments in liquid mutual funds	(2,434.00)	(1,835.00)
Proceeds from redemption of investments in liquid mutual funds	2,337.25	1,386.77
Interest received	2.90	31.08
Net cash used in investing activities (B)	(301.11)	(281.47)
Cash flows from financing activities		
Proceeds from exercise of restricted stock units/employee stock options	0.92	7.33
Proceeds from short-term borrowings	3,203.91	-
Repayment of short-term borrowings	(2,197.77)	-
Principal payment of lease liabilities	(2.76)	(3.50)
Interest payment of lease liabilities	(7.05)	(2.81)
Finance costs paid	(87.11)	(2.50)
Net cash generated from/(used in) financing activities (C)	910.14	(1.48)
Net decrease in cash and cash equivalents (A+B+C)	(72.56)	(40.10)
Cash and cash equivalents at the beginning of the year	192.55	85.39
Effects of exchange rate changes on the balance of cash held in foreign currencies	(0.24)	0.15
Cash and cash equivalents at the end of the period	119.75	45.44
Non-cash investing and financing activities		
Acquisition of right-of-use assets	5.22	95.44

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Notes

- The Statement of Unaudited Consolidated Financial Results for the quarter and six months period ended September 30, 2024, Unaudited Consolidated Statement of Assets and Liabilities as at September 30, 2024 and Unaudited Consolidated Statement of Cash Flows for the period then ended includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company' or 'the Parent') and the following subsidiaries (Parent and Subsidiaries collectively referred as 'the Group' hereinafter):
 Subsidiaries:
 - Tejas Communication Pte. Limited, Singapore
 - Tejas Communications (Nigeria) Limited, Nigeria
 - Saankhya Labs Inc, USA
- This Statement of Unaudited Consolidated Financial Results for the quarter and six months period ended September 30, 2024, Unaudited Consolidated Statement of Assets and Liabilities as at September 30, 2024 and Unaudited Consolidated Statement of Cash Flows for the period then ended has been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 "Interim Financial Reporting" 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").
- The Group has identified "telecom and data networking related products and related services" as its only reportable segment in accordance with the requirements of Ind AS 108 "Operating Segments" and hence no segment information has been provided.
- Summary of key Unaudited Standalone Financial Results of the Company is as follows:

Particulars	(Rs. in crore)					
	Quarter ended September 30, 2024	Quarter ended June 30, 2024	Quarter ended September 30, 2023	Six months ended September 30, 2024	Six months ended September 30, 2023	Year ended March 31, 2024
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Revenues from operations	2,810.14	1,562.03	394.51	4,372.17	582.56	2,473.66
Profit/(Loss) before tax	411.28	124.39	(14.40)	535.67	(77.25)	113.65
Profit/(Loss) after tax	266.18	81.07	(9.41)	347.25	(23.30)	85.43

Note: The Unaudited Standalone Financial 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 Unaudited Standalone Financial Results of the Company.

- The Board of Directors of Saankhya Labs Private Limited (Saankhya Labs), Saankhya Strategic Electronics Private Limited (SSE) and the Company, at their respective meetings held on September 29, 2022, approved the draft Scheme of Amalgamation (the "Scheme") in relation to the amalgamation of Saankhya Labs and SSE with the Company under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules thereunder. The Scheme was approved by the National Company Law Tribunal (NCLT) on August 20, 2024. The Company received the certified copy of the NCLT order on September 5, 2024 and has filed the orders with the Registrar of Companies (RoC) on September 25, 2024. The Scheme provides for an appointed date of July 1, 2022. The Company has accounted for the amalgamation as per the accounting treatment specified in the Scheme in accordance with the Appendix C to Ind AS 103 Business Combination of entities under common control with effect from April 01, 2023. Pursuant to filing of the orders with the RoC, Saankhya Labs and SSE stand dissolved without being wound up.
 In accordance with the terms of the approved Scheme, the shareholders of Saankhya Labs were to receive 112 shares of the Company for every 100 shares held in Saankhya Labs. The allotment of the shares is pending as at September 30, 2024. Subsequent to the quarter ended September 30, 2024, the Company has allotted 38,71,084 shares to the aforesaid shareholders of Saankhya Labs.
 In giving effect to the amalgamation in these Unaudited Consolidated Financial Results for the quarter ended September 30, 2024, the Company has:
 A) Recognised deferred tax benefit of Rs. 9.48 crore relating to brought forward losses, Minimum Alternate Tax (MAT) credit and deductible temporary differences of Saankhya Labs as they become available for offset against the profits of the Company.
 B) The Financial Liability recognised initially to acquire Non controlling Interest amounting to Rs. 169.23 crore has been reversed to other equity.
 C) The shares pending to be issued to the shareholders holding 35.60% shares in Saankhya Labs has been included under other equity.
- Pursuant to the approval received from the Department of Telecommunication under the Production Linked Incentive (PLI) Scheme, the Company has recognised PLI incentive of Rs. 32.66 crore and Rs. 123.70 crore pertaining to the financial year ended March 31, 2023 and March 31, 2024 respectively under "other operating revenue" in the financial results for the year ended March 31, 2024. Based on the aforesaid approval the Company has recognised PLI incentive of Rs. 156.10 crore for the quarter ended September 30, 2024 and Rs. 222.80 crore for the six months period ended September 30, 2024 considering there is reasonable assurance that the Company will comply with the conditions attached to the PLI scheme and that the grant will be received.
- The above Statement of Unaudited Consolidated Financial Results, Unaudited Consolidated Statement of Assets and Liabilities and Unaudited Consolidated Statement of Cash Flows 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 18, 2024.

Place: Bengaluru
 Date: October 18, 2024



For and on behalf of the Board of Directors

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

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