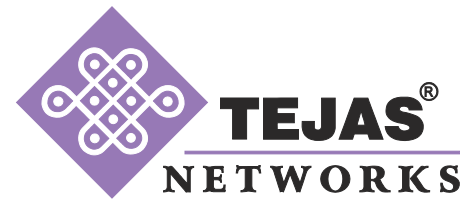


Tejas Networks Ltd.

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J.P. Software Park, Electronic City Phase 1
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Tel : +91- 80- 4179 4600/700/800
Fax: +91- 80- 2852 0201



October 24, 2020

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

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

Dear Sir/Madam,

Re: Newspaper Publication

Pursuant to Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the unaudited financial results for the quarter and half-year ended September 30, 2020 published in the newspapers "Business Standard" - All India Edition and "Vishwavani" - Kannada Edition dated October 23, 2020.

Kindly take the above information on record and acknowledge.

Thanking you,

Yours sincerely

For Tejas Networks Limited

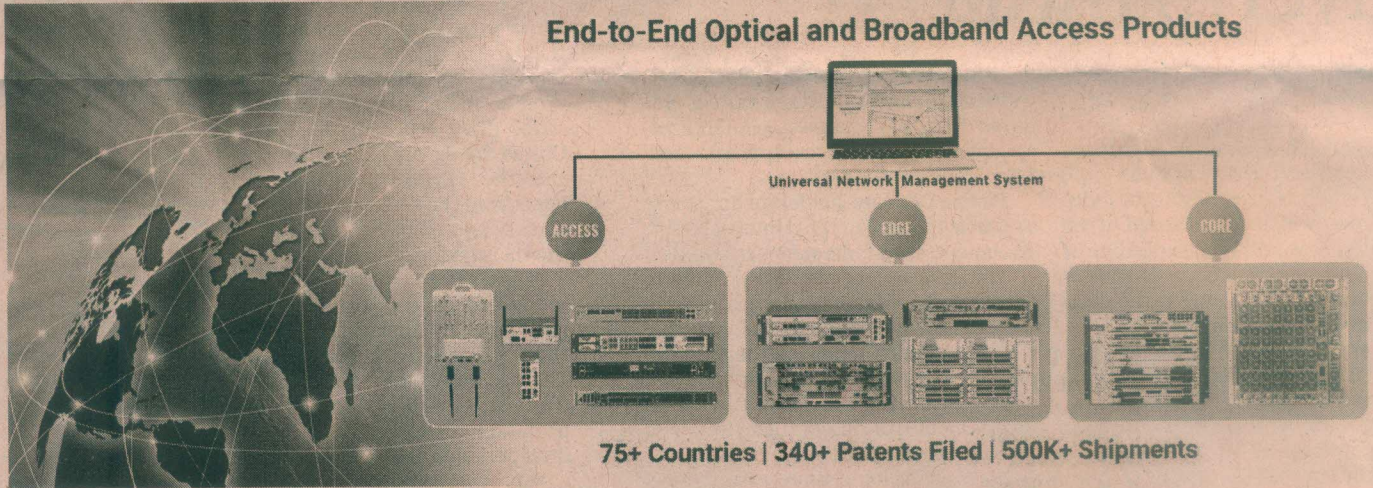
 

N R Ravikrishnan
General Counsel, Chief Compliance Officer
& Company Secretary

Encl: as above

AWARD-WINNING PRODUCTS DESIGNED AND MADE IN INDIA FOR THE WORLD

End-to-End Optical and Broadband Access Products


75+ Countries | 340+ Patents Filed | 500K+ Shipments
Extract of Consolidated Unaudited Results for quarter and six months ended September 30, 2020

(₹ in crore except per share data)

Sl. No.	Particulars	Quarter ended September 30, 2020	Six months ended September 30, 2020	Quarter ended September 30, 2019
1	Total Income from operations*	110.06	190.17	87.42
2	Net Profit/(Loss) before tax	4.53	(5.23)	(7.47)
3	Net Profit/(Loss) after tax	4.53	(5.23)	(4.38)
4	Total Comprehensive Income/(Loss) for the period (Comprising Profit/(Loss) for the period after tax and Other Comprehensive Income/(Loss) after tax)	5.21	(4.60)	(3.76)
5	Equity Share Capital (Face value ₹ 10/- each)	95.82	95.82	95.39
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	-	-	-
7	Earnings/(Loss) per Share (of ₹ 10/- each)			
	(i) Basic ₹	0.49	(0.57)	(0.47)
	(ii) Diluted ₹	0.49	(0.57)	(0.47)

Notes

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

Particulars	Quarter ended September 30, 2020	Six months ended September 30, 2020	Quarter ended September 30, 2019
Total Income from operations*	109.89	188.62	85.76
Net Profit/(Loss) before tax	4.51	(5.37)	(6.39)
Net Profit/(Loss) after tax	4.51	(5.37)	(3.30)

- 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, the Income Tax Department (Department) initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act) and in March 2018, also sent a show cause notice to the company under Section 276(C) of the IT Act. The Company and its officials fully co-operated with the Department. During FY 2018-19, the Company and certain officers of the Company had received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. Post the ongoing proceedings initiated by the Department, during FY 2019-20 and in the current financial year, certain other agencies sent notices as part of their preliminary inquiries, which were duly responded by the Company and its officials. During FY 2019-20, the Company received notices of demand from the Department for additional tax payable amounting to Rs. 25.62 crore for AY 2017-18 (after adjusting the carried forward losses from earlier years) under Section 156 of the IT Act after making additions of various items to taxable income as per assessment orders issued under Section 143(3) read with Section 153A of the IT Act. The Department also issued show cause notices for initiating penalty proceedings under Section 274 read with Section 270A/ 271(1)(c)/ 271AAB(1A) of the IT Act and the Company has filed a stay application against the penalty proceedings. The Company had also received a demand order for AY 2018-19 for additional tax payable amounting to Rs. 0.48 crore. Following the Company's application for rectification of apparent computation errors in the aforesaid demand notices, during the quarter ended September 30, 2020 the Company has received rectification orders u/s 154 of the IT Act for AY 2012-13 to AY 2018-19 under which the Company now has a cumulative net refund position for AY 2017-18 and AY 2018-19, after corrections were made by the Assessing Officer to the amounts of carry forward losses and TDS in respect of earlier assessment years. The Company has also challenged the orders passed by the Assessing Officer (AO) by filing an appeal with the Commissioner of Income Tax (Appeals) against additions of various items to taxable income for the relevant earlier assessment years. The Company is of the view that the outcome of these proceedings/ notices/ summons will not have any material adverse impact on the Company's financial results.
- 4 On July 4, 2018, the Company had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as part of the Multiplexer products during FY from 2002-03 to 2009-10. The aforesaid CESTAT Order dealt with an earlier Order received during the FY 2010-11 with associated demand of Rs. 11.87 crore and various show cause notices on a similar matter received in earlier financial years leading to an additional demand of Rs. 24.88 crore i.e. a total demand of Rs. 36.75 crore. The aforesaid CESTAT Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the aforesaid CESTAT Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT had remanded the matter back to the adjudicating authority in June 2018 for quantifying the differential duty liability, interest and penalties. The adjudicating authority vide its order dated October 31, 2019 passed an order quantifying the differential duty liability and penalty amounting to Rs. 42.92 crore (which includes the demand of Rs. 36.75 crore by CESTAT as mentioned above) and ordering recovery of appropriate interest. Additionally, the adjudicating authority has also imposed penalty on certain officers of the Company amounting to Rs. 0.90 crore. The total demand, in respect of this matter, as per the Order of the adjudicating authority, aggregates to Rs. 43.82 crore. The Company had earlier filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforesaid CESTAT Order passed in July 2018. Pursuant to the quantification order of the adjudicating authority in October 2019 as stated above, the Miscellaneous Application has been withdrawn by the Company as the Company has filed a fresh appeal dated February 6, 2020 before the CESTAT against the order of the adjudicating authority dated October 31, 2019. The Company had also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application before the Hon'ble Supreme Court of India against the aforesaid CESTAT order passed in June 2018. The same continues to remain pending for final hearing. The Company had, in previous years, also received show cause notices, from the Department of Central Excise in respect of FY 2010-11 to 2013-14 on a similar matter amounting to Rs. 3.01 crore which are not part of the orders discussed above and for which the company had provided its response. Based on Management's 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 these financial results.
- 5 Trade receivables as at September 30, 2020 includes overdue receivables of more than 180 days, aggregating to Rs. 175.75 crore (net of provision) of which the amount from public sector customers (including from BSNL for Bharatnet project) is Rs. 133.17 crore. Management has taken the necessary steps to expedite collections from the concerned customers. Having regard to the good past history of collections from such customers, Management believes that the aforesaid net receivables as at September 30, 2020 are fully recoverable and hence no additional allowances for credit losses are considered necessary.
- 6 The spread of COVID-19 continues to impact businesses around the globe and has led to disruption in regular business operations due to lock-downs, disruptions in transportation, supply chain, travel restrictions, quarantines, social distancing and other measures. The Company is in the business of providing optical and data transmission equipment to telecom service providers. While the COVID 19 related uncertainties has impacted the Company's financial performance in the current financial year, Management believes that the demand for the company's products will continue to rise in line with higher investments that telecom operators are making to address the demand for fiber-based home broadband connections and to upgrade their network capacities, to cater to higher data traffic arising from increasing trend of work-from-home, learn-from-home and other data-intensive services. Since telecom networks have been identified as an essential service, the Company has been able to provide continued delivery of products and technical support to its customers in India and worldwide, so that their network uptime remains high. During the quarter, the Company continued to encounter delays in fulfilling certain customer orders in hand, delays in collection of certain trade receivables and delays in closing business from new customers, although the situation is gradually improving. The Company has made an assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory, and Investments as at the quarter ended September 30, 2020, and has concluded that there are no material adjustments required in these consolidated financial results. Management believes that it has taken into account all the possible impact of known events arising from COVID 19 pandemic in the preparation of the standalone financial results. However, the impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration. The eventual outcome of the impact of the pandemic may be different from that estimated by the management as on the date of the approval of these financial results. The company will continue to monitor any material changes to future economic conditions.

* Excludes other income

For and on behalf of the Board of Directors

Sd/-
Sanjay Nayak

CEO and Managing Director (DIN: 01049871)

