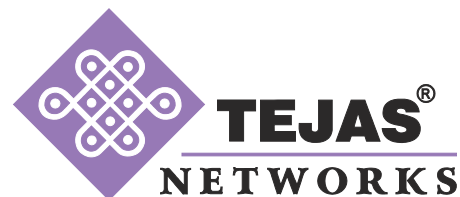


Tejas Networks Ltd.

Regd. Office: Plot No. 25, 5th Floor
J.P. Software Park, Electronic City Phase 1
Hosur Road, Bengaluru 560 100, India
Tel : +91- 80- 4179 4600/700/800
Fax: +91- 80- 2852 0201



January 20, 2021

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 January 06, 2021 informing about the Board Meeting scheduled on January 20, 2021.

The Board of Directors of Tejas Networks Limited ('the Company') at their meeting held on Wednesday, January 20, 2021 through video-conferencing has inter alia considered and approved the following:

Financial Results

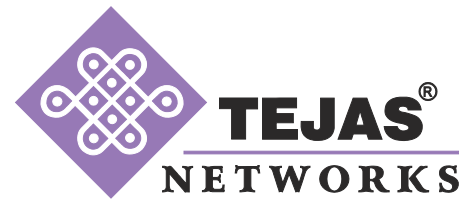
1. Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the unaudited financial results (standalone and consolidated) as per IND-AS for the quarter and nine-months ended December 31, 2020 together with the Limited review report of the Statutory Auditors for the said period is enclosed as **Annexure - A**.

Other matters

2. The Nomination and Remuneration Committee and the Board of Directors in its meeting held today, have approved the grant of 5,500 Restricted Stock Units at face value of Rs. 10/- each under Tejas Restricted Stock Unit Plan 2017 to the employees of the Company with the effective date of grant as January 20, 2021.
3. Allotment of 47,271 Equity Shares of the Company pursuant to exercise of the Stock Options/ Restricted Stock Units by eligible employees/ Senior Management of the Company under respective Stock Options Plans/ Tejas Restricted Stock Unit Plan 2017.
4. Approved the following:
 - a. Code of Conduct for Intermediaries and Fiduciaries under the SEBI (Prohibition of Insider Trading) Regulations, 2015.
 - b. Amended and restated Code of Conduct under the SEBI (Prohibition of Insider Trading) Regulations, 2015.
 - c. Amended and restated Code of practices and procedures for fair disclosures of unpublished price sensitive information under the SEBI (Prohibition of Insider Trading) Regulations, 2015.
 - d. Amended and restated policy for determining materiality of event / information.

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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 nine-months ended December 31, 2020 being published in the newspapers as **Annexure - C**.

Please note that the Conference Call details to discuss the Company's performance on Wednesday, January 20, 2021 at 7.00 P.M (IST) has already been intimated to Stock Exchanges vide our letter dated January 08, 2021.

The above information is also being made 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

Review Report

To
The Board of Directors
Tejas Networks Limited,
5th Floor, J P Software Park,
Plot No. 25, Sy.No.13,14,17,18,
Konnapana Agrahara Village,
Begur Hobli, Bengaluru - 560100

1. We have reviewed the unaudited financial results of Tejas Networks Limited (the "Company") for the quarter and nine months ended December 31, 2020 which are included in the accompanying 'Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2020' together with the notes thereon (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 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.



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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/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

5. We draw your attention to Note 9 to the Standalone Statement regarding overdue receivables (due for more than 180 days from the due date for payment), aggregating to Rs. 166.14 crores (net of provision) as at December 31, 2020. The Company believes that the aforesaid receivables are fully recoverable and no additional allowances for credit losses are considered necessary. Our conclusion is not modified in respect of this matter.
6. We draw attention to Note 10 to the Standalone Statement which explains the uncertainties and the management assessment of the financial impact due to the lock-downs and other restrictions and 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 opinion is not modified in respect of this matter.

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



Pradip Kanakia
Partner

Membership Number: 039985
UDIN: 21039985AAAAAA8471

Place: Bengaluru
Date: January 20, 2021



Tejas Networks Limited

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

Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2020

Particulars	(Rs. in crore except per share data)					
	Quarter ended December 31, 2020	Quarter ended September 30, 2020	Quarter ended December 31, 2019	Nine months ended December 31, 2020	Nine months ended December 31, 2019	Year ended March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	134.71	109.89	85.32	323.33	331.64	386.20
II Other Income (Refer Note - 11)	8.55	8.09	6.18	20.96	20.12	33.71
III Total Income (I + II)	143.26	117.98	91.50	344.29	351.76	419.91
IV EXPENSES						
(a) Cost of materials consumed	74.40	58.97	42.98	168.55	172.02	203.58
(b) Employee benefit expense	26.11	24.61	23.79	75.65	70.07	103.22
(c) Finance costs	0.85	0.99	0.66	2.75	6.54	7.57
(d) Depreciation and amortization expense	12.06	11.84	20.33	37.68	56.16	77.05
(e) Impairment of non-current assets	-	-	-	-	-	69.87
(f) Allowance for expected credit loss (Refer Note - 8)	1.80	(0.82)	(1.12)	5.00	1.47	18.81
(g) Other expenses	18.80	17.88	19.47	50.79	56.37	77.42
Total expenses (IV)	134.02	113.47	106.11	340.42	362.63	557.52
V Profit/(Loss) before tax (III - IV)	9.24	4.51	(14.61)	3.87	(10.87)	(137.61)
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	-	-	(0.66)	-	-	-
(2) Deferred tax expense/(benefit)	-	-	97.94	-	98.55	98.55
Total tax expense/(benefit)	-	-	97.28	-	98.55	98.55
VII Profit/(Loss) after tax (V - VI)	9.24	4.51	(111.89)	3.87	(109.42)	(236.16)
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.20	0.75	0.03	0.90	0.22	(1.07)
Income tax relating to above	-	-	-	-	-	-
IX Total comprehensive income/(loss) for the period (VII + VIII)	9.44	5.26	(111.86)	4.77	(109.20)	(237.23)
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	1.00	0.49	(12.15)	0.42	(11.89)	(25.66)
(2) Diluted	0.97	0.49	(12.15)	0.41	(11.89)	(25.66)





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Notes

- 1 These financial results have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 (as amended) ['Ind AS'] prescribed under section 133 of the Companies Act, 2013 read with relevant rules, issued thereunder, and other recognised accounting practices and policies 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, 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 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 aforementioned 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 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 December 31, 2020, an amount of Rs. 1.41 crore (December 31, 2019: Rs. 3.29 crore) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'. The RSUs granted and outstanding as at December 31, 2020, aggregates to 12,79,185 (December 31, 2019: 16,89,947).
b) The Company has, at various grant dates in the earlier years issued stock options under different Employee Stock Option Plans to its employees at different exercise prices. For the quarter ended December 31, 2020, an amount of Rs. 0.73 crore (December 31, 2019: Rs. 0.10 crore) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'.
- 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 institution for some of the trade receivables. As at December 31, 2020 the trade receivables do not include receivables amounting to Rs. 9.56 crore (December 31, 2019: Rs. 23.87 crore) which have been derecognised in accordance with Ind AS 109, 'Financial Instruments', pursuant to such factoring arrangements entered in the current quarter.
- 7 The Company and its overseas subsidiary had filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company had also received a counter claim from the said vendor. There has been no business with this vendor for more than 3 years. During the quarter ended December 31, 2020, the Company and its overseas subsidiary have entered into a settlement with the vendor pursuant to which the vendor has agreed to a settlement amount, which is to be received by the Company over a period of 2 years. Management does not expect any additional charge in the statement of profit and loss on account of this settlement.
- 8 Expected credit loss represents an allowance for life-time expected loss on the carrying value of trade receivables, which has been recognised in accordance with the simplified approach as permitted by Ind AS 109, 'Financial Instruments'.
- 9 At December 31, 2020 the Company has overdue trade receivables (i.e. due for more than 180 days from the due date for payment), aggregating to Rs. 166.14 crore (net of provision) (at September 30, 2020: Rs. 164.53 crore) of which the amount due from public sector customers (including from BSNL for Bharatnet project) is Rs. 125.09 crore (at September 30, 2020: 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 December 31, 2020 are fully recoverable and hence no additional allowances for credit losses are considered necessary.





Tejas Networks Limited

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10 Impact of COVID-19 Pandemic

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 December 31, 2020, and has concluded that there are no material adjustments required in these 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 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.

- 11 Other income includes interest on income tax refunds of Rs. 4.74 crore for the quarter ended December 31, 2020 (quarter ended September 30, 2020: Rs. 5.14 crore; quarter ended December 31, 2019: Rs. Nil).
- 12 The Code on Social Security 2000 (the 'Code') relating to employee benefits during employment and post employment benefits was approved by the Parliament and received Presidential Assent in September 2020. The Code has also been published in the Gazette of India. Draft rules inviting suggestions from stakeholders was released in November 2020. The effective date and the rules pertaining to the Code are yet to be notified/ framed. The code is expected to impact the Company's contribution towards provident fund and gratuity benefit provided to the employees. The Company will assess the impact of the Code when it is made effective and will record the related financial impact, if any, in the period in which the Code becomes effective.
- 13 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 14 The above statement of standalone financial results was reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on January 20, 2021.

For and on behalf of the Board of Directors

Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

Place: Bengaluru
Date: January 20, 2021



Price Waterhouse Chartered Accountants LLP

Review Report

To
The Board of Directors
Tejas Networks Limited,
5th Floor, J P Software Park,
Plot No. 25, Sy.No.13,14,17,18,
Konnappana Agrahara Village,
Begur Hobli, Bengaluru - 560100

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 on the Consolidated Statement) for the quarter ended December 31, 2020 which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2020' together with the notes thereon (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.

4. The Consolidated Statement includes the results of the following entities:
 - (a) Tejas Communication Pte. Limited, Singapore
 - (b) Tejas Communication (Nigeria) Limited



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

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Price Waterhouse Chartered Accountants LLP

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 11 to the Consolidated Statement regarding overdue receivables (due for more than 180 days from the due date for payment), aggregating to Rs.168.36 crores (net of provision) as at December 31, 2020. The Group believes that the aforesaid receivables are fully recoverable and no additional allowances for credit losses are considered necessary. Our conclusion is not modified in respect of this matter.
7. We draw attention to Note 12 to the Consolidated Statement which explains the uncertainties and the management assessment of the financial impact due to the lock-downs and other restrictions and 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 opinion is not modified in respect of this matter.

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



Pradip Kanakia
Partner

Membership Number: 039985
UDIN: 21039985AAAAAB9887

Place: Bengaluru
Date: January 20, 2021



Tejas Networks Limited

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Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2020

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	134.88	110.06	86.66	325.05	335.97	390.54
II Other Income (Refer Note - 13)	8.55	8.11	6.19	21.00	20.13	33.65
III Total income (I + II)	143.43	118.17	92.85	346.05	356.10	424.19
IV EXPENSES						
(a) Cost of materials consumed	74.40	58.97	42.98	168.55	172.02	203.58
(b) Employee benefit expense	27.07	26.28	25.83	80.22	74.86	110.52
(c) Finance costs	0.88	1.02	0.70	2.84	6.65	7.72
(d) Depreciation and amortization expense	12.06	11.84	20.33	37.68	56.16	77.05
(e) Impairment of non-current assets	-	-	-	-	-	69.87
(f) Allowance for expected credit loss (Refer Note - 10)	1.80	(0.82)	(1.12)	5.00	2.62	20.03
(g) Other expenses	17.99	16.35	18.91	47.77	55.83	73.99
Total Expenses (IV)	134.20	113.64	107.63	342.06	368.14	562.76
V Profit/(Loss) before tax (III - IV)	9.23	4.53	(14.78)	3.99	(12.04)	(138.57)
VI Income tax expense/(benefit)						
(1) Current tax expense/(benefit)	-	-	(0.66)	-	-	-
(2) Deferred tax expense/(benefit)	-	-	97.94	-	98.55	98.55
Total tax expense/(benefit)	-	-	97.28	-	98.55	98.55
VII Profit/(Loss) after tax (V - VI)	9.23	4.53	(112.06)	3.99	(110.59)	(237.12)
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.20	0.75	0.03	0.90	0.22	(1.07)
Income tax relating to above	-	-	-	-	-	-
Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations*	0.00	(0.07)	0.04	(0.08)	0.40	0.64
IX Total comprehensive income/(loss) for the period (VII + VIII)	9.43	5.21	(111.99)	4.81	(109.97)	(237.55)
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	0.99	0.49	(12.16)	0.43	(12.02)	(25.76)
(2) Diluted	0.97	0.49	(12.16)	0.43	(12.02)	(25.76)

* Amount below the rounding off norm adopted by the company





Tejas Networks Limited

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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

Notes

- The Statement of consolidated financial results includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company') and the following subsidiary/ step down subsidiary (collectively referred as 'the Group' hereinafter):
 - Tejas Communication Pte. Limited, Singapore
 - Tejas Communication (Nigeria) Limited
- These consolidated financial results of the Group have been prepared in accordance with Companies (Indian Accounting Standard) Rules, 2015 (as amended) ['Ind AS'] prescribed under section 133 of the Companies Act, 2013 read with relevant rules, issued thereunder, and other recognised accounting practices and policies 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:

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
Revenues from operations	134.71	109.89	85.32	323.33	331.64	386.20
Profit/(Loss) before tax	9.24	4.51	(14.61)	3.87	(10.87)	(137.61)
Profit/(Loss) after tax	9.24	4.51	(111.89)	3.87	(109.42)	(236.16)

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

- 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 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.
- 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.
- 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 December 31, 2020, an amount of Rs. 1.41 crore (December 31, 2019: Rs. 3.29 crore) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'. The RSUs granted and outstanding as at December 31, 2020, aggregates to 12,79,185 (December 31, 2019: 16,89,947).
 - The Company has, at various grant dates in the earlier years issued stock options under different Employee Stock Option Plans to its employees at different exercise prices. For the quarter ended December 31, 2020, an amount of Rs. 0.73 crore (December 31, 2019: Rs. 0.10 crore) has been recorded as employee share expenses based on accounting as per Ind AS 102, 'Share-based payments'.
- 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 institution for some of the trade receivables. As at December 31, 2020 the trade receivables do not include receivables amounting to Rs. 9.56 crore (December 31, 2019: Rs. 23.87 crore) which have been derecognised in accordance with Ind AS 109, 'Financial Instruments', pursuant to such factoring arrangements entered in the current quarter.
- The Company and its overseas subsidiary had filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company had also received a counter claim from the said vendor. There has been no business with this vendor for more than 3 years. During the quarter ended December 31, 2020, the Company and its overseas subsidiary have entered into a settlement with the vendor pursuant to which the vendor has agreed to a settlement amount, which is to be received by the Company over a period of 2 years. Management does not expect any additional charge in the statement of profit and loss on account of this settlement.
- Expected credit loss represents an allowance for life-time expected loss on the carrying value of trade receivables, which has been recognised in accordance with the simplified approach as permitted by Ind AS 109, 'Financial Instruments'.
- At December 31, 2020 the Company has overdue trade receivables (i.e. due for more than 180 days from the due date for payment), aggregating to Rs. 168.36 crore (net of provision) (at September 30, 2020: Rs. 175.75 crore) of which the amount due from public sector customers (including from BSNL for Bharatnet project) is Rs. 125.09 crore (at September 30, 2020: 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 December 31, 2020 are fully recoverable and hence no additional allowances for credit losses are considered necessary.





Tejas Networks Limited

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12 Impact of COVID-19 Pandemic

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 December 31, 2020, and has concluded that there are no material adjustments required in these 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 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.

- 13 Other income includes interest on income tax refunds of Rs. 4.74 crore for the quarter ended December 31, 2020 (quarter ended September 30, 2020: Rs. 5.14 crore; quarter ended December 31, 2019: Rs. Nil).
- 14 The Code on Social Security 2000 (the 'Code') relating to employee benefits during employment and post employment benefits was approved by the Parliament and received Presidential Assent in September 2020. The Code has also been published in the Gazette of India. Draft rules inviting suggestions from stakeholders was released in November 2020. The effective date and the rules pertaining to the Code are yet to be notified/ framed. The code is expected to impact the Company's contribution towards provident fund and gratuity benefit provided to the employees. The Company will assess the impact of the Code when it is made effective and will record the related financial impact, if any, in the period in which the Code becomes effective.
- 15 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 16 The above statement of consolidated financial results was reviewed and recommended by the Audit Committee of the Board and subsequently approved by the Board of Directors at their respective meetings held on January 20, 2021.

For and on behalf of the Board of Directors

Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

Place: Bengaluru
Date: January 20, 2021





Press Release

Tejas Networks announces consolidated results for quarter ended December 31, 2020
Q3 net revenue was Rs. 129.1 crore; Net Profit was Rs. 9.2 crore

Bengaluru, January 20, 2021: Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the third quarter ended December 31, 2020. Tejas Networks designs, develops, manufactures and sells high-performance optical and data networking products, which are used to build high-speed communication networks.

For Q3 2021, consolidated net revenue was Rs. 129.1 crore, which was a YoY increase of 51.2%, resulting in a profit before tax of Rs. 9.2 crore as compared to a loss before tax of Rs. 14.8 crore for corresponding previous period. Profit after tax was Rs. 9.2 crore as compared to loss after tax of Rs. 112.1 crore for corresponding previous period.

For the nine months ended December 31, 2020, net revenue was Rs. 313.3 crore, which was a YoY decline of 4.2%, with a profit before tax of Rs. 4.0 crore as compared to a loss before tax of Rs. 12.0 crore for corresponding previous period. Profit after tax was Rs. 4.0 crore as compared to a loss after tax of Rs. 110.6 crore for corresponding previous period.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "We continued to build on our momentum of revenue as well as profitability growth during Q3. We also had strong order inflows and new customer wins, resulting in order book of Rs. 672 crore, as on December 31, 2020. Our international business for the first nine months saw a YoY revenue growth of 26.9%, led by customers in Africa, Mid-east and South-East Asia. With increased demand for high-speed home broadband connections on optical fiber and the need for telecom operators to upgrade their backbone network capacity, we see a robust demand for our equipment globally."

Mr. Venkatesh Gadiyar, CFO said, "Our quarterly financial performance continues to improve, as we generated cash of Rs. 55 crore from operations and also reduced our working capital by Rs. 43 crore during Q3. Our cash and cash equivalents, including investment in liquid mutual funds and deposits with financial institutions, improved to Rs. 335 crore as on December 31, 2020 and we continue to be a debt-free Company."

As on date, we have filed for 349 patents and during the quarter, we were granted 2 patents bringing our cumulative grant to 120 patents.

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About Tejas Networks Limited

Tejas Networks designs, develops and sells high-performance and cost-competitive networking products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 75 countries. Tejas products utilize programmable, software-defined hardware architecture with a common software code-base that delivers seamless upgrades of new features and technology standards. Tejas Networks is ranked among top-10 suppliers in the global optical aggregation segment and has filed 349 patents.

For more information, visit Tejas Networks 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, except share data)

	December 31, 2020	March 31, 2020
ASSETS		
Non-current assets		
Property, plant and equipment	30.78	30.55
Right-of-use assets	17.30	21.29
Intangible assets	49.67	26.81
Intangible assets under development	32.86	26.99
Financial assets		
Trade receivables	75.84	80.28
Loans	5.37	5.61
Other financial assets	1.60	1.11
Current tax asset (net)	61.34	47.80
Deferred Tax Asset	41.70	41.70
Other non-current assets	6.84	6.97
Total non - current assets	323.30	289.11
Current assets		
Inventories	229.20	251.99
Financial assets		
Investments	57.84	50.97
Trade receivables	326.62	375.63
Cash and cash equivalents	44.93	66.48
Other bank balances	122.32	76.71
Loans	0.90	1.17
Other financial assets	110.48	91.59
Other current assets	41.64	37.50
Total current assets	933.93	952.04
Total assets	1,257.23	1,241.15
EQUITY AND LIABILITIES		
Equity		
Equity share capital	96.07	95.48
Other equity	998.05	985.46
Total equity	1,094.12	1,080.94
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease liabilities	18.36	21.91
Provisions	1.11	0.59
Total non - current liabilities	19.47	22.50
Current liabilities		
Financial liabilities		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	14.69	10.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	73.98	63.81
Lease liabilities	5.35	5.97
Other financial liabilities	36.42	42.27
Provisions	6.62	7.44
Other current liabilities	6.58	7.26
Total current liabilities	143.64	137.71
Total equity and liabilities	1,257.23	1,241.15

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Tejas Networks Limited and subsidiaries
Consolidated Statements of Comprehensive Income for

(in Rs. crore, except share data)

	Quarter ended Dec 31, 2020	Quarter ended Sep 30, 2020	Quarter ended Dec 31, 2019	Nine months ended Dec 31, 2020	Nine months ended Dec 31, 2019	Year ended March 31, 2020
Revenue from operations	134.88	110.06	86.66	325.05	335.97	390.54
Other Income	8.55	8.11	6.19	21.00	20.13	33.65
Total Income	143.43	118.17	92.85	346.05	356.10	424.19
Expenses						
Cost of materials consumed	74.40	58.97	42.98	168.55	172.02	203.58
Employee benefit expense	27.07	26.28	25.83	80.22	74.86	110.52
Finance costs	0.88	1.02	0.70	2.84	6.65	7.72
Depreciation and amortization expense	12.06	11.84	20.33	37.68	56.16	77.05
Impairment of non-current assets	-	-	-	-	-	69.87
Allowance for expected credit loss	1.80	(0.82)	(1.12)	5.00	2.62	20.03
Other expenses	17.99	16.35	18.91	47.77	55.83	73.99
Total Expenses	134.20	113.64	107.63	342.06	368.14	562.76
Profit/(Loss) before tax	9.23	4.53	(14.78)	3.99	(12.04)	(138.57)
Current tax	-	-	(0.66)	-	-	-
Deferred tax	-	-	97.94	-	98.55	98.55
Profit/(Loss) after tax	9.23	4.53	(112.06)	3.99	(110.59)	(237.12)
Other comprehensive income/(loss)	0.20	0.68	0.07	0.82	0.62	(0.43)
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.20	0.75	0.03	0.90	0.22	(1.07)
Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations	-	(0.07)	0.04	(0.08)	0.40	0.64
Total comprehensive income/(loss) for the period	9.43	5.21	(111.99)	4.81	(109.97)	(237.55)
Earnings/(Loss) per equity share of Rs. 10 each						
Basic (Rs.)	0.99	0.49	(12.16)	0.43	(12.02)	(25.76)
Diluted (Rs.)	0.97	0.49	(12.16)	0.43	(12.02)	(25.76)
Weighted average equity shares used in computing earnings per equity share						
Basic	9,26,71,398	9,23,60,935	9,21,28,349	9,24,31,355	9,19,93,023	9,20,38,454
Diluted	9,48,85,067	9,26,64,459	9,21,28,349	9,31,46,138	9,19,93,023	9,20,38,454

Supplementary Information

Particulars	Quarter ended Dec 31, 2020	Quarter ended Sep 30, 2020	Quarter ended Dec 31, 2019	Nine months ended Dec 31, 2020	Nine months ended Dec 31, 2019	Year ended March 31, 2020
Revenue from operations	134.88	110.06	86.66	325.05	335.97	390.54
Less: Sale of Components	5.77	3.27	1.25	11.78	8.86	10.75
Revenue (net of component sales)	129.11	106.79	85.41	313.27	327.11	379.79
Year on Year Growth/(decline)	51.2%			-4.2%		

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Tejas Networks Limited

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Corporate Identity Number: L72900KA2000PLC026980

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

Extract of Consolidated Unaudited Results for quarter and nine months ended December 31, 2020

Sl. No.	Particulars	₹ in crore except per share data		
		Quarter ended December 31, 2020	Nine months ended December 31, 2020	Quarter ended December 31, 2019
1	Total Income from operations*	134.88	325.05	86.66
2	Net Profit/(Loss) before tax	9.23	3.99	(14.78)
3	Net Profit/(Loss) after tax	9.23	3.99	(112.06)
4	Total Comprehensive Income/(Loss) for the period (Comprising Profit/(Loss) for the period after tax and Other Comprehensive Income/(Loss) after tax)	9.43	4.81	(111.99)
5	Equity Share Capital (Face value of ₹ 10/- each)	96.07	96.07	95.42
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 ₹	0.99	0.43	(12.16)
	(ii) Diluted ₹	0.97	0.43	(12.16)

Notes

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

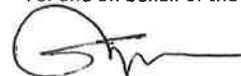
Particulars	Quarter ended	Nine months ended	Quarter ended
	December 31, 2020	December 31, 2020	December 31, 2019
Total Income from operations*	134.71	323.33	85.32
Net Profit/(Loss) before tax	9.24	3.87	(14.61)
Net Profit/(Loss) after tax	9.24	3.87	(111.89)

- 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 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 aforementioned 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 At December 31, 2020 the Company has overdue trade receivables (i.e. due for more than 180 days from the due date for payment), aggregating to Rs. 168.36 crore (net of provision) (at September 30, 2020: Rs. 175.75 crore) of which the amount due from public sector customers (including from BSNL for Bharatnet project) is Rs. 125.09 crore (at September 30, 2020: 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 December 31, 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 December 31, 2020, and has concluded that there are no material adjustments required in these 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 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



Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

Place: Bengaluru
Date: January 20, 2021