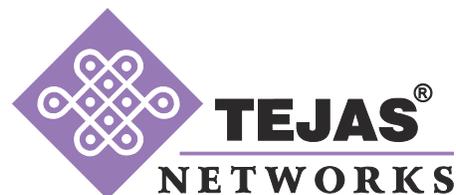


Tejas Networks Ltd.

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



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

January 21, 2020

Dear Sir/Madam,

Re: Outcome of Board Meeting

This is with reference to our letter dated January 8, 2020 informing about the Board Meeting scheduled on January 21, 2020.

The Board of Directors of Tejas Networks Limited ('the Company') at their meeting held on Tuesday, January 21, 2020 at Bangalore 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, 2019 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 24,000 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 of January 21, 2020.
3. Allotment of 9,522 Equity Shares of the Company pursuant to exercise of the Stock Options/ Restricted Stock Units by eligible employees of the Company under respective Stock Options Plans/ Tejas Restricted Stock Unit Plan 2017.

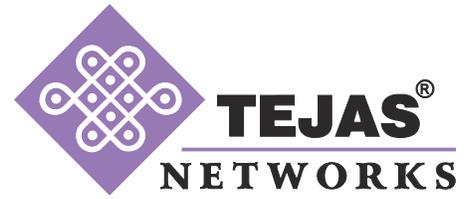
We also enclose:

- 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, 2019 being published in the newspapers as **Annexure - C**.

Please note that the Conference Call details to discuss the Company's performance on Tuesday, January 21, 2020 at 6.30 P.M (IST) has already been intimated to Stock Exchanges vide our letter dated January 16, 2020.

Tejas Networks Ltd.

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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

Independent Auditor's Review Report on the unaudited consolidated results

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, Bangalore - 560100

1. We have reviewed the unaudited consolidated financial results of Tejas Networks Limited (the "Parent"), its subsidiary/ step down subsidiary (the parent and its subsidiary/ step down subsidiary hereinafter referred to as the "Group") (refer Note 1 to the Statement) for the quarter ended December 31, 2019 which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019' and the notes thereon (together referred to as the "Statement"). The 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, 2015"), which has been initialled by us for identification purposes.
2. This Statement, which is the responsibility of the Parent's Management and 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 Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (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 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 Listing Regulations, 2015, to the extent applicable.

4. The Statement includes the results of the following entities:
 - (a) Tejas Communication Pte. Limited, Singapore
 - (b) Tejas Communication (Nigeria) Limited
 - (c) Tejas Israel Limited (upto November 25, 2018)
 - (d) vSave Energy Private Limited (upto July 28, 2018)



Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor
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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

Independent Auditor's Review Report on the unaudited consolidated results

Page 2 of 2

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 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.

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



Pradip Kanakia
Partner

Membership Number: 039985
UDIN: 20039985AAAAAC4751

Place: Bengaluru
Date: January 21, 2020

**Tejas Networks Limited**

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Tel: +91 80 4179 4600; Fax: +91 80 2852 0201
E-mail: corporate@tejasnetworks.com; Website: www.tejasnetworks.com

Statement of Unaudited Consolidated Financial Results for the quarter and nine months ended December 31, 2019

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	86.66	87.42	184.33	335.97	627.19	900.32
II Other Income	6.19	6.89	9.30	20.13	29.82	36.69
III Total income (I + II)	92.85	94.31	193.63	356.10	657.01	937.01
IV EXPENSES						
(a) Cost of materials consumed	42.98	35.22	95.28	172.02	318.11	463.70
(b) Employee benefit expense	25.83	22.57	27.60	74.86	89.97	123.66
(c) Finance costs	0.70	2.51	4.54	6.65	11.93	17.00
(d) Depreciation and amortization expense	20.33	18.24	16.19	56.16	48.43	65.88
(e) Other expenses	17.79	23.24	25.11	58.45	75.63	116.75
Total Expenses (IV)	107.63	101.78	168.72	368.14	544.07	786.99
V Profit/(Loss) before tax (III - IV)	(14.78)	(7.47)	24.91	(12.04)	112.94	150.02
VI Income tax expense						
(1) Current tax	(0.66)	(1.54)	(2.93)	-	16.59	19.63
(2) Deferred tax expense/(benefit)	97.94	(1.55)	(5.00)	98.55	(15.00)	(16.85)
Total tax expense	97.28	(3.09)	(7.93)	98.55	1.59	2.78
VII Profit/(Loss) after tax (V - VI)	(112.06)	(4.38)	32.84	(110.59)	111.35	147.24
VIII Other comprehensive income/(loss)						
a Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.03	0.24	(0.20)	0.22	(0.59)	(2.20)
Income tax relating to above	-	(0.01)	0.05	-	0.13	0.48
b Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations	0.04	0.39	(0.80)	0.40	0.84	0.77
IX Total comprehensive income/(loss) for the period (VII + VIII)	(111.99)	(3.76)	31.89	(109.97)	111.73	146.29
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	(12.16)	(0.47)	3.59	(12.02)	12.21	16.13
(2) Diluted	(12.16)	(0.47)	3.41	(12.02)	11.58	15.39





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Notes

- The Statement of consolidated financial results includes the results of Tejas Networks Limited ('the Company' or 'the Holding Company') and the following subsidiaries/ step down subsidiary (collectively referred as 'the Group' hereunder):
 - Tejas Communication Pte. Limited, Singapore
 - Tejas Communication (Nigeria) Limited
 - vSave Energy Private Limited (upto July 28, 2018) and
 - Tejas Israel Limited (upto November 25, 2018)
- 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	(Rs. in crore)					
	Quarter ended December 31, 2019	Quarter ended September 30, 2019	Quarter ended December 31, 2018	Nine months ended December 31, 2019	Nine months ended December 31, 2018	Year ended March 31, 2019
Revenues from operations	85.32	85.76	181.10	331.64	622.12	894.03
Profit/(Loss) before tax	(14.61)	(6.39)	23.74	(10.87)	112.42	149.47
Profit/(Loss) after tax	(111.89)	(3.30)	31.67	(109.42)	110.83	146.69

Note: The standalone financials 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 the previous years, 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. The Company has responded appropriately in this matter. Post the ongoing proceedings initiated by the Department, certain other agencies sent notices as part of their preliminary inquiries, which was duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial results. During the previous quarter, the Company received notices from the Department u/s 142(1) of the IT Act to furnish accounts and documents in respect of assessment years 2012-13 to 2017-18. During the current quarter, the Department has issued notices of demand for additional tax payable amounting to Rs. 25.62 crore (after adjusting the brought forward losses) under Section 156 of the IT Act after making additions of various items to income as per assessment orders issued under Section 143(3) read with Section 153A of the IT Act. The Department has 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 is in the process of responding to the same. The Company has also received a demand order for assessment year 2018-19 for additional tax payable amounting to Rs. 0.48 crore. The Company believes that there are several computational errors in the aforesaid demand orders and is in the process of filing the application for rectification of errors in the aforesaid notices, including non-consideration of brought forward losses in AY 2012-13 assessment, u/s 154 of the IT Act. The Company is also in the process of challenging the orders passed by the Assessing Officer (AO) and is in the process of filing the appeal with the Commissioner of Income Tax (Appeals) for the aforesaid assessment years. Based on Company's assessment of the Orders, supported by views obtained from an external tax consultant, Management is of the view that the Company has a strong case to defend its position in respect of the various items added by the AO to income computed in income tax returns filed earlier and further taking into account the availability of brought forward losses, no provision is considered necessary in these financial results.
- In July, 2018, the Company received an order from 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 sold during the financial years 2002-03 to 2009-10. The aforesaid CESTAT order dealt with an earlier order received during the year 2010-11 with associated demand of Rs. 11.87 crore and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88 crore. The 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 show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the 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 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 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 Company had filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the CESTAT Order passed in July, 2018. Pursuant to the recent quantification order of the adjudicating authority in October 2019, the Miscellaneous Application has been withdrawn during the current quarter as the Company is in the process of filing an appeal 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 CESTAT Order passed in July 2018. The same is pending for final hearing. The Company had also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on similar matters 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 this matter 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, 2019, an amount of Rs. 3.29 crore (December 31, 2018: Rs. 3.62 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, 2019, aggregates to 16,89,947 (December 31, 2018: 10,08,790).
 - 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, 2019, an amount of Rs. 0.10 crore (December 31, 2018: Rs. 0.39 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 for some of the trade receivables. As at December 31, 2019 the trade receivables do not include receivables amounting to Rs. 23.87 crore (December 31, 2018: Rs. NIL) 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 has 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 has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor for more than 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial results.





Tejas Networks Limited

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- 10 Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'. Therefore, the comparative information for the prior periods have not been restated. On transition, the Company has recorded the lease liabilities at the present value of future lease payments discounted using the incremental borrowing rate. The adoption of Ind AS 116 has resulted in recognition of Right-of-use assets of Rs. 22.65 crore and lease liabilities of Rs. 29.09 crore on the transition date and from such date the nature of expense for leasing arrangements has changed from lease rent in previous periods to depreciation on the Right-of-use assets and finance cost on the corresponding lease liabilities. Cumulative effect of adoption of Ind AS 116 has been recognised by debiting retained earnings by Rs. 4.69 crore (net of deferred tax impact) as at the transition date. The adoption of Ind AS 116 did not have a material impact on the results for the quarter ended December 31, 2019.
- 11 The Company had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the quarter, the carrying amount of the deferred tax assets has been reduced by Rs. 97.94 crore i.e. to the extent that it is not probable that sufficient future taxable profits will be available to absorb the tax losses.
- 12 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 13 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 21, 2020.

For and on behalf of the Board of Directors

Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)

Place: Bengaluru
Date: January 21, 2020



Price Waterhouse Chartered Accountants LLP

Independent Auditor's Review Report on the unaudited standalone results

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, Bangalore - 560100

1. We have reviewed the unaudited standalone financial results of Tejas Networks Limited (the "Company") for the quarter ended December 31, 2019 which are included in the accompanying 'Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019' and the notes thereon (together referred to as the "Statement"). The 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. This 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 Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (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 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.
3. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying 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.

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



Pradip Kanakia
Partner

Membership Number: 039985
UDIN: 20039985AAAAAE5331

Place: Bengaluru
Date: January 21, 2020

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Statement of Unaudited Standalone Financial Results for the quarter and nine months ended December 31, 2019

(Rs. in crore except per share data)

Particulars	Quarter ended	Quarter ended	Quarter ended	Nine months ended	Nine months ended	Year ended
	December 31, 2019	September 30, 2019	December 31, 2018	December 31, 2019	December 31, 2018	March 31, 2019
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
I Revenue from operations	85.32	85.76	181.10	331.64	622.12	894.03
II Other Income	6.18	6.89	9.15	20.12	29.67	36.64
III Total income (I + II)	91.50	92.65	190.25	351.76	651.79	930.67
IV EXPENSES						
(a) Cost of materials consumed	42.98	35.22	95.36	172.02	318.20	463.70
(b) Employee benefit expense	23.79	21.38	26.13	70.07	85.52	117.60
(c) Finance costs	0.66	2.47	4.78	6.54	11.85	16.88
(d) Depreciation and amortization expense	20.33	18.24	16.19	56.16	48.43	65.88
(e) Other expenses	18.35	21.73	24.05	57.84	75.37	117.14
Total expenses (IV)	106.11	99.04	166.51	362.63	539.37	781.20
V Profit/(Loss) before tax (III - IV)	(14.61)	(6.39)	23.74	(10.87)	112.42	149.47
VI Income tax expense						
(1) Current tax	(0.66)	(1.54)	(2.93)	-	16.59	19.63
(2) Deferred tax expense/(benefit)	97.94	(1.55)	(5.00)	98.55	(15.00)	(16.85)
Total tax expense	97.28	(3.09)	(7.93)	98.55	1.59	2.78
VII Profit/(Loss) after tax (V - VI)	(111.89)	(3.30)	31.67	(109.42)	110.83	146.69
VIII Other comprehensive income/(loss)						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.03	0.24	(0.20)	0.22	(0.59)	(2.20)
Income tax relating to above	-	(0.01)	0.05	-	0.13	0.48
IX Total comprehensive income/(loss) for the period (VII + VIII)	(111.86)	(3.07)	31.52	(109.20)	110.37	144.97
X Earnings/(Loss) per equity share						
Equity shares of par value Rs. 10 each						
(1) Basic	(12.15)	(0.36)	3.46	(11.89)	12.15	16.07
(2) Diluted	(12.15)	(0.36)	3.29	(11.89)	11.52	15.33





Tejas Networks Limited

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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 the previous years, 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. The Company has responded appropriately in this matter. Post the ongoing proceedings initiated by the Department, certain other agencies sent notices as part of their preliminary inquiries, which was duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial results.
During the previous quarter, the Company received notices from the Department u/s 142(1) of the IT Act to furnish accounts and documents in respect of assessment years 2012-13 to 2017-18. During the current quarter, the Department has issued notices of demand for additional tax payable amounting to Rs. 25.62 crore (after adjusting the brought forward losses) under Section 156 of the IT Act after making additions of various items to income as per assessment orders issued under Section 143(3) read with Section 153A of the IT Act. The Department has 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 is in the process of responding to the same. The Company has also received a demand order for assessment year 2018-19 for additional tax payable amounting to Rs. 0.48 crore. The Company believes that there are several computational errors in the aforesaid demand orders and is in the process of filing the application for rectification of errors in the aforesaid notices, including non-consideration of brought forward losses in AY 2012-13 assessment, u/s 154 of the IT Act. The Company is also in the process of challenging the orders passed by the Assessing Officer (AO) and is in the process of filing the appeal with the Commissioner of Income Tax (Appeals) for the aforesaid assessment years. Based on Company's assessment of the Orders, supported by views obtained from an external tax consultant, Management is of the view that the Company has a strong case to defend its position in respect of the various items added by the AO to income computed in income tax returns filed earlier and further taking into account the availability of brought forward losses, no provision is considered necessary in these financial results.
- 4 In July, 2018, the Company received an order from 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 sold during the financial years 2002-03 to 2009-10. The aforesaid CESTAT order dealt with an earlier order received during the year 2010-11 with associated demand of Rs. 11.87 crore and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88 crore. The 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 show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the 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 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 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 Company had filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the CESTAT Order passed in July, 2018. Pursuant to the recent quantification order of the adjudicating authority in October 2019, the Miscellaneous Application has been withdrawn during the current quarter as the Company is in the process of filing an appeal 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 CESTAT Order passed in July 2018. The same is pending for final hearing. The Company had also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on similar matters 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 this matter 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, 2019, an amount of Rs. 3.29 crore (December 31, 2018: Rs. 3.62 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, 2019, aggregates to 16,89,947 (December 31, 2018: 10,08,790).
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, 2019, an amount of Rs. 0.10 crore (December 31, 2018: Rs. 0.39 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 for some of the trade receivables. As at December 31, 2019 the trade receivables do not include receivables amounting to Rs. 23.87 crore (December 31, 2018: Rs. NIL) 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 has 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 has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor for more than 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial results.
- 8 Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'. Therefore, the comparative information for the prior periods have not been restated. On transition, the Company has recorded the lease liabilities at the present value of future lease payments discounted using the incremental borrowing rate. The adoption of Ind AS 116 has resulted in recognition of Right-of-use assets of Rs. 22.65 crore and lease liabilities of Rs. 29.09 crore on the transition date and from such date the nature of expense for leasing arrangements has changed from lease rent in previous periods to depreciation on the Right-of-use assets and finance cost on the corresponding lease liabilities. Cumulative effect of adoption of Ind AS 116 has been recognised by debiting retained earnings by Rs. 4.69 crore (net of deferred tax impact) as at the transition date. The adoption of Ind AS 116 did not have a material impact on the results for the quarter ended December 31, 2019.
- 9 The Company had recognised deferred tax assets on losses comprising unabsorbed depreciation and utilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the quarter, the carrying amount of the deferred tax assets has been reduced by Rs. 97.94 crore i.e. to the extent that it is not probable that sufficient future taxable profits will be available to absorb the tax losses.
- 10 Previous period's figures have been regrouped/reclassified where necessary, to conform with the current period's presentation for the purpose of comparability.
- 11 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 21, 2020.



Place: Bengaluru
Date: January 21, 2020

For and on behalf of the Board of Directors


Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)





Press Release

Tejas Networks announces consolidated results for quarter ended December 31, 2019

Q3 revenue ₹ 85.4 crore and nine months revenue was ₹ 327.1 crore

Q3 PBT (₹ 14.8) crore and nine months PBT was (₹ 12.0) crore

Bengaluru, January 21, 2020: Tejas Networks [BSE: 540595, NSE: TEJASNET] today reported its financial results for the third quarter ended December 31, 2019. Tejas Networks designs, develops, manufactures and sells high-performance optical and data networking products, which are used to build high-speed communication networks over optical fiber.

For Q3, 2020, consolidated revenues (net of pass-through component sale) were ₹ 85.4 crore which was a year-on-year decline of 51.5%. Decline in revenues resulted in a loss before tax of ₹ 14.8 crore since a majority of costs such as R&D, are linked to manpower and are fixed in nature, as compared to a profit of ₹ 24.9 crore for corresponding previous period. The weak revenue during the quarter was primarily due to sharp decline in revenues from India Government segment, which had a year-on-year decline of 86% for nine months ended December 31, 2019. There was a reversal of deferred tax assets of ₹ 97.9 during the quarter, resulting in an after tax loss of ₹ 112.1 crore.

For the nine months ended December 31, 2019, revenues (net of pass-through component sale) were ₹ 327.1 crore, which was a year-on-year decline of 46.5%. As a result, for nine months, loss before tax was ₹ 12.0 crore, against a profit before tax of ₹ 112.9 for the corresponding period.

Mr. Sanjay Nayak, Managing Director and CEO of Tejas Networks said, "Indian telecom sector is undergoing major financial stress which has resulted in tight capex by all operators. Due to our significant dependence on India, which contributed to 79% of our total revenues last FY, we have seen an adverse impact on our financial performance during the current FY. As a part of our medium term goal of getting 50% of our revenues from international, we continue to focus on growing our international business and have made significant progress during the year in terms of new customer wins and increasing our sales investments in our target geographies. We expect healthy YoY growth for our international business during the current FY. At a macro level, growth drivers of our business remain healthy with increased broadband penetration, cloudification and adoption of 5G."

Mr. Venkatesh Gadiyar, CFO said, "During Q3, our cash position improved by ₹ 6 crore and our cash and cash equivalents, including investment in liquid mutual funds and deposits with financial institutions, stood at ₹ 296 crore. During the quarter, our overall DSO improved marginally, and we also started to receive some amount of long-overdue payments from BSNL for the Bharatnet project. We are practically debt-free and we have a strong balance sheet to support our growth plans. We expect to see further improvement to our cash position by end of Q4"

As on date, we have filed for 349 patents and during the quarter, we were granted 3 patent bringing our cumulative grant to 112 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 70 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

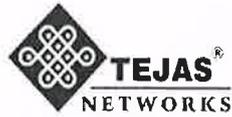
Investor Relations: ir@india.tejasnetworks.com

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.

A handwritten signature in blue ink, consisting of a stylized 'G' followed by a horizontal line and a small flourish.



Tejas Networks Limited and subsidiaries
Consolidated Statements of Comprehensive Income for

(in ₹ crore, except share data)

	Quarter ended Dec 31, 2019	Quarter ended Sep 30, 2019	Quarter ended Dec 31, 2018	Nine months ended Dec 31, 2019	Nine months ended Dec 31, 2018	Year ended March 31, 2019
Revenue from operations	86.66	87.42	184.33	335.97	627.19	900.32
Other Income	6.19	6.89	9.30	20.13	29.82	36.69
Total Income	92.85	94.31	193.63	356.10	657.01	937.01
Expenses						
Cost of materials consumed	42.98	35.22	95.28	172.02	318.11	463.70
Employee benefit expense	25.83	22.57	27.60	74.86	89.97	123.66
Finance costs	0.70	2.51	4.54	6.65	11.93	17.00
Depreciation and amortization expense	20.33	18.24	16.19	56.16	48.43	65.88
Other expenses	17.79	23.24	25.11	58.45	75.63	116.75
Total Expenses	107.63	101.78	168.72	368.14	544.07	786.99
Profit before tax	(14.78)	(7.47)	24.91	(12.04)	112.94	150.02
Current tax	(0.66)	(1.54)	(2.93)	-	16.59	19.63
Deferred tax	97.94	(1.55)	(5.00)	98.55	(15.00)	(16.85)
Profit after tax	(112.06)	(4.38)	32.84	(110.59)	111.35	147.24
Other comprehensive income	0.07	0.62	(0.95)	0.62	0.38	(0.95)
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit obligation	0.03	0.23	(0.15)	0.22	(0.46)	(1.72)
Items that will be reclassified to profit or loss						
Exchange differences on translation of foreign operations	0.04	0.39	(0.80)	0.40	0.84	0.77
Total comprehensive income for the period	(111.99)	(3.76)	31.89	(109.97)	111.73	146.29
Earnings per equity share of ₹ 10 each						
Basic (₹)	(12.16)	(0.47)	3.59	(12.02)	12.21	16.13
Diluted (₹)	(12.16)	(0.47)	3.41	(12.02)	11.58	15.39
Weighted average equity shares used in computing earnings per equity share						
Basic	9,21,28,349	9,20,06,222	9,14,49,872	9,19,93,023	9,12,08,521	9,13,08,108
Diluted	9,21,28,349	9,20,06,222	9,64,16,160	9,19,93,023	9,61,74,809	9,56,67,708

Supplementary Information

Particulars	Quarter ended Dec 31, 2019	Quarter ended Sep 30, 2019	Quarter ended Dec 31, 2018	Nine months ended Dec 31, 2019	Nine months ended Dec 31, 2018	Year ended March 31, 2019
Revenue from operations	86.66	87.42	184.33	335.97	627.19	900.32
Less: Sale of Components	1.25	2.33	8.17	8.86	16.30	23.59
Revenue (net of component sales)	85.41	85.09	176.16	327.11	610.89	876.73
Year on Year decline	-51.5%			-46.5%		

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Tejas Networks Limited and subsidiaries
Consolidated Balance Sheet as at

(in ₹ crore, except share data)

	December 31, 2019	March 31, 2019
ASSETS		
Non-current assets		
Property, plant and equipment	31.05	30.68
Right-of-use asset	22.61	-
Intangible assets	63.01	68.44
Intangible assets under development	64.88	41.38
Financial assets		
Trade receivables	30.94	42.81
Loans	5.63	4.38
Other financial assets	0.04	0.12
Income tax asset (net)	46.02	36.92
Deferred Tax Asset	41.70	138.00
Other non-current assets	0.23	0.14
Total non - current assets	306.11	362.87
Current assets		
Inventories	245.01	181.39
Financial assets		
Investments	102.54	86.55
Trade receivables	473.21	622.12
Cash and cash equivalents	53.35	16.90
Bank deposits with maturity of more than 3 months but less than 12 months	79.70	106.11
Balance held as margin money	0.02	0.04
Loans	1.75	0.95
Other financial assets	69.18	180.44
Other current assets	33.58	27.91
Total current assets	1,058.34	1,222.41
Total assets	1,364.45	1,585.28
EQUITY AND LIABILITIES		
Equity		
Equity share capital	95.42	94.99
Other equity	1,111.74	1,225.25
Total equity	1,207.16	1,320.24
Liabilities		
Non-current liabilities		
Financial liabilities		
Lease Liabilities	23.33	-
Provisions	0.59	1.75
Total non - current liabilities	23.92	1.75
Current liabilities		
Financial liabilities		
Borrowings	-	-
Trade payables		
Total outstanding dues of micro enterprises and small enterprises	18.82	26.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	48.62	136.70
Lease liabilities	5.94	-
Other financial liabilities	44.29	81.72
Provisions	9.90	8.14
Other current liabilities	5.80	9.90
Total current liabilities	133.37	263.29
Total equity and liabilities	1,364.45	1,585.28

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Tejas Networks Limited

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

Corporate Identity Number: L72900KA2000PLC026980

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

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

Extract of Unaudited Consolidated Results for quarter and nine months ended December 31, 2019

Sl. No.	Particulars	₹ in crore except per share data		
		Quarter ended December 31, 2019	Nine months ended December 31, 2019	Quarter ended December 31, 2018
1	Total Income from operations*	86.66	335.97	184.33
2	Net Profit/(Loss) before tax	(14.78)	(12.04)	24.91
3	Net Profit/(Loss) after tax	(112.06)	(110.59)	32.84
4	Total Comprehensive Income/(Loss) for the period (Comprising Profit/(Loss) for the period after tax and Other Comprehensive Income/(Loss) after tax)	(111.99)	(109.97)	31.89
5	Equity Share Capital (Face value of ₹ 10/- each)	95.42	95.42	94.77
6	Reserves (excluding Revaluation Reserve) as shown in the Audited Balance Sheet of the previous year	1,225.25	1,225.25	1,057.99
7	Earnings/(Loss) per Share (of ₹ 10/- each)			
	(i) Basic ₹	(12.16)	(12.02)	3.59
	(ii) Diluted ₹	(12.16)	(12.02)	3.41

Notes

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

Particulars	Quarter ended	Nine months ended	Quarter ended
	December 31, 2019	December 31, 2019	December 31, 2018
Total Income from operations*	85.32	331.64	181.10
Net Profit/(Loss) before tax	(14.61)	(10.87)	23.74
Net Profit/(Loss) after tax	(111.89)	(109.42)	31.67

- 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 the previous years, 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. The Company has responded appropriately in this matter. Post the ongoing proceedings initiated by the Department, certain other agencies sent notices as part of their preliminary inquiries, which was duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial results. During the previous quarter, the Company received notices from the Department u/s 142(1) of the IT Act to furnish accounts and documents in respect of assessment years 2012-13 to 2017-18. During the current quarter, the Department has issued notices of demand for additional tax payable amounting to Rs. 25.62 crore (after adjusting the brought forward losses) under Section 156 of the IT Act after making additions of various items to income as per assessment orders issued under Section 143(3) read with Section 153A of the IT Act. The Department has 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 is in the process of responding to the same. The Company has also received a demand order for assessment year 2018-19 for additional tax payable amounting to Rs. 0.48 crore. The Company believes that there are several computational errors in the aforesaid demand orders and is in the process of filing the application for rectification of errors in the aforesaid notices, including non-consideration of brought forward losses in AY 2012-13 assessment, u/s 154 of the IT Act. The Company is also in the process of challenging the orders passed by the Assessing Officer (AO) and is in the process of filing the appeal with the Commissioner of Income Tax (Appeals) for the aforesaid assessment years. Based on Company's assessment of the Orders, supported by views obtained from an external tax consultant, Management is of the view that the Company has a strong case to defend its position in respect of the various items added by the AO to income computed in income tax returns filed earlier and further taking into account the availability of brought forward losses, no provision is considered necessary in these financial results.
- 4 In July, 2018, the Company received an order from 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 sold during the financial years 2002-03 to 2009-10. The aforesaid CESTAT order dealt with an earlier order received during the year 2010-11 with associated demand of Rs. 11.87 crore and various show cause notices on the similar matter received in different earlier financial years with associated demands aggregating to Rs. 24.88 crore. The 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 show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the 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 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 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 Company had filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the CESTAT Order passed in July, 2018. Pursuant to the recent quantification order of the adjudicating authority in October 2019, the Miscellaneous Application has been withdrawn during the current quarter as the Company is in the process of filing an appeal 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 CESTAT Order passed in July 2018. The same is pending for final hearing. The Company had also received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on similar matters 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 this matter and accordingly, no provision has been made in these financial results.
- 5 The Company had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the quarter, the carrying amount of the deferred tax assets has been reduced by Rs. 97.94 crore i.e. to the extent that it is not probable that sufficient future taxable profits will be available to absorb the tax losses.

* excludes other income.

For and on behalf of the Board of Directors

Sanjay Nayak
CEO and Managing Director
(DIN: 01049871)Place: Bengaluru
Date: January 21, 2020

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