



Powering Data and Broadband Networks

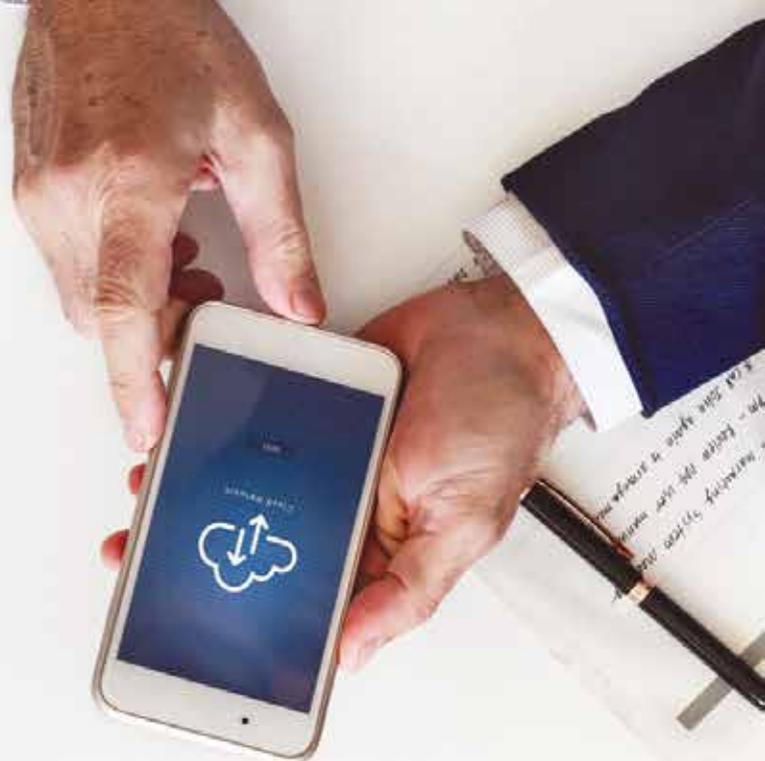
Annual Report 2017-18

# Table of Contents

|                                      |     |
|--------------------------------------|-----|
| About Us                             | 1   |
| The Year at a Glance                 | 2   |
| Financial Trends                     | 3   |
| Our Products and Solutions           | 4   |
| Customer Success                     | 6   |
| Chairman's Message                   | 8   |
| CEO and MD's Statement               | 10  |
| Board of Directors                   | 12  |
| Long Term Growth Drivers             | 14  |
| Innovative Business Model            | 16  |
| Strategic Priorities                 | 18  |
| Innovation-driven R&D Leadership     | 28  |
| Asset-light Manufacturing            | 30  |
| Awards & Accolades                   | 32  |
| Human Face of Tejas                  | 33  |
| Board and Committees                 | 34  |
| Board's Report                       | 35  |
| Annexures to Board's Report          | 43  |
| Management's Discussion and Analysis | 66  |
| Corporate Governance Report          | 79  |
| Shareholder Information              | 93  |
| Standalone Financial Statements      | 97  |
| Consolidated Financial Statements    | 145 |
| Business Responsibility Report       | 193 |

## Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



# About Us

---

## Who We Are

We are India's largest R&D-driven telecom equipment company, founded by technocrats, having 700+ employees. We are India's first high-technology product company to be publicly listed on the Indian Stock Exchanges in June, 2017.

## What We Do

We design, develop and market high-performance optical and data networking products to telecommunications service providers, utilities, defence and government entities around the world. Today, we are ranked among the top-10 suppliers in the global optical aggregation segment and are #1 in India. Our products are deployed in 70+ countries.

## Our Vision

Our vision is to build a pioneering innovation-driven, global networking product company.

## Our Mission

Our mission is to innovate leading-edge, yet pragmatic, telecommunications products and solutions that provide the highest value to our customers world-wide.

## Revenues\*

739.87  
₹ crore

## EPS

(Par Value ₹ 10 each)

₹12.41

## EBITDA

152.87  
₹ crore

## PAT

106.52  
₹ crore

\*Revenues (Net of component sales and excise duty)  
Based on Consolidated Financials

# The Year at a Glance

Based on Ind AS Consolidated Financial Statements

in ₹ crore except for share data or as otherwise stated

| Particulars                                       | 2018     | 2017     | Growth (%) |
|---------------------------------------------------|----------|----------|------------|
| <b>Financial Performance</b>                      |          |          |            |
| Revenue (net of component and excise duty)        | 739.87   | 818.89   | (9.6)      |
| Gross Profit                                      | 298.42   | 310.42   | (3.9)      |
| Operating profit after depreciation               | 91.61    | 112.01   | (18.2)     |
| Profit after tax excluding exceptional item       | 106.52   | 123.45   | (13.7)     |
| Profit after tax                                  | 106.52   | 92.98    | 14.6       |
| EPS (par value of ₹ 10 each) : Basic              | 12.41    | 14.09    | (11.9)     |
| Diluted                                           | 11.73    | 14.09    | (16.7)     |
| <b>Financial Position</b>                         |          |          |            |
| Cash and cash equivalents <sup>(1)</sup>          | 512.70   | 122.33   | 319.1      |
| Net current assets <sup>(2)</sup>                 | 327.42   | 489.52   | (33.1)     |
| Fixed assets (including assets under development) | 121.58   | 110.70   | 9.8        |
| Total Assets                                      | 1,329.77 | 1,034.46 | 28.5       |
| Borrowings <sup>(3)</sup>                         | 2.27     | 281.48   | (99.2)     |
| Total Equity                                      | 1,152.08 | 592.94   | 94.3       |

<sup>(1)</sup> Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions, investment in mutual funds and excludes margin money deposits.

<sup>(2)</sup> Excluding the current assets considered in cash and cash equivalents and current liabilities considered as borrowings in this section.

<sup>(3)</sup> Borrowings include long term borrowings, short term borrowings and current maturities of long term debt.

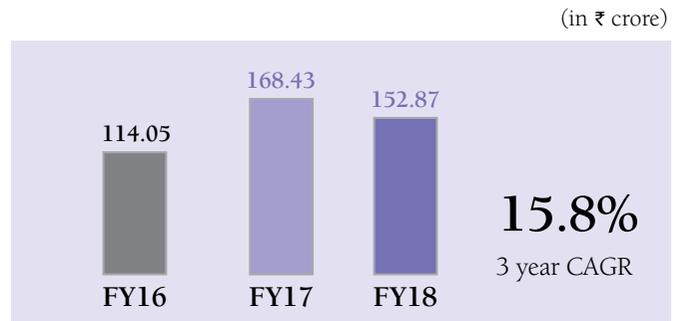
|                               |        |        |        |
|-------------------------------|--------|--------|--------|
| Net cash flow from operations | 239.49 | 149.69 | 60.0   |
| Free cash flow                | 171.39 | 98.19  | 74.5   |
| DSO (days)                    | 135    | 156    | (13.0) |
| DPO (days)                    | 99     | 72     | 37.0   |
| Inventory (days)              | 83     | 71     | 16.9   |
| Net Working capital (days)    | 141    | 178    | (21.2) |

# Financial Trends

## Revenue<sup>1</sup>



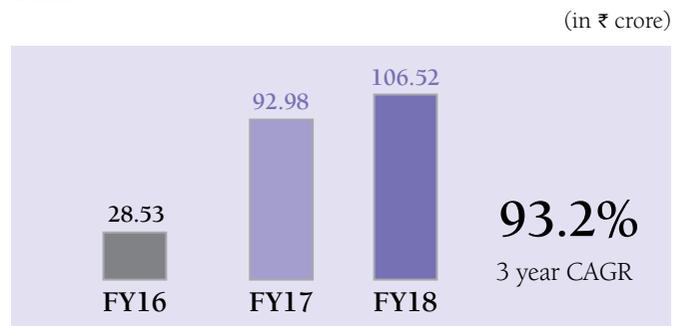
## EBITDA



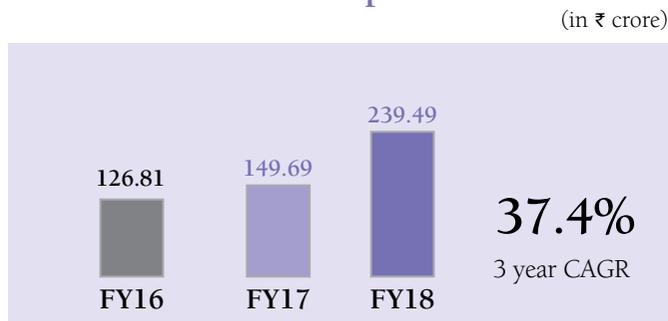
## Gross Profit



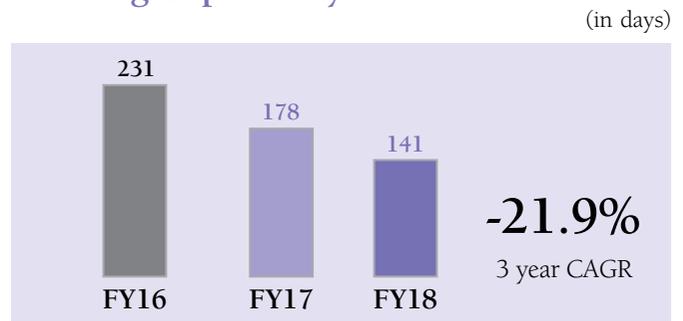
## PAT



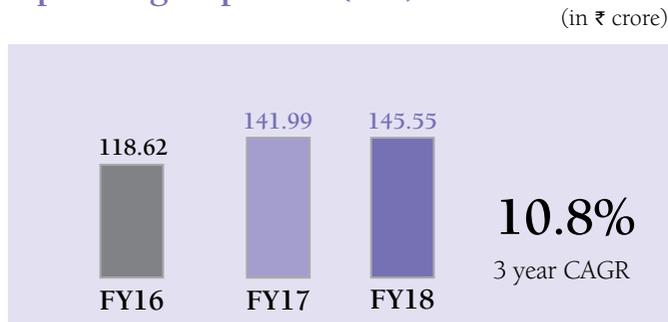
## Net Cash Flow from Operations



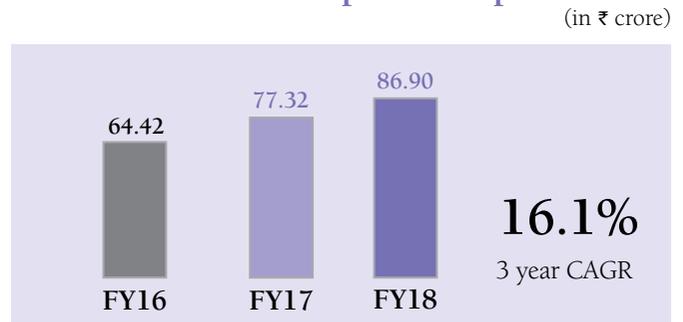
## Working Capital Days



## Operating Expenses (Net)



## Research and Development Expenses



FY 2018 and 2017 are based on Ind AS financials, whereas FY 2016 are based on IGAAP financials based on consolidated statement of function-wise profit and loss account

<sup>1</sup>Net of taxes and component sales

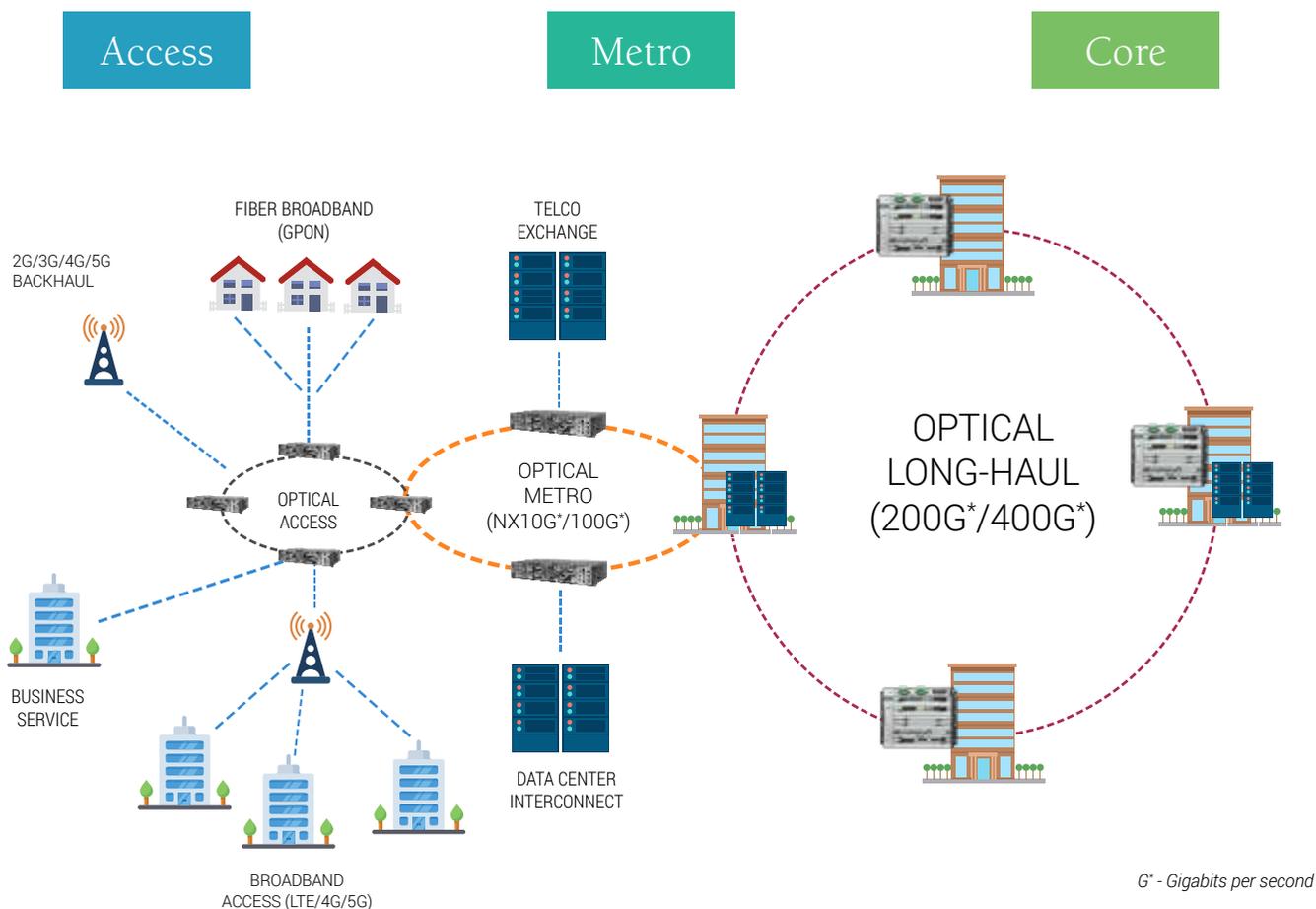
# Our Products and Solutions

Tejas Networks is a pioneering R&D company from India, developing next-generation telecom products for the global markets. Tejas has leveraged the strength of its R&D team to create a portfolio of software-defined, carrier-grade solutions that enable telecom carriers to cost-effectively build converged networks for voice, broadband data and video services. The unique combination of advanced technology, density, reliability, and service flexibility has helped Tejas emerge as a global Top-10 supplier of optical aggregation products.

Our products are used for multiple network applications that includes backhaul of mobile and fixed-line traffic from cell towers to switching centers or exchanges, delivering digital leased line circuits or Ethernet services to businesses, building high-capacity national or regional “digital highways” for transport of data traffic and offering wholesale bandwidth services, interconnecting terabit-scale data centers of web-scale companies and for realizing mission-critical control networks for utility companies such as Railways, Power, Oil and Gas, Metro/Light Rail etc.

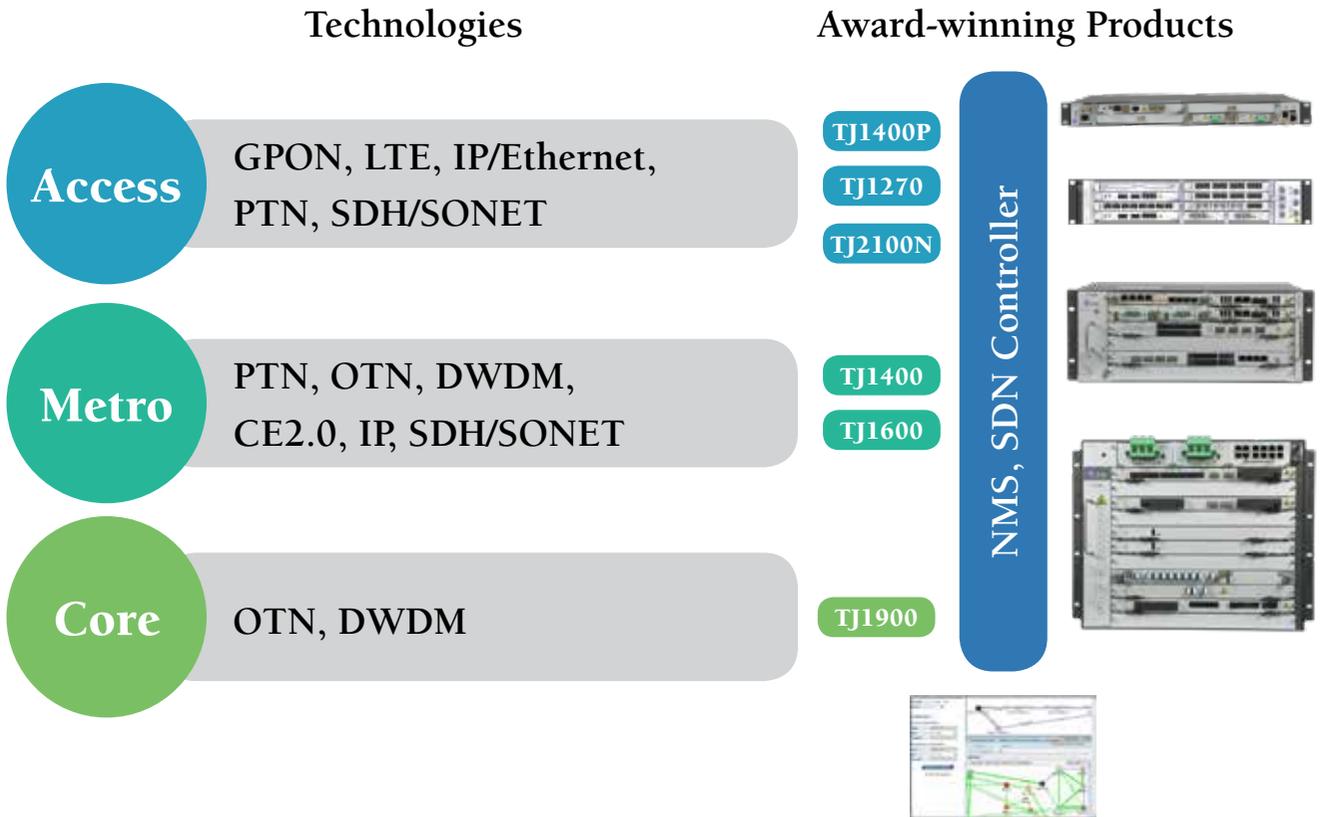
Tejas offers a full range of optical networking and broadband access products that can scale from megabits to terabits and can be remotely upgraded to new capabilities. The products are designed using programmable software-defined hardware architecture that can be easily upgraded as per new protocols and technology standards such as 5G and SDN/NFV and changing customer requirements. Our scalable, re-programmable and re-usable products allow reduction in total cost of ownership for our customers and improve the overall efficiencies of their networks and operations.

Tejas Network Management System (TejNMS) simplifies network deployments and service implementation across all our products. With a web-based graphical user interface for point-and-click provisioning of services, wizards to speed up operational tasks and profiles to automate repetitive parameter settings, TejNMS ensures rapid time to service without the need for specialized and expensive skill sets.



## Product Portfolio at Tejas

We provide end-to-end optical transmission and broadband access products based on latest global standards and technologies.



### Product Highlights

- Multi-generation Support (2G to 5G)
- Right-fit for Emerging Markets
- Converged Access and Transport Products
- Re-programmable Hardware and Common Software
- Caters to SDN/NFV enabled Packet Optical Transport networks
- Single platform, Multiple technologies

### Applications

- 2G/3G/4G/5G Mobile and Fixed-line Backhaul
- Enterprise Leased Line Services
- Wholesale Bandwidth Services
- Metro/Regional/National Optical Backbones
- Next-generation Utility Networks
- Data Center Inter-connects (DCI)
- Optical Network Modernization
- Fiber-to-the-Home and Wireless Broadband Access
- Residential Triple Play and Cable MSO Backhaul

### Competitive Advantage

- Software-defined hardware™ that is flexibly configurable and enabling future-ready products
- Technology-leading, yet cost-competitive products
- Time-to-market
- Flexible, pay-as-you-grow
- Track record and culture of innovation, leading to product and technology leadership
- Long-standing customer relationships with strong repeat business

### Certifications

- TL9000 and ISO9001:2008 certified
- MEF CE1.0 and CE2.0 certifications
- CE/cTUVus/FCC/IEC/ICES standards
- RoHS and WEEE compliant

## Customer Success

---

We have made successful inroads into emerging markets such as South-East Asia and Africa that have India-like telecom needs and where our market leadership in India is a highly-valued reference. We are also seeing significant traction for our converged packet optical products in USA where many customers are modernizing their legacy voice-centric optical networks to packet networks. Together, India, South East Asia, Africa and the Americas present significant business opportunities for us and we continue to expand and diversify our customer base to build a strong foundation for future growth.



400,000+  
Systems  
Installed

Deployed in  
**70+**  
Countries

95%  
Repeat  
Business

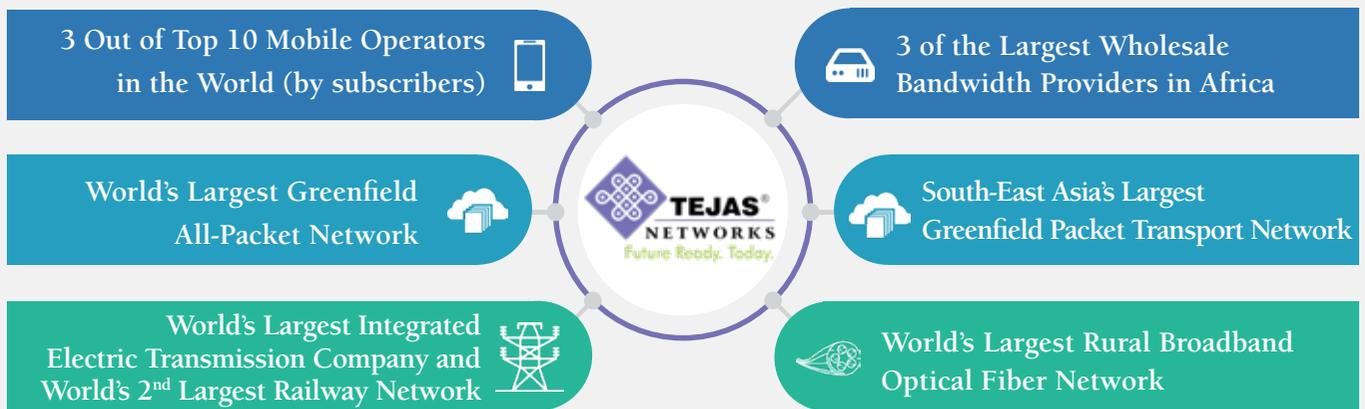
**#1**  
in Optical  
Aggregation  
Market in  
India

25  
Customers  
are with Us for  
**10+** Years

**Top-10**  
in Global  
Optical  
Aggregation  
Market

## Our Customers

We pride ourselves in winning the confidence of prestigious customers around the world who value our technology, quality, competitiveness and technical support.



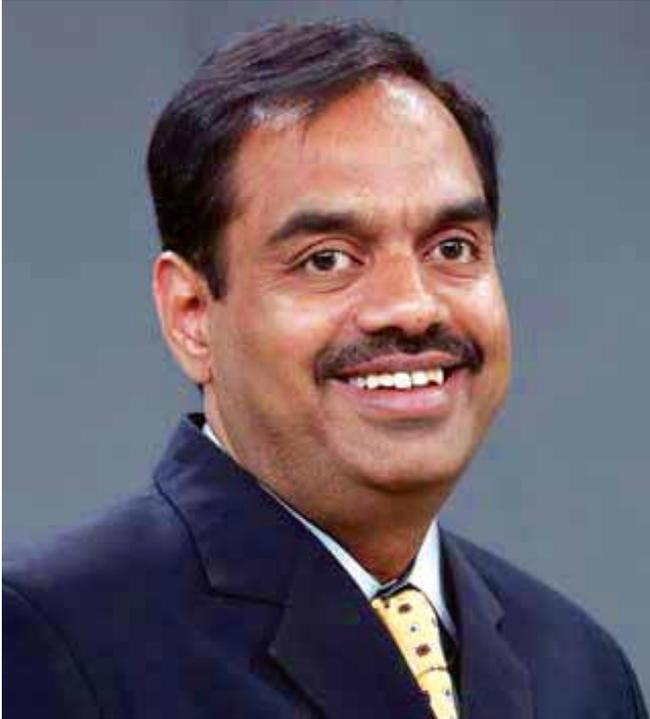
## Global Offices

We have presence in all our key geographies.



## Chairman's Message

---



“The increased data consumption is the fundamental long-term growth driver for our business, since Tejas offers state-of-the-art optical and data networking products which are used for building high-capacity networks to cater to the ever-increasing demand for bandwidth.”

### Dear Shareholders,

Your company is a pioneering deep-technology product company from India, which has successfully grown from a start-up to a listed company. Tejas has shown that it is possible to design and manufacture world-class, cutting-edge technology products from India, and successfully compete against large global players. By using innovation in technology and a unique business model, Tejas has created a great foundation for profitable growth in the future.

In today's world, high-speed network connectivity and increased use of data is becoming an important element of our daily lives. The current trend of increased data consumption will continue for many years, with higher proliferation of smartphones, home broadband, enterprise data services, cloud-based applications, 5G and IOT. In addition to private telecom service providers, even government entities around the world have realized the importance of providing broadband connectivity to all their citizens so that they can benefit from the advantages of a digital economy. The increased data consumption is the fundamental long-term growth driver for our business since Tejas offers state-of-the-art optical and data networking products which are used for building high-capacity networks to cater to the ever-increasing demand for bandwidth.

While telecom services have grown significantly in India over the last 15 years based on voice usage, the data consumption and growth has just started and presents a great opportunity for us. In fact, India is expected to be world's fastest growing optical networking market, since there is a lot of pent-up demand for optical networking equipment, due to low fiberization of cell towers and low broadband penetration. Telecom operators in India continue to expand their optical fiber infrastructure to cater to rising data usage and traffic explosion in their networks. All major operators in India are customers of Tejas and use Tejas products in their optical networks. Your company is actively engaged with all its existing customers and is working on new network applications where Tejas products are a strong fit. I believe your company is therefore well positioned to benefit from the opportunities that lie ahead. The Government is also making significant investments in its flagship Bharatnet project, connecting over 250,000 gram panchayats, which forms the backbone of Digital India for the rural population. The continued focus on Design-led manufacturing by Indian Government and policies such as "Preferential Market Access" (PMA) present a great opportunity for Tejas, since they are targeted towards encouraging indigenous technology and use of domestically manufactured products, like those offered by your company. I am proud to inform you that as per global market research firm Ovum, your company has #1 market share in the optical aggregation segment in India, which is a great achievement for your company, since it competes against all global competitors and is succeeding in the world's most competitive telecom market.

Internationally, many countries in the emerging markets have India-like telecom needs and your company's success in India is expected to be a highly-valued reference in countries in South-east Asia and Africa. On the other hand, many customers in USA are going through their optical network transformation, to migrate from legacy voice networks to data networks. Converged packet optical products, such as those offered by your company, are ideally suited

“

I believe that all the elements for success of your company are coming together and a strong platform has been created for profitable growth over the coming years.

”

for this application in USA. Together, India, South-East Asia, Africa and the USA present very significant business opportunities and your company plans to expand and diversify its customer base and build a strong foundation for future growth.

In terms of technology, your company has built a world-class R&D team and its focus is on innovation and IPR. Tejas products are built using unique software-defined hardware™ architecture based on programmable silicon chips. This allows Tejas to gain time-to-market advantage, keep its product costs competitive and provide very flexible and future-proof products to its customers that enable them to build next-generation networks in a pay-as-you-grow manner. India, as a country has world-class software talent and the global trend in the telecom industry, of software becoming the key differentiator in products, works in your company's favour. Tejas continues to invest aggressively in R&D to sustain the technological advantages in its products. Your company's R&D is highly efficient due to a highly talented but relatively low-cost workforce based in India, very effective design re-use practices and efficient product development processes. Developing optical and data networking products requires large number of skilled R&D professionals across multiple domains, deep technology knowledge and significant up-front investments as well as long gestation period. This creates very high entry barriers for a new competitor.

The global demand for data traffic will continue to drive the requirements of optical networking products and I believe that this macro trend will accelerate further with the advent of 5G. The competitive landscape in this industry is also favourable, since many

global telecom equipment companies are facing financial pressures due to their high operating cost structure and are unable to deliver healthy financials. Your company's strategy of leveraging low-cost, India-based operating model for creating world-class products is therefore viable and likely to be sustainable in the long-run. Your company has built a strong growth engine, while keeping its operating costs much lower when compared to its global competitors. Your company's asset-light model of outsourcing parts of its manufacturing to multiple electronic contract manufacturers is expected to provide significant leverage to scale-up manufacturing, while making only incremental investments. I believe that all the elements for success of your company are coming together and a strong platform has been created for profitable growth over the coming years.

On behalf of the Board of Directors of Tejas Networks, I thank the Governments of various countries where Tejas has business operations. We also thank the Government of India, particularly the Ministry of Communication and Information Technology, the Ministry of Commerce, the Ministry of Finance, the Ministry of Corporate affairs, the Customs and Excise departments, the Income Tax department, Reserve bank of India, Karnataka State Government, and other Government agencies for their support and look forward for their continued support in future.

We are grateful to our customers, employees, shareholders, suppliers and bankers, all of whom are critical to our success. We are excited about the growth potential of Tejas over the next several years and we look forward to the next stage of your company's journey together.

Bengaluru,  
April 24, 2018

Warm regards,  
**Balakrishnan V.**  
Chairman

## CEO and MD's Statement



“ We have built a very strong foundation for our business, in terms of products and technology, sales and customer base and a profitable operating model in a tough industry ”

### Dear Shareholders,

FY 2017-18 was a milestone year for your company, during which we successfully completed the Initial Public Offering (IPO) of ₹ 777 crore. We have built a solid technology and business foundation for your company and post IPO, backed with a strong balance sheet, we are now investing to deliver sustainable growth in revenues and profitability. FY2017-18 was a transition year for our business and here is the summary:

- Consolidated revenue (net of taxes and component sales) were at ₹ 739.87 crore (YoY decline of 9.6%), resulting in a decline in EBITDA by 9.2%
- India revenues grew 15.5% YoY, while our international revenues saw a decline of 54.1%, due to transition in our international go-to market strategy
- Gross margins improved by 240 bps to 40.3% and Profit After Tax improved by 300 bps to 14.4%
- Reduction in working capital by 37 days to 141 (previous year 178)
- Cash flow from operations grew by 60.0% to ₹ 239.49 crore and our free cash flow generation improved by 74.5% to ₹ 171.39 crore

The fundamental growth drivers for our business continue to be very robust. Exponential increase in data traffic in telecom networks around the world requires telecom service providers to upgrade the capacity of their existing fiber-optic networks and also connect more of their sites on optical fiber. Both these initiatives lead to increase in investments in optical networking products and present us strong growth opportunities for many years to come. The advent of 5G will create even more demand for data and is expected to accelerate investments in fiber optic networks.

**India:** There is a significant pent-up demand for optical transmission equipment in India, since historically capex investment in optical networking has been much lower than global average. With mobile data and broadband becoming the key competitive differentiators, we see strong growth in optical networking equipment demand. In India, less than 25% of the cell towers are connected on optical fiber and this is becoming a major bottleneck for providing high quality data services. With growth in data traffic, telecom operators are making significant investments to increase fiberization of towers and are upgrading them for optical backhaul. In FY18, our India revenues saw a robust growth of 15.5% on year-on-year basis and the contribution of our India revenues to the total increased to 82% (as compared to 65% during FY18).

As part of Government of India's agenda for "Digital India", the Bharatnet project is being implemented to provide high-speed broadband connectivity to rural India. This is one of the largest green-field rural broadband rollout projects in the world. I am happy to inform that your company played a key role in successfully implementing the Phase-1 of Bharatnet project, and over 45,000 Gram Panchayats (out of the total of 100,000 Gram Panchayats) have been connected using Tejas GPON equipment. Even for the Phase-2 of this prestigious project, we have already won an initial order which will be executed in FY19. Besides BharatNet we also registered many wins in the fiber-optic networks being built by utility companies in railways, power and oil and gas sector, for their captive connectivity

requirements and for selling bandwidth to others.

**International:** We see great opportunities in growing our international business, since the global opportunity for our equipment is very large. During FY18, our international business was in a transition phase and our revenues declined by 54.1% y-o-y, majorly due to reduction in revenues from our OEM partners. Going forward we are focusing more on building our direct sales force in our target geographies, rather than rely only on OEM channels.

During the year, we made good progress on our strategy of developing our direct sales force in South East Asia, Africa and North America and as a result we added 30 new international customers and we now have over 100 international customers across regions. We believe that our success and track record with this strong base of customers will serve as a great reference for winning new customers. We also believe that we are now well poised to increase our wallet share in our existing customer base, by offering them more products and applications than they are currently buying from us.

Africa showed a healthy year-on-year revenue growth and with a customer base of over 60 customers, we have built a strong foundation and a healthy sales pipeline for future. We expanded our sales operations in Africa and are covering all the major regions. We now have our offices in Nairobi (Kenya) for covering East Africa, in Johannesburg for covering South Africa, in Lagos, Nigeria for covering West Africa and in Dubai for covering North Africa as well as Middle East. Given the low broadband and fiber penetration, Africa presents a long-term growth opportunity for us.

South-East Asia and South Asia continue to play an important role in our international business and we have established a base of over 60 customers in the region. We see a strong pipeline of business from existing customers in Malaysia, Vietnam, Bangladesh and Cambodia. We are expanding our sales presence in other countries in the region and are also working on using the Government of India line of credit for countries in Africa and Asian.

North America revenues declined significantly due to decline in business from our largest OEM partner. As part of our long-term strategy, we have started investing in additional direct sales resources in the USA and Mexico. It was encouraging that during FY18 we registered several initial wins in USA for the optical network modernization application, which is a very large market opportunity for us. We are also seeing strong acceptance for our products in Mexico and with an established customer base, we see good growth potential over the next few years.

We believe that our success in a challenging market such as India is a great benchmark and reference for customers in SE Asia, South Asia, Africa and Mexico, who have India-like needs. In addition, we have a strong product-fit for USA, which is another large market and where the competitive intensity is relatively lower. We believe that the benefits of investments we have made in growing our sales teams across all international geographies is in the long-term interest of your company. We expect to see positive results and are confident of strong growth in international revenue and booking over the coming years.

### Strategy

We believe we have now created a solid foundation for sustainable, profitable growth. Our software-defined hardware™ products are globally competitive and our continued focus on R&D gives us a sustainable technological edge. We have a focused sales strategy, for

expanding our presence and market share in India and fast-growing markets in SE Asia, Africa and America. Our unique asset-light business model, with low operating costs enables us to generate healthy profits in a challenging industry. The competitive landscape in our industry is also in our favour, since entry barriers are high and many of the existing players are struggling financially, which has led to industry consolidation and fewer players. We see this as a great opportunity for growth and expanding our global presence.

### Our People and Community

We consider our employees to be our biggest asset. FY18 has been a year of extraordinary change and transition for the company and our talented team has risen to the challenge. Our employees strongly believe in the vision that we have set for our company and are deeply engaged to help realize our potential. Our employee retention has been the best in many years and our attrition levels were only 8.9%, despite operating in an extremely competitive talent market.

We seek to play an active role in our community by being associated with not-for-profit initiatives such as “Akshaya Patra” which provides mid-day meals to millions of poor children studying in nearly 15,000 government and government-aided schools in India. In FY18, we also contributed our resource on higher education, research, entrepreneurship and innovation, by partnering with International Institute of Information Technology, Bengaluru (IIIT-B), a reputed academic institution funded by Government of Karnataka.

### Awards and Recognition

We continued to win numerous accolades for our business and R&D excellence. We were felicitated by the Government of India as the “Best Equipment Supply Partner” for our performance in BharatNet Phase-1 and our contribution to the success of the prestigious Digital India initiative. We won the Aegis Graham Bell award as well as the Pan-IIM Digital India Excellence award for our innovative converged access and packet transport product platform (TJ1400). We were also recognized as a top Electronics Hardware exporter by the Software Technology Parks of India (STPI), Karnataka for the year 2016-17.

### Road Ahead

Going forward, we anticipate strong demand for our next-generation, future-ready products with their unique software-defined hardware™ architecture that gives our customers greater flexibility to adopt new technologies, standards and business models and realize faster returns from their network investments. The global trend of software-defined networks, increasing fiberization and rapid adoption of broadband/data services in emerging markets plays to our strengths.

We have built a very strong foundation for our business, in terms of products and technology, sales and customer base and a profitable operating model in a tough industry. We have started FY19 with the largest order book in our company's history and we look forward to a year of strong, profitable growth. The future looks bright and we are ready to take full advantage of the opportunities that lie before us!

I would like to place on record my sincere appreciation to the Board of Directors for their guidance and to all the stakeholders for their continuing faith in our company.

Warm regards,  
**Sanjay Nayak**  
CEO and Managing Director

Bengaluru,  
April 24, 2018

# Board of Directors

---



## Mr. Balakrishnan V

Non-Executive, Independent Director and Chairman

Mr. Balakrishnan is an Associate Member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India. He has several years of experience in the field of corporate finance and has received the Best CFO award from Finance Asia in 2011. He was also conferred the Best Performing CFO Award for IT and ITES sector in 2009 by CNBC. He is the Founder and Chairman of Exfinity Venture Partners LLP. He has also served as the group Chief Financial Officer and member of the Board of Directors of Infosys Limited.



## Mr. Sanjay Nayak

Managing Director and Chief Executive Officer

Mr. Sanjay Nayak has had several years of experience in the field of telecommunication and networking. Before joining Tejas, he was the Managing Director of Synopsys (India) Private Limited. He has received the 'Technovation Sarabhai Award' for his contribution to the Indian industry from Indian Electronics and Semiconductor Association (IESA). Moreover, he was conferred with the 'Electronics Man of the Year 2011' award by ELCINA. He is the co-Chairman of India's Telecom Equipment and Services Export Promotion Council (TEPC) and is a member of CII's National Committee on ICTE for 2016-17. He is also a member of the FICCI start up committee.

Mr. Sanjay Nayak has a Master of Science degree from North Carolina State University, USA, where he has been inducted into ECE Hall of Fame and a Bachelor of Science degree in engineering from Birla Institute of Technology, Mesra, where he was the Gold Medalist of his graduating class.



## Dr. Gururaj Deshpande

Non-Executive and Non-Independent Director

Dr. Deshpande has a Bachelor of Technology degree from the Indian Institute of Technology, Madras, and a Master of Engineering degree from the University of New Brunswick and a PhD from Queens University in Canada. He is a serial entrepreneur who has been involved either as the founder, a founding investor or chairman of several companies including Cascade Communications, Sycamore Networks, Coral Networks, Cimaron, Webdialogs, Airvana, Sandstone Capital, A123 Systems and Curata. He has several years of experience in heading a private family investment group. He is the President and Chairman of Sparta Group MA LLC. Dr. Deshpande also serves as a life-member of the MIT Corporation, USA.



### Amb. Leela K Ponappa (retd.)

Non-Executive and Independent Director

Amb. Ponappa has a Bachelor of Arts degree in English and a Master of Arts degree in History from the University of Madras. She has served in the Indian Foreign Service for 36 years, in India and abroad, dealing inter alia with economic and security matters. She has been Additional Secretary in the Ministry of External Affairs, Ambassador of India to Thailand and to the Netherlands and Permanent Representative of India to UN-ESCAP and to the Organisation for the Prohibition of Chemical Weapons. She has also served as Deputy National Security Adviser and Secretary, National Security Council Secretariat.

She has been Vice Chairperson of Research and Information Systems, New Delhi and Co-Chair of the Council for Security Cooperation in the Asia Pacific (CSCAP) and is the Chairperson of CSCAP India.



### Mr. Chetan Gupta

Non-Executive and Non-Independent Director

Mr. Chetan Gupta is a Managing Director of Samena Capital Investments Limited in Dubai, focusing on investments within the Special Situations Funds. He is a member of the Board of Directors and Executive Committee of RAK Logistics. He is also an Investment Committee member of the Samena Special Situations Funds. Prior to joining Samena Capital, he was an Equity Research Analyst at Tricolor India Fund focusing on companies in the manufacturing, commodities, consumer and pharmaceutical sectors. Previously, he was a part of the General Electric Financial Management Leadership Program, focusing on financial planning and analysis.

Mr. Chetan Gupta is a Chartered Financial Analyst (AIMR), Chartered Alternative Investment Analyst and holds a Masters in Management (Finance) from the University of Mumbai.

# Long Term Growth Drivers

In today's world, high-speed network connectivity and increased use of data is becoming an important element of our daily lives. The current trend of increased data consumption will continue for many years, with higher proliferation of smartphones, home broadband, enterprise data services, cloud-based applications, 5G and IoT. The upcoming 5G standard is expected to create 100 times the network backhaul demand than today. Tejas Networks is well-positioned to benefit from this data traffic surge with our state-of-the-art products and solutions.

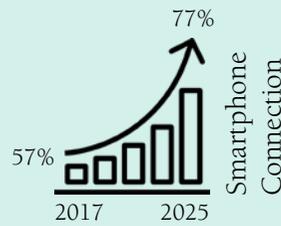


## Macro Trends Favouring Optical Equipment Spending

### Mobile Data

Over one billion new smartphones are expected to be added by 2022. Monthly mobile data use to touch 100GB by 2025 due to 5G and video streaming

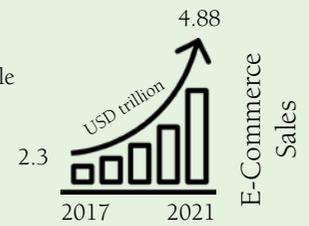
(Source: Forrester and GiffGaff)



### E-commerce

Global retail e-commerce sales are expected to grow more than double from USD 2.3 trillion in 2017 to USD 4.88 trillion by 2021.

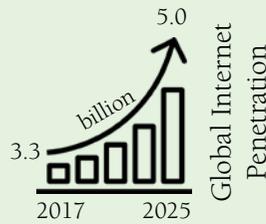
(Source: Statista)



### Internet Penetration

Global Internet users will hit 5.026 billion in the next 7 years, from 3.278 billion in 2017. 61% of the world's population will be connected to the internet by 2025.

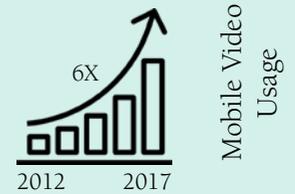
(Source: GSMA)



### Video Usage

Video is the dominant form of internet traffic. 80% of all consumer internet traffic is expected to be video by 2022

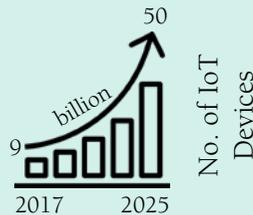
(Source: Forbes)



### IoT Devices

Number of IoT devices are expected to grow from 9 billion in 2017 to 50 billion by 2025

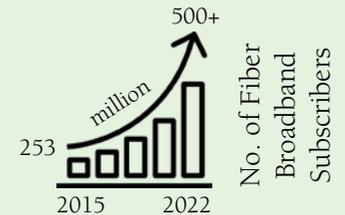
(Source: Cisco)



### Fiber broadband

Number of fiber broadband subscribers to double from 253 million in 2015 to over 500 million by 2022

(Source: Ovum)

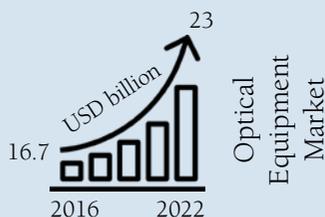


## Investment in Optical Networking is Continuously Growing

### Global



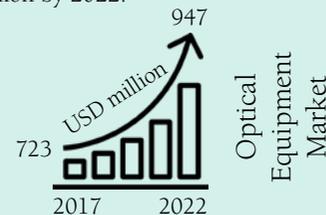
Global addressable optical equipment market is expected to grow from USD 16.7 billion in 2016 to USD 23 billion in 2022. The market is being driven by growing mobile broadband usage (4G/5G), high-bandwidth video applications, emergence of web-scale companies and widespread adoption of fiber broadband.



### India



In 2017, India became #1 in mobile data usage with 100+ crore GB of data being consumed per month. Telcos in India are expected to invest over ₹ 60,000 crore of capex in the next three years primarily on optical fiber infrastructure and 4G. India is the world's fastest growing optical equipment market today and expected to grow from USD 723 million in 2017 to USD 947 million by 2022.



### Emerging Markets



The overall capital expenditure on optical equipment in emerging markets of Africa and Asia is estimated to be USD 1.3 billion per annum. The optical equipment spend is being driven by growing mobile broadband usage and high-capacity terrestrial Internet infrastructure rollouts in these countries.



### USA and Mexico

The overall annual capital expenditure on optical equipment in North and Central America is estimated to be USD 3.3 billion per annum. These countries are witnessing significant investments in optical network modernization, packet transport and high-capacity DWDM networks.

# Innovative Business Model

Our success can be attributed to a differentiated business model with lower operating costs, compared to our global competitors, delivering higher profitability in a challenging industry. Our R&D expenses are lower since we have a highly talented but relatively low-cost workforce based in India, employ very effective design re-use practices and efficient product development processes. Our asset-light model of outsourcing certain parts of our manufacturing to a diversified set of electronic contract manufacturers gives us significant leverage to scale-up our manufacturing, while making only incremental investments. Our leveraged sales model that combines direct-sales presence in international markets with OEM relationships enables us to establish a diversified customer base while lowering our sales costs. Our G&A and manufacturing expenses are also lower since these functions are based in India.



## Strengths of Tejas Business Model

### HIGH ROI ON R&D

- Highly qualified yet cost-efficient talent based in India
- Design reuse both in hardware as well as software
- 341 patent applications filed of which 76 have been granted
- R&D tax benefits from Government Schemes



### LEVERAGED SALES MODEL

- Direct sales team for India and selected international markets
- OEM relationships for wider international reach
- Back-end customer and technical support functions located in India
- 24X7 advanced technical assistance from India



### ASSET LIGHT MANUFACTURING

- Capital efficient, asset light model by outsourcing part of our manufacturing to Electronics Manufacturing Services partners in India
- Flexible and cost-efficient manufacturing
- Optimizing working capital and operating costs



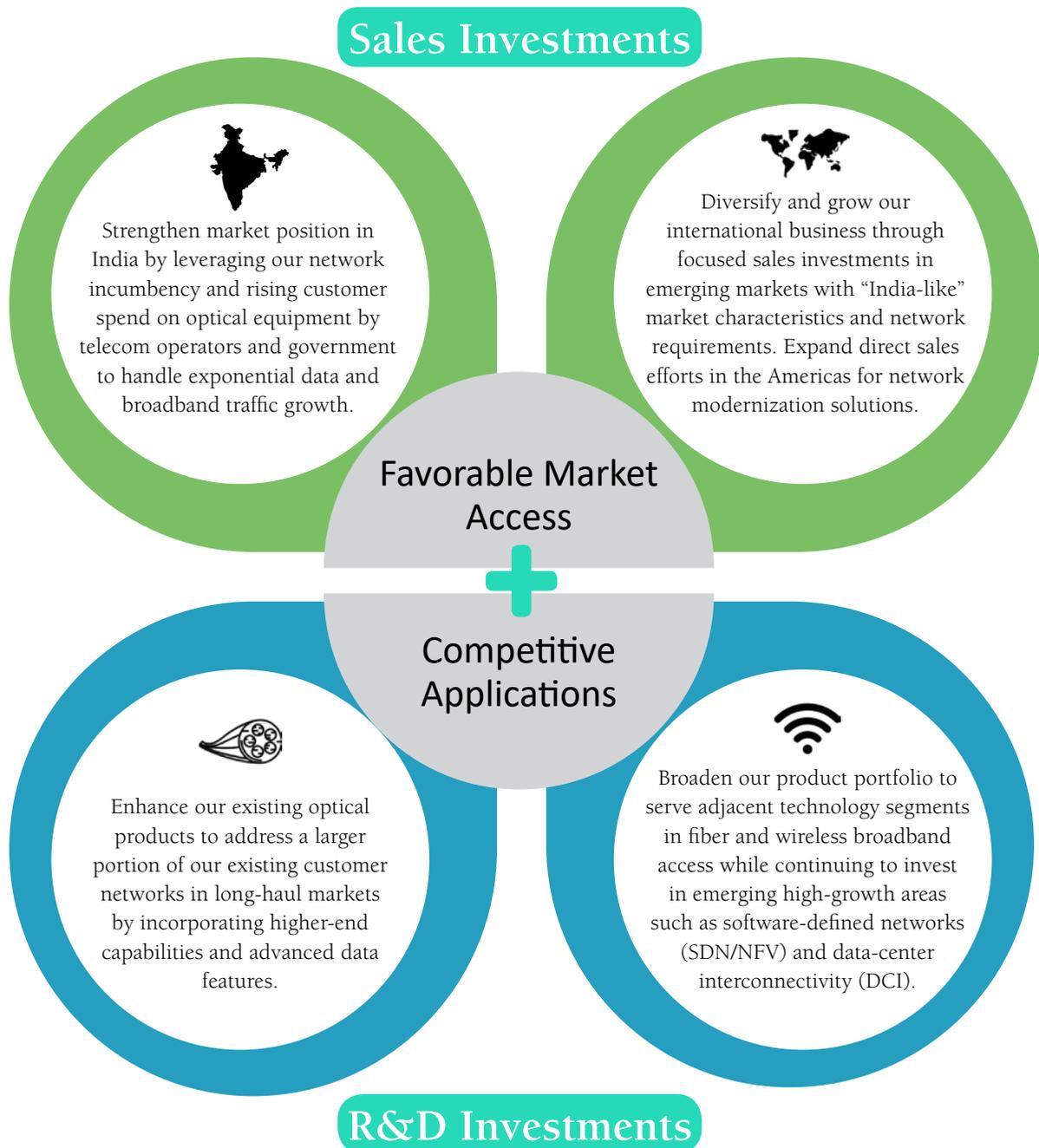
### INDIA-BASED G&A

- G&A and manufacturing located in India
- Expenses lower than for global peers



# Strategic Priorities

There are two broad elements to our growth strategy that includes Sales and R&D. In terms of sales, we enjoy a strong incumbent advantage in India which is currently the world's fastest growing optical equipment market and continue to invest in sales efforts to increase our wallet share in all the customer accounts. We have a focused approach of expanding our international direct sales by going into geographies that have a large potential for growth, where our products and applications have a sweet spot, and where we have a competitive market access advantage. In terms of R&D, we aim to continue investing in research and development and expand our product portfolio with a particular focus on the high growth segments of the optical communications market. We are also investing in expanding our product portfolio to address new and adjacent product areas, which serve the requirements of our existing and targeted customer base.



## Focus Applications



### Next-gen Mobile Backhaul

Transport of 2G→4G/5G cellular traffic from base stations to switching centers

1



### Bandwidth Services

Bandwidth services to telcos, enterprises, data centers

2



### Broadband Access

High-speed internet services over fiber (FTTx) or wireless (LTE)

3



### Optical Network Modernization

Graceful migration of TDM to packet infrastructure

4

## Focus Geographies

India

Africa

Americas

South-East Asia

# Next-gen Mobile Backhaul

## Overview

Mobile backhaul refers to the section of the telecom network that transports cellular traffic from base stations at cell towers to the nearest traffic switching center. While multiple backhaul options are available today (optical fiber, microwave or copper) mobile operators are increasingly gravitating to optical fiber as the physical medium of choice especially with the deployment of 4G/pre-5G technologies, new cloud-architectures, massive IoT (Internet of Things) and virtualization. The cumulative worldwide market for mobile backhaul is estimated to grow from ~USD 7 billion to ~USD 10 billion by 2022.

## Network and Business Requirements

**Investment Protection:** With the rapid emergence of new mobile generations (4G, 5G), it becomes critical to use backhaul equipment that are flexible enough to operate efficiently irrespective of the radio access network (RAN) deployed. The equipment should evolve smoothly and be capable of scaling suitably to address the changing capacity, latency or coverage requirements.

**Advanced Capabilities:** 4G/5G standards introduce a range of advanced features such as carrier aggregation, coordinated multipoint (CoMP), network slicing, mobile edge computing (MEC) that significantly advance the capabilities expected from next-generation backhaul networks. The advent of 4G and 5G calls for stringent latency requirements and greater flexibility in the treatment of data and signalling traffic while continuing to lower the transmission objective of reducing the overall cost per bit.

**Converged Backhaul:** Large mobile operators evolving from TDM-centric 2G/3G to IP-aware 4G/5G radio access networks typically build a converged backhaul network that is optimized to transport both circuit and data traffic. Since the proportion of data traffic in 4G/5G is significantly larger than circuit traffic, operators demand mature circuit emulation solution along with field-proven MPLS-TP and Carrier Ethernet implementations. The need for precise packet synchronization for LTE-TDD, TDM and video services using SyncE/1588v2 standards are also essential for an excellent quality of experience.

## Our Value Proposition

- Universal platform for 2G/3G/4G and 5G backhaul that supports a modular “pay-as-you-grow” investment model
- Economical packet transport architecture with carrier-grade circuit emulation and packet synchronization features
- Advanced features for mobile cross-haul applications; ease of evolution to SDN architecture with a centralized control plane compatible with traditional transport style operations

Our versatile packet optical products have been deployed by leading national and international operators to build converged 2G/3G/4G mobile backhaul networks in the access, aggregation and metro core regions. Two of the world's largest 4G networks use Tejas packet transport networking (PTN) solutions for specialized applications such as Point-of-Interconnect (POI) and dense circuit emulation of 2G traffic. One of South-East Asia's first and largest PTN network implementations is using our products.



Client

One-Stop Telecommunication Infrastructure Provider with a Large Terrestrial Fiber Network



Tejas Offerings

TJ1400 and TJ1600 with MPLS-TP/PTN Support

Scenario

Feature Requirements

Tejas USP

- Shared 3G/4G wholesale fiber backhaul infrastructure for other Tier-I telcos
- Expand to 550 fiberized towers covering 2.3 million residents

- End-to-End PTN/MPLS-TP network with strong SLA features
- TDM support through circuit emulation
- Future-proofed for OTN

- High-capacity circuit emulation
- Full-featured MPLS-TP/PTN esp. fault and SLA management
- Superior packet synch implementation

One of the First and Largest PTN Network Implementations in South-East Asia

# Bandwidth Services

## Overview

Globally there is a large and growing market for bandwidth services of varying granularities ranging from megabits to terabits. A “Carrier of Carriers” is a communication service provider that provides wholesale bandwidth services to other telecom operators who in turn resell connectivity services to enterprises or retail customers. Wholesale bandwidth providers include large integrated telecom operators having surplus capacity in their networks or fiber-rich utilities such as railways, electricity companies, oil and gas utilities that have significant fiber assets and right of way along railway tracks, power lines or oil & gas pipelines that can be leveraged for a profitable bandwidth business.

## Network and Business Requirements

**Bandwidth Scalability:** Since wholesale networks are designed to deliver bandwidth services to multiple customers, the scalability requirements are typically huge. DWDM networks with 40 or 80 channels and each channel carrying 10, 40, 100/200/400 Gbps of traffic are not uncommon. Also, at intermediate locations large scale switching/grooming of wavelengths, circuit or packet traffic is required.

**Technology Diversity:** Since the client networks can be running on multiple technologies and interfaces, a wide variety of technologies and interface speeds need to be supported. Some of the most common interfaces are PDH, SDH/SONET, OTN, Ethernet on the client side. The connection speeds desired can range from megabits gigabits. Also the nature of network-side services could be at L0 (wavelength layer), L1 (circuit layer), L2/L3 (packet layer) depending on end-customer requirements.

**Differentiated Services:** Another key requirement for wholesale service providers is the ability to offer a range of “right-fit” service level agreements (SLAs) in terms of protection (e.g., unprotected, shared protection, dedicated protection), quality of service (mission-critical, real-time, non-real-time, best effort) and performance metrics (e.g., latency, jitter, packet loss). This requires a sophisticated traffic processing engine along with a comprehensive network management implementation.

## Our Value Proposition

- Scalable 80 channel DWDM products with support for 100G/100G+ wavelengths; integrated optical switching (MDROADM) , terabit-scale digital cross-connects (OTN/SDH) and packet switches (PTN)
- Alien wavelength capability to seamlessly transport Tejas 10G/100G wavelengths on complex third-party DWDM networks with no interoperability issues
- Enhanced protection, QoS and connection monitoring features for premium SLA-backed services

One of Africa’s largest wholesale bandwidth provider has selected our latest 100G coherent DWDM technology for its pan-Africa network. Tejas solution was chosen after a comprehensive field trial that was conducted over a variety of link distances ranging up to 1500 km and over diverse routes carrying a large number of 10G channels over alien DWDM equipment.



Client

Africa's Largest Carrier of Carriers owned by Tier-1 Telcos from 14 Countries in the Continent



Tejas Offerings

TJ1600 with 80 Channel 100G Coherent DWDM Support

Scenario

Feature Requirements

Tejas USP

- High-capacity connectivity between 30 countries in Africa and the rest of the world
- Explosion in demand from ISPs and Telco customers

- Deliver a range of bandwidths starting from E1 to Nx100G
- Expand available capacity by 10X on existing 10G networks
- Alien wavelength transport

- Universal platform for MPLS-TP, CE2.0, DWDM/OTN and SDH
- Nx100G DWDM with terabit-scale PTN/OTN
- Seamless transport of 100G services over third-party 10G ROADM network over 1000 km+

Deployment of Cutting-Edge 100G Coherent DWDM Technology on Third-Party Infrastructure

# Broadband Access

## Overview

The Internet has emerged as a basic necessity in modern life around the world. The exponential demand for data and high-speed broadband connectivity is encouraging telcos from around the world to upgrade their access networks using optical fiber (FTTx). High-speed fixed wireless access (FWA) based on 4G/LTE and pre-5G technologies have also emerged as suitable alternatives in areas where fiber laying is difficult due to right-of-way issues or terrain limitations.

## Network and Business Requirements

**SDN/NFV-ready Products:** As telcos expand their broadband access offerings, they are increasingly seeking new software based products to realize on-demand service provisioning, low-cost “virtualized” customer premise offerings and to lower ongoing operational expenses. Open source cloud-based frameworks such as VOLTHA (Virtual OLT Hardware Abstraction) and OpenMCI are being promoted by a few large service providers for greater inter-operability and cost reduction. Virtual slicing of access networks to smaller retail service providers or VNOs is finding favour in many countries to create more differentiated broadband service offerings.

**Optimized for Rural Environments:** It is now widely recognized that a lack of access to high-speed Internet severely constrains the ability of the excluded and under-privileged communities from taking full advantage of the educational and livelihood opportunities or to avail critical government services. Therefore, Governments in emerging and developed markets are exploring cost-effective broadband access solutions to expand broadband services to suburban and rural areas and to bridge the growing “digital divide” between urban and rural areas.

**Flexibility:** Modern broadband access equipment should be adaptable to support a mix of wireless and wireline (primarily fiber) media to address diverse terrain features, population densities, accessibility or other infrastructural constraints. The equipment used should be ruggedized for outdoor use and in adverse weather conditions. Since availability of commercial power may be a limitation in many rural areas, the terminating devices used such as GPON ONT (Optical Network Terminal) and LTE CPE (Customer Premise Equipment) should be designed to operate on solar power.

## Our Value Proposition

- Converged broadband access, carrier Ethernet and Packet Transport platform; products available in multiple form factors including ultra-compact (TJ1400-3), small (TJ1400-7) and large shelf (TJ1400-18) for sparse rural and dense urban deployments
- Support for both xPON OLT and 4G/LTE eNodeB as blades; upgradable and future-proof to support NG-PON and 5G gNB fixed wireless access
- Field-hardened, solar powered solutions for ONTs and LTE CPEs in remote areas with power constraints; LTE relay capability for cost-effective coverage expansion in rural area

Tejas Networks has extensive experience in building national and rural broadband networks around the world especially in the SAARC region. It is one of the largest suppliers of optical GPON equipment for Government of India's BharatNet project which is one of the world's largest National Optical Fiber Networks (NOFN) that extends high-speed broadband (up to 100Mbps) to 250,000 village offices across the country. In BharatNet project, Tejas GPON ONT products have been ruggedized for ease of deployment in difficult terrains and are being powered by solar energy.




**Client**

**Government of India's National Optical Fiber Network (BharatNet)**



**Tejas Offerings**

**TJ1400-OLT and TJ2100N ONT Products deployed in 1500+ Block Offices and 45,000+ Village Offices**

|                 |                             |                  |
|-----------------|-----------------------------|------------------|
| <b>Scenario</b> | <b>Feature Requirements</b> | <b>Tejas USP</b> |
|-----------------|-----------------------------|------------------|

- Extend high-speed broadband to 250,000 village offices in India over optical fiber
- Uses GPON technology
- One of the largest greenfield rural broadband rollouts in the world

- Cost-effective fiber broadband and packet transmission services
- GPON ONT ruggedized for rural deployments
- Compact OLT platform due to space constraints
- Carrier-grade products

- Converged product for GPON, PTN & CE2.0
- Comprehensive SLA suite for institutions
- Hardened enclosure, solar powered
- Flexible deployment in multiple 1U, 2U and 7U form factors

**Tejas Selected as the Best Performing Equipment Supplier Partner for Bharatnet Phase-1**

# Optical Network Modernization

## Overview

The rapid growth of data traffic in telecom networks is driving network build-outs, using modern-day packet transport networking equipment built on Ethernet, IP and various packet technologies. However, there exists a large legacy circuit-based TDM network infrastructure built over many years carrying voice as well as data, such as 2G backhaul networks, broadband services infrastructure, leased lines, etc. These networks are built using old TDM equipment, which are inefficient in terms of space and power consumption, and, in many cases, are not manufactured and supported any more. In advanced markets such as USA and Europe, there is a significantly large opportunity to replace this ageing TDM infrastructure with next-generation packet-based transport network (PTN) equipment.

## Network and Business Requirements

**Retaining Access TDM interfaces:** Although telecom carriers are open to investing in high-capacity PTN equipment in the aggregation and core networks, there is a large install base of TDM-based customer access interfaces for voice and data services, which service providers do not want to change due to the risk of customer churn. Similarly, in emerging markets, there is a unique problem of a growing 2G subscriber base which needs to be back-hauled on the newer packet-based transport infrastructure while interoperating with 4G networks.

**Stringent Performance Constraints:** The enabling technology for TDM transport over packet networks is circuit emulation wherein TDM signals are converted into data packets, transported over a packet network and finally regenerated as TDM signals at the other endpoint. Since the technology is relatively new, there are several technical challenges to be overcome to make this a viable and field deployable solution. The new packet-based solution needs to meet strict timing and latency requirements of TDM traffic. It also needs to deliver highly scalable circuit emulation to replace the high capacity TDM cross-connects (or DXCs) in legacy networks while guaranteeing stringent protection switching times of sub – 50 milliseconds for TDM traffic. The packet network continues to remain robust and reliable irrespective of the number of TDM services provisioned in the network.

**Seamless Evolution to Packet Transport:** In order to achieve a painless and smooth evolution to a next-generation packet architecture, telecom operators look for solutions that can help pace this transition at a comfortable pace without service disruption. Also, the overall solution cost has to be low from both capital investment and operational perspectives by closely matching the current business processes and reducing staff retraining expenses during the transition.

## Our Value Proposition

- Dense emulation of PDH (E1, DS1, E3, DS3) and SDH (STM-1/4/16, OC-3/12/48) circuits over packet in transparent and structure-aware protocol formats
- High-capacity packet aggregation of circuit emulated traffic for cost-effective transition from traditional TDM switching to Ethernet/PTN switching
- Realize new income streams by using the same PTN platform to offer advanced MEF-defined CE2.0 based Ethernet services and low-latency OTN services

Tejas Networks is partnering with leading telecom carriers in the world to modernize their legacy SDH/SONET networks using our state-of-the-art packet transport solution that includes high-capacity circuit emulation, high-quality packet synchronization and feature-rich circuit protection capabilities. The flexibility, reliability, redundancy and density of our products allow for a smoother and a more economical transition to next-generation packet networks.



 **Client** | One of the Largest Interconnected Networks with Carrier Connections Throughout USA

 **Tejas Offerings** | TJ1400P, TJ1400-7 and TJ1400-18 SONET Variants with Circuit Emulation Support

| Scenario | Feature Requirements | Tejas USP |
|----------|----------------------|-----------|
|----------|----------------------|-----------|

- Signal-agnostic network built to handle both legacy TDM and IP traffic
- Call origination and termination for different traffic types serving MVNOs, IXC's and large CLECs

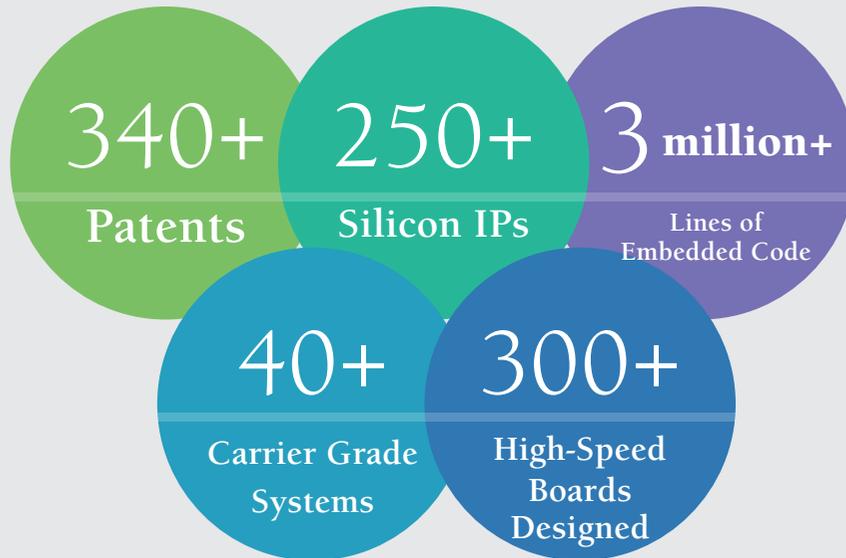
- Ability to support a variety of PDH and SDH interfaces in diverse formats
- Circuit emulation
- Cost-effective replacement of ageing power-hungry DACS equipment

- Dense PDH (DS1, DS3) and SDH (OC-3/12) circuit emulation with transmux
- High-density PTN aggregation for DACS replacement
- Superior NMS features

Software-defined Hardware™ Architecture Enables Flexible Adaptation of SDH Products for SONET Markets

# Innovation-driven R&D Leadership

Being an R&D-driven organization, we are focused on being at the forefront of technological advancements in the field of telecommunications. With an R&D force comprising more than 50% of the organization strength, we have continued to invest in the development of new product capabilities and in expanding our portfolio breadth to align with the changing technological landscape and to meet changing customer demands.



We develop our products based on customer requirements, technology trends, industry standards and competitive landscape. Members of our R&D team possess advanced skillsets in semiconductor IP design, computer aided design, industrial design, high-speed board design, embedded software, network protocols, product verification/validation/testing, integration and reliability engineering, regulatory, design for testability and manufacturability and product lifecycle management.

## Focused & Cost-effective Innovation

- Seamless transition from 2G to 5G on same shelf
- High-density circuit emulation for Network Modernization from TDM to PTN
- Terabit-scale DWDM/OTN transport and switching with 100G/100G+
- Next-generation PON OLT and ONT products with virtualization support
- High-speed wireless broadband products based on 4G/LTE and emerging 5G standards

## Focus on Intellectual Property

- Continuous innovation and upgradation of products and solutions
- 340+ patented inventions in optical and wireless technology areas
- 250+ silicon IP repository developed in-house on FPGA chips
- Founding member of TSDSI, India's telecom standards organization
- Contributing to emerging standards in 5G and next-generation optical

## Future-ready Products

- Novel Software-defined Hardware™ architecture
- Flexible, re-programmable hardware through use of FPGAs
- Common and re-usable hardware and software base
- Customizable products that can adapt to changes in technologies and standards
- Time-to-market advantage for customers

## Software-defined Hardware™ Architecture

We strive to design future-ready products by using programmable software-defined hardware™ architecture that enables easy and rapid adaptation to technology changes, evolving standards and new customer requirements. This enables our customers to adopt a 'pay as-you-grow' approach while adopting new services, and thereby extend the life of installed systems through regular feature upgrades without having to invest in new hardware purchases at every technology transition point.

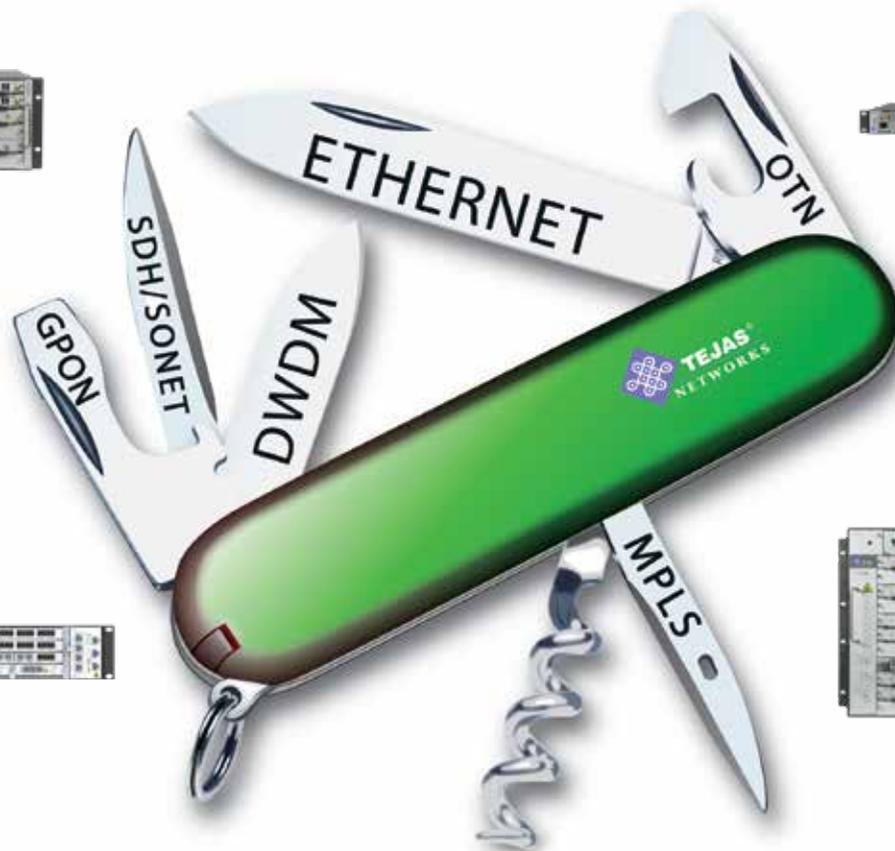
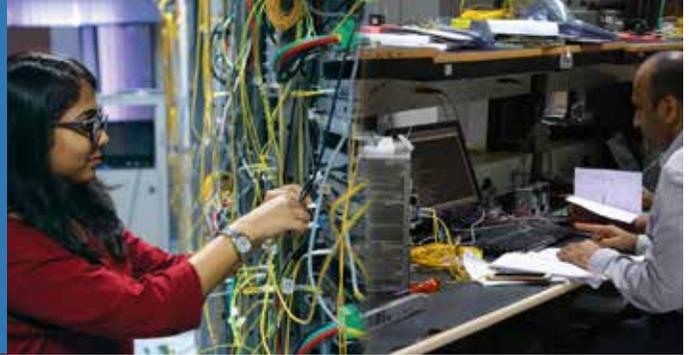


### For Customers

- Lower Lifecycle Cost
- Upgrade for new features and capacity
- Seamless evolution to next-generation communication architectures
- Customized to meet market-specific requirements
- Pay-as-you-grow

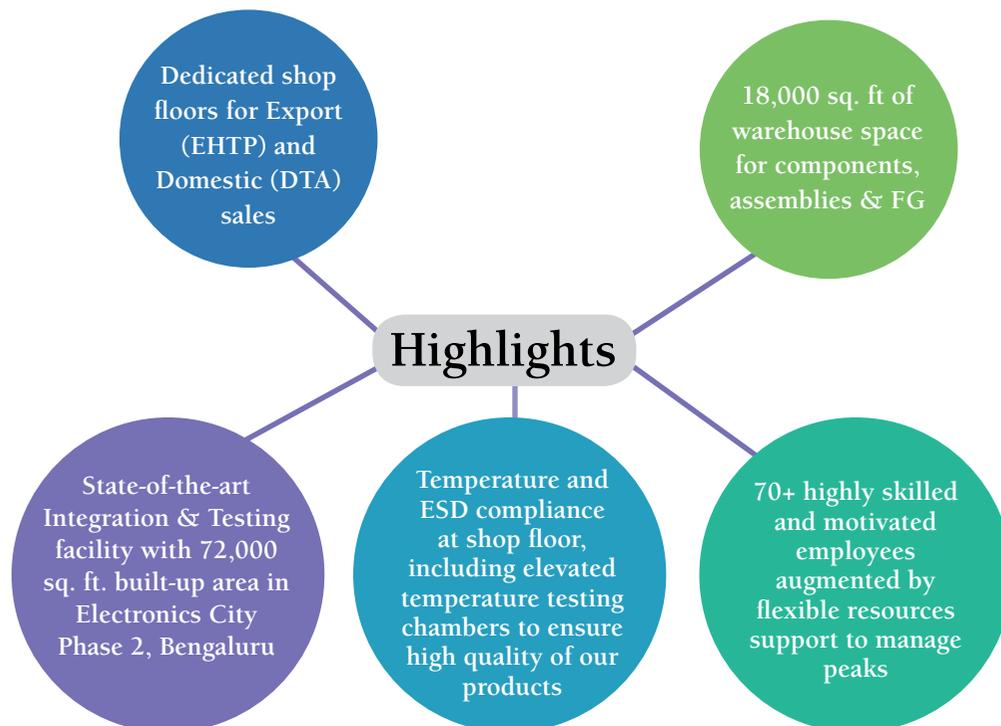
### For Tejas Networks

- Ability to sell the same product globally
- Reduced R&D costs, design re-use
- Ability to sell upgrades on installed base
- Time-to-market advantage



# Asset-light Manufacturing

We manufacture our products in India through partnerships with reputed EMS companies which help us to stay asset-light and cost-efficient in production. We have an in-house manufacturing facility focused on final integration, testing and quality control in order to ensure only high-quality products are delivered to our customers. Our turn-key EMS model is highly scalable and capital efficient. It allows us to adjust our manufacturing capacity to meet changes in customer demand, while optimizing our working capital since the EMS takes the responsibilities of sourcing and managing long-lead components.



## Quality Excellence Model

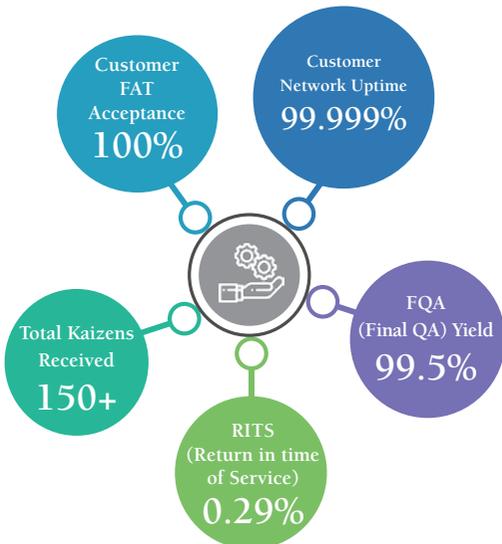
We possess a range of quality certifications in the optical space. Our optical networking products have received type/interface approvals from the Telecommunication Engineering Centre (TEC) and have received BSNL Technical Specification Evaluation Certificate (TSEC) in India. We have also been approved under various international standards such as MEF CE2.0, CE marking, cTUVus mark, FCC, ICES, Safety standard IEC60950-1 in connection with our products. We also comply with two European Union directives on electronics waste, Waste of Electrical and Electronics Equipment (WEEE) and Restriction on the use of Hazardous Substances (RoHS). Our company has also received TL9000 certification at the corporate level for its quality management system with reference to its supply chain, R&D and manufacturing processes. We have established sophisticated design, development and testing infrastructure in-house, which helps us monitor our quality management closely.

We are TL9000 and ISO9001: 2008 certified for our quality management system

Our Quality Excellence Model focuses on achieving customer satisfaction



## 5-S Management & Kaizen Implementation at Factory



## Awards and Accolades

The Top Exporter Award from Software Technology Parks of India (STPI), Karnataka in the category “High Growth-Bengaluru-Electronic Hardware Exporter (Exports Greater than ₹ 100 crore and less than ₹ 2000 crore)” for export performance during the year FY 2016-17



Tejas Networks is recognised as **#1 in Optical Aggregation market** and among top 10, globally

**30+ new international customers** were added to Tejas customer list

Aegis Graham Bell Award under Digital India Initiative, 2017 for the “TJ1400-OLT: Converged Optical Access and Transport Platform”



“**Digital India Excellence Award**” at the 5th Pan-IIM World Management Conference 2017 in the “**Electronics Manufacturing(Corporate)**” category for significant role in transforming India into a digitally empowered nation

“**Best Performing Equipment Supply Partner**” award from Government of India for BharatNet Project Phase-1 on January 8, 2018



# Human Face of Tejas

We at team Tejas, believe in our employees and their competency to excel in the industry. Since our inception in 2000, we have made significant investments in our talent management and developmental programs with a special focus on R&D. More than 50% of our employees are involved in R&D and a majority of them are from top colleges and universities of India and around the world.



At Tejas, we consider employees as our greatest asset. We recognize the best talents in the industry and invest necessary resources to attract and retain them. By deploying state-of-the-art information systems and by organizing massive industry outreach programs such as hackathons, codefests, job fairs and academic interfaces, we ensure that we hire the best talent available in the industry. In fact many of our employees are known for their scholarly work and are considered to be subject matter experts in the telecom industry.



To ensure 99.999% uptime, we make large investments to develop and nurture our in-house talent. With a state-of-the-art training facility at our delivery center in Bengaluru and association with leading global learning organizations, we ensure that our employees receive the best guidance to deliver world-class products and solutions. We keep our employees motivated through transparent performance feedback systems, competitive and well researched pay structures, reward modules and work-life balance.



We are a global organization. Our 700+ employees belong to 12+ different nationalities spread across 4 continents. With our quarterly cultural and diversity fests, and woman empowerment programs, we just don't embrace diversity, we celebrate it.



# Board and Committees

---

## Board of Directors

Mr. Balakrishnan V  
*Non-Executive, Independent Director and Chairman*

Mr. Sanjay Nayak  
*Managing Director and Chief Executive Officer*

Dr. Gururaj Deshpande  
*Non-Executive and Non-Independent Director*

Amb. Leela K Ponappa  
*Non-Executive and Independent Director*

Mr. Chetan Gupta  
*Non-Executive and Non-Independent Director*

## Board Committees

### Audit Committee

Mr. Balakrishnan V  
*Chairperson and Financial Expert*

Dr. Gururaj Deshpande

Amb. Leela K Ponappa

Mr. Chetan Gupta

### Nomination and Remuneration Committee

Amb. Leela K Ponappa  
*Chairperson*

Mr. Balakrishnan V

Dr. Gururaj Deshpande

### Corporate Social Responsibility Committee

Amb. Leela K Ponappa  
*Chairperson*

Mr. Balakrishnan V

Mr. Chetan Gupta

## Stakeholders Relationship Committee

Dr. Gururaj Deshpande  
*Chairperson*

Mr. Sanjay Nayak

Mr. Chetan Gupta

## Management Team

Mr. Sanjay Nayak  
*Managing Director and Chief Executive Officer*

Mr. Kumar N Sivarajan  
*Chief Technology Officer*

Mr. Arnob Roy  
*President – Optical Products*

Mr. Venkatesh Gadiyar  
*Chief Financial Officer*

Mr. Sukhvinder Kumar  
*President – Global Manufacturing Operations*

Mr. N R Ravikrishnan  
*General Counsel and Chief Compliance Officer*

As on April 24, 2018

Note: Risk Management Committee merged with the Audit Committee

# Board's Report

Dear Members,

The Board of Directors hereby submits the report of the business and operations of your Company ("the Company or "Tejas"), along with the audited financial statements for the financial year ended March 31, 2018. The consolidated performance of the Company has been referred to wherever required.

## 1. Results of our operations and state of affairs

in ₹ crore except per share data

| Particulars                                             | Standalone    |               | Consolidated  |               |
|---------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                         | 2018          | 2017          | 2018          | 2017          |
| Revenue from operations <sup>(1)</sup>                  | 761.07        | 919.72        | 767.44        | 932.58        |
| Other Income                                            | 27.22         | 7.13          | 27.83         | 8.66          |
| <b>Total income</b>                                     | <b>788.29</b> | <b>926.85</b> | <b>795.27</b> | <b>941.24</b> |
| Expenses                                                |               |               |               |               |
| Cost of materials consumed                              | 382.30        | 515.39        | 382.42        | 514.05        |
| Excise duty                                             | 17.64         | 57.95         | 17.64         | 57.95         |
| Employee benefit expense                                | 88.65         | 81.67         | 92.26         | 84.69         |
| Finance costs                                           | 13.45         | 31.09         | 13.40         | 31.81         |
| Depreciation and amortization expense                   | 61.27         | 56.42         | 61.27         | 56.42         |
| Other expenses                                          | 118.34        | 110.18        | 122.24        | 112.16        |
| <b>Total expenses</b>                                   | <b>681.65</b> | <b>852.70</b> | <b>689.23</b> | <b>857.08</b> |
| Profit before exceptional items and tax                 | 106.64        | 74.15         | 106.04        | 84.16         |
| Exceptional Item                                        | -             | 30.47         | -             | 30.47         |
| <b>Profit before tax</b>                                | <b>106.64</b> | <b>43.68</b>  | <b>106.04</b> | <b>53.69</b>  |
| Income tax expense                                      |               |               |               |               |
| Current tax                                             | 23.78         | 1.20          | 23.78         | 1.20          |
| Deferred tax (benefit)                                  | (24.26)       | (40.49)       | (24.26)       | (40.49)       |
| Total tax expense                                       | (0.48)        | (39.29)       | (0.48)        | (39.29)       |
| <b>Profit after tax</b>                                 | <b>107.12</b> | <b>82.97</b>  | <b>106.52</b> | <b>92.98</b>  |
| Other comprehensive income                              |               |               |               |               |
| Items that will not be reclassified to profit or loss   | (1.61)        | 0.30          | (1.61)        | 0.30          |
| Items that will be reclassified to profit or loss       | -             | -             | (0.15)        | 0.28          |
| <b>Total comprehensive income for the period</b>        | <b>105.51</b> | <b>83.27</b>  | <b>104.76</b> | <b>93.56</b>  |
| Retained earnings- opening balance                      | 14.88         | (68.39)       | 15.86         | (77.42)       |
| Add: Transferred from other reserve                     | 0.20          |               | 0.20          |               |
| Less: Items that will be reclassified to profit or loss | -             | -             | (0.15)        | 0.28          |
| <b>Retained earnings- closing balance</b>               | <b>120.59</b> | <b>14.88</b>  | <b>120.97</b> | <b>15.86</b>  |
| Earnings per equity share                               |               |               |               |               |
| Equity shares of par value ₹10 each                     |               |               |               |               |
| Basic                                                   | 12.48         | 12.58         | 12.41         | 14.09         |
| Diluted                                                 | 11.79         | 12.58         | 11.73         | 14.09         |

<sup>(1)</sup>Revenue from operations for the year ended March 31, 2017 was inclusive of excise duty of ₹ 57.95 crore. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the year ended March 31, 2018 is net of the related GST ₹ 70.56 crore. Accordingly, the revenue from operations is not strictly comparable.

## Financial Position

in ₹ crore

| Particulars                                                                         | Standalone      |               | Consolidated    |               |
|-------------------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
|                                                                                     | 2018            | 2017          | 2018            | 2017          |
| Bank balances and deposits with maturity up to three months                         | 213.48          | 29.86         | 214.19          | 31.06         |
| Bank balances other than above                                                      |                 |               |                 |               |
| Current                                                                             | 21.76           | 39.96         | 21.76           | 39.96         |
| Deposits with original maturity of more than twelve months                          | 0.04            | 99.21         | 0.04            | 99.21         |
| Investment in mutual funds                                                          | 76.52           | -             | 76.52           | -             |
| Deposits with financial institutions disclosed under other current financial assets | 205.00          | -             | 205.00          | -             |
| <b>Cash and cash equivalents including margin money</b>                             | <b>516.80</b>   | <b>169.03</b> | <b>517.51</b>   | <b>170.23</b> |
| less: Balances held as margin money or security against borrowings or guarantees    | (4.81)          | (47.90)       | (4.81)          | (47.90)       |
| <b>Cash and cash equivalents excluding margin money</b>                             | <b>511.99</b>   | <b>121.13</b> | <b>512.70</b>   | <b>122.33</b> |
| Net current assets <sup>(1)</sup>                                                   | 317.10          | 498.98        | 327.42          | 503.63        |
| Property, plant and equipment                                                       | 35.98           | 27.99         | 35.98           | 27.99         |
| Intangible assets (including under development)                                     | 85.60           | 83.38         | 85.60           | 82.71         |
| Other non-current assets <sup>(2)</sup>                                             | 204.64          | 144.40        | 193.79          | 139.86        |
| <b>Total assets</b>                                                                 | <b>1,155.31</b> | <b>875.88</b> | <b>1,155.49</b> | <b>876.52</b> |
| Borrowings <sup>(3)</sup>                                                           | 2.27            | 281.47        | 2.27            | 281.48        |
| Non-current provisions                                                              | 1.14            | 2.10          | 1.14            | 2.10          |
| <b>Total equity</b>                                                                 | <b>1,151.90</b> | <b>592.31</b> | <b>1,152.08</b> | <b>592.94</b> |
| <b>Total equity and borrowings</b>                                                  | <b>1,155.31</b> | <b>875.88</b> | <b>1,155.49</b> | <b>876.52</b> |

<sup>(1)</sup> current assets net of current liabilities as disclosed in balance sheet excluding the bank balances considered as cash and cash equivalents

<sup>(2)</sup> excluding bank balances considered as cash and cash equivalents

<sup>(3)</sup> including current borrowings and current maturities of long-term debt

## Revenues

### ■ Standalone

Our net revenues (net of taxes and component sales) from operations on a standalone basis declined by 9.3% to ₹ 733.50 crore in fiscal 2018. Our domestic and export revenues comprise of 82% and 18% respectively. Out of total revenue, 82% (previous year 65%) came from India, 6% (previous year 13%) came from Americas and 12% (previous year 22%) came from Rest of the World.

### ■ Consolidated

Our net revenues (net of taxes and component sales) from operations on a consolidated basis declined by 9.6% to ₹ 739.87 crore in fiscal 2018. Our domestic and export revenues comprise of 82% and 18% respectively. Out of total revenue, 82% (previous year 65%) came from India, 6% (previous year 13%) came from Americas and 12% (previous year 22%) came from Rest of the World.

## Exceptional items

### ■ Standalone and Consolidated

During FY 2017, we have reassessed the marketability of our in-production intangible assets for the development costs of our wireless

products and after considering various factors such as technological obsolescence, that require revision in the existing products, we have written off accumulated costs relating to past salaries of the wireless product development team, amounting to ₹ 30.47 crore.

## Profits

### ■ Standalone

Our gross profit on a standalone basis amounted to ₹ 292.33 crore (39.9% of net revenue) as against ₹ 296.92 crore (36.7% of net revenue) in the previous year. The gross and net research and development costs were 11.8% and 5.1% of our net revenue for the year ended March 31, 2018 as compared to 9.6% and 4.6% for the year ended March 31, 2017. Selling and marketing costs were 10.4% (previous year 8.7%) of our net revenue for the year ended March 31, 2018. The general and administrative expenses were 3.3% (previous year 3.8%) of our net revenue for the year ended March 31, 2018. The operating profit amounted to ₹ 92.87 crore (12.7% of net revenue) as against ₹ 102.69 crore (12.7% of net revenue) in the previous year. The profit before tax was ₹ 106.64 crore (14.5% of net revenue) as against ₹ 43.68 crore (5.4% of net revenue) in the previous year. The net profit was ₹ 107.12 crore (14.6% of net revenue) as against ₹ 82.97 crore (10.3% of net revenue) in the previous year.

### ■ Consolidated

Our gross profit on a consolidated basis amounted to ₹ 298.42 crore (40.3% of net revenue) as against ₹ 310.42 crore (37.9% of net revenue) in the previous year. The gross and net research and development costs were 11.7% and 5.1% of our net revenue for the year ended March 31, 2018 as compared to 9.4% and 4.5% for the year ended March 31, 2017. Selling and marketing costs were 11.2% (previous year 8.9%) of our net revenue for the year ended March 31, 2018. The general and administrative expenses were 3.4% (previous year 3.9%) of our revenue for the year ended March 31, 2018. The operating profit amounted to ₹ 91.60 crore (12.4% of net revenue) as against ₹ 112.01 crore (13.7% of net revenue) in the previous year. The profit before tax was ₹ 106.04 crore (14.3% of net revenue) as against ₹ 53.69 crore (6.6% of net revenue) in the previous year. The net profit was ₹ 106.52 crore (14.4% of net revenue) as against ₹ 92.98 crore (11.4% of net revenue) in the previous year.

### Capital Expenditure on tangible assets – Standalone and Consolidated

On a standalone and consolidated basis, during the year, we incurred Tangible capital expenditure of ₹ 18.27 crore (previous year ₹ 8.11 crore), comprising ₹ 7.53 crore in R&D cards (previous year - Nil), ₹ 5.67 crore in Laboratory equipment (previous year ₹ 4.81 crore), ₹ 2.54 crore in Computing equipment (previous year ₹ 1.01 crore), ₹ 0.89 crore in Furniture and Fixtures (previous year ₹ 0.59 crore), ₹ 0.55 crore in Servers (previous year ₹ 0.48 crore), ₹ 0.46 crore in Electrical installation (previous year ₹ 0.96 crore), ₹ 0.31 crore in Office equipment (previous year ₹ 0.18 crore), ₹ 0.19 crore in Vehicles (previous year - Nil) and ₹ 0.13 crore in Networking equipment (previous year ₹ 0.08 crore).

### Liquidity

We are practically a debt-free Company and maintain sufficient cash to meet our business requirements. Our principal source of liquidity are cash and cash equivalents and the cash flow we generate from the business. We clearly understand that the liquidity in the Balance Sheet need to cover financial and business risks and support future growth.

We have cash and cash equivalents of ₹ 511.99 crore on standalone basis and ₹ 512.70 crore on a consolidated basis for the year ended March 31, 2018 when compared to liquid assets of ₹ 121.13 crore on standalone basis and ₹ 122.23 crore on a consolidated basis for the year ended March 31, 2017.

The cash and cash equivalents on both standalone and consolidated basis include balance with banks, investment in liquid mutual funds and deposits with financial institutions. The details of these investments and deposits are disclosed under the 'current investments and current financial assets' section in the standalone and consolidated financial statements in this Annual report.

### Earnings Per Share

Basic earnings per share declined by 0.8% to ₹ 12.48 (previous year ₹ 12.58) at standalone level and by 11.9% to ₹ 12.41 (previous year ₹ 14.09) on consolidated basis primarily towards issuance of shares at IPO.

### Dividend

The Board of Directors aim to grow the business lines of the Company and enhance the rate of return on investments of the Shareholders. They

periodically review the Company's ability and necessity to distribute dividends to its Shareholders, with a view to preserve the profitability and long term growth plans for the Company. Accordingly, the Board of Directors take into account various factors including current and future earnings projections, current and future cash flow projections, capital expenditure requirements for current and future projects, contingencies, regulatory, political, economic factors while making a determination to transfer retained earnings to reserves in entirety or partially for a given year and to consequently distribute dividend if any. The Board of Directors have not recommended any dividend for the year ended March 31, 2018.

The Board of Directors at its meeting held on April 24, 2018 in accordance with Clause 43A of the Listing regulations, adopted a dividend distribution policy setting out the parameters and circumstances including external and internal factors and financial parameters that will be taken into account in determining the distribution of dividend and also the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized. Subject to these parameters, the Board may distribute dividend upto 25 % of the free cash flow of the corresponding financial year subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash provided by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under Ind AS. Dividend payout includes Dividend Distribution Tax (DDT).

The details of Dividend Distribution Policy is available on the Company's website at <https://www.tejasnetworks.com/main-control/download/Dividend-Distribution-Policy.pdf>

### Share Capital

During the year under review, the Company has issued 25,75,622 equity shares consequent to the exercise of the employee stock options into equity shares by the eligible employees of the company and issued 1,75,09,727 equity shares at IPO and hence the outstanding paid up equity share capital stands at ₹ 90,81,87,600 comprising of 9,08,18,760 equity shares of ₹ 10/ each fully paid up as on March 31, 2018.

### Particulars of Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 forms part of the Notes to financial statements provided in the Annual Report.

### Transfer to Reserves

The Company does not propose to transfer amounts to the general reserve out of the amount available for appropriation and an amount of ₹ 107.12 crore on a standalone basis and ₹ 106.52 crore on a consolidated basis is proposed to be retained in the profit and loss account.

### Fixed Deposits

We have not accepted any fixed deposit including from the public and, as such, no amount of principal or interest was outstanding as of the date of the Balance sheet.

### Particulars of Contracts or Arrangements Made with Related Parties

All contracts / arrangements / transactions entered into during the financial year with the related parties were on arm's length basis and

were in the ordinary course of business. There were no materially significant related party transactions with Directors, Key Managerial Personnel or other designated persons, which may have a potential conflict with the interest of the Company at large. All Related Party Transactions were placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee was obtained on a quarterly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were placed before the Audit Committee for their review on a quarterly basis.

The policy on Related Party Transactions as approved by the Board is available at the Company's website at <https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf> Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2, is attached as 'Annexure 2' to the Board's report.

### Transition to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), vide its notification in the Official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For our Company, Ind AS was applicable from April 1, 2017 and the same was complied, with a transition date of April 1, 2016 and IGAAP as the previous GAAP.

The following are the areas which had an impact on account of transition to Ind AS:

- Recording of deferred taxes.
- Fair valuation of certain financial instruments.
- Employee costs pertaining to defined benefit obligations.
- Discounting of certain long-term financial assets and liabilities.
- Share-based payments

The reconciliations and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in Note 34 in the notes to accounts in the standalone and consolidated financial statements.

### Initial Public Offer (IPO)

The Company has undertaken Initial Public Offer of 3,02,21,332 Equity Shares for a cash price of ₹ 257/- per share including a premium of ₹ 247/- per share aggregating to ₹ 776.69 crore, comprising a fresh issue of 1,75,09,727 Equity Shares aggregating to ₹ 450.00 crore and an offer for sale of 1,27,11,605 Equity Shares by the selling shareholders, aggregating to ₹ 326.69 crore. The Company equity shares are listed in the National Stock Exchange of India Limited (Scrip Code No: TEJASNET) and BSE Limited (Scrip Code No: 540595) with effect from June 27, 2017. The details of the utilization of the proceeds from the IPO is given in Note No. 38 to financial statements provided in this Annual Report. The Company has not deviated from the objects of the IPO as mentioned in the Prospectus with respect to the utilization of the proceeds from the IPO. The listing fees for the fiscal 2019 are already paid to the stock exchanges.

### Risk management

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks

to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels, including documentation and reporting. The Company has formulated a Risk Management Policy and is available on the Company's website at <https://www.tejasnetworks.com/main-control/download/Risk-assessment-and-Management-and-mitigation-policy-and-procedures.pdf>

According to Regulation 21 (5) of the Listing Regulations the provisions of Risk Management Committee shall be applicable to top 100 listed entities determined on the basis of market capitalization. As our Company is not in the top 100 listed entities for the year ended March 31, 2018, the Board at its meeting held on April 24, 2018 merged the Risk Management Committee with Audit Committee.

### Material changes and commitments affecting financial position between the end of the financial year and date of the report

- *Dividend Distribution Policy* - The Board, at its meeting held on April 24, 2018, approved the Dividend Distribution Policy in accordance with the Regulation 43A of SEBI Listing Regulations. The policy was adopted to set out the parameters and circumstances that will be taken into account by the Board in determining the distribution of dividend to its shareholders. The details of Dividend Distribution Policy is available on the Company's website at <https://www.tejasnetworks.com/main-control/download/Dividend-Distribution-Policy.pdf>
- *Additional Director* - Appointed Mr. Chetan Gupta as an Additional Director of the Company by the Board at its meeting held on April 24, 2018. His appointment as a Non-Executive and Non Independent director is subject to the approval of the shareholders in this AGM and forms part of the Notice to the Members.
- *Vacation of Office* - Mr. Shirish Saraf vacated his office as a Non-Executive and Non-Independent Director of the Company due to operation of law with effect from April 24, 2018.
- Merger of the Risk Management Committee with Audit Committee.

## 2. Company's Overview

Tejas Networks is an India-based optical and data networking products Company. Tejas designs, develops and sells high-performance and cost-competitive 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 an app-like ease of development and upgrades of new features and technology standards. Tejas is ranked amongst top-10 suppliers in the global optical aggregation segment. A strong brand name coupled with long-standing client relationships help us to be the employer of choice. Expertise in lean automation and continuous improvement help us increase productivity and being more for the client. Tejas seeks to differentiate in the market by delivering business value through deep domain expertise and technology prowess.

### Subsidiaries

Our company has 4 subsidiaries as on March 31, 2018

- Tejas Communication Pte. Limited ("TCPL")
- Tejas Communications (Nigeria) Limited (Subsidiary of TCPL)

- vSave Energy Private Limited
- Tejas (Israel ) Limited

No Company has become or ceased to be joint venture or associate company during the year within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries. Pursuant to the provisions of Section 129(3) of the Act, a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached as 'Annexure 1' which forms part of this report. Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents, and separate financial accounts in respect of subsidiaries, are available on the website of the Company at <https://www.tejasnetworks.com/financial-information-subsidiaries.php>

### Striking off and closure of unlisted wholly-owned subsidiaries (India/ Overseas) during the year

- Striking off the name of the Company - vSave Energy Private Limited

vSave Energy Private Limited was incorporated on November 06, 2013 as a Private Limited Company under Companies Act 1956 and as a wholly owned subsidiary with a paid up capital of ₹ 0.14 crore. The Company has discontinued its operations for the last two years and does not intend to carry on any activity in future and thus made an application with Registrar of Companies, Bengaluru on December 06, 2017 under Section 248(2) of the Companies Act, 2013 for removal of name of the Company and is awaiting necessary approvals towards the same. We have made a provision for investment in financials amounting to ₹ 0.14 crore for the year ended March 31, 2018.

- Closure of the company - Tejas (Israel) Limited

The Company incorporated a wholly owned subsidiary under the State Laws of Israel under the name and style as Tejas Israel Ltd on December 28, 2009 with 9,00,000 Ordinary Shares. During the year ending March 31, 2013 we have made the provision for investment in Tejas Israel. The Company has discontinued its operations for the last few years and does not intend to carry on any activity in future, the Company has decided to windup the operations. Hence, during the year, the Company has filed necessary application with the respective authorities in Israel and is awaiting necessary approvals towards the same.

### 3. Human Resource Management

Several key initiatives on the Human Resources (HR) front were initiated during the financial year through a three pronged approach - Culture, Capability and Capacity. The focus for Talent Acquisition from campuses of key institutes was aimed at better industry institute collaboration and building sustained relationships with them. Focus on right staffing and skilling was given greater emphasis for the purposes of spreading the organization's global footprint. Employee Engagement gained sharper focus with initiatives such as quarterly all hands meet, Women friendly policies were introduced like increased maternity leave, Adoption Leave, Paternity Leave etc., The Company undertook implementation of HRIS application suite – Darwin Box for enabling efficient and cost effective HR systems with the objective of improving the quality of analytics available to help in enhancing the quality of decision making with regards to people and processes throughout the employee life cycle.

### Particulars of employees

The ratio of the remuneration of each Director and key managerial personnel (KMP) to the median of employees' remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in 'Annexure 8' which forms part of the Board's Report.

Additionally, the following details form part of Annexure 8 to the Board's Report:

- Statement containing the names of top 10 employees in terms of remuneration drawn
- Details of employees posted in India throughout the year and in receipt of a remuneration of ₹ 1.02 crore or more per annum
- Details of employees posted in India for part of the year and in receipt of ₹ 8.5 lakhs or more a month
- The details of employees posted outside India and in receipt of a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more a month can be made available on request.

### Employee Stock Options (ESOP) / Restricted Stock Units (RSU)

The Company has the following ESOP / RSU Schemes in force:

- Tejas Networks Limited Employees Stock Option Plan – 2014 ("ESOP Plan 2014");
- Tejas Networks Limited Employees Stock Option Plan – 2014-A ("ESOP Plan 2014 - A");
- Tejas Networks Limited Employees Stock Option Plan – 2016 ("ESOP Plan 2016");
- Tejas Restricted Stock Unit Plan 2017 ("RSU 2017").

The details of the ESOP / RSU Plans as required under the applicable provisions of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, are provided in 'Annexure 7', which forms part of the Board's Report. Further during the year the Company has implemented the Restricted Stock Unit Plan. Hence, after implementation of the RSU plan, Company did not grant any new options from the pool available from the current ESOP Schemes.

The details of the ESOP / RSU Plans and the disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, is available on the Company's website at <http://www.tejasnetworks.com/other-documents.php>

### Disclosure under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

We have a mechanism in place to foster a positive work place environment free from harassment of any nature. We have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the work place. We follow a gender-neutral approach in handling complaints of sexual harassment. Our ASHI policy applies to everyone involved in the operations of the Company, including vendors and clients.

We have also constituted an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an independent group.

Our whistleblower policy assures complete anonymity and confidentiality of information to the reporting individual.

Keeping the objective of fostering a positive work place environment and free from harassment, we conduct the following awareness campaigns:

- Orientation of new joiners on the Anti-Sexual Harassment Initiative (ASHI).
- ASHI awareness session for our contractual staff.

The details of ASHI cases for the financial year ended March 31, 2018:

|                                    |     |
|------------------------------------|-----|
| Number of cases filed              | Nil |
| Disposal by conciliation           | Nil |
| Disposal by disciplinary action(s) | Nil |

#### 4. Corporate Governance

Our Corporate Governance philosophy is about maximizing shareholder value legally, ethically and sustainably. At Tejas, the goal of corporate governance is to ensure fairness to every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. Our Corporate governance report for the financial year ended March 31, 2018 forms part of this Annual Report. We wish to state that the Company has complied with all norms of corporate governance applicable to Listed Public Companies as envisaged under the Companies Act, 2013 and in the SEBI Listing Regulations.

##### Number of meetings of the Board

The Board met eight times during the financial year, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013 read with SEBI Listing Regulations.

##### Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2018, the Board consists of five members (two Non-Executive and Non-Independent, one Executive, and two Non-Executive Independent directors).

The Board periodically evaluates the need for change in its composition and size. The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is available on the website of the Company at <http://www.tejasnetworks.com/policies-codes.php>. We affirm that the remuneration paid to the directors

is as per the terms laid out in the nomination and remuneration policy of the Company.

##### Declaration by independent directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 stating that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6).

##### Board evaluation

The Board has made a formal evaluation of its own performance and that of its committees and individual directors as required under Section 134(3) (p) of the Companies Act, 2013, based on the Criteria for Evaluation laid down by the Nomination and Remuneration Committee and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India. The manner in which the evaluation was carried out and the process adopted has been given in the Corporate Governance Report.

##### Directors and Key Managerial Personnel

###### Inductions

Mr. Chetan Gupta was appointed as Additional Director by the Board in its meeting held on April 24, 2018. The Board recommends his appointment as Non-Executive and Non-Independent Director of the Company liable to retire by rotation.

###### Re-appointment

- Dr. Gururaj Deshpande, retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment as Non-Executive and Non-Independent Director of the Company. The Board recommends his re-appointment as Non-Executive and Non-Independent Director of the Company liable to retire by rotation.
- Amb. Leela K Ponappa is being re-appointed as Non-Executive and Independent Director for a second term of 5 years with effect from February 16, 2018. The Board recommends her re-appointment as Independent Director of the Company not liable to retire by rotation.

###### Vacation of Office

Mr. Shirish Saraf vacated his office as Director of the Company by operation of law with effect from April 24, 2018.

Other than the above, there were no changes in the Directors / Key Management Personnel as on the date of this report.

##### Committees of the Board

The Company has the following four committees namely: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee. The composition, functions, scope, number of meetings held and attended by the members, etc., of each committee are furnished in the Corporate governance report which forms part of the this Annual Report. There were no instances where the Board did not consider the recommendations made by the Audit Committee under section 177(8) of Companies Act, 2013.

In accordance with the Regulation 21 (5) of the Listing Regulations the provisions of Risk Management Committee shall be applicable to top 100 listed entities, determined on the basis of market capitalization. As our Company is not in the top 100 listed entities as on March 31, 2018, the Board at its meeting held on April 24, 2018 merged the Risk Management Committee with Audit Committee.

### Internal Financial controls and its adequacy

The Company has adequate Internal Controls with proper checks and balances to ensure that transactions are properly authorized, recorded and reported apart from safeguarding its assets. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budgets on an ongoing basis. The Company's has appointed an independent auditors M/s. Singhvi, Dev and Unni, Chartered Accountants as Internal Auditors to reviews the controls across the key processes and they submit reports periodically to the Management and significant observations are also presented to the Audit Committee for review. There is also a follow up mechanism to monitor implementation of the various recommendations.

### Significant and material orders

In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued a restraint order on certain bank accounts and deposits of the Company and later the restraint order was withdrawn. The Company and its officials fully co-operated with the Income Tax Department. As on date, there is no demand raised by the Income Tax Department.

There are no other significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

### Governance policies

The details of the policies approved by the Board and adopted by the Board are provided in 'Annexure 9' to the Board's report

### Management's Discussion and Analysis

In terms of provisions of Regulation 34 of the Listing Regulations, the Management's Discussion and Analysis is set out in this Annual Report.

### Reporting of fraud by auditors

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor has reported to the audit committee under Section 143 of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

### Annual return

The extract of Annual Return in Form No. MGT-9 as required under Section 134(3)(a) of the Companies Act, 2013 for the financial year ending March 31, 2018 is annexed hereto as 'Annexure 3' and forms part of this report. A copy of the Annual Return has also been placed on the website of the Company at <http://www.tejasnetworks.com/other-documents.php>

### Secretarial Standards

The Company has complied with all applicable Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi.

### Directors' responsibility statement

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Pursuant to the provisions contained in Section 134(3) of the Companies Act, 2013, the Directors to the best of their knowledge and belief and according to information and explanations obtained from the management, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards had been followed and there are no material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis;
- The directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 5. Audit Reports and Auditors

### Audit reports

- The Statutory Auditors' Report for the year ended March 31, 2018 does not contain any qualification, reservation or adverse remark. The Auditors' Report is enclosed with the standalone and consolidated financial statements in this Annual Report.
- The Secretarial Auditor's Report for the year ended March 31, 2018 is enclosed as 'Annexure 5' to the Board's Report. The observation made by the Auditor with respect to vacation of office by Mr. Shirish Saraf due to operation of law is self-explanatory.

- As required by the Listing regulations, the certificate on compliance with the regulation of the Corporate governance for the year ended March 31, 2018, is enclosed in this Annual Report. The certificate on compliance with the regulation of the Corporate governance given by the Secretarial Auditor does not contain any qualification, reservation or adverse remark.

## Auditors

### Statutory auditors

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum terms permitted under the said section. In line with the requirement of the Companies Act, 2013, the Members in their 17th Annual General Meeting held on September 27, 2017 approved the appointment of M/s. Price Waterhouse, Chartered Accountants LLP (Firm registration number No. 012754N/N500016) as the statutory auditors of the Company for a period of five consecutive years from the conclusion of the 17th Annual General Meeting of the Company, till the conclusion of the 22nd Annual General Meeting, subject to ratification of the said appointment at the Annual General Meeting. The first year of audit was of the financial statements for the year ended March 31, 2018, and accordingly the appointment of M/s. Price Waterhouse, Chartered Accountants LLP (Firm registration number No. 012754N/N500016) is being placed before the Members for ratification.

### Secretarial auditors

In accordance with Section 204 of the Companies Act, 2013 and the Rules thereunder, the Board has appointed Mr. Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847) as the Secretarial Auditor of the Company to conduct Secretarial Audit for fiscal 2019.

## 6. Corporate Social Responsibility

Tejas works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations. During the financial year ended March 31, 2018, the Company spent an amount of ₹ 0.54 crore towards CSR activities, which constitutes 2% of the average net profits of the Company for the preceding three financial years.

In pursuance of the CSR Policy, the Company aims to support projects that promote education and therefore contributed to (i) The Akshaya Patra Foundation, Bengaluru which provides mid-day meals as an attempt to feed the millions of children in India and give them the motivation and nourishment they need to pursue an education and a better future by contributing an amount of ₹ 0.34 crore and (ii) International Institute of Information Technology, Bengaluru, a Deemed University, popularly known as IIITB, established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation. The Institute is a registered not-for-profit society funded jointly by the Government of Karnataka and the IT industry and Company has spent an amount of ₹ 0.20 crore towards CSR activity towards IIITB. The CSR policy and initiatives taken by the

Company on Corporate Social Responsibility during the year is available on the Company's website at <https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf>

The annual report on the CSR activities in the format prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out in 'Annexure 6' to the Board's Report.

### Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

The particulars relating to conservation of energy, technology absorption, research and development, foreign exchange earnings and outgo as required to be disclosed under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in 'Annexure 4' to the Board's Report.

### Business Responsibility Report (BRR)

The Listing regulations mandate the inclusion of the BRR as part of the Annual Report for top 500 listed entities based on the market capitalization. In compliance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report. The Business Responsibility Report is available on the Company's website <http://www.tejasnetworks.com/other-documents.php>

### Green initiatives

Electronic copies of the Annual report for the year 2018 and the Notice of the 18th Annual General Meeting are sent to all shareholders whose email addresses are registered with the Company/ depository participant (s). For Members who have not registered their email addresses, physical copies are sent in the permitted mode. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronics form and with RTA in case the shares are held by them in physical form.

### Acknowledgment

We thank our employees, customers, vendors, investors, bankers, financial institution and all other stakeholders for their continued support during the year. We place on record our appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

We thank the Government of various countries where we operate. We thank the Government of India particularly the Ministry of Communications, the Department of Telecommunications, the Ministry of Labour and employment, the Software Technology Park of India, the Ministry of Electronics and Information Technology, the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Corporate Affairs, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, the Reserve Bank of India (RBI), the Securities Exchange Board of India (SEBI) and the various departments under the state government and union territories and other government agencies for their support and look forward to their continued support in the future.

for and on behalf of the Board of Directors

Balakrishnan V  
Chairman  
DIN No: 02825465

Sanjay Nayak  
Managing Director and CEO  
DIN No: 01049871

Place: Bengaluru,  
Date: April 24, 2018

## Annexure – 1

## FORM NO. AOC -1

(Pursuant to First proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

## Part “A”: Subsidiaries

in ₹ crore

| Name of the Subsidiary                 | Reporting Period                 | Reporting currency | Share Capital | Reserves & Surplus | Total Assets | Total Liabilities | Investments | Turnover | Profit / (loss) before Taxation | Provision for Taxation | Profit / (loss) after Taxation | Proposed Dividend | % of share holding |
|----------------------------------------|----------------------------------|--------------------|---------------|--------------------|--------------|-------------------|-------------|----------|---------------------------------|------------------------|--------------------------------|-------------------|--------------------|
| Tejas Communication Pte Ltd. Singapore | April 01, 2017 to March 31, 2018 | USD                | 13.40         | (0.53)             | 27.81        | 14.94             | 0.21        | 19.35    | 0.31                            | -                      | 0.31                           | -                 | 100%               |
| Tejas Israel Limited                   | April 01, 2017 to March 31, 2018 | USD                | 45.53         | (48.02)            | 0.19         | 2.68              | -           | -        | (0.07)                          | -                      | (0.07)                         | -                 | 100%               |
| vSave Energy Private Limited*          | April 01, 2017 to March 31, 2018 | INR                | 0.14          | (0.14)             | -            | -                 | -           | -        | 0.00*                           | 0.00*                  | 0.00*                          | -                 | 100%               |

- Tejas Networks Limited directly holds 1,34,999 equity shares aggregating to 99.99% of the issued and paid up share capital of vSave Energy Private Limited and Sanjay Nayak holds one equity share aggregating to 0.01% of the issued and paid up share capital of vSave Energy beneficially in favour of Tejas Networks Limited.

\*vSave Energy Private Limited has incurred profit before tax of ₹ 48,672, provision for taxation of ₹ 10,020. and profit after tax of ₹ 38,652.

Notes:

- The annual accounts of the Subsidiary Companies and the related detailed information is made available on the website at <https://www.tejasnetworks.com/financial-information-subsidiaries.php>
- Details of reporting currency and the rate used in the preparation of consolidated financial statements.

| Reporting Currency Reference | For Conversion |                     |                     |
|------------------------------|----------------|---------------------|---------------------|
|                              | Currency       | Average Rate (in ₹) | Closing Rate (in ₹) |
| Tejas Communication Pte Ltd. | USD            | 64.48               | 65.18               |
| Tejas Israel Limited         | USD            | 64.48               | 65.18               |

- Names of subsidiaries which are yet to commence operations: Tejas Communications (Nigeria) Limited (a subsidiary of Tejas Communication Pte Ltd) is yet to allot shares to the shareholders and is yet to commence its operations.

- Names of subsidiaries which have been liquidated or sold during the year:

- Tejas Israel Limited has filed necessary application with the respective authorities in Israel for winding up of operations and is awaiting necessary approvals towards the same.
- vSave Energy Private Limited has filed Form No. STK 2 to Registrar of Companies, Bengaluru to remove the name of the company under Section 248 of the Companies Act, 2013 and is awaiting necessary approvals towards the same.

## Part “B”: Associates and Joint Ventures

The Company does not have any Associate or Joint Ventures Companies.

for and on behalf of the Board of Directors

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Annexure – 2

### FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2018, which were not at arm's length basis.

#### 2. Details of material contracts or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2018 are as given in the table below

in ₹ crore

| Name of related party             | Nature of relationship                | Nature of contracts /arrangements /transactions | Duration of the contracts/arrangements/transactions | Salient terms <sup>1</sup>           | Amount |
|-----------------------------------|---------------------------------------|-------------------------------------------------|-----------------------------------------------------|--------------------------------------|--------|
| Tejas Communication Pte. Limited  | Subsidiary                            | Purchase of Goods                               | Ongoing                                             | Based on transfer pricing guidelines | 0.57   |
|                                   |                                       | Sale of Goods                                   | Ongoing                                             | Based on transfer pricing guidelines | 9.06   |
|                                   |                                       | Rendering of Services                           | Ongoing                                             | Based on transfer pricing guidelines | 3.93   |
|                                   |                                       | Reimbursement of expenses                       | Ongoing                                             | Based on transfer pricing guidelines | 7.41   |
|                                   |                                       | Investment in Equity Instruments                | Not Applicable                                      | Not Applicable                       | 6.42   |
| Clonect Solutions Private Limited | Entity where a Director is interested | Legal & Professional                            | Ongoing                                             | Service Agreement                    | 0.03   |

<sup>1</sup>Appropriate approvals have been taken for related party transactions.

for and on Behalf of the Board of Directors

Place: Bengaluru,  
Date: April 24, 2018

Balakrishnan V  
Chairman  
DIN No: 02825465

Sanjay Nayak.  
Managing Director and CEO  
DIN No: 01049871

# Annexure – 3

## Form No. MGT-9

### Extract of Annual Return as on The Financial Year Ended on March 31, 2018.

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and Other Details:

|     |                                                                           |                                                                                                                                                                                                                                                                                                                                                     |
|-----|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i   | CIN                                                                       | L72900KA2000PLC026980                                                                                                                                                                                                                                                                                                                               |
| ii  | Registration Date                                                         | 24 April, 2000                                                                                                                                                                                                                                                                                                                                      |
| iii | Name of the Company                                                       | Tejas Networks Limited                                                                                                                                                                                                                                                                                                                              |
| iv  | Category / Sub-Category of the Company                                    | Company limited by Shares/Non-government company                                                                                                                                                                                                                                                                                                    |
| v   | Address of the Registered office and contact details                      | J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru- 560100, Karnataka<br>Tel: 080 41794600<br>Fax: 080 2852 0201<br>Email id: <a href="mailto:corporate@tejasnetworks.com">corporate@tejasnetworks.com</a><br>Website: <a href="http://www.tejasnetworks.com">www.tejasnetworks.com</a>           |
| vi  | Whether listed company                                                    | Yes / <del>No</del>                                                                                                                                                                                                                                                                                                                                 |
| vii | Name, Address and Contact details of Registrar and Transfer Agent, if any | Link Intime India Private Limited<br>C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, 400083.<br>Tel: +91 22 4918 6200<br>Fax: +91 22 4918 6195<br>E-mail: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a><br>Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> |

#### II. Principal Business Activities of The Company

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the Company |
|---------|--------------------------------------------------|----------------------------------|------------------------------------|
| 1       | Manufacture of Communication equipment           | 263                              | 100                                |

#### III. Particulars Of Holding, Subsidiary and Associate Companies

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

| Name of the parties                       | Country   | CIN/GLN               | Holding/ Subsidiary /Associate | % of shares held  |
|-------------------------------------------|-----------|-----------------------|--------------------------------|-------------------|
| Tejas Communication Pte Ltd. ("TCPL")     | Singapore | NA                    | Subsidiary                     | 100%              |
| Tejas Israel Limited <sup>1</sup>         | Israel    | NA                    | Subsidiary                     | 100%              |
| vSave Energy Private Limited <sup>2</sup> | India     | U32201KA2013PTC071695 | Subsidiary                     | 100% <sup>3</sup> |
| Tejas Communications (Nigeria) Limited    | Nigeria   | NA                    | Subsidiary of TCPL             | 100% <sup>4</sup> |

Note: All the above parties are as per Section 2(87) of Companies Act, 2013.

<sup>1</sup>Tejas Israel Limited has filed necessary application with the respective authorities in Israel for winding up of operations and is awaiting necessary approvals towards the same.

<sup>2</sup>vSave Energy Private Limited has filed Form No. STK 2 to Registrar of Companies, Bengaluru to remove the name of the company under Section 248 of the Companies Act, 2013 and is awaiting necessary approvals towards the same.

<sup>3</sup>Mr. Sanjay Nayak holds one equity share aggregating to 0.01% of the issued and paid up share capital of vSave Energy private limited beneficially in favour of Tejas Networks Limited.

<sup>4</sup>Mr. Sanjay Nayak holds one equity share aggregating to 0.01% of the share capital of Tejas Communications (Nigeria) Limited.

## IV. Shareholding pattern (Equity share capital breakup as percentage of total equity)

### i. Category-wise Share Holding

| Category of Shareholders                                        | No. of Shares held at the beginning of the year |             |             |                   | No. of Shares held at the end of the year |          |             |                   | % Change during the year |
|-----------------------------------------------------------------|-------------------------------------------------|-------------|-------------|-------------------|-------------------------------------------|----------|-------------|-------------------|--------------------------|
|                                                                 | Demat                                           | Physical    | Total       | % of Total Shares | Demat                                     | Physical | Total       | % of Total Shares |                          |
| A. Promoter                                                     |                                                 |             |             |                   |                                           |          |             |                   |                          |
| 1) Indian                                                       |                                                 |             |             |                   |                                           |          |             |                   |                          |
| a) Individual/ HUF                                              | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| b) Central Govt                                                 | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| c) State Govt(s)                                                | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| d) Bodies Corp                                                  | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| e) Banks / FI                                                   | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| f) Any Other (Company and Trust)                                | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| Sub-total (A) (1):-                                             | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| 2) Foreign                                                      |                                                 |             |             |                   |                                           |          |             |                   |                          |
| g) NRIs-Individuals                                             | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| h) Other-Individuals                                            | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| i) Bodies Corp.                                                 | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| j) Banks / FI                                                   | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| k) Any Other                                                    | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| Sub-total (A) (2):-                                             | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| Total Promoter Shareholding (A)=(A)(1)+ (A) (2)                 | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| B. Public Shareholding                                          |                                                 |             |             |                   |                                           |          |             |                   |                          |
| 1. Institutions                                                 |                                                 |             |             |                   |                                           |          |             |                   |                          |
| a) Mutual Funds                                                 | -                                               | -           | -           | -                 | 69,58,379                                 | -        | 69,58,379   | 7.66              | 7.66                     |
| b) Banks / FI                                                   | -                                               | -           | -           | -                 | 3,30,608                                  | -        | 3,30,608    | 0.36              | 0.36                     |
| c) Central Govt                                                 | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| d) State Govt(s)                                                | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| e) Venture Capital Funds                                        | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| f) Insurance Companies                                          | -                                               | -           | -           | -                 | -                                         | -        | -           | -                 | -                        |
| g) Foreign institutional Investors/ Foreign Portfolio Investors | 2,09,35,145                                     | 2,19,72,999 | 4,29,08,144 | 60.66             | 1,53,58,124                               | -        | 1,53,58,124 | 16.91             | (43.75)                  |

| Category of Shareholders                                                         | No. of Shares held at the beginning of the year |                    |                    |                   | No. of Shares held at the end of the year |                  |                    |                   | % Change during the year |
|----------------------------------------------------------------------------------|-------------------------------------------------|--------------------|--------------------|-------------------|-------------------------------------------|------------------|--------------------|-------------------|--------------------------|
|                                                                                  | Demat                                           | Physical           | Total              | % of Total Shares | Demat                                     | Physical         | Total              | % of Total Shares |                          |
| h) Foreign Venture Capital Funds                                                 | 1,27,14,369                                     | 29,913             | 1,27,44,282        | 18.02             | -                                         | -                | -                  | -                 | (18.02)                  |
| i) Others -specify                                                               |                                                 |                    |                    |                   |                                           |                  |                    |                   |                          |
| • Foreign PE and Trusts                                                          | -                                               | 8,41,323           | 8,41,323           | 1.19              | -                                         | -                | -                  | -                 | (1.19)                   |
| • Alternate Investment Fund                                                      | -                                               | -                  | -                  | -                 | 23,38,579                                 | -                | 23,38,579          | 2.57              | 2.57                     |
| Sub-total (B)(1)                                                                 | 3,36,49,514                                     | 2,28,44,235        | 5,64,93,749        | 79.87             | 2,49,85,690                               | -                | 2,49,85,690        | 27.51             | (52.36)                  |
| 2. Non Institutions                                                              |                                                 |                    |                    |                   |                                           |                  |                    |                   |                          |
| a) Bodies Corp.                                                                  |                                                 |                    |                    |                   |                                           |                  |                    |                   |                          |
| • Indian                                                                         | -                                               | -                  | -                  | -                 | 39,74,073                                 | -                | 39,74,073          | 4.38              | 4.38                     |
| • Overseas                                                                       | -                                               | -                  | -                  | -                 | 1,39,81,648                               | -                | 1,39,81,648        | 15.40             | 15.40                    |
| b) Individuals                                                                   |                                                 |                    |                    |                   |                                           |                  |                    |                   |                          |
| (i) Individual shareholders holding nominal share capital upto ₹ 1 lakh          | 2,60,246                                        | 5,33,260           | 7,93,506           | 1.12              | 34,85,268                                 | 3,44,894         | 38,30,162          | 4.22              | 3.10                     |
| (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 1,05,09,936                                     | 29,36,220          | 1,34,46,156        | 19.01             | 21,53,713                                 | 1,38,900         | 22,92,613          | 2.52              | (16.49)                  |
| c) Others(Specify)                                                               | -                                               | -                  | -                  | -                 | -                                         | -                | -                  | -                 | -                        |
| • Trust                                                                          | -                                               | -                  | -                  | -                 | 87,606                                    | 96,379           | 1,83,985           | 0.20              | 0.20                     |
| • HUF                                                                            | -                                               | -                  | -                  | -                 | 1,36,380                                  | -                | 1,36,380           | 0.15              | 0.15                     |
| • NRI                                                                            | -                                               | -                  | -                  | -                 | 2,16,462                                  | -                | 2,16,462           | 0.24              | 0.24                     |
| • Foreign Companies                                                              | -                                               | -                  | -                  | -                 | 3,03,24,651                               | 8,01,021         | 3,11,25,672        | 34.27             | 34.27                    |
| • Clearing members                                                               | -                                               | -                  | -                  | -                 | 2,05,507                                  | -                | 2,05,507           | 0.23              | 0.23                     |
| • Director or Director's Relatives*                                              | -                                               | -                  | -                  | -                 | 25,48,124                                 | -                | 25,48,124          | 2.81              | 2.81                     |
| • Employees*                                                                     | -                                               | -                  | -                  | -                 | 71,58,100                                 | 1,80,344         | 73,38,444          | 8.08              | 8.08                     |
| Sub-total (B)(2)                                                                 | 1,07,70,182                                     | 34,69,480          | 1,42,39,662        | 20.13             | 6,42,71,532                               | 15,61,538        | 6,58,33,070        | 72.49             | 52.36                    |
| B. Total Public Shareholding (B)=(B)(1)+ (B)(2)                                  | 4,44,19,696                                     | 2,63,13,715        | 7,07,33,411        | 100.00            | 8,92,57,222                               | 15,61,538        | 9,08,18,760        | 100.00            |                          |
| C. Shares held by Custodian for GDRs & ADRs                                      | -                                               | -                  | -                  | -                 | -                                         | -                | -                  | -                 | -                        |
| <b>Grand Total (A+B+C)</b>                                                       | <b>4,44,19,696</b>                              | <b>2,63,13,715</b> | <b>7,07,33,411</b> | <b>100.00</b>     | <b>8,92,57,222</b>                        | <b>15,61,538</b> | <b>9,08,18,760</b> | <b>100.00</b>     | <b>-</b>                 |

\*The category Director or Director's Relatives and Employees was merged with the category Individual shareholders holding nominal share capital upto ₹ 1 lakh or in excess of ₹ 1 lakh in the Shares held at the beginning of the year

ii. Shareholding of Promoters / Promoter group: Not Applicable

iii. Change in Promoters' Shareholding ( please specify, if there is no change): Not Applicable

iv. Shareholding Pattern of top ten Shareholders as of March 31, 2018  
(Other than Directors, Promoters and Holders of GDRs and ADRs)

| Name of The Shareholder                        | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|                                                | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>Cascade Capital Management Mauritius</b>    |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | 2,18,43,184                               | 24.05                            | -                                       | -                                |
| Purchase(s) during the year                    | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year                        | (53,30,000)                               | (5.87)                           | 1,65,13,184                             | 18.18                            |
| At the end of the year                         |                                           |                                  | 1,65,13,184                             | 18.18                            |
| <b>Samena Spectrum Co</b>                      |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | 1,39,81,648                               | 15.40                            | -                                       | -                                |
| Purchase(s) during the year                    | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year                        | -                                         | -                                | -                                       | -                                |
| At the end of the year                         |                                           |                                  | 1,39,81,648                             | 15.40                            |
| <b>Mayfield XII, Mauritius</b>                 |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | 71,06,628                                 | 7.83                             | -                                       | -                                |
| Purchase(s) during the year                    | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year                        | -                                         | -                                | -                                       | -                                |
| At the end of the year                         |                                           |                                  | 71,06,628                               | 7.83                             |
| <b>Reliance Capital Trustee Co. Ltd</b>        |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year                    | 57,24,756                                 | 6.30                             | 57,24,756                               | 6.30                             |
| Sale(s) during the year                        | (7,61,569)                                | 0.84                             | 49,63,187                               | 5.46                             |
| At the end of the year                         |                                           |                                  | 49,63,187                               | 5.46                             |
| <b>East Bridge Capital Master Fund Limited</b> |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year                    | 35,99,997                                 | 3.96                             | 35,99,997                               | 3.96                             |
| Sale(s) / Transfer(s) during the year          | -                                         | -                                | -                                       | -                                |
| At the end of the year                         |                                           |                                  | 35,99,997                               | 3.96                             |
| <b>Sandstone Private Investments</b>           |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | 44,87,250                                 | 4.94                             | -                                       | -                                |
| Purchase(s) during the year                    | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year                        | (8,97,450)                                | 0.99                             | 35,89,800                               | 3.95                             |
| At the end of the year                         |                                           |                                  | 35,89,800                               | 3.95                             |

| Name of The Shareholder                        | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|                                                | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>Intel Capital Cayman Corporation</b>        |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | 41,81,400                                 | 4.60                             |                                         |                                  |
| Purchase(s) during the year                    | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year                        | (10,66,361)                               | 1.17                             | 31,15,039                               | 3.43                             |
| At the end of the year                         |                                           |                                  | 31,15,039                               | 3.43                             |
| <b>Sbi Life Insurance Co. Ltd</b>              |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year                    | 25,79,642                                 | 2.84                             | 25,79,642                               | 2.84                             |
| Sale(s) during the year                        | (26,316)                                  | 0.03                             | 25,53,326                               | 2.81                             |
| At the end of the year                         |                                           |                                  | 25,53,326                               | 2.81                             |
| <b>Columbia Emerging Markets Fund</b>          |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year                    | 19,40,376                                 | 2.14                             | 19,40,376                               | 2.14                             |
| Sale(s) during the year                        | (36,772)                                  | 0.04                             | 19,03,604                               | 2.10                             |
| At the end of the year                         |                                           |                                  | 19,03,604                               | 2.10                             |
| <b>Abu Dhabi Investment Authority - Behave</b> |                                           |                                  |                                         |                                  |
| At the beginning of the year                   | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year                    | 18,66,865                                 | 2.06                             | 18,66,865                               | 2.06                             |
| Sale(s) during the year                        | -                                         | -                                | -                                       | -                                |
| At the end of the year                         |                                           |                                  | 18,66,865                               | 2.06                             |

v. Shareholding of Directors and Key Managerial Personnel

| Name of the Director/KMP     | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------------------|-------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------|
|                              | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| <b>Balakrishnan V</b>        |                                           |                                  |                                         |                                  |
| At the beginning of the year | 76,133                                    | 0.08                             |                                         |                                  |
| Purchase(s) during the year  | -                                         | -                                | -                                       | -                                |
| Sale(s) during the year      | -                                         | -                                | -                                       | -                                |
| At the end of the year       |                                           |                                  | 76,133                                  | 0.08                             |
| <b>Sanjay Nayak</b>          |                                           |                                  |                                         |                                  |
| At the beginning of the year | 31,70,373                                 | 3.49                             |                                         |                                  |
| Purchase(s) during the year  | 1,02,618                                  | 0.11                             | 32,72,991                               | 3.60                             |
| Sale(s) during the year      | (8,01,000)                                | 0.88                             | 24,71,991                               | 2.72                             |
| At the end of the year       |                                           |                                  | 24,71,991                               | 2.72                             |
| <b>Venkatesh Gadiyar</b>     |                                           |                                  |                                         |                                  |
| At the beginning of the year | 40,000                                    | 0.04                             |                                         |                                  |
| Purchase(s) during the year  | 4,000                                     | 0.004                            | 44,000                                  | 0.05                             |
| Sale(s) during the year      | -                                         | -                                | -                                       | -                                |
| At the end of the year       | -                                         | -                                | 44,000                                  | 0.05                             |
| <b>Krishnakanth G V</b>      |                                           |                                  |                                         |                                  |
| At the beginning of the year | -                                         | -                                | -                                       | -                                |
| Purchase(s) during the year  | 25,375                                    | 0.03                             | -                                       | -                                |
| Sale(s) during the year      | (18,393)                                  | 0.02                             | 6,982                                   | 0.01                             |
| At the end of the year       | -                                         | -                                | 6,982                                   | 0.01                             |

The following Directors did not hold any shares as of March 31, 2018:

Dr. Gururaj Deshpande, Amb. Leela K Ponappa, Mr. Shirish Saraf (vacated his office by operation of law with effect from April 24, 2018), Chetan Gupta (Appointed on April 24, 2018)

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

in ₹ crore

| Particulars                                         | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|-----------------------------------------------------|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| i) Principal Amount                                 | 277.29                           | 4.00            | -        | 281.29             |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | 0.50                             | 0.18            | -        | 0.68               |
| Total (i+ii+iii)                                    | 277.79                           | 4.18            | -        | 281.97             |
| Change in Indebtedness during the financial year    |                                  |                 |          |                    |
| - Addition                                          |                                  |                 |          |                    |
| - Reduction                                         | 277.79                           | 1.91            | -        | 279.70             |
| Net Change                                          | (277.79)                         | (1.91)          | -        | (279.70)           |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| i) Principal Amount                                 | -                                | 2.00            | -        | 2.00               |
| ii) Interest due but not paid                       | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                   | -                                | 0.27            | -        | 0.27               |
| Total (i+ii+iii)                                    | -                                | 2.27            | -        | 2.27               |

## VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars                                                                         | Mr. Sanjay Nayak<br>Managing Director and CEO |
|---------|-------------------------------------------------------------------------------------|-----------------------------------------------|
| 1.      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,22,84,311                                   |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961*                            | 27,76,086                                     |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              |                                               |
| 2.      | Stock Option                                                                        | Nil                                           |
| 3.      | Sweat Equity                                                                        |                                               |
| 4.      | Commission                                                                          | -                                             |
|         | - as % of profit                                                                    | -                                             |
|         | - others, specify                                                                   | -                                             |
| 5.      | Others, please specify                                                              | -                                             |
|         | <b>Total</b>                                                                        | <b>1,50,60,397</b>                            |

The above table is based on payouts made during the year

\*Remuneration includes only the perquisite value of stock incentives exercised during the period, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock incentives granted during the period is not included.

B. Remuneration to other directors:

Amount in ₹

| Particulars of Remuneration                  | Name of the Directors |                      |                       |                                |                               | Total            |
|----------------------------------------------|-----------------------|----------------------|-----------------------|--------------------------------|-------------------------------|------------------|
|                                              | Mr. Balakrishnan V    | Amb. Leela K Ponappa | Dr. Gururaj Deshpande | Mr. Shirish Saraf <sup>1</sup> | Mr. Chetan Gupta <sup>2</sup> |                  |
| <b>Independent Directors</b>                 |                       |                      |                       |                                |                               |                  |
| Fee for attending board / committee meetings | 7,00,000              | 6,00,000             | -                     | -                              | -                             | 13,00,000        |
| Commission                                   | 20,00,000             | 9,00,000             | -                     | -                              | -                             | 29,00,000        |
| Others, please specify                       | -                     | -                    | -                     | -                              | -                             | -                |
| <b>Total (1)</b>                             | <b>27,00,000</b>      | <b>15,00,000</b>     | <b>-</b>              | <b>-</b>                       | <b>-</b>                      | <b>42,00,000</b> |
| <b>Other Non-Executive Directors</b>         |                       |                      |                       |                                |                               |                  |
| Fee for attending board committee meetings   | -                     | -                    | -                     | -                              | -                             | -                |
| Commission                                   | -                     | -                    | -                     | -                              | -                             | -                |
| Others, please specify                       | -                     | -                    | -                     | -                              | -                             | -                |
| <b>Total (2)</b>                             | <b>-</b>              | <b>-</b>             | <b>-</b>              | <b>-</b>                       | <b>-</b>                      | <b>-</b>         |
| <b>Total (1+2)</b>                           | <b>27,00,000</b>      | <b>15,00,000</b>     | <b>-</b>              | <b>-</b>                       | <b>-</b>                      | <b>42,00,000</b> |

<sup>1</sup>Mr. Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

<sup>2</sup>Mr. Chetan Gupta Appointed as director on April 24, 2018.

C. Remuneration to Key Managerial Personnel other than MD /Manager /WTD

Amount in ₹

| Sl. No. | Particulars of Remuneration                                                         | Mr. Venkatesh Gadiyar<br>Chief Financial Officer | Mr. Krishnakanth G V<br>Company Secretary |
|---------|-------------------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------|
| 1.      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 44,71,272                                        | 25,59,299                                 |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961*                            | 1,08,000                                         | 25,12,651                                 |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                                | -                                         |
| 2.      | Stock Option# (in No's)                                                             | 15,000                                           | -                                         |
| 3.      | Sweat Equity                                                                        | -                                                | -                                         |
| 4.      | Commission                                                                          |                                                  |                                           |
|         | - as % of profit                                                                    | -                                                | -                                         |
|         | - others, specify                                                                   | -                                                | -                                         |
| 5.      | Others, please specify                                                              | -                                                | -                                         |
|         | <b>Total</b>                                                                        | <b>45,79,272</b>                                 | <b>50,71,950</b>                          |

The above tables are based on payouts made during the year

\*Remuneration includes only the perquisite value of stock incentives exercised during the period, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock incentives granted during the period is not included.

# Granted during the year

**VII. Penalties / Punishment/ Compounding of Offences:**

| Type                         | Section of the companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/NCLT/ Court] | Appeal made. If any(give details) |
|------------------------------|------------------------------|-------------------|----------------------------------------------------------|----------------------------|-----------------------------------|
| A. Company                   |                              |                   |                                                          |                            |                                   |
| Penalty                      |                              |                   |                                                          |                            |                                   |
| Punishment                   |                              |                   |                                                          |                            |                                   |
| Compounding                  |                              |                   |                                                          |                            |                                   |
| B. Directors                 |                              |                   |                                                          |                            |                                   |
| Penalty                      |                              |                   |                                                          |                            |                                   |
| Punishment                   |                              |                   | Nil                                                      |                            |                                   |
| Compounding                  |                              |                   |                                                          |                            |                                   |
| C. Other Officers In Default |                              |                   |                                                          |                            |                                   |
| Penalty                      |                              |                   |                                                          |                            |                                   |
| Punishment                   |                              |                   |                                                          |                            |                                   |
| Compounding                  |                              |                   |                                                          |                            |                                   |

## Annexure – 4

### Information pursuant to Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

Particulars of Energy Conservation, Research and Development, Technology absorption and Foreign exchange earnings and outgo required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014

#### (A) Conservation of Energy

|                                                                           |                                                                                                           |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| The steps taken or impact on conservation of energy;                      | Upgrading CFL lights to LED lights in a phased manner which will reduce in the consumption of the energy. |
| The steps taken by the company for utilizing alternate sources of energy; | No steps were undertaken by the Company for utilizing alternative sources of energy.                      |
| The capital investment on energy conservation equipment;                  | During the year we have spent ₹0.12 crore on AC upgradation and ₹0.03 crore on LED lights.                |

#### (B) Technology Absorption

i. The efforts made towards technology absorption;

The company sets target for technology improvement based on global competition criteria. The Company undertakes specific time bound programmes to improve technology, which will be upscale until gradual results are achieved.

The key areas of new technology development included the following:

- Completed development of the wireless EMS along with Diameter and Radius billing support for the EPC
- Nearing completion of our next generation Radios with multi-band support to cater to the requirements of customers in India, Central America, and South East Asia
- Finalized the architecture of the next generation platform that will support both 4G and 5G

ii. The benefits derived like product improvement, cost reduction, product development or import substitution;

The following new products were developed during the year:

- Development of higher capacity OTN switching and 100G line interfaces on TJ1600 metro aggregation product
- Development of 100G alien wave DWDM transmission systems
- Significant progress towards development of 1400-18, supporting high-capacity Ethernet aggregation and circuit emulation
- Development of converged access platform supporting GPON, Ethernet and PDH-based access

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)–

|     |                                                                                            |     |
|-----|--------------------------------------------------------------------------------------------|-----|
| (a) | the details of technology imported                                                         | Nil |
| (b) | the year of import;                                                                        | Nil |
| (c) | whether the technology been fully absorbed                                                 | Nil |
| (d) | if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | Nil |

The Company continuously evaluates new technologies and invests for making infrastructure more energy efficient. The Company has identified thought leadership areas in knowledge management and collaborative commerce which will in turn help product enhancements and building collaborative commerce across various platforms.

#### (C) Research & Development (R&D)

The Board understands that the overall success of the Company lies in its R&D efforts. Therefore, continuous R&D investments will be made to enhance designs, hardware optimizations, new technology development and adoption, re-engineering, etc. in the areas that the Company is involved.

Expenditure on R&D for the year ended March 31, 2018 and March 31, 2017 towards development of the Company's products is as follows:

| Particulars                                                                     | Standalone |       |
|---------------------------------------------------------------------------------|------------|-------|
|                                                                                 | 2018       | 2017  |
| Capital Expenditure                                                             | 54.80      | 45.16 |
| Revenue expenditure                                                             | 37.69      | 37.23 |
| Total R & D expenditure                                                         | 92.49      | 82.39 |
| Total R&D expenditure/<br>Standalone Revenue net of<br>taxes and components (%) | 12.6%      | 10.2% |

#### (D) Foreign Exchange earnings & outgo

| Particulars                                           | Standalone |        |
|-------------------------------------------------------|------------|--------|
|                                                       | 2018       | 2017   |
| Foreign exchange earnings                             | 203.15     | 302.29 |
| Foreign exchange outgo<br>(including import of goods) | 186.59     | 368.83 |

# Annexure – 5

## Secretarial Audit Report

For the financial year ended 31<sup>st</sup> March 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members  
Tejas Networks Limited  
(CIN L72900KA2000PLC026980)  
J P Software Park, Plot No 25,  
Sy. No.13,14,17,18 Konnapana Agrahara Village,  
Begur Hobli, Bengaluru - 560100

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Tejas Networks Limited** (“**Company**”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018 (“**Audit Period**”), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for Audit Period, according to the provisions of:

- (i) The Companies Act, 2013 and the rules made thereunder (“**Act**”);
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder (“**FEMA**”) to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [The Company has not raised any External Commercial Borrowings during the Audit Period];
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“**SEBI Act**”):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable during the audit period;**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable during the audit period;**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable during the audit period;** and
- (vi) Other laws informed by the management of the Company as applicable to the Company is enclosed as Annexure-1 hereto.

Further, I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- ii. The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Audit Period, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards, etc., mentioned above.

### I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act, subject to the following observation.

*Mr. Shirish Sharaf (DIN: 01918219), is ceased to be Director of the Company during the audit period and has vacated the office of directorship U/s 167(1) (a) read with Section 164(2) (a) of the Act, as per the information hosted on the Ministry of Corporate Affairs website, for the period 01/11/2016 to 31/10/2021.*

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance (and by complying with prescribed procedure where the meetings are called with less than seven days' notice), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at the Board Meetings and Committee Meetings are carried out unanimously, as recorded in the minutes.

I further report that there are systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bengaluru  
April 24, 2018

Note: This report is to be read with my letter of even date which is annexed as Annexure-2 hereto and forms an integral part of this report.

#### I further report that:

- During the Audit Period, the Company has successfully concluded a ₹777 crore Initial Public Offering (IPO) and listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) on 27th June 2017. Apart from this, there has been no other event which the management of the Company claims to have occurred during the Audit Period which has a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc.
- The Company had made an application on 10th April 2017 with the jurisdictional office of the Reserve Bank of India ('RBI'), for compounding the offences committed under FEMA relating to delay in reporting of foreign inward remittances and allotment of shares to non-residents and said offences are compounded by Compounding Authority under Section 15 of the Foreign Exchange Management Act, 1999, read with the provisions of the Foreign Exchange (Compounding Proceedings) Rules, 2000, vide its order C.A. BGL226/2017, dated September 06, 2017 upon payment of compounding amount.

C. Dwarakanath  
Company Secretary in Practice  
FCS No: 7723; CP No: 4847

## Annexure – 1 to Secretarial Audit Report

### List of Other Laws Applicable

#### A. Corporate laws

1. The Depositories Act, 1996 and regulation and bye-laws thereunder

#### B. Labour laws

1. Shops & Commercial Establishments Act of applicable states;
2. Child Labour (Prohibition and Regulation) Act, 1986;
3. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
4. The Contract Labour (Regulation and Abolition) Act, 1970;
5. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
6. The Employees' State Insurance Act, 1948;
7. The Employees Compensation Act, 1923;
8. The Equal Remuneration Act, 1976;
9. The Factories Act, 1948;
10. The Industrial Disputes Act, 1947;
11. The Industrial Employment (Standing Orders) Act, 1946;
12. The Maternity Benefit Act, 1961;
13. The Minimum Wages Act, 1948;
14. The Payment of Bonus Act, 1965;

15. The Payment of Gratuity Act, 1972;
16. The Payment of Wages Act, 1936; and
17. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

#### C. Taxation laws

1. The Income Tax Act, 1961;
2. The Customs Act, 1961;
3. The Central Excise Act, 1944;
4. Karnataka Value Added Tax, 2005;
5. Service Tax under Chapter V of the Finance Act, 1994;
6. The Central Sales Tax Act, 1956;
7. The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976;
8. The West Bengal Tax on Entry of Goods into Local Areas Act, 2012;
9. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975; and
10. The West Bengal State Tax on Professions, Trades, Calling and Employments Act, 1979
11. Goods & Service Tax Act, 2017

#### D. Intellectual property laws

1. The Patents Act, 1970; and
2. The Trade Marks Act, 1999

#### E. Environmental laws

1. The Water (Prevention and Control of Pollution) Act, 1974;
2. The Air (Prevention and Control of Pollution) Act, 1981;
3. The Environment Protection Act, 1986; and
4. The Water (Prevention & Control of Pollution) Cess Act, 1977 and Water (Prevention & Control of Pollution) Cess Rules, 1978

#### F. Laws & policies applicable to Telecommunication Sector

1. Notifications dated 10th February 2012 and 5th October 2012 of The Department of Information Technology, Ministry of Communications and Information Technology;
2. Electronic Hardware Technology Park Scheme;
3. Public Procurement Policy for Micro and Small Enterprises Order, 2012;

4. Karnataka Electronic System Design and Manufacturing Policy 2013;
5. Foreign Trade Policy 2015-2020;
6. Service Export from India Scheme;
7. Information Technology Act, 2000;
8. Telecom Regulatory Authority of India Act, 1997;
9. Indian Telegraph Act, 1885;
10. Indian Wireless Telegraphy Act, 1933; and
11. Telegraph Wires (Unlawful Possession) Act, 1950

#### G. Miscellaneous laws

1. The Prevention of Money Laundering Act, 2002;
2. The Micro, Small and Medium Enterprises Development Act, 2006; and
3. The Competition Act, 2002

Place: Bengaluru  
April 24, 2018

C. Dwarakanath  
Company Secretary in Practice  
FCS No: 7723; CP No: 4847

## Annexure - 2 to Secretarial Audit Report

To  
The Members  
Tejas Networks Limited  
(CIN L72900KA2000PLC026980)  
J P Software Park, Plot No 25,  
Sy. No.13,14,17,18 Konnapana Agrahara Village,  
Begur Hobli, Bengaluru - 560100

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on random test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc., is the responsibility of the management of the Company. My examination was limited to the verification of procedures on random test basis.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The list of laws applicable to the Company enclosed as Annexure-1 to the Secretarial Audit Report is as confirmed by the management of the Company. The Secretarial Audit Report is neither an assurance nor a confirmation that the list is exhaustive.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru  
April 24, 2018

C. Dwarakanath  
Company Secretary in Practice  
FCS No: 7723; CP No: 4847

# Annexure – 6

## Report on Corporate Social Responsibility

|                                                                                    |                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1                                                                                  | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes | <p>Tejas Networks Limited works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|   |                                                                                                                                                                                                | <p>Tejas' CSR activities will focus on:</p> <ul style="list-style-type: none"> <li>- Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water;</li> <li>- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;</li> <li>- Ensuring environmental sustainability, ecological balance, and conservation of natural resources and maintaining the quality of soil, air and water;</li> <li>- Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.</li> </ul>                                                                                                                                                                         |
|  |                                                                                                                                                                                                | <p>In pursuance of the CSR Policy, the Company aims to support projects that promote education and therefore contributed to The Akshaya Patra Foundation, Bengaluru which provides mid-day meals as an attempt to feed the millions of children in India and give them the motivation and nourishment they need to pursue an education and a better future and International Institute of Information Technology, Bengaluru, a Deemed University, popularly known as IIITB, established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation. The Institute is a registered not-for-profit society funded jointly by the Government of Karnataka and the IT industry. The CSR Policy of the Company is available on its website at <a href="https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf">https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf</a></p> |
| 2                                                                                  | The Composition of the CSR Committee as on the date of this report                                                                                                                             | <p>Amb Leela K Ponappa – Chairperson<br/>Mr. Balakrishnan V - Member<br/>Mr. Chetan Gupta - Member</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 3                                                                                  | Average net profit after tax of the company for last three financial years                                                                                                                     | ₹ 26.73 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

|   |                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)                                                      | ₹ 0.54 crore                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5 | Details of CSR spent during the financial year                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| a | Total amount to be spent for the financial year                                                                                  | ₹ 0.54 crore                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| b | Amount unspent, if any                                                                                                           | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| c | Manner in which the amount spent during the financial year is detailed below:                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|   | Particulars                                                                                                                      | Details                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|   | CSR project or activity identified                                                                                               | 1. The Akshaya Patra Foundation, Bengaluru.<br>2. International Institute of Information Technology, Bengaluru                                                                                                                                                                                                                                                                                                                                  |
|   | Sector in which the project is covered                                                                                           | 1. The Akshaya Patra Foundation – NGO run school meal programme facilitating education of Underprivileged children in India.<br>2. International Institute of Information Technology - a Deemed University, with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers. |
|   | Projects or programme<br>(1) Local area or other<br>(2) Specify the state and district where projects or programs was undertaken | 1. The Akshaya Patra Foundation – Mid-day meal Scheme in Bengaluru.<br>2. International Institute of Information Technology - Scholarship for students working in the area of networking and a Research Center for “Advance networking technologies.                                                                                                                                                                                            |
|   | Amount outlay (budget project or programme wise)                                                                                 | Onetime                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|   | Amount spent on the project or programme<br>Sub Heads;<br>(1) Direct expenditure on projects or programmes<br>(2) Overheads      | ₹ 0.54 crore                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|   | Cumulative expenditure up to the reporting period                                                                                | ₹ 0.54 crore                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|   | Amount Spent direct or through implementing agency                                                                               | The amount spent by making contributions as follows:<br>1. The Akshaya Patra Foundation – ₹ 0.34 crore<br>2. The International Institute of Information Technology, Bengaluru – ₹ 0.20 crore                                                                                                                                                                                                                                                    |

#### Our CSR Responsibilities:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the activities in compliance with our CSR objectives.

for and on Behalf of the Board of Directors

Bengaluru,  
Apr 24, 2018

Mr. Balakrishnan V  
Chairman  
(DIN No: 02825465)

Sanjay Nayak  
Managing Director and CEO  
(DIN No: 01049871)

## Annexure – 7

### Details Of ESOP / Restricted Stock Unit Plan

#### 1. Tejas Networks Limited Employees Stock Option Plan – 2014 (“ESOP Plan 2014”)

The Company pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders’ resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares. The ESOP Plan 2014 is compliant with the SEBI Regulations and the Companies Act, 2013.

The details of the ESOP Plan 2014 as on March 31, 2018 are given below:

| ESOP Plan 2014                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Options granted                                                                                                                        | 69,26,635                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Options vested                                                                                                                         | 62,50,130                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Options exercised                                                                                                                      | 39,68,708                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Total number of shares arising as a result of exercise of option                                                                       | 39,68,708                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Options lapsed                                                                                                                         | 40,237                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Exercise price                                                                                                                         | ₹65/-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Variation of terms of options                                                                                                          | Pursuant to a resolution of the Board of Directors dated March 2, 2016 and a resolution of the Shareholders dated March 28, 2016, the size of the ESOP pool was amended. Further, pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of ‘employee’, ‘promoter’, ‘promoter group’ and ‘independent director’ to ensure compliance with the SEBI Regulations and the Companies Act, 2013. |
| Money realized by exercise of options                                                                                                  | ₹25.80 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Total number of options in force                                                                                                       | 29,17,690                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Employee wise details of options granted to:                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| (i) Key managerial personnel                                                                                                           | No options were granted to the KMP’s during the year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.                    | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the company at the time of grant. | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

#### 2. Tejas Networks Limited Employees Stock Option Plan – 2014-A (“ESOP Plan 2014 - A”)

The Company pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively has adopted ESOP Plan 2014-A. ESOP Plan 2014-A was subsequently modified pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2014-A, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014-A). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014-A, shall not exceed 20,00,000 Equity Shares. ESOP Plan 2014-A is compliant with the SEBI Regulations and the Companies Act, 2013.

The details of the ESOP Plan 2014-A as on March 31, 2018 are given below:

| ESOP Plan 2014-A                                                 |           |
|------------------------------------------------------------------|-----------|
| Options granted                                                  | 19,78,215 |
| Options vested                                                   | 9,57,117  |
| Options exercised                                                | 2,54,902  |
| Total number of shares arising as a result of exercise of option | 2,54,902  |
| Options lapsed                                                   | 33,802    |
| Exercise price                                                   | ₹85/-     |

|                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Variation of terms of options                                                                                                          | Pursuant a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014A was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013. |
| Money realized by exercise of options                                                                                                  | ₹ 2.17 crore                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Total number of options in force                                                                                                       | 16,89,511                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Employee wise details of options granted to:                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| (i) Key managerial personnel                                                                                                           | No options were granted to the KMP's during the year                                                                                                                                                                                                                                                                                                                                                                                                      |
| (ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.                    | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the company at the time of grant. | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

### 3. Tejas Networks Limited Employees Stock Option Plan – 2016 (“ ESOP Plan 2016”)

The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares. The ESOP plan 2016 is compliant with the SEBI Regulations and the Companies Act, 2013.

The details of the ESOP Plan 2016 as on March 31, 2018 are given below:

| ESOP Plan 2016                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                       |                                            |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|
| Options granted                                                                                                                        | 26,26,415                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                       |                                            |
| Options vested                                                                                                                         | 8,98,674                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                                            |
| Options exercised                                                                                                                      | 2,20,134                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                                            |
| Total number of shares arising as a result of exercise of option                                                                       | 2,20,134                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                       |                                            |
| Options lapsed                                                                                                                         | 58,195                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                       |                                            |
| Exercise price                                                                                                                         | Weighted average exercise price of options granted - ₹ 86.29/-                                                                                                                                                                                                                                                                                                                                                                                              |                       |                                            |
| Variation of terms of options                                                                                                          | Pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2016 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013. |                       |                                            |
| Money realized by exercise of options                                                                                                  | ₹ 1.87 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                |                       |                                            |
| Total number of options in force                                                                                                       | 23,48,086                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                       |                                            |
|                                                                                                                                        | <b>Granted during the year</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |                       |                                            |
| Employee wise details of options granted to:                                                                                           | <b>Name</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>No. of Options</b> | <b>Percentage of total options granted</b> |
| (i) Key managerial personnel                                                                                                           | Venkatesh Gadiyar - CFO                                                                                                                                                                                                                                                                                                                                                                                                                                     | 15,000                | 0.57                                       |
|                                                                                                                                        | <b>Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>15,000</b>         | <b>0.57</b>                                |
| (ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.                    | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |                                            |
| (iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the company at the time of grant. | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                       |                                            |

#### 4. Tejas Restricted Stock Unit Plan – 2017 (“RSU 2017”)

The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2017 and September 27, 2017, respectively has adopted RSU 2017. The Plan provides alternatives to grant stock incentives such as RSU's and subject to applicable laws and conditions for exercise, the Eligible Employees shall be entitled to receive equity shares on exercise of such RSU's. The total number of RSU's to be granted to the Eligible Employees under RSU 2017 shall not exceed 30,00,000 (Thirty Lakhs). The RSU 2017 is compliant with the SEBI Regulations and the Companies Act, 2013.

**The details of the RSU 2017 as on March 31, 2018 are given below:**

| RSU 2017                                                                                                                            |               |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|
| RSU granted                                                                                                                         | 34,790        |
| RSU vested                                                                                                                          | -             |
| RSU exercised                                                                                                                       | -             |
| Total number of shares arising as a result of exercise of RSU                                                                       | -             |
| RSU lapsed                                                                                                                          | -             |
| Exercise price                                                                                                                      | ₹ 10/- at par |
| Variation of terms of RSU                                                                                                           | Nil           |
| Money realized by exercise of RSU                                                                                                   | Nil           |
| Total number of units in force                                                                                                      | 34,790        |
| Employee-wise detail of RSU's granted to:                                                                                           |               |
| (i) Key managerial personnel                                                                                                        | Nil           |
| (ii) Any other employee who receives a grant of RSU amounting to 5% or more of RSU granted during the year.                         | Nil           |
| (iii) Identified employees who were granted RSU equal to or exceeding 1% of the issued capital of the company at the time of grant. | Nil           |

*Note: The company does not intend to grant further ESOPs to employees as it had formulated the Restricted Stock Unit Plan.*

## Annexure – 8

### Particulars of Employees

As prescribed in Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the ratio of the remuneration of each Director to the median employee's remuneration is required to be disclosed in the Director's Report. The tables below specify the details of remuneration of the Directors and key managerial personnel, in compliance with the above stated provisions.

| Particulars                                                                                                                                                                                                                                                                                                                                         | Disclosures                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The ratio of the remuneration of Managing Director to the median remuneration of the employees of the company for the financial year                                                                                                                                                                                                                | 17.81 (Ratio to median remuneration of the employees excluding Managing Director)                                                                                                                                                                                                                                          |
| The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year                                                                                                                                                                             | Sanjay Nayak - Chief Executive Officer 20.26%                                                                                                                                                                                                                                                                              |
|                                                                                                                                                                                                                                                                                                                                                     | Venkatesh Gadiyar - Chief Financial Officer 22.84%                                                                                                                                                                                                                                                                         |
|                                                                                                                                                                                                                                                                                                                                                     | Krishnakanth G V - Company Secretary 12.81%                                                                                                                                                                                                                                                                                |
| The percentage increase in the median remuneration of employees in the financial year                                                                                                                                                                                                                                                               | 7.12% (Excluding the remuneration of Managing Director)                                                                                                                                                                                                                                                                    |
| The number of permanent employees on the rolls of company as of March 31, 2018                                                                                                                                                                                                                                                                      | 707                                                                                                                                                                                                                                                                                                                        |
| Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: | Average salary increase of the employees excluding KMPs is 14.45% over the previous year is with respect to annual salary increments. The average salary increase of the KMPs was 20.00% over the previous year. The salary increase for KMPs is with respect to annual salary increment and as per industry benchmarking. |
| Affirmation that the remuneration is as per the remuneration policy of the company                                                                                                                                                                                                                                                                  | Yes                                                                                                                                                                                                                                                                                                                        |

Notes: Computed on the basis of cost to the company, and does not include the perquisite value of stock options exercised or the value of stock incentives granted during the period.

#### II. Top 10 Employees on rolls of the Company in terms of remuneration drawn:

| Employee Name        | Designation              | Age | Educational Qualification | Experience in years | Date of Commencement of employment | Gross Remuneration (in ₹) | Previous Employment and Designation               |
|----------------------|--------------------------|-----|---------------------------|---------------------|------------------------------------|---------------------------|---------------------------------------------------|
| Milind M Kulkarni    | Vice President           | 50  | MTech, IIT, Mumbai        | 26                  | 17-Apr-02                          | 2,91,85,315               | Sycamore Networks, Senior Hardware Engineer       |
| Gajendra Singh Ranka | Group Director           | 42  | MBA,                      | 22                  | 15-Jul-02                          | 2,35,36,984               | C-Dot, Senior Research Engineer                   |
| Neelagandan P G      | Group Director           | 46  | BTech, Anna University    | 23                  | 2-Jun-05                           | 1,92,52,928               | C-Dot, Team Lead                                  |
| Shirish Purohit      | Head - Sales             | 55  | MTech, IIT Madras         | 31                  | 1-Mar-12                           | 1,79,83,936               | Midas Communication Technologies Pvt Ltd, CEO     |
| Vivek Shenoy         | Vice President           | 47  | MTech, IIT Delhi          | 24                  | 10-Jan-11                          | 1,76,88,460               | Elina Networks Pvt Ltd, CTO                       |
| Sukhvinder Kumar     | President                | 46  | AMP, IIM Bengaluru        | 23                  | 18-Aug-16                          | 1,66,84,060               | Eolane Electronics India Pvt Ltd, MD & CEO        |
| Kumar N Sivarajan    | Chief Technology Officer | 53  | MS, PhD (USA)             | 27                  | 1-May-00                           | 1,54,53,578               | Indian Institute Of Science, Associate Professor. |
| Sanjay Nayak         | CEO & Managing Director  | 54  | MS (USA)                  | 31                  | 6-May-00                           | 1,50,60,397               | Synopsys India, Managing Director                 |
| Satyesh B N          | Senior Vice President    | 56  | MBA                       | 32                  | 6-Oct-05                           | 1,48,50,375               | Tellabs India Ltd, Director Sales                 |
| Robert Dean Day      | Regional Vice President  | 59  | BSC, (USA)                | 30                  | 1-Jul-16                           | 1,36,26,869               | Hitachi Cable America, Director of sales          |

**III. Employees on rolls of the Company drawing a remuneration of ₹ 1.02 crore or above per annum and posted in India:**

| Employee Name     | Designation                                                | Age | Educational Qualification | Experience in years | Date of Commencement of employment | Gross Remuneration (in ₹) | Previous Employment and Designation            |
|-------------------|------------------------------------------------------------|-----|---------------------------|---------------------|------------------------------------|---------------------------|------------------------------------------------|
| Murali R          | Group Advisor - Business Planning                          | 69  | CA                        | 34                  | 28-Aug-06                          | 1,34,97,286               | Sundaram Clayton Ltd, Senior Vice President    |
| Hiren Desai       | Principal Architect                                        | 47  | MTech                     | 24                  | 11-Sep-00                          | 1,25,88,679               | Rational Software Corporation, Senior Engineer |
| Joydeep Bose      | Executive Vice President - Business Development & Strategy | 55  | AMP                       | 31                  | 17-Oct-16                          | 1,23,56,843               | Cisco Systems Inc, MD Corporate Development    |
| Mohan Shyam Dubey | Vice President                                             | 48  | Diploma                   | 29                  | 17-Mar-08                          | 1,16,89,876               | HFCL, General Manger                           |
| Ravishankar K     | Group Director                                             | 49  | MTech, IISC Bengaluru     | 27                  | 11-Oct-06                          | 1,12,36,775               | Wipro, Technical Manager                       |
| Kannan Dhamodaran | Director                                                   | 47  | Diploma                   | 24                  | 11-Apr-08                          | 1,03,95,526               | Dell R&D, Development Technologist             |

**Notes:**

- The above tables II and III are based on payouts made during the year. Remuneration includes only the perquisite value of stock incentives exercised during the period, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock incentives granted during the period is not included.
- The table III does not include the details of remuneration drawn by the top 10 employees as their details are provided in table II.

**IV. The employees listed in II and III above are permanent employees on the rolls of the Company.**

**V. Employees on rolls of the Company employed for part of the year with an average salary above ₹ 8.5 lakhs per month and posted in India:**

| Employee Name   | Designation    | Age | Educational Qualification | Experience in years | Date of Commencement of employment | Date of Leaving | Gross Remuneration (in ₹) | Previous Employment and Designation |
|-----------------|----------------|-----|---------------------------|---------------------|------------------------------------|-----------------|---------------------------|-------------------------------------|
| Vasanth Kumar K | Vice President | 50  | MBA                       | 24                  | 23-Jun-2003                        | 01-Sep-2017     | 57,36,854                 | Infosys Limited, Project Manager    |

**VI. No employee is a relative of any director or manager of the company.**

## Annexure – 9

### Governance Policies

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires adoption of certain policies for all listed companies. These policies are reviewed periodically by the Board based on the requirements. In line with this, the Board during the year under review has revised certain policies.

The policies that were adopted by the Board are as follows:

| Name of the Policy                               | Brief Description                                                                                                                                                                                                                                                                                            | Web link                                                                                                                                                                                                                                                              |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Related party Transactions Policy                | The policy regulates all transactions between the Company and its related parties.                                                                                                                                                                                                                           | <a href="https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf">https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf</a>                                       |
| Whistle Blower Policy and Vigil Mechanism        | The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour.                                                                                                                                  | <a href="https://www.tejasnetworks.com/main-control/download/Whistle-blower-Policy.pdf">https://www.tejasnetworks.com/main-control/download/Whistle-blower-Policy.pdf</a>                                                                                             |
| Code of Conduct and Ethics                       | This Code shall provide, inter alia, a guide for professional conduct for all the Directors and Employees and to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning and in compliance with the applicable laws. | <a href="https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-and-Ethics.pdf">https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-and-Ethics.pdf</a>                                                                                   |
| Insider Trading Policy                           | The policy provides the framework in dealing securities of the Company.                                                                                                                                                                                                                                      | <a href="https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-for-Insider-Trading.pdf">https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-for-Insider-Trading.pdf</a>                                                                 |
| Nomination and Remuneration Policy               | This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director (executive / non-executive) and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.  | <a href="https://www.tejasnetworks.com/main-control/download/NRC-Policy.pdf">https://www.tejasnetworks.com/main-control/download/NRC-Policy.pdf</a>                                                                                                                   |
| Corporate Social Responsibility Policy           | The policy outlines the Company's strategy to contribute to the sustainable development of the society and environment and to make our planet a better place for future generations.                                                                                                                         | <a href="https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf">https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf</a>                                                                                                                   |
| Policy on Material subsidiaries                  | The policy determines the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.                                                                                                                                                 | <a href="https://www.tejasnetworks.com/main-control/download/Policy-on-determining-material-subsiadiaries.pdf">https://www.tejasnetworks.com/main-control/download/Policy-on-determining-material-subsiadiaries.pdf</a>                                               |
| Policy on Archival and Preservation of Documents | The policy deals with the retention and archival of records of the Company.                                                                                                                                                                                                                                  | <a href="https://www.tejasnetworks.com/main-control/download/Document-retention-and-Archival-Policy.pdf">https://www.tejasnetworks.com/main-control/download/Document-retention-and-Archival-Policy.pdf</a>                                                           |
| Risk Management Policy                           | The Policy encompasses policies and procedures relating to the risk management mechanism of the Company.                                                                                                                                                                                                     | <a href="https://www.tejasnetworks.com/main-control/download/Risk-assessment-and-Management-and-mitigation-policy-and-procedures.pdf">https://www.tejasnetworks.com/main-control/download/Risk-assessment-and-Management-and-mitigation-policy-and-procedures.pdf</a> |
| Code of Conduct for Board and Senior Management  | This Code shall provide, inter alia, a guide for professional conduct for all Directors and Senior Management Personnel in their day-to-day functioning and with a duty to make and enact informed decisions and policies in the best interests of the Company and its shareholders / stakeholders           | <a href="https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-for-Board-and-Sr.-Management.pdf">https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-for-Board-and-Sr.-Management.pdf</a>                                               |

|                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy for determining Material events                                                          | The Policy is to determine the materiality of events /information of the Company for the purpose of disclosure to the stock exchanges on which the Company's shares are listed and to provide frame work relating to disclosure of such information.                                                                                                                                               | <a href="https://www.tejasnetworks.com/main-control/download/Policy-for-Determining-Materiality-of-Events.pdf">https://www.tejasnetworks.com/main-control/download/Policy-for-Determining-Materiality-of-Events.pdf</a>                                 |
| Policy on Board Diversity                                                                       | The policy sets out a framework to promote diversity on Company's Board of directors.                                                                                                                                                                                                                                                                                                              | <a href="https://www.tejasnetworks.com/main-control/download/Board-Diversity-Policy.pdf">https://www.tejasnetworks.com/main-control/download/Board-Diversity-Policy.pdf</a>                                                                             |
| Code of practices and procedures for fair disclosure of Unpublished price sensitive information | The Code ensures timely and adequate disclosure of Unpublished Price Sensitive Information as defined in Regulation 2(n) of the Regulations ("Unpublished Price Sensitive Information" or "UPSI by the Company, its subsidiaries and associates and other stakeholders..                                                                                                                           | <a href="https://www.tejasnetworks.com/main-control/download/Code-of-Practices-and-Procedures-for-Fair-disclosure-of-UPSI.pdf">https://www.tejasnetworks.com/main-control/download/Code-of-Practices-and-Procedures-for-Fair-disclosure-of-UPSI.pdf</a> |
| Policy for Determining Material Related Party Transaction                                       | The Policy is to determine the 'materiality' of Related Party Transaction and to provide a governance framework thereof.                                                                                                                                                                                                                                                                           | <a href="https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf">https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf</a>                         |
| Dividend Distribution Policy                                                                    | This policy sets out the parameters and circumstances including external and internal factors and financial parameters that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend and also the circumstances under which the shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized. | <a href="https://www.tejasnetworks.com/main-control/download/Dividend-Distribution-Policy.pdf">https://www.tejasnetworks.com/main-control/download/Dividend-Distribution-Policy.pdf</a>                                                                 |

# Management's Discussion and Analysis

---

## I. Overview

Tejas Networks designs, develops, manufactures and sells high-performance carrier-class equipment required for building telecommunication networks. We provide an end-to-end portfolio of optical and data networking products that are sold to telecommunications service providers, internet service providers, utility companies, defence and government entities. Our products are used to build high-speed communication networks that carry data, voice and video traffic from mobile (2G/3G/4G) or fixed line networks over optical fibre. The company's products are based on global technology standards for packet and optical technology and are used at different locations in a telecom network including at base stations, at exchanges, on customer premises as well as at the point-of-presence (POP) sites of a metro, state-wide or national network. The company's optical transmission equipment can address bandwidth requirements starting from Mega-bits up to Tera-bits. Our current product portfolio targets access (i.e., the outer perimeter of a telecommunications network which connects to the end consumers), metro (i.e., networks that aggregate and distribute traffic collected from access networks within a large city or region) and long-haul (i.e., networks that interconnect metro networks using high bandwidth transmission) networks. Our hardware is modular and our software-defined architecture allows us to remotely upgrade our hardware with new capabilities and features. This enables our customers to adopt a "pay-as-you-grow" approach (i.e., purchase our products/services incrementally as needed) while adopting new services, and also enables them to extend the life of installed systems through regular feature upgrades without having to invest in new hardware purchases. Our software-defined hardware architecture also enables us to deploy the same products across multiple hardware platforms in multiple geographies by making country-specific adaptations, thus allowing us to save costs and realize economies of scale.

### Industry Structure and Developments

The optical networking market is characterized by rapid change and evolution of new technologies and applications, primarily driven by a major transformation in telecommunication networks that are transitioning to a cloud-based network architecture. A combination of factors such as proliferation of powerful mobile devices such as smart phones, tablets and IoT devices, emergence of new mobile and fixed broadband standards such as 5G and NG-PON, and increasing adoption of bandwidth-intensive applications such as business Ethernet, cloud connectivity, high-capacity wireless backhaul, and data center inter-connections is resulting in an expansion of the optical network equipment market. The emergence of new software-enabled networking paradigms (e.g., SDN) that involve migration to a new virtualized infrastructure ("NFV") on the cloud and open-source initiatives such as central office re-architected as a data center ("CORD") are also expected to yield larger investments in high-capacity optical fiber connectivity in the medium term. SDN will lead to open programmable networks that decouple data and control layers of an optical network using application programming interfaces (APIs). SDN will enable higher levels of network and service automation such as on-demand and elastic bandwidth provisioning as per customer requirements. SDN, NFV and CORD will together have a substantial impact on

telecom networks as well as the underlying optical transport layers. As a result, telecom operators are accelerating capital investments in optical transmission equipment that can deliver these services with requisite quality and in a cost-effective manner. While optical capital expenditure is growing in large parts of the globe, India and other developing countries in SAARC, South East Asia, Africa and Latin America are growing faster than other geographies. Developing countries have a huge pent-up demand for optical fiber and fiber-based equipment in the access and backhaul to serve an exponential growth in high-speed data traffic driven by large-scale rollouts of 4G networks, fiber-to-the-home (FTTH) applications for broadband access, and growing bandwidth consumption by consumers and businesses due to preference for high-definition video content. India is expected to have the highest compounded annual growth rate (CAGR) of optical capex and will also have the highest proportion of optical capex to total telecom capex in the world in the next few years.

### The demand for optical transmission will be driven by the following factors:

1. Mobile backhaul is defined as the transport of cell phone traffic between the cellular base station and the mobile switching centre. In the case of 2G networks that were dominated by low speed voice services, cellular traffic was largely backhauled over microwave radio but with the arrival of 3G and 4G networks that are dominated by higher-speed data traffic, optical fiber based backhaul will become the norm. The fiberization trend is expected to further accelerate with the advent of 5G in the next few years. In India, less than 25% of cell sites are currently fiberized compared to 70-80% in developed countries which drives larger fiber-centric capex investments. India has less than 250 million 4G/LTE subscribers today compared to a 2G subscription base of over 1 billion (source: TRAI statistics, March 31, 2018) so there is a huge latent demand for higher-speed services.
2. Adoption of cloud services is growing and Ethernet is well positioned as the secure, high-bandwidth, low-cost-per-bit data service of choice for business connectivity and for interconnecting data centres. Enterprise customers are increasingly moving from 100Mbps to higher speed 1G and 10G wavelengths that can only be served by fiber connections. The total optical capex invested in optical networks is directly linked to the connection speed and level of fiberization thus driving demand for optical products.
3. The Internet has emerged as a basic necessity in modern life around the world. However, approximately half of the world's population, living largely in rural and remote areas of developing countries, continue to remain unconnected to the Internet resulting in a growing "digital divide" between their rural and urban areas. Several countries in South East Asia, Africa and SAARC have recently launched national broadband initiatives to construct country-wide fiber-optic infrastructure and thereby bridge this gap. India's BharatNet is an ongoing multi-year, multibillion dollar government project that seeks to connect 2.5 lac gram panchayats in the country with a national fiber optic network using GPON technology. Other large government projects such as Network for Spectrum (NFS) and upcoming Smart City projects also have a large optical capex component.

## II. Financial condition

### A. Sources of Funds

#### 1. Equity share capital

We have one class of shares, equity shares of par value of ₹ 10 each. Our authorised share capital is ₹ 176.45 crore divided into 17,64,52,000 shares of ₹ 10 each.

During the year ended March 31, 2018, the Company has issued 1,75,09,727 shares at IPO and 25,75,622 shares consequent to the exercise of the employee stock options by the eligible employees of the company. Hence the outstanding paid up equity share capital stands at ₹ 90,81,87,600 comprising of 9,08,18,760 equity shares of ₹ 10 each fully paid up, as on March 31, 2018.

Employee Stock option plans (ESOPs) and Restricted stock units (RSUs)

The total options authorised for grant across three ESOP schemes (ESOP 2014, 2014-A and 2016) shall not exceed 1,41,01,767 pursuant to various approvals by shareholders. Of these, 69,55,287 options were granted and outstanding as on March 31, 2018. The company does not plan to grant any new options from the pool available from the aforesaid ESOP schemes.

Pursuant to shareholders resolution, the RSU 2017 plan was approved during FY 2018. The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares. During the year ending March 31, 2018 34,790 RSUs were granted to our employees.

#### 2. Other equity

##### Securities premium reserve

On standalone and consolidated basis, the share premium account increased from ₹ 487.48 crore as at March 31, 2017 to ₹ 922.08 crore as at March 31, 2018. The increase in share premium is due to the issue of shares during the year on account of exercise of employee stock options and issue of shares at IPO, net of share issue expenses of ₹ 19.33 crore, pertaining to IPO issue. In accordance with Ind AS 102, a sum of ₹ 6.32 crore was transferred from employee stock compensation reserve to securities premium reserve.

##### Employee stock compensation reserve

On standalone and consolidated basis, the Employee stock compensation reserve decreased from ₹ 15.77 crore as at March 31, 2017 to ₹ 15.14 crore as at March 31, 2018, after accounting for Employee share based payment expenses of ₹ 5.69 crore (previous year ₹ 7.82 crore) as per Ind AS 102 and transferring ₹ 6.32 crore (previous year ₹ 2.08 crore) to retained earnings.

##### Retained earnings

On a standalone basis, the balance in retained earnings as at March 31, 2018 and March 31, 2017 was ₹ 120.59 crore and ₹ 14.88 crore respectively. On a consolidated basis, the balance retained in the surplus as at March 31, 2018 and March 31, 2017 was ₹ 120.97 crore and ₹ 15.86 crore respectively. No dividend was declared during the year.

### 3. Borrowings

in ₹ crore

| Particulars                                | Standalone  |               | Consolidated |               |
|--------------------------------------------|-------------|---------------|--------------|---------------|
|                                            | 2018        | 2017          | 2018         | 2017          |
| Non-current borrowings                     | 1.00        | 2.00          | 1.00         | 2.00          |
| Current borrowings                         | -           | 252.29        | -            | 252.30        |
| Current maturities of long term borrowings | 1.27        | 27.18         | 1.27         | 27.18         |
| <b>Total</b>                               | <b>2.27</b> | <b>281.47</b> | <b>2.27</b>  | <b>281.48</b> |

We are practically a debt free company. On a standalone basis, our total borrowings including current maturities of long term debt as at March 31, 2018 was ₹ 2.27 crore as against ₹ 281.47 crore as at March 31, 2017. On a consolidated basis, our total borrowings including current maturities of long term debt as at March 31, 2018 was ₹ 2.27 crore as against ₹ 281.48 crore as at March 31, 2017.

During the year ended March 31, 2018 the company repaid the borrowings, which was one of the objectives of the IPO. The balance outstanding amount represents the amount payable to Technology development and Demonstration Programme (TDDP) of DSIR, Government of India.

### B. Application of funds

#### 4. Property, plant and equipment

##### Additions to gross block

On a standalone and consolidated basis, during the year, we incurred tangible capital expenditure of ₹ 18.27 crore (previous year ₹ 8.11 crore), comprising ₹ 7.53 crore in R&D cards (previous year - Nil), ₹ 5.67 crore in laboratory equipment (previous year ₹ 4.81 crore), ₹ 2.54 crore in computing equipment (previous year ₹ 1.01 crore), ₹ 0.89 crore in furniture and fixtures (previous year ₹ 0.59 crore), ₹ 0.55 crore in servers (previous year ₹ 0.48 crore), ₹ 0.46 crore in electrical installation (previous year ₹ 0.96 crore), ₹ 0.31 crore in office equipment (previous year ₹ 0.18 crore), ₹ 0.19 crore in vehicles (previous year - Nil) and ₹ 0.13 crore in networking equipment (previous year ₹ 0.08 crore).

##### Deductions to gross block

During the year, we deducted ₹ 0.08 crore from the gross block on disposal of furniture and fixtures, nil in the previous year.

##### Capital expenditure commitments

We have a capital expenditure commitment of ₹ 0.38 crore as at March 31, 2018, as compared to ₹ 1.39 crore as at March 31, 2017.

#### 5. Intangible assets and Intangible under development

Our Intangible assets comprises of computer software and product development expenditure. Additions of ₹ 4.01 crore made in computer software, as against ₹ 3.30 crore in previous year. During the year, ₹ 21.65 crore (previous year ₹ 42.80 crore) was capitalised from Intangible under Development to Product Development. Capitalised product development gets amortised over a period of 24 months.

Additions to intangible under development for the year amounted to ₹ 49.21 crore (previous year ₹ 40.09 crore) on account of capitalisation

of employee benefit expense and other expenses (refer note 24 and note 26 of standalone and consolidated financials).

#### 6. Inventories

On standalone basis, Inventory balance was ₹ 190.89 crore as at March 31, 2018, compared to ₹ 182.33 crore as at March 31, 2017.

Our Inventory balance on a consolidated basis, was ₹ 190.89 crore as at March 31, 2018, compared to ₹ 181.72 crore as at March 31, 2017. Inventory days outstanding (based on gross revenues) was 83 days as at March 31, 2018 as against 71 days as at March 31, 2017.

#### 7. Financial assets

##### a) Investments

Investment in subsidiaries is carried at cost as per Ind AS 27, Separate Financial Statements.

During the year ended March 31, 2018, we have invested additional one million USD in our wholly owned subsidiary, Tejas Communication Pte Ltd, Singapore to support their operations. Tejas Israel Limited has filed necessary application with the respective authorities in Israel for winding up of operations and is awaiting necessary approvals towards the same. The investment in Tejas Israel Limited was impaired during the year ended March 31, 2013. vSave Energy Private Limited has discontinued its operations for the last two years and does not intend to carry on any activity in future, made an application on December 06, 2017 under Section 248(2) of the Companies Act, 2013, for removal of name of the Company. The investment in vSave Energy Private Limited of ₹ 0.14 crore was impaired during the year ended March 31, 2018.

Other investment comprise of investment in liquid mutual funds amounting to ₹ 76.52 crore as at March 31, 2018 (previous year - Nil), and investment in ELCIA ESDM cluster of ₹ 11,000/- as at March 31, 2018 and 2017.

##### b) Trade receivables

On a standalone basis, trade receivables amounted to ₹ 294.32 crore and ₹ 381.52 crore as of March 31, 2018 and March 31, 2017, respectively. On a consolidated basis, trade receivables amounted to ₹ 310.55 crore and ₹ 397.43 crore as of March 31, 2018 and March 31, 2017, respectively.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. On a consolidated basis, Days sales outstanding (DSO) declined by 21 days to 135 days as at March 31, 2018, compared to 156 days as at March 31, 2017.

As per Ind AS 109, the Group is required to apply expected credit loss (ECL) model for recognising the allowance for doubtful debts. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables. The movement in ECL during fiscals 2018 and 2017 is as follows:

| Particulars                         | in ₹ crore |              |
|-------------------------------------|------------|--------------|
|                                     | Standalone | Consolidated |
| Loss allowance as on 01 April, 2016 | 4.34       | 8.61         |
| Changes in loss allowance           | (1.41)     | (1.33)       |
| Loss allowance as on 31 March, 2017 | 2.93       | 7.28         |
| Changes in loss allowance           | 1.56       | 0.36         |
| Loss allowance as on 31 March, 2018 | 4.49       | 7.64         |

#### c) Cash and cash equivalents

in ₹ crore

| Particulars                                                                         | Standalone    |               | Consolidated  |               |
|-------------------------------------------------------------------------------------|---------------|---------------|---------------|---------------|
|                                                                                     | 2018          | 2017          | 2018          | 2017          |
| Bank balances and deposits with maturity up to three months                         | 213.48        | 29.86         | 214.19        | 31.06         |
| Bank balances other than above                                                      |               |               |               |               |
| Current account                                                                     | 21.76         | 39.96         | 21.76         | 39.96         |
| Deposits with original maturity of more than twelve months                          | 0.04          | 99.21         | 0.04          | 99.21         |
| Investment in mutual funds                                                          | 76.52         | -             | 76.52         | -             |
| Deposits with financial institutions disclosed under other current financial assets | 205.00        | -             | 205.00        | -             |
| <b>Cash and cash equivalents including margin money</b>                             | <b>516.80</b> | <b>169.03</b> | <b>517.51</b> | <b>170.23</b> |
| less: Balances held as margin money or security against borrowings or guarantees    | 4.81          | 47.90         | 4.81          | 47.90         |
| <b>Cash and cash equivalents excluding margin money</b>                             | <b>511.99</b> | <b>121.13</b> | <b>512.70</b> | <b>122.33</b> |

Our cash and cash equivalents comprise deposits with banks and financial institutions with high credit-ratings assigned by various credit-rating agencies.

On a standalone basis, our total cash and cash equivalents (including investment in liquid mutual funds and deposits with financial institutions) stood at ₹ 511.99 crore as at March 31, 2018, as compared to ₹ 121.13 crore as at March 31, 2017. On a consolidated basis, our total cash and cash equivalents stood at ₹ 512.70 crore as at March 31, 2018, as compared to ₹ 122.23 crore as at March 31, 2017.

Our cash and cash equivalents comprise balances with banks in current accounts, EEFC accounts and deposits with original maturity of less than three months. These cash and cash equivalents include ₹ 0.29 crore as at March 31, 2018 and ₹ 0.30 crore as at March 31, 2017 which is subject to repatriation restriction.

Other bank balances comprise of deposits with banks with original maturity of more than three months but less than twelve months and balances held as margin money or security against borrowings or guarantees.

Investment in mutual funds as at March 31, 2018 includes ₹ 25.27 crore in Reliance quarterly interval fund direct plan growth, ₹ 21.38 crore in Reliance liquid fund direct plan growth, ₹ 10.81 crore in Axis liquid fund direct plan growth, ₹ 8.08 crore in IDFC money manager fund direct plan growth, ₹ 5.95 crore in Aditya Birla Sun Life floating rate direct plan growth and ₹ 5.03 crore in Reliance monthly interval fund direct plan growth.

Deposits with financial institutions as at March 31, 2018 comprise of deposit with Bajaj Finance Limited of ₹ 100 crore, LIC Housing Finance Limited of ₹ 86 crore and Dewan housing Finance Limited of ₹ 19 crore.

#### d) Loans

Consequent to the repayment of loans by the employees during the year ending March 31, 2018, on a consolidated and standalone basis, outstanding balance in loans to employees has been reduced to ₹ 0.52 crore and ₹ 0.48 crore as at March 31, 2018 respectively compared to ₹ 15.51 crore and ₹ 15.49 crore respectively as at March 31, 2017.

The current and non-current security deposits comprises of Earnest money deposit and other deposits receivable in cash. No expected credit loss allowance has been created for security deposits, since the Group considers lifetime credit risk of these to be very low.

#### e) Other financial assets

The details of other financial assets are as follows: in ₹ crore

| Particulars                                                            | Standalone  |             | Consolidated |             |
|------------------------------------------------------------------------|-------------|-------------|--------------|-------------|
|                                                                        | 2018        | 2017        | 2018         | 2017        |
| Unbilled Revenue                                                       | 1.81        | -           | 1.81         | -           |
| Interest accrued but not due                                           | 3.01        | 0.28        | 3.01         | 0.28        |
| Karnataka Electronic System Design & Manufacturing incentive claimable | -           | 1.00        | -            | 1.00        |
| Focus Product Scheme (FPS) receivable - Net                            | 3.58        | 5.79        | 3.58         | 5.79        |
| <b>Total</b>                                                           | <b>8.40</b> | <b>7.07</b> | <b>8.40</b>  | <b>7.07</b> |

The FPS receivable amount represents the accrued export incentive receivable. The balance outstanding as on March 31, 2018 was ₹ 3.58 crore as compared to ₹ 5.79 crore as on March 31, 2017. Interest accrued of ₹ 3.01 crore as on March 31, 2018 towards deposits kept with financial institutions and banks.

#### 8. Other assets

The details of other financial assets are as follows: in ₹ crore

| Particulars                                                    | Standalone   |              | Consolidated |              |
|----------------------------------------------------------------|--------------|--------------|--------------|--------------|
|                                                                | 2018         | 2017         | 2018         | 2017         |
| <b>Non-current</b>                                             |              |              |              |              |
| Prepaid expenses                                               | 0.34         | 0.80         | 0.34         | 0.80         |
| <b>Current</b>                                                 |              |              |              |              |
| Advances to suppliers                                          | 5.00         | 9.49         | 5.03         | 5.50         |
| Advances others                                                | 0.05         | 0.15         | 0.55         | 0.65         |
| Balances with government authorities (other than income taxes) | 9.22         | 10.57        | 9.25         | 10.62        |
| Prepaid expenses                                               | 6.42         | 9.12         | 6.44         | 9.22         |
| <b>Total</b>                                                   | <b>21.03</b> | <b>30.13</b> | <b>21.61</b> | <b>26.79</b> |

On a consolidated basis balances with government authorities reduced to ₹ 9.25 crore as at March 31, 2018 from ₹ 10.62 crore as at March 31, 2017.

#### 9. Tax assets

in ₹ crore

| Particulars            | Standalone    |               | Consolidated  |               |
|------------------------|---------------|---------------|---------------|---------------|
|                        | 2018          | 2017          | 2018          | 2017          |
| Income Tax Asset (net) | 32.02         | 22.62         | 32.01         | 22.61         |
| Deferred Tax Asset     | 121.16        | 96.90         | 121.16        | 96.90         |
| <b>Total</b>           | <b>153.18</b> | <b>119.52</b> | <b>153.17</b> | <b>119.51</b> |

in ₹ crore

| Particulars                        | Standalone |        | Consolidated |        |
|------------------------------------|------------|--------|--------------|--------|
|                                    | 2018       | 2017   | 2018         | 2017   |
| Unused tax credits                 | 157.55     | 288.32 | 157.55       | 288.32 |
| Potential tax benefit on the above | 55.05      | 99.78  | 55.05        | 99.78  |
| MAT credit                         | 24.98      | 1.20   | 24.98        | 1.20   |

The Company has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. Deferred tax assets primarily comprise of deferred taxes on property, plant and equipment, tax losses, tax credits and unabsorbed depreciation of previous years.

Apart from the deferred taxes recognised, there are unused tax credits of ₹ 157.55 crore as at March 31, 2018 as against ₹ 288.32 as at March 31, 2017 on which no deferred taxes were recognised.

#### 10. Financial liabilities

The details of trade payables and other financial liabilities are as follows:

in ₹ crore

| Particulars                                | Standalone    |               | Consolidated  |               |
|--------------------------------------------|---------------|---------------|---------------|---------------|
|                                            | 2018          | 2017          | 2018          | 2017          |
| Trade payables for goods & services        | 96.42         | 100.89        | 96.36         | 100.73        |
| Acceptances                                | 8.67          | 7.10          | 8.67          | 7.10          |
| Interest accrued but not due on borrowings | -             | 0.50          | -             | 0.49          |
| Due to employees                           | 18.50         | 10.60         | 18.60         | 10.62         |
| Capital Creditors                          | 4.04          | -             | 4.04          | -             |
| Accrual for expenses                       | 23.34         | 17.30         | 29.18         | 21.61         |
| Other liabilities                          | 0.21          | 0.19          | 0.21          | 0.19          |
| <b>Total</b>                               | <b>151.18</b> | <b>136.58</b> | <b>157.06</b> | <b>140.74</b> |

Trade payables for goods & services stood at ₹ 96.36 crore as at March 31, 2018 as compared to ₹ 100.73 crore as at March 31, 2017 on a consolidated basis.

On a consolidated basis, amount due to employees increased from ₹ 10.62 crore as at March 31, 2017 to ₹ 18.60 crore as at March 31, 2018, comprising of the employee compensation benefits payable for the respective year end. Accrual for expenses increased from ₹ 21.61 crore as at March 31, 2017 to ₹ 29.18 crore as at March 31, 2018.

On a consolidated basis, our days payable outstanding (DPO) increased by 27 days to 99 days as at March 31, 2018, compared to 72 days as at March 31, 2017.

#### 11. Other liabilities

The details of other financial liabilities are as follows:

in ₹ crore

| Particulars                      | Standalone  |             | Consolidated |              |
|----------------------------------|-------------|-------------|--------------|--------------|
|                                  | 2018        | 2017        | 2018         | 2017         |
| Advances received from customers | 0.24        | 0.23        | 0.88         | 3.40         |
| Deferred revenue                 | 4.36        | 4.09        | 4.36         | 4.09         |
| Statutory dues                   | 5.08        | 5.07        | 5.09         | 5.07         |
| <b>Total</b>                     | <b>9.68</b> | <b>9.39</b> | <b>10.33</b> | <b>12.56</b> |

Deferred revenue represents the billings towards Annual maintenance contract (AMC) in excess of earnings. Revenue from AMC is recognized on accrual basis pro-rated over the period of the contract. Statutory dues comprise of the withholding and other local taxes payable.

#### 12. Provisions

The details of provisions are as follows:

in ₹ crore

| Particulars                   | Standalone  |             | Consolidated |             |
|-------------------------------|-------------|-------------|--------------|-------------|
|                               | 2018        | 2017        | 2018         | 2017        |
| <b>Non-current provisions</b> |             |             |              |             |
| Warranty                      | 1.14        | 2.10        | 1.14         | 2.10        |
| <b>Current provisions</b>     |             |             |              |             |
| Compensated absences          | 1.89        | 1.37        | 1.89         | 1.37        |
| Gratuity                      | 0.73        | -           | 0.73         | -           |
| Warranty                      | 4.27        | 3.27        | 4.27         | 3.27        |
| <b>Total</b>                  | <b>8.03</b> | <b>6.74</b> | <b>8.03</b>  | <b>6.74</b> |

The provision for warranty represents estimated warranty cost on the products sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows vary as and when warranty claim will arise - being typically up to three years.

### III. Results of our operations

Our statement of function wise profits and losses is as below

in ₹ crore except for share data

| Particulars                                              | Standalone |       |         |       | Consolidated |       |         |       |
|----------------------------------------------------------|------------|-------|---------|-------|--------------|-------|---------|-------|
|                                                          | 2018       | %     | 2017    | %     | 2018         | %     | 2017    | %     |
| Revenue net of taxes & component sales(Revenues(net))(A) | 733.50     | 100.0 | 808.88  | 100.0 | 739.87       | 100.0 | 818.89  | 100.0 |
| Cost of Sales excluding component sale                   | 374.34     | 51.0  | 467.25  | 57.8  | 374.62       | 50.7  | 463.57  | 56.6  |
| Manufacturing Expenses                                   | 17.79      | 2.4   | 16.41   | 2.0   | 17.79        | 2.4   | 16.41   | 2.0   |
| Service Expenses                                         | 49.04      | 6.7   | 28.30   | 3.5   | 49.04        | 6.6   | 28.49   | 3.5   |
| Total Cost of Goods Sold (B)                             | 441.17     | 60.1  | 511.96  | 63.3  | 441.45       | 59.7  | 508.47  | 62.1  |
| Gross Profit (C) = (A) - (B)                             | 292.33     | 39.9  | 296.92  | 36.7  | 298.42       | 40.3  | 310.42  | 37.9  |
| Operating Expenses:                                      |            |       |         |       |              |       |         |       |
| Research & Development (Gross)                           | 86.90      | 11.8  | 77.32   | 9.6   | 86.90        | 11.7  | 77.32   | 9.4   |
| Less: R&D Capitalized                                    | (49.21)    | (6.7) | (40.09) | (5.0) | (49.21)      | (6.7) | (40.09) | (4.9) |
| Research & Development (Net)                             | 37.69      | 5.1   | 37.23   | 4.6   | 37.69        | 5.1   | 37.23   | 4.5   |
| Selling & Marketing                                      | 76.37      | 10.4  | 70.07   | 8.7   | 82.67        | 11.2  | 72.99   | 8.9   |
| General & Administrative                                 | 24.13      | 3.3   | 30.51   | 3.8   | 25.19        | 3.4   | 31.77   | 3.9   |
| Operating Expenses (Net) (D)                             | 138.19     | 18.8  | 137.81  | 17.0  | 145.55       | 19.7  | 141.99  | 17.3  |
| Profit/ (Loss) from operations (EBITDA) (E) = (C) - (D)  | 154.14     | 21.0  | 159.11  | 19.7  | 152.87       | 20.7  | 168.43  | 20.6  |
| Other Income                                             | 22.70      | 3.1   | 7.13    | 0.9   | 23.44        | 3.2   | 8.66    | 1.1   |
| Foreign exchange loss/(gain)                             | (4.52)     | (0.6) | 6.57    | 0.8   | (4.39)       | (0.6) | 6.70    | 0.8   |
| Finance costs                                            | 13.45      | 1.8   | 29.10   | 3.6   | 13.40        | 1.8   | 29.81   | 3.6   |
| Depreciation and amortization                            | 61.27      | 8.4   | 56.42   | 7.0   | 61.26        | 8.3   | 56.42   | 6.9   |
| Profit/ (Loss) before Exceptional items and tax          | 106.64     | 14.5  | 74.15   | 9.2   | 106.04       | 14.3  | 84.16   | 10.3  |
| Exceptional items:                                       |            |       |         |       |              |       |         |       |
| Intangible assets in progress written off                | -          | -     | 30.47   | 3.8   | -            | -     | 30.47   | 3.7   |
| Profit/ (Loss) before tax                                | 106.64     | 14.5  | 43.68   | 5.4   | 106.04       | 14.3  | 53.69   | 6.6   |
| Tax expense:                                             |            |       |         |       |              |       |         |       |
| Current tax                                              | 23.78      | 3.2   | 1.20    | 0.1   | 23.78        | 3.2   | 1.20    | 0.1   |
| Deferred tax (benefit)                                   | (24.26)    | (3.3) | (40.49) | (5.0) | (24.26)      | (3.3) | (40.49) | (4.9) |
| Profit/ (Loss) for the year                              | 107.12     | 14.6  | 82.97   | 10.3  | 106.52       | 14.4  | 92.98   | 11.4  |
| Earnings per share (Par Value ₹ 10 each)                 |            |       |         |       |              |       |         |       |
| (a) Basic                                                | 12.48      |       | 12.58   |       | 12.41        |       | 14.09   |       |
| (b) Diluted                                              | 11.79      |       | 12.58   |       | 11.73        |       | 14.09   |       |

## Revenue

in ₹ crore

| Particulars                                        | Standalone |        | Consolidated |        |
|----------------------------------------------------|------------|--------|--------------|--------|
|                                                    | 2018       | 2017   | 2018         | 2017   |
| Product revenue (net of taxes and component sales) | 658.31     | 768.64 | 662.19       | 778.62 |
| Service revenue                                    |            |        |              |        |
| Installation and commissioning revenue             | 31.12      | 4.51   | 31.12        | 4.51   |
| Annual maintenance revenue                         | 32.56      | 28.23  | 32.84        | 28.48  |
| Other service revenue                              | 11.22      | 3.46   | 13.43        | 3.24   |
| Total services revenue                             | 74.90      | 36.20  | 77.39        | 36.23  |
| Other operating income                             | 0.29       | 4.04   | 0.29         | 4.04   |
| Revenue (net of taxes and component sales)         | 733.50     | 808.88 | 739.87       | 818.89 |

All the below discussions are based on consolidated financials

### Revenue from operations

Our revenue from operations (net of taxes and component sales) declined by 9.6% from ₹ 818.89 crore for FY 2017 to ₹ 739.87 crore for FY 2018.

### Sale of products

Our revenue from the sale of products declined by 15.0% from ₹ 778.62 crore for FY 2017 to ₹ 662.19 crore for FY 2018. The revenue decline was majorly due to decline in our international revenues (mainly from our OEM channel) and also due to late receipt of few large orders during FY 2018. Product revenues were 90% of net revenues for the year ended March 31, 2018 (previous year - 96%).

### Sale of services

Our revenue from the sale of services increased by 113.6% from ₹ 36.23 crore for FY 2017 to ₹ 77.39 crore for FY 2018. This was attributable primarily to increases in our installation and commissioning revenues from ₹ 4.51 crore in FY 2017 to ₹ 31.12 crore in FY 2018. The increased installation and commissioning revenues were majorly from Bharatnet phase-1 project which was executed during the year FY 2018. Service revenues were 10% of net revenues for the year ended March 31, 2018 (previous year - 4%).

### Geographic segment

Out of total revenue, 82% (previous year 65%) came from India, 6% (previous year 13%) came from Americas and 12% (previous year 22%) came from Rest of the World.

### Customer concentration

During the financial year ending March 31, 2018, 57% of our revenues was contributed by two customers, whose individual contribution exceeded 10% of total revenues. (previous year 46% contributed by 3 customers).

### Cost of materials consumed

Our cost of materials consumed (excluding the component sales) declined by 25.6% from ₹ 514.05 crore for FY 2017 to ₹ 382.42 crore for FY 2018, primarily due to year on year decline on product

sales. Cost of materials consumed also includes components sold to our contract manufacturers on a pass through basis. Our cost of materials consumed, after adjusting sale of components on a pass through basis, declined by 18.7% from ₹ 458.31 crore in FY 2017 to ₹ 372.49 crore in FY 2018. As a percentage of our revenues, our gross margins in FY 2018 improved by 240 bps to 40.3%.

### Function wise expenses

Our manufacturing expenses increased by 8.4% from ₹ 16.41 crore for FY 2017 to ₹ 17.79 crore for FY 2018 due to an increase in our employee benefit expenses of our manufacturing function.

Our service expenses increased by 72.1% from ₹ 28.49 crore for FY 2017 to ₹ 49.04 crore for FY 2018 primarily due to increase in installation and commissioning expenses relating to execution of Bharatnet Phase-1 project.

As a result, our gross profit in absolute terms declined by 3.9% from ₹ 310.42 crore for FY 2017 to ₹ 298.42 crore for FY 2018. However, our gross profit margin as a % of net revenues increased from 37.9% for FY 2017 to 40.3% for FY 2018.

Our research and development expenses on a gross basis grew by 12.4% from ₹ 77.32 crore for FY 2017 to ₹ 86.90 crore for FY 2018 attributable to an increased manpower costs on account of annual salary increases and additions to the employee headcount in our research and development function. Our research and development expenses, net of capitalisation increased by 1.2% from ₹ 37.23 crore for FY 2017 to ₹ 37.69 crore for FY 2018.

Our selling and marketing expenses grew by 13.3% from ₹ 72.99 crore for FY 2017 to ₹ 82.67 crore for FY 2018 primarily due to an increase in employee cost on account of annual salary increases for our sales and marketing employees, additions to employee headcount for international and an increase in the contract related expenses.

Our general and administrative expenses declined by 20.7% from ₹ 31.77 crore for FY 2017 to ₹ 25.19 crore for FY 2018 since in FY 2017, these expenses included a write-off of the incentive receivables relating to the Karnataka Electronic System Design Manufacturing ("KESDM") Scheme amounting to ₹ 7.07 crore as per our accounting policy.

### Employee benefits expense

Our gross employee benefits expenses grew by 13.4% from ₹ 123.85 crore for FY 2017 to ₹ 140.41 crore for FY 2018. This was primarily due to 16.2% increase in amount of salaries and wages from ₹ 106.06 crore for FY 2017 to ₹ 123.23 crore for FY 2018 due to increase in employee headcount (we added a net of 107 employees during FY 2018) as well as annual salary increases. The increase in salaries and wages was partially offset by an increase in capitalized employee benefit expenses by ₹ 8.99 crore or 23.0% from ₹ 39.16 crore for FY 2017 to ₹ 48.15 crore for FY 2018.

The employee benefit expenses includes share based compensation expense, recognised in accordance with Ind AS 102 of ₹ 5.69 crore for FY 2018 compared to ₹ 7.82 crore for FY 2017.

### Other Expenses

Our other expenses increased by 9.0% from ₹ 112.16 crore for FY 2017 to ₹ 122.24 crore for FY 2018. These were primarily due to (i) increase in installation and commissioning expenses from ₹ 6.58

crore for FY 2017 to ₹ 24.03 crore for FY 2018 primarily towards execution of Bharatnet Phase-1 project (ii) increase in travel and conveyance from ₹ 11.88 crore in FY 2017 to ₹ 15.03 crore in FY 2018.

#### Earnings before exceptional items, interest, tax, depreciation and amortization

Our earnings before exceptional items, interest, tax, depreciation and amortization (“EBITDA”) as a % of revenues improved during the year to 20.7% compared to 20.6% in the previous year.

#### Finance Costs

Our finance costs declined by 55.0%, from ₹ 29.81 crore for FY 2017 to ₹ 13.40 crore for FY 2018. This was primarily due to repayment of borrowings during the year. Interest expense on borrowings declined from ₹ 23.60 crore for the year ended March 31, 2017 to ₹ 5.83 crore for the year ended March 31, 2018.

#### Depreciation and amortization

Our depreciation and amortization costs increased by 8.6%, from ₹ 56.42 crore for FY 2017 to ₹ 61.27 crore for FY 2018. This was attributable to increase in depreciation on tangible assets by 11.4% and increase in amortisation of intangible assets of 8.1%.

#### Other income

Other income increased from ₹ 8.66 crore for FY 2017 to ₹ 27.83 crore for FY 2018. This was primarily on account of increase in interest income from banks on deposits from ₹ 4.11 crore for FY 2017 to ₹ 14.50 crore for FY 2018.

#### Profit before exceptional items and tax

As a result of the foregoing, our profit before exceptional items and tax increased by 26.0% from ₹ 84.16 crore for FY 2017 to ₹ 106.04 crore for FY 2018. As a % of net revenues, out profit after tax for FY 2018 was 14.3% compared to 10.3% for FY 2017.

#### Exceptional items

During FY 2017, we have reassessed the marketability of our in-production intangible assets for the development costs of our wireless products and after considering various factors such as technological obsolescence, that require revision in the existing products, we have written off accumulated costs relating to past salaries of the wireless product development team, amounting to ₹ 30.47 crore.

#### Profit before tax

As a result of the foregoing, our profit before tax increased by 97.5% from ₹ 53.69 crore for FY 2017 to ₹ 106.04 crore for FY 2018. As a % of net revenues, out profit before tax for FY 2018 was 14.3% compared to 6.6% for FY 2017.

#### Tax expense

We have incurred current tax expense as per section 115JB of Income Tax Act (MAT), of ₹ 23.78 crore for FY 2018 compared to ₹ 1.20 crore for FY 2017.

The Company has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Company has estimated that the deferred tax assets will be recoverable using

the estimated future taxable income. Deferred tax assets primarily comprise of deferred taxes on property, plant and equipment, tax losses, tax credits and unabsorbed depreciation of previous years.

Deferred tax asset recognised ₹ 24.26 crore for FY 2018 compared to ₹ 40.49 crore for FY 2017. As a result, our net tax expense for FY 2018 was ₹ (0.48) crore for FY 2018 compared to ₹ (39.29) crore for FY 2017.

#### Profit after tax

As a result of the foregoing, our profit increased by 14.6% from ₹ 92.98 crore for FY 2017 to ₹ 106.52 crore for FY 2018. As a % of net revenues, out profit after tax for FY 2018 was 14.4% compared to 11.4% for FY 2017.

#### Earnings per share (EPS)

The details of EPS on standalone and consolidated basis are as follows:

| Particulars | Standalone  |             |               | Consolidated |             |               |
|-------------|-------------|-------------|---------------|--------------|-------------|---------------|
|             | 2018<br>(₹) | 2017<br>(₹) | %<br>increase | 2018<br>(₹)  | 2017<br>(₹) | %<br>increase |
| Basic       | 12.48       | 12.58       | -0.8          | 12.41        | 14.09       | -11.9         |
| Diluted     | 11.79       | 12.58       | -6.3          | 11.73        | 14.09       | -16.7         |

Weighted average equity shares used in computing earnings per equity share as follows:

| Particulars | Standalone  |             | Consolidated |             |
|-------------|-------------|-------------|--------------|-------------|
|             | 2018        | 2017        | 2018         | 2017        |
| Basic       | 8,58,58,425 | 6,59,77,758 | 8,58,58,425  | 6,59,77,758 |
| Diluted     | 9,08,27,823 | 6,59,77,758 | 9,08,27,823  | 6,59,77,758 |

On a consolidated basis, our basic and diluted EPS declined by 11.9% and 16.7% respectively on a year on year basis, impacted by increasing number of equity shares issued during FY 2018. The increase in weighted average shares for the year ended March 31, 2018 was on account of shares issued at IPO during the year and the shares issued on exercise of employee stock options by the eligible employees.

#### IV. Liquidity

Our principal sources of liquidity are cash and cash equivalents (including the investments in liquid mutual funds and deposits with financial institutions) and cash flow generated from operations. We are practically debt free company and we believe our cash and equivalent and internal accruals are sufficient to take care of our working capital.

in ₹ crore

| Particulars                                                 | Standalone      |                 | Consolidated    |                 |
|-------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                                             | 2018            | 2017            | 2018            | 2017            |
| Cash generated from operating activities                    | 168.02          | 170.49          | 169.50          | 186.51          |
| Movement in working capital                                 | 110.49          | (27.69)         | 102.74          | (30.49)         |
| Less: Taxes paid                                            | 32.75           | 6.40            | 32.75           | 6.33            |
| <b>Net cash generated by operating activities</b>           | <b>245.76</b>   | <b>136.40</b>   | <b>239.49</b>   | <b>149.69</b>   |
| Cash flows from investing activities                        |                 |                 |                 |                 |
| Capital expenditure                                         | (67.43)         | (51.50)         | (68.10)         | (51.50)         |
| Other investing activities                                  | (151.09)        | (88.17)         | (144.67)        | (88.18)         |
| <b>Net cash (used in) investing activities</b>              | <b>(218.52)</b> | <b>(139.67)</b> | <b>(212.77)</b> | <b>(139.68)</b> |
| Cash flows from financing activities                        |                 |                 |                 |                 |
| IPO proceeds                                                | 450.00          | -               | 450.00          | -               |
| Share capital on account of proceeds from Private Placement | -               | 67.39           | -               | 67.39           |
| Share capital on account of proceeds from ESOP              | 17.69           | 12.14           | 17.69           | 12.14           |
| Issue expenses                                              | (19.32)         | (2.34)          | (19.32)         | (2.34)          |
| Repayment of borrowings                                     | (279.20)        | (80.87)         | (279.21)        | (92.43)         |
| Others                                                      | (12.64)         | (12.07)         | (12.60)         | (12.93)         |
| <b>Net cash generated by financing activities</b>           | <b>156.53</b>   | <b>(15.76)</b>  | <b>156.56</b>   | <b>(28.18)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>183.77</b>   | <b>(19.03)</b>  | <b>183.28</b>   | <b>(18.17)</b>  |

On a consolidated basis, the net cash generated from our operations for the year ended March 31, 2018 was ₹ 239.49 crore, as compared to ₹ 149.69 crore for the year ended March 31, 2017. The increase in operating cash flows is primarily due to decrease in DSOs from 156 days for FY 17 to 135 days for FY 18 and increase in DPOs from 72 days for FY17 to 99 days for FY 18. The free cash flow generated for the year ended March 31, 2018 and March 31, 2017 was ₹ 171.39 crore and ₹ 98.19 crore respectively. Net cash used in investing activities was ₹ 212.77 crore and ₹ 139.68 crore for the years ended March 31, 2018 and March 31, 2017, respectively. Net cash generated from financing activities was ₹ 156.56 crore for the year ended March 31, 2018, as compared to net cash used of ₹ 28.18 crore for the year ended March 31, 2017. During the year ended March 31, 2018, the group received ₹ 467.69 crore (of which ₹ 450.00 crore raised through IPO) towards issue of shares and borrowings worth ₹ 279.21 crore were repaid.

As a result of the above, the net cash increase for the year was ₹ 183.28 crore compared to decrease in the net cash of ₹ 18.17 crore for the previous year.

The closing cash and cash equivalents including the investment in liquid mutual funds and deposits with financial institutions stood at ₹ 512.70 crore as at March 31, 2018, as compared to ₹ 122.33 crore as at March 31, 2017.

### Government support

Government of India has formulated various supportive policy measures for encouraging Indian electronics and telecom industry and proposed several incentive schemes which are applicable to the company. These policies and schemes are available both from central government (e.g., National Telecom Policy 2012/2018, National Electronics Policy 2012/2018) as well as from the state government (Karnataka ESDM Policy).

The company's products are eligible for Preferential Market Access (PMA) policy for government procurement of telecom equipment. The company has also been approved to get capital subsidies for investment in manufacturing and R&D under the M-SIPS (Modified Special Incentive Package Scheme) from Department of Electronics and IT (DEITY) Government of India. The company has been

registered as a Karnataka ESDM company and is eligible for R&D grants and other incentives as specified under the state ESDM policy from time to time. The company is a Government-recognized exporter and is eligible for various export incentives under the Merchandise Export Incentive Scheme (MEIS).

### Research and development expenses

The company tracks the latest telecom/networking industry standards, technology trends and advancements in semiconductor components, optical components as well as software. Company's R&D is aligned towards developing the technology, core competence and skill sets required for defining, specifying and timely delivery of the future product portfolio with leading-edge features, in line with market trends and customer requirements.

The Company maintains requisite R&D facilities, core competence and skill sets enabling it for compliance of regulations and reducing product development time to meet market requirements. As of 31, March 2018, 76 Patents were granted (14 were granted by IPO, 56 by USPTO and 6 by EPO) and 228 patent applications (194 with IPO and 34 with USPTO) were pending for approval with patent authorities.

## COMPETITION AND STRENGTHS

Tejas has been successfully competing against many of the world's leading telecom equipment vendors from China, USA and Europe as well as local vendors from India. Our customers often cite our industry knowledge, technology strengths, completeness of our product offerings, quality, support and track record as reasons for preferring us over our global peers, both in India and in the rest of the world. Broadly speaking, our core competitive strengths are the following:

### Software-Defined Hardware™ Architecture:

Our products are characterized by a flexible architecture based around a proprietary software base and a common hardware platform. We have a portfolio of re-usable “building blocks” of hardware as well as software, which enables us to develop cost-effective and highly customizable products and also provides a time-to-market advantage. Our products utilise a programmable software-defined hardware architecture implemented with programmable semiconductor devices, and a common software code-base that delivers an app-like ease of development and upgrades of new features and technology standards. Further, our advanced software and hardware integration leads to higher performance and lower costs. We are able to help our customers manage costs by enabling them to extend the life of installed systems through regular software upgrades which help them transition across technology changes in their networks, without having to invest in new hardware purchases. Our software led approach also enables us to sell the same product globally by making country specific adaptations.

### Low-Cost Business Model:

Our business model is based on locating substantially all of our operations in India, except for international sales and support, which results in significantly lower operating expenses as compared to our global competitors. Further, since all our research and development is based in India, we are able to develop state-of-the-art products and are able to generate significantly better returns on our research and development investments, by leveraging the availability of qualified and cost-effective engineering talent in India. We manufacture our products in India through partnerships with reputed Electronics Manufacturing Services (EMS) companies helping us to stay asset-light and cost-efficient in production. We have an inhouse manufacturing facility focused on final integration, testing and quality control in order to ensure only high quality products are delivered to our customers. Our turn-key EMS model allows us to adjust our manufacturing capacity to meet changes in customer demand, while optimizing our working capital since the EMS takes the responsibilities of sourcing and managing long-lead components. For our international sales, in addition to our direct sales force, we also leverage our partnerships with leading global optical and integrated systems vendors as OEMs to sell in to their

customer base in the global markets. This allows us to keep our sales costs low while selling to the OEMs' customers that may otherwise not be accessible to us.

### Customer Retention and Significant Repeat Business:

Our end-to-end optical product portfolio has helped us forge strong relationships with our major clients. We sell our products predominantly through a combination of direct sales to Communication Service Providers as well as by leveraging our relationships with OEMs. Our products have been deployed by leading telecommunications companies and we also have PSUs, who offer telecommunication services, as our clients. In addition, we have utility companies such as railways, electricity and oil and gas companies as our clients, who use our products to build optical communication networks for their internal use to reliably carry monitoring and control traffic from/ to their field systems over long distances. We have a history of high client retention from both private and public sector clients and derive a significant proportion of our revenues from repeat business built on our successful execution of prior engagements. In the current fiscal year, 95.0% of our net revenues from operations were from existing clients. In addition, many of our top revenue generating customers in fiscal year 2018 have been using our products for over a decade.

### Professional Management with Industry Experience:

We have a strong and experienced management team which provides us with a competitive advantage. Our key management personnel comprising our Chief Executive Officer, Chief Technology Officer and President-Optical Products have advanced degrees in engineering from US universities and have an average of over 25 years of global experience. Several key members of our management team have been with us for more than ten years and have extensive experience in the industry. During the fiscal year 2018, we have added experienced sales leaders for Africa, South East Asia and USA. We have built our management team to include personnel having deep experience in R&D, Sales, Supply Chain Management, Finance, Administration etc. Our R&D leadership team has experience in optical communication systems, networking protocols, FPGA design, embedded system software, application software, high-speed PCB design, thermal and mechanical design, product management, quality and test engineering and reliability engineering, working both in India as well as internationally.

### Technology and Thought Leadership:

Tejas is one of the founding members of India's telecom standards organization (TSDSI) that aims at developing and promoting India-specific requirements, standardizing solutions for these requirements and contributing to global standardization activities in the field of telecommunications. Our Chief Technology Officer was the first chairman of TSDSI. Senior members of our technology office lead three national telecommunications standards working groups, which are developing new optical backhaul and 5G RAN standards. We also hold membership in international standards bodies, including 3GPP and MEF.

### **Favorable Policy Environment in India for Domestic Telecom Product Companies:**

Government investment in the telecommunications infrastructure is growing rapidly through projects such as Bharatnet and Smart Cities, which are expected to provide us significant business growth opportunities. In addition, we stand to benefit from Government policies such as Make in India and the Preferential Market Access (“PMA”) Policy, which are targeted towards encouraging indigenous technology/ product development and design-led manufacturing companies like ours. PMA policy will expand our accessible share of government procurements in the telecommunication sector. Further, we are also expanding our product portfolio to meet the technical requirements of large upcoming government projects.

### **Market Leadership in India:**

Tejas is a leading company in India’s optical networking market. Our products have been deployed by leading telecommunications operators in India, such as Bharti Airtel Limited, Idea, Tata Communications, Aircel Limited and Bharat Sanchar Nigam Limited, and many others, with whom we have long-standing customer relationships. Further, large public sector utilities such as Power Grid Corporation of India, RailTel Corporation of India, Indian Oil Corporation, Delhi Metro, Gas Authority of India Limited are also our customers. Our products incorporate several key requirements of emerging markets and are hence well suited for Indian market conditions. Our products are also being deployed by a large pan-India 4G mobile operator. As a domestic company, Tejas is able to build deeper customer relationships through superior local market support and first-hand knowledge of domestic customer needs to build more relevant products. Further, the optical and data networking products business is characterized by a high-entry barrier because of the initial investment required in research and development, demand for skilled professionals across multiple domains and the up-front time taken to successfully develop the networking products and solutions. Due to our extensive history of operations in India and incumbency with key customers, we stand to benefit from the high-entry barrier against domestic competition.

### **Focused, Scalable Sales Model for International Markets:**

We have a very focused sales model, where we target selected large, high-growth markets, that are sweet spots for our products and where we get a fair market access. In this regard, we have already made inroads with over 100 customer wins in SAARC, South-East Asia, Africa and North America and will continue to expand our sales investments in these geographies. In addition, we have also established original equipment manufacturer (OEM) relationships with few global optical and microwave equipment vendors to get quick access into advanced markets such as Europe and North America that contribute over 50% of the global capital spend in telecom networks. This allows us to keep our sales costs low while selling to the OEMs’ customers that may otherwise not be accessible to us. Since our products utilize a programmable software- defined hardware™ architecture, we are able to customize them to meet market-specific requirements of features and performance.

Furthermore, we intend to increase our international sales and market share by leveraging the efforts of India’s Telecom Export Promotion Council (“TEPC”) and by becoming a part of large telecom export

projects that the Government of India may secure using government-to-government line of credit and sovereign loans from EXIM Bank of India, especially for Africa, ASEAN and SAARC countries. Our Chief Executive Officer is currently Co- Chairman of TEPC.

### **Proven Quality with Mature Development Processes:**

We are TL9000 and ISO9001: 2008 certified for our quality management system. We have established sophisticated design, development and testing infrastructure in-house, which helps us monitor our quality management closely. Our optical networking products have successfully passed all tests and have received approvals from the Telecommunication Engineering Centre of India and have received Technical Specification Evaluation Certificate, signifying that our products meet the specifications set out by PSU customers in India. We have also been approved under various international standards such as MEF CE2.0, CE marking, cTUVus mark, FCC, ICES, Safety standard IEC60950-1 in connection with our products. We also comply with two European Union directives on electronics waste, Waste of Electrical and Electronics Equipment and Restriction on the use of Hazardous Substances. We have built a reputation for technologically advanced, high quality products that are supported by our reliable customer service. We are the only India- based optical transport systems company that is TL9000 certified and our products have consistently delivered a field uptime exceeding 99.999% since 2008.

## **OPPORTUNITIES**

The global optical networking market includes five market segments, namely, Fiber Access (FTTx), Optical Aggregation, Metro WDM, Backbone WDM and Submarine Line Terminal Equipment (SLTE). From a network positioning perspective, an optical network is typically segregated into i) Access network or the outer perimeter of a telecommunications network which connects to the end consumers, ii) Metro network that aggregates and distributes traffic collected from a variety of access networks within a large city or region, iii) Long-haul or Backbone network that interconnects metro networks using high bandwidth transmission networks. With our current portfolio of products, we are able to address a significant portion of this market. The global optical networking market has been on a steady growth path due to rising consumption of data and video on mobile and fixed-line networks. All of the major geographic markets in the world are significant addressable markets for these product segments. In particular, certain optical applications, product types and sub-types are growing significantly faster than the rest of the market. This includes high-capacity 100G and greater-than 100G (200G, 400G) coherent optics, CPO, OTN, xPON Access and Metro DWDM segments. Products in all of these categories are being designed and manufactured by us today.

### **Emergence of 5G and High-Speed Broadband Access Networks:**

The telecom industry is witnessing an increasing adoption of high-speed mobile and fixed broadband technologies. Mobile networks have evolved from 2G/3G to 4G/LTE and to 4.5G/ LTE-Advanced which is the precursor to the upcoming 5G mobile broadband standard. 5G will put additional demands on the optical transmission network due to an explosion in the number of network-enabled IoT devices, greater fiberization and densification of cell sites and a “cloudified” RAN architecture with an optical fronthaul. In wired

broadband networks, broadband access speeds are growing both on fiber-based and copper-based networks. On fiber-based access networks, popularly referred to as Fiber-to-the-Home/Curb/Premises (FTTx), next-generation PON (NG-PON) technologies can deliver up to ten gigabits of access speed to a fixed residence, cell tower or a business location. The growth of the Internet of Things (“IoT”) is leading to an increase in the number of networking end points and is expected to have a significant impact on data traffic and optical equipment demand in the coming years.

#### **Emergence of High-Bandwidth Applications:**

Migration to cloud-based services is a major driver for network evolution. Businesses worldwide are increasing their usage of online applications and services that are delivered over the cloud which is driving the need for high-speed data services. In addition, the emergence of web-scale internet companies (ICPs) is leading to large-scale construction of hyper-scale data centres and a significant growth in data traffic and optical networks. ICPs have significant bandwidth requirements for data center interconnectivity (DCI) and are among the first to deploy high-speed 200G and 400G optical channels on optical networks. The emergence of DCI is also resulting in a demand for newer types of optical networking equipment that are specially optimized for such applications which has further enhanced its market potential.

High bandwidth content such as mobile applications, games and high- definition videos are being created and consumed worldwide. Video-centric services such as Netflix and YouTube are dominating data traffic and traditional telecommunication services such as short message service are being replaced by Internet applications services such as instant messaging, social networking and e-mails.

#### **Pent-up Demand for Fiberization in India:**

The rapid increase in data and broadband traffic is driving the need for operators to increase backhaul capacities. As a result, globally microwave-based mobile backhaul technology is trending down in favor of optical fiber based backhaul. Compared to other developed countries and many emerging economies, India is vastly underserved in terms of fiber connectivity to cell-sites, with less than 25% connectivity. Hence, with the advent of 4G/LTE and 5G, a larger proportion of an Indian operator’s capex will continue to go into optical networking especially in the aggregation and metro networks and India is expected to be the world’s fastest growing optical networking market for many years..

#### **Increasing Government Investments in Rural Broadband:**

Government of India has rolled out one of the largest greenfield networks for rural broadband connectivity called Bharatnet on GPON-based fiber broadband technology. BharatNet project utilizes funds from the Universal Service Obligation Fund (USOF) to invest in building a pan-India optical fiber network to connect 2,50,000 gram panchayats in the country. In addition, as per ITU, similar national optical networking projects are being undertaken by the governments of over 150 countries around the world primarily in the developing economies of Africa, Asia and Latin America which will significantly boost global optical equipment spending in the next 3-5 years.

#### **Optical Network Modernization:**

The rapid growth of data traffic in telecom networks is driving the need to replace ageing and inefficient TDM infrastructure in aggregation and metro networks with modern-day optical equipment built on Ethernet, IP and various packet technologies. However, given the large installed base of such TDM equipment (especially in markets like USA) it is operationally difficult for operators to replace this infrastructure abruptly and there is a clear need to make this transition smoother. Coupled to this is a large access network infrastructure using legacy TDM interfaces which the operators want to retain to avoid the risk of customer churn. Given all this, the optical network modernization requires packet transport network (PTN) equipment with advanced capabilities such as high-capacity circuit emulation, high quality packet synchronization and scalable sub-50ms protection switching for thousands of services. In advanced markets such as USA and Europe, there is a significantly large opportunity and demand for cost-effective solutions that can address this optical network modernization challenge.

### **RISKS AND CONCERNS**

#### **Business Risks:**

A significant portion of our business is generated from a limited number of large customers, who have substantial negotiating leverage with us. Our business operations may fluctuate due to a variety of factors such as loss of key customers, fluctuation in demand and sales volume, timing and size of customer capital spends, inventory management practices and timely collection of receivables. Our gross margins and revenues are a function of our product and geographical mix that can sometimes turn

unfavorable and adversely impact our business prospects. The telecommunications industry is highly competitive and the acquisition of new customers often calls for aggressive pricing besides state-of- the-art technology, support and quality. Since we compete against several equipment suppliers who are much larger than us in size and have far greater significant financial and marketing strengths, these competitors may offer lower prices, offer long-term low cost financing, run expensive campaigns to attract customers or announce other attractive offers that we may not be able to match and hence impact our business.

#### **Industry Risk:**

The telecommunications industry is dynamic and displays significant demand variations and lumpiness in short periods of time due to changes in the risk appetite of our service provider customers that can either delay purchases or lower their purchase volumes in response to perceived risks in the external environment. In the Indian market, we may see short term financial stress as well as industry consolidation amongst our customers, which may also impact our business. Although we expect the industry segments we operate in to stay healthy in the long and medium term, the industry has gone through multiple economic downturns in the past that have seen sharp drops in capital spending by telecom operators. Sometimes the slowdown in investments is seen to be restricted to certain geographies or limited to specific industry segments, in which case our business in those geographies or from those product lines

could be adversely impacted. Besides this, our inability to effectively respond to new developments in our markets arising from a growth in IP based communications, emergence of new buyer categories such as OTTs (Over the Top) etc., can reduce our market power and impair our financials.

#### **Technology Risk:**

Our industry is characterized by rapid technological changes, customer requirements, evolving industry standards and launch of new products and services by our competitors. Our future success will depend largely on our ability to effectively anticipate and adapt to such changes by incorporating these in the form of new hardware or software features in our products. We have developed our solutions based on certain widely accepted industry standards that may either undergo changes, become obsolete or have reduced market acceptance owing to competing standards. Moreover, the use of open standards makes it possible for our competitors to develop similar products and services that are based on the same technology which can increase competitive pressure. Unless we respond quickly enough to such market challenges, either by repositioning our solutions or introducing new solutions with superior characteristics, our business, revenue and growth prospects would be adversely affected. However, developing new products and services in this industry is complex, expensive and often requires long hardware and software development cycles that require significant amount of resources which may not always be possible. In many cases, we may be required to obtain special certifications or approvals before our solutions can be introduced in new geographies or to new customers in existing geographies. Our ability to expand our international operations may sometimes be constrained by such country specific regulations or standards that may require us to redesign our existing solutions or develop new products suitable for these countries. The cost of complying with evolving standards and regulations, or our failure to obtain timely domestic or foreign regulatory approvals or certifications, may prevent us from selling our solutions where such standards or regulations apply, thus adversely affecting our operating results and growth prospects.

#### **Operational Risk:**

We depend on limited number of external EMS companies and component suppliers for our manufacturing needs. Any failure on their part to deliver our products on time or to the performance and quality standards can have an adverse impact on our business. In order to ensure business continuity, we have arrangements with multiple EMS organizations to provide us additional flexibility to change organizations if there is any kind of disruption at one facility. In spite of these measures, depending on the severity of the disruption it may not be possible for us to entirely alleviate its effects on the production of one or more of our product families. As far as possible, we source our components from multiple suppliers (multi-sourcing) to minimize impact of adverse events and to accommodate sudden, unforeseen increase in customer demand for our products. But despite our best efforts we are often forced to rely on a single supplier for certain critical components in our product. In such cases, we are subject to supply chain risks from these single-sourced components due to a variety of reasons related to their quality, lead times, availability etc. Our success of business execution depends

to a significant degree upon our continued ability to attract and retain highly skilled personnel for our research and development, sales and marketing, customer support, manufacturing, finance and operations teams. While we continually strive to adopt best practices in human resources and provide attractive compensation, including equity-based rewards, to attract and retain talent, the loss of services of any of our key personnel or inability to attract new talent could make it difficult to execute our business.

#### **Environment Risk:**

The company is subject to credit risks, interest rate risks, refinancing risks and liquidity risks and the company will adopt various measures at different points in time to counter these risks successfully. However, if these risk mitigation strategies do not prove to be successful, the health of the company is likely to be adversely affected. As our international sales increase, we will increasingly be subjected to foreign exchange risks. Besides foreign exchange risks, our prospects can also be impacted by the political developments in the countries we operate in such as governance instabilities, degree of privatization or sudden restrictions on the flow of goods to/from these countries.

#### **Legal and Regulatory Risk:**

There are outstanding legal proceedings against the company and certain subsidiaries that are incidental to our operations, related to various tax proceedings which are pending at different levels of adjudication before courts, tribunals and appellate tribunals. While we are contesting the same, if these are not decided in our favour, it may adversely affect our business and reputation. Intellectual Property (IP) is a critical element of our business and we will continue to apply for both domestic and international patents to improve our competitive advantage in the market. However, it is possible that some of these patent rights may be overturned by our competitors that will prevent us from selling the products that make use of these patents in their manufacture or compel us to pay royalties or licensing fees to our competitors. The telecommunication industry is driven by regulations and standards. Evolution or emergence of new standards that directly impinge on the types of products we manufacture or regulations that have a bearing on the services that these products deliver can affect our development costs or lower the business potential of these products. Sometimes, there may be alternate standards that may evolve in parallel and our investments in a standard that eventually loses out can lead to a decline in sales for associated products.

# Corporate Governance Report

---

Corporate governance is the whole system of processes and controls established internally and externally over the management of the business entity with the objective of protecting the interests of the stakeholders. Corporate governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization. It is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants of the corporation such as the board, managers, shareholders and other stakeholders, and spells out the systems, procedures and practices which ensure that the company is managed in the best interest of all corporate stakeholders and in a manner that is accountable and responsible to the shareholders. In a wider interpretation, corporate governance includes company's accountability to shareholders and other stakeholders such as employees, suppliers, customers and local community.

With the increasing globalization, corporate governance has assumed great significance in India in the recent past. The increasing diversity of the investing community and the integration of global capital markets make corporate governance a key issue in the investment decision of the investor. Our governance philosophy seeks to ensure truth, transparency, accountability and responsibility and is committed to meet the aspirations of all our stakeholders. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land.

## Corporate Governance Framework

The company believes in high standards of governance and adheres to good corporate practices and is constantly striving to improve them and adopt the best practices. Adherence to business ethics, transparency in dealings with all stakeholders, adequate and timely disclosure of information and commitment to corporate social responsibility are the basic elements of the governance policy of the Company. The Board recognizes that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and its own demanding levels of business ethics. The Company is committed to the upholding of the core values of integrity, passion, responsibility, quality and respect in dealing with all stakeholders of the Company. We believe that an active, well-informed and independent board is necessary to ensure the highest standards of corporate governance. At Tejas Networks Limited ('the Company'), the Board of Directors ('the Board') is at the core of our corporate governance practice. The Board thus oversees the Company Management's ('the

Management') functions and protects the long-term interests of our stakeholders. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financial and performance, as well as the leadership and governance of the Company.

In line with the Company's commitment to good corporate governance practices and compliance with the provisions of Companies Act, 2013 and Listing regulations, our Company has constituted Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee. Our Company has complied with all norms of corporate governance applicable to Listed Public Company as envisaged under the Companies Act, 2013, the Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India. The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Companies Act, 2013 and the Rules made there under (the "Act"), its Articles of Association, SEBI Guidelines, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

## 1. Board of Directors (the "Board")

### Composition and Appointment

The Board consists of an optimum combination of Executive, Non-Executive and Independent Directors with expertise in the fields of business strategy, finance, marketing and business management. The two Independent Directors satisfy the criteria of independence specified in the Act, Regulation 16(1)(b) of the Listing Regulations and also meet the criteria for appointment formulated by the Nomination & Remuneration Committee ("NRC") as approved by the Board. While nominating a director to the Board, the NRC ensures diversity of qualification, experience, expertise and gender in the composition of the Board and is appointed through a transparent process. The Independent and Non-executive Directors are familiarized with the Company, business, industry, roles and responsibilities, the details of which are available on the website of the Company. The Independent Directors were appointed for a specific term as recommended by NRC and their appointments were approved by the Board and the members at their respective meetings. The terms and conditions of the appointment of the Independent Directors have been disclosed on the website of the Company. Non independent Directors were appointed as per the provisions of the law. The present strength of the Board is five directors, consisting of one Non - Executive Independent Chairman, two Non-Executive Non Independent directors, one Executive Director and one Independent Woman director. The composition of the Board as under is in conformity with the Companies Act, 2013 (Act) and Listing Regulations.

| Name of the Director           | Age | Executive / Non-executive | Position                                  | Indian listed companies <sup>1</sup> | All Companies around the world <sup>2</sup> | Committee memberships <sup>3</sup> | Chairperson of Committee <sup>3</sup> |
|--------------------------------|-----|---------------------------|-------------------------------------------|--------------------------------------|---------------------------------------------|------------------------------------|---------------------------------------|
| Mr. Balakrishnan V             | 53  | Non-executive             | Independent Chairman                      | 1                                    | 9                                           | -                                  | 1                                     |
| Mr. Sanjay Nayak               | 53  | Executive                 | Non-independent Managing Director and CEO | 1                                    | 4                                           | 1                                  | -                                     |
| Dr. Gururaj Deshpande          | 67  | Non-executive             | Non-independent Director                  | 1                                    | 3                                           | 1                                  | 1                                     |
| Amb. Leela K Ponappa           | 71  | Non-executive             | Independent Women Director                | 1                                    | 1                                           | 1                                  | -                                     |
| Mr. Shirish Saraf <sup>4</sup> | 50  | Non-executive             | Non-independent Director                  | 1                                    | 26                                          | -                                  | -                                     |
| Mr. Chetan Gupta <sup>5</sup>  | 37  | Non-executive             | Non-independent Director                  | 1                                    | 20                                          | 2                                  | -                                     |

<sup>1</sup>Including directorship in Tejas Networks Limited.

<sup>2</sup>Directorships in companies around the world (listed, unlisted and private limited companies) including Tejas Networks Limited and its subsidiaries.

<sup>3</sup>As required by Regulation 26 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes membership/ chairperson of the Audit Committee and Stakeholders Relationship Committee in Indian public companies (listed and unlisted) including Tejas Networks Limited as of April 24, 2018.

<sup>4</sup>Mr. Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

<sup>5</sup>Mr. Chetan Gupta was appointed as Additional Director on April 24, 2018.

Notes:

- There are no inter-se relationships between our Board members.
- None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the Companies in which he/she is a Director as required under Regulation 26 (1) of the Listing Regulations.
- None of the Independent Directors on the Board is an Independent Director in more than seven listed Companies as required under Regulation 25 (1) of the Listing Regulations.
- All the Directors have disclosed their interest in other companies, directorship and membership of Committees and other positions held by them. The offices held by the directors are in compliance with the Companies Act, 2013 and the Listing Regulations.

### Board Process

The Board meets at least once in each quarter to review the matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters and also updated on the key activities of the business and is provided with presentations on operations, quarterly financial statements and other matters concerning the Company. The maximum time gap between two meetings does not exceed 120 days. The Board meetings are generally scheduled in advance. Notice and detailed notes on agenda of each Board Meeting are given in writing to all directors in advance of the meetings in compliance with Secretarial Standard on Meeting of the Board of Directors (SS-1) issued by the Institute of Company Secretaries of India. Where it is not possible to enclose any document to the agenda, the same is tabled at the Meeting. The Board periodically reviews compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances

of non-compliances. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairman. The Board has no restriction to access any information and employees of the Company. At Board Meetings, executives and representatives who can provide additional inputs and insights into the items of discussion are invited. Information is provided to the Board Members on a continuous basis for their review, inputs and approval periodically. Strategic and operating plans are presented to the Board in addition to quarterly and annual financial statements. Specific cases of important managerial decisions, material positive/ negative developments and statutory matters are presented to the Committees of the Board and then presented to the Board for its approval.

The draft minutes are circulated within the specified time to the Board and suggestions or comments for changes, if any, received are suitably incorporated in the minutes and the minutes are signed by the Chairman of the same meeting or by the Chairman of the succeeding meeting within the prescribed time period. The process specified for the Board meeting above are followed for the meetings of all the Committees constituted by the Board, to the extent possible. The minutes of the meetings of the Committees of the Board are placed before the Board for noting. The minutes of the unlisted subsidiary Companies are placed before the Board on quarterly basis.

### Board evaluation

Pursuant to the provisions of the Act and the Listing Regulations, evaluation of the performance of the Board, Committees of the Board and individual directors for the year ended March 31, 2018 was carried out by the Board. The questionnaires were prepared in a structured manner taking into consideration the guidance note on Board Evaluation issued by SEBI. The performance of the Individual Directors was evaluated on parameters such as attendance, level of participation in the meetings and contribution, independence

of judgment, safeguarding the interest of the Company and other stakeholders, etc. The performance evaluation of all the independent directors was done by the entire Board excluding the concerned independent director based on the criteria of performance evaluation laid down by the NRC. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

### Board meeting and attendance of directors

Eight meetings of the Board were held during the Year ended March 31, 2018 (“Year”) i.e. April 17, 2017 ; May 17, 2017 ; June 05, 2017; June 22, 2017 ; August 03, 2017 ; August 26, 2017 ; October 25, 2017 and January 19, 2018 and the maximum gap between any two Board meetings did not exceed one hundred twenty days during the Year.

The attendance of Directors at Board Meeting (“BM”), last Annual General Meetings (“AGM”) held on September 27, 2017 and the number of directorship, membership and chairmanship held by each Director on the Board/ Committees of the Board of other Companies were as under:

| Name of the Director           | AGM<br>September 27,<br>2017              | Board Meeting Number |   |   |   |   |   |   |   | Held<br>during tenure<br>(A) | Attended<br>(B) | % of<br>attendance<br>(B/A) |
|--------------------------------|-------------------------------------------|----------------------|---|---|---|---|---|---|---|------------------------------|-----------------|-----------------------------|
|                                |                                           | 1                    | 2 | 3 | 4 | 5 | 6 | 7 | 8 |                              |                 |                             |
| Mr. Balakrishnan V             | Yes                                       |                      |   |   |   |   |   |   |   | 8                            | 8               | 100                         |
| Dr. Gururaj Deshpande          | Yes                                       |                      |   |   |   |   |   |   |   | 8                            | 6               | 75                          |
| Mr. Sanjay Nayak               | Yes                                       |                      |   |   |   |   |   |   |   | 8                            | 8               | 100                         |
| Amb. Leela K Ponappa           | No                                        |                      |   |   |   |   |   |   |   | 8                            | 6               | 75                          |
| Mr. Shirish Saraf <sup>1</sup> | No                                        |                      |   |   |   |   |   |   |   | 8                            | 1               | 13                          |
| Mr. Chetan Gupta               | Appointed with effect from April 24, 2018 |                      |   |   |   |   |   |   |   |                              |                 |                             |

Attended in person Attended through video conference Leave of absence

<sup>1</sup>Mr. Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

### Details of shares held by Directors of the Company as on March 31, 2018:

| Name of the Director | No. of shares held | % of equity |
|----------------------|--------------------|-------------|
| Mr. Sanjay Nayak     | 24,71,991          | 2.72        |
| Mr. Balakrishnan V   | 76,133             | 0.08        |

### Meeting of Independent Directors

During the year, one meeting of the independent directors was held on January 19, 2018 as required under Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act to discuss the matters specified therein. All the Independent Directors attended the meetings. Further, the independent directors had independent review with the internal / statutory auditors/ senior management including with Managing Director and CEO and Chief Financial Officer on a quarterly basis during the quarterly meetings.

### Materially significant related party transaction

There have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the Management, subsidiaries or relatives, except for those disclosed in the Board’s report. Detailed information on materially significant related party transactions is enclosed as Annexure 2 to the Board’s report.

## 2. Committees of the Board

The Board has four committees: Audit Committee, Nomination and Remuneration Committee, Stakeholder’s Relationship Committee and Corporate Social Responsibility Committee. All these committees are constituted in accordance with the Companies Act, 2013 and the Listing regulations. The Board in its meeting held on April 24, 2018 merged the Risk Management Committee with the Audit Committee,

since it is not required under listing regulations. The quorum for the meeting is the higher of two members or one-third of the total number of members of the committee.

The Board, in consultation with the Nomination and Remuneration Committee, is responsible for assigning and fixing terms of service of committee members. It delegates these powers to the Nomination and Remuneration Committee. The Chairman of the Board, in consultation with the Company Secretary and the Committee Chairperson, determines the frequency and duration of the committee meetings. Normally, all the committees meet four times a year. The recommendations of the committees are submitted to the Board for approval. During the year, all recommendations of the committees were approved by the Board.

### Audit Committee

Our audit committee has been reconstituted by the Board with effect from April 24, 2018, comprising of four directors and with 50% of it being independent directors. The Composition of the Committee as on the date of this report is as follows:

- Mr. Balakrishnan V, Chairman and Financial Expert.
- Dr. Gururaj Deshpande
- Amb. Leela K Ponappa
- Mr. Chetan Gupta

The Audit Committee has been constituted as required under Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. All members of Audit Committee have knowledge of financial management, audit and accounts. The Company Secretary acts as the Secretary to the Committee. The Managing Director and CEO, the Chief Financial Officer, the Senior Management, the Statutory Auditors and the Internal Auditors are invited to attend all the meetings of the Committee.

The Committee members have separate discussions with the statutory auditors as well as internal auditors without the presence of the management team. The primary objective of the Audit Committee is to monitor and provide effective supervision of the financial reporting process, to ensure timely and accurate disclosures

with highest level of transparency, integrity and quality of reporting. The Audit Committee charter containing terms of reference is also available on the Company's website at <https://www.tejasnetworks.com/other-documents.php>. The Board accepted all recommendations made by the Audit Committee.

### Audit Committee attendance

The committee met six times during the Year on April 17, 2017; May 17, 2017; August 2, 2017, August 26, 2017; October 24, 2017 and January 18, 2018. The attendance details of the Committee are as follows:

| Name of the Director                                                                            | Committee Meeting Number                  |   |   |   |   |   | Held during tenure (A) | Attended (B) | % of attendance (B/A) |
|-------------------------------------------------------------------------------------------------|-------------------------------------------|---|---|---|---|---|------------------------|--------------|-----------------------|
|                                                                                                 | 1                                         | 2 | 3 | 4 | 5 | 6 |                        |              |                       |
| Mr. Balakrishnan V                                                                              |                                           |   |   |   |   |   | 6                      | 6            | 100                   |
| Dr. Gururaj Deshpande                                                                           |                                           |   |   |   |   |   | 6                      | 6            | 100                   |
| Amb. Leela K Ponappa                                                                            |                                           |   |   |   |   |   | 6                      | 6            | 100                   |
| Mr. Chetan Gupta                                                                                | Appointed with effect from April 24, 2018 |   |   |   |   |   |                        |              |                       |
| Attended in person              Attended through video conference              Leave of absence |                                           |   |   |   |   |   |                        |              |                       |

### Audit Committee report for the year ended March 31, 2018

The Audit Committee helps the Board monitor the Management's financial reporting process, and ensure that the disclosures are not only accurate and timely, but follow the highest levels of transparency, integrity and quality of financial reporting. The committee also oversees the work of the internal and the Independent Auditors, and reviews the processes and safeguards employed by them. The audit committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent auditors in accordance with the law. It recommends to the Board the remuneration and terms of appointment of the internal, Secretarial and Independent Auditors. All possible measures are taken by the committee to ensure the objectivity and independence of the Independent Auditors. In addition, the committee reviews the policies, processes and controls relating to the valuation of undertakings or assets of the Company that are carried out as and when required.

The Committee is comprised majority of Independent Directors and fulfills the requirements of audit committee charter, as well as Section 149 of the Companies Act, 2013. The committee complies with the SEBI Listing Regulations relating to its composition, independence of its members, disclosures relating to non-independent members, financial expertise of members and the audit committee charter.

To carry out its responsibilities efficiently and transparently, the committee relies on the Management's financial expertise, and that of the internal and the independent auditors. The Management is responsible for the Company's internal control over financial reporting and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's financial statements in accordance with the Generally Accepted Auditing Principles, and for issuing a report based on the audit.

The audit committee met six times during fiscal 2018. The Management shared the Company's financial statements, prepared in accordance with the Indian Accounting Standards (Ind AS) as

specified under the Companies Act, 2013 with the committee. The committee held discussions with the auditors (whenever necessary, without any member of the Management being present) regarding the Company's audited financial statements, including the auditors' judgment about the quality and applicability of the accounting principles, the reasonableness of significant judgment and the adequacy of disclosures in the financial statements.

Besides discussing the overall scope and plan for the internal audit, and requirements of SEBI and other regulatory bodies, the committee also reviewed with the independent auditors the adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs. As part of continuous improvements, revisions to the Insider Trading Policy, Corporate Policy Statement on Investor Relations, Policy for determining the materiality of disclosures, Code of Conduct and Ethics and Whistleblower Policy were recommended to the Board and were duly approved. The committee also reviewed the other financial policies of the Company.

With the auditors, the committee, on a periodic basis, reviewed the process adopted by the Management on impairment of assets including financial assets, goodwill and intangibles. The committee granted omnibus approval for the related party transactions proposed to be entered into by the Company during fiscal 2018. On a periodic basis, the committee reviewed and approved related party transactions.

Based on its discussion with the Management and the auditors, and a review of the representations of the Management and the report of the auditors, the committee has recommended the following to the Board:

- The audited standalone financial statements of the Company under IND-AS for the year ended March 31, 2018 be accepted by the Board as a true and fair statement of the financial status of the Company.
- The audited consolidated financial statements of the Company under IND-AS for the year ended March 31, 2018 be accepted by

the Board as a true and fair statement of the financial status of the Company.

- The re-appointment by way of ratification of M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No.012754N/ N500016) ('PWC') as the statutory auditors of the Company, in accordance with Section 139 of the Companies Act, 2013 and the Rules made thereunder. PWC were appointed in the 17th AGM of the Company and will hold office till the conclusion of the 22nd AGM, subject to the approval of the shareholders of the Company.
- The appointment of M/s. Singhvi, Dev & Unni, Chartered Accountants, as the internal auditors of the Company for the year ended March 31, 2019, to review various operations of the

Company.

- The appointment of Dwarakanath C, Practicing Company Secretary, as secretarial auditor for the year ending March 31, 2019 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Companies Act, 2013.
- Relying on its review and the discussions with the Management and the independent auditors, the committee believes that the Company's financial statements are fairly presented in conformity with Ind AS and that there is no material discrepancy or weakness in the Company's internal control over financial reporting.

Bengaluru,  
Apr 24, 2018

Sd/  
Balakrishnan V  
Chairperson

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee has the mandate to review and redress stakeholder grievances. The committee has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Company Secretary is the compliance officer of the Committee.

Our Stakeholders Relationship Committee has been reconstituted by the Board with effect from April 24, 2018. The Composition of the Committee as on the date of this report is as follows:

- Dr. Gururaj Deshpande, Chairman
- Mr. Sanjay Nayak
- Mr. Chetan Gupta

The Committee's charter and policy are also available on the Company's website at <https://www.tejasnetworks.com/other-documents.php>

### Stakeholders Relationship Committee attendance

The committee met three times during the Year on August 02, 2017; October 24, 2017 and January 18, 2018. The details of the attendance of the members are as follows:

| Name of the Director            | Committee Meeting Number                  |   |   | Held during tenure (A) | Attended (B) | % of attendance (B/A) |
|---------------------------------|-------------------------------------------|---|---|------------------------|--------------|-----------------------|
|                                 | 1                                         | 2 | 3 |                        |              |                       |
| Mr. Balakrishnan V <sup>1</sup> |                                           |   |   | 3                      | 3            | 100                   |
| Mr. Sanjay Nayak                |                                           |   |   | 3                      | 3            | 100                   |
| Amb. Leela K Ponappa            |                                           |   |   | 3                      | 3            | 100                   |
| Dr. Gururaj Deshpande           | Appointed with effect from April 24, 2018 |   |   |                        |              |                       |
| Mr. Chetan Gupta                |                                           |   |   |                        |              |                       |

Attended in person Attended through video conference Leave of absence

<sup>1</sup>Mr. Balakrishnan V was the Chairman of the committee as of March 31, 2018

### Stakeholder's relationship committee report for the year ended March 31, 2018

The purpose of the Stakeholder Relationship Committee is to assist the Board and the Company in maintaining healthy relationships with all stakeholders. The committee oversees the mechanisms for redressing grievances and complaints from stakeholders including shareholders, vendors, customers, employees and others. Such mechanisms include the Whistleblower mechanism, the Internal Committee, Hearing Employees and Resolving (HEAR), and the Grievance Redressal Board (GRB).

The committee reviews complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends. It also approves the issue of duplicate certificates and new certificates on split / consolidation / renewal etc., and approves transfer / transmission, dematerialization and rematerialization of equity shares in a timely manner. It oversees the performance of the registrar and share transfer agents, and recommends measures for overall improvement in the quality of investor services. It also reviews the Company's attention to the environmental, health and safety interests of stakeholders. The committee has the authority to consult with

other committees of the Board, obtain advice and assistance from internal or external legal, accounting or other advisors.

The Stakeholders Relationship Committee noted that during the year the company has undertaken initial public offer of 3,02,21,332 equity shares of ₹ 10/- each for a cash price of ₹ 257/- per share including a premium of ₹ 247/- per share. Aggregating to ₹ 776.69 crore, comprising a fresh issue of 1,75,09,727 equity shares aggregating to ₹ 450 crore and an offer for sale of 1,27,11,605 equity shares by the selling shareholders aggregating to ₹ 326.69 crore. The Company listed its shares at the BSE Limited and National Stock Exchange of India Limited on June 27, 2017.

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The details of the complaints resolved during the fiscal ended March 31, 2018 are as follows: (June 27, 2017 to March 31, 2018)

Bengaluru,  
April 24, 2018

Balakrishnan V  
Chairperson

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee recommends to the Board the appointment of directors, senior executive compensation. The Committee has been constituted as required under Section 178 of the Act and Regulation 19 of the Listing Regulations.

Our Nomination and remuneration committee consist of three directors with majority of them being independent directors. The Composition of the Committee is as follows:

- Amb. Leela K Ponappa, Chairperson
- Mr. Balakrishnan V
- Dr. Gururaj Deshpande

The Committee's charter and policy are also available on the Company's website at <https://www.tejasnetworks.com/other-documents.php>

While evaluation of a person for appointment / re-appointment as a Director or as Key Managerial Person, the Nomination and Remuneration Committee shall consider various factors including individuals background, competency, skills, abilities (viz. leadership, ability to exercise sound judgment), educational and professional background, personal accomplishment, age, relevant experience and understanding of the telecommunication sector / industry, marketing, technology, finance and such other factors that the Committee might consider relevant and applicable from time to time towards achieving a diverse Board.

| Nature of complaints               | Received | Resolved | Closing |
|------------------------------------|----------|----------|---------|
| Non- Receipt of Share Certificates | 1        | 1        | Nil     |
| Demat Requisition Form             | 8        | 8        | Nil     |
| IPO Related                        | 25       | 25       | Nil     |
| Others                             | 2        | 2        | Nil     |

The Committee informed that there were no legal cases filed against the company or the company was made as a party to the same in respect of securities of the Company. It also been noted that the shareholding in dematerialized mode as on March 31, 2018 was 98.97% (Not applicable as of March 31, 2017 as the shares were listed on June 27, 2017).

In case of appointment / re-appointment as a Director, the NRC shall ensure that the proposed Director satisfies the following criteria:

- Eligible for appointment as a Director on the Board of the Company and is not disqualified in terms of section 164 and other applicable provisions of the Act and the Listing Regulations.
- Does not hold directorships in more than 20 companies (including private and public companies) or 10 public limited companies incorporated in India.
- Will be able to devote sufficient time and efforts in discharging of duties and responsibilities effectively.
- While evaluating a person for appointment / re-appointment as an Independent Director, the NRC shall ensure that the proposed appointee satisfies the following additional criteria:
  - » Meet the definition and criteria of "independence" as set out in Section 149 of the Act, the Listing Regulations and other applicable laws.
  - » Should not hold the position of Independent Director in more than seven listed companies.
  - » Should not hold any board / employment position with a competitor in the locations where the company is operating.

### Nomination and Remuneration committee attendance

The committee met four times during the Year on April 17, 2017 August 26, 2017 ; October 24, 2017 and January 18, 2018. The details of the attendance of the members are as follows:

| Name of the Director  | Committee Meeting Number                                                          |                                                                                   |                                                                                   |                                                                                   | Held during tenure (A) | Attended (B) | % of attendance (B/A)                                                                   |
|-----------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------|--------------|-----------------------------------------------------------------------------------------|
|                       | 1                                                                                 | 2                                                                                 | 3                                                                                 | 4                                                                                 |                        |              |                                                                                         |
| Amb. Leela K Ponappa  |  |  |  |  | 4                      | 4            |  100 |
| Dr. Gururaj Deshpande |  |  |  |  | 4                      | 4            |  100 |
| Mr. Balakrishnan V    |  |  |  |  | 4                      | 4            |  100 |

 Attended in person  Attended through video conference  Leave of absence

### Nomination and remuneration committee report for the year ended March 31, 2018

The committee oversees key processes through which the Company recruits new members to its Board, and also the processes through which the Company recruits, motivates and retains outstanding senior management and oversees the Company's overall approach to human resources management.

During the year, the committee reviewed the performance of the Managing Director and CEO and also the Key Managerial Personnel and the Senior Management of the Company and their compensation for the year ended March 31, 2018.

The committee has recommended the following to the Board

- The revision in the compensation of Mr. Sanjay Nayak, Managing Director and CEO based on his performance in fiscal 2017 and independent compensation benchmarks. The revised compensation reflects the Company's philosophy of aligning senior management compensation to shareholders' interests by increasing the variable component as a percentage of total compensation.
- Appointment of Mr. Shirish Saraf as Additional Director of the Company. He was subsequently appointed as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.

- Ratification of the following Employee Stock Option Plans:
  - Tejas Networks Limited Employee Stock Option Plan – 2014
  - Tejas Networks Limited Employee Stock Option Plan – 2014 – A
  - Tejas Networks Limited Employee Stock Option Plan – 2016
- Approval of the Tejas Restricted Stock Unit Plan 2017
- The reappointment of Amb. Leela K Ponappa, as Independent Director with effect from February 16, 2018 for a further period of 5 years.
- The reappointment of Dr. Gururaj Deshpande, as Non-executive and Non-Independent Director liable to retire by rotation.
- The Payment of commission to Non-Executive Directors (including Independent Directors) of the Company.
- Appointment of Mr. Chetan Gupta as Additional Director with effect from April 24, 2018.
- Vacation of office by operation of law by Mr. Shirish Saraf with effect from April 24, 2018.

The necessary resolutions for the approval of the shareholders for the reappointment of Amb. Leela K Ponappa, as Independent Director and reappointment of Dr. Gururaj Deshpande, as Non-executive and Non-Independent Director liable to retire by rotation form part of the Notice to the shareholders for the 18th Annual General Meeting.

Bengaluru,  
April 24, 2018

Sd/-  
Amb. Leela K Ponappa  
Chairperson

### Corporate Social Responsibility Committee

The Corporate social responsibility committee has been constituted as required under Section 135 of the Companies Act, 2013.

The Committee consist of three directors with majority of them being independent directors and has been reconstituted by the Board with effect from April 24, 2018.

The Committee's charter and policy are also available on the Company's website at <https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf>

### Corporate social responsibility committee attendance:

The Corporate social responsibility committee met once during the year on January 18, 2018. The details of the attendance of the members are as follows:

| Name of the Director                                                                                                                                                                                                                                                                                                        | Committee meeting held on January 18, 2018                                        | Held during tenure (A) | Attended (B) | % of attendance (B/A)                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------|--------------|-----------------------------------------------------------------------------------------|
| Amb. Leela K Ponappa                                                                                                                                                                                                                                                                                                        |  | 1                      | 1            |  100 |
| Mr. Shirish Saraf <sup>1</sup>                                                                                                                                                                                                                                                                                              |  | 1                      | 0            |  0   |
| Mr. Balakrishnan V                                                                                                                                                                                                                                                                                                          |  | 1                      | 1            |  100 |
| Mr. Chetan Gupta                                                                                                                                                                                                                                                                                                            | Appointed with effect from April 24, 2018                                         |                        |              |                                                                                         |
|  Attended in person  Attended through video conference  Leave of absence |                                                                                   |                        |              |                                                                                         |

<sup>1</sup>Mr. Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

### Corporate social responsibility report for the year ended March 31, 2018

Tejas Networks Limited ('Tejas' or 'the Company') has adopted Corporate Social Responsibility Policy ('CSR') initiatives so as to attain the sustained economic performance, environmental and social stewardship and strive for economic development that positively impacts the society at large. Tejas works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.

### Responsibility of the committee

The responsibilities of the CSR Committee include:

- Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken
- Recommending the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time

|                                                                                    |              |
|------------------------------------------------------------------------------------|--------------|
| Average net profit of the Company for the last three financial years:              | ₹26.73 crore |
| Prescribed CSR Expenditure (2% of the average net profit of the last three years:) | ₹0.54 crore  |

Details of CSR spent during the financial year:

|    |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) | Total amount spent for the financial year              | ₹0.54 crore                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| b) | Amount unspent, if any                                 | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| c) | Manner in which amount spent during the financial year | <p>The Akshaya Patra Foundation, Bengaluru – NGO run school meal programme facilitating education of Underprivileged children in India ₹ 0.34 crore</p> <p>The International Institute of Information Technology, Bengaluru - a Deemed University, with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers ₹ 0.20 crore.</p> |

|    |                                                                                                                                                                                                                                  |                |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| d) | In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board's report | Not Applicable |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|

The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Bengaluru,  
April 24, 2018

Sd/-  
Amb. Leela K Ponappa  
Chairperson

### Risk Management Committee

The Risk Management Committee has been constituted as required under Regulation 21 of the Listing Regulations voluntarily by the Company. According to Regulation 21 (5) of the Listing Regulations the provisions of Risk Management Committee shall be applicable to top 100 listed entities, determined on the basis of market capitalization. As our Company is not in the top 100 listed entities based on market capitalization as March 31, 2018, the Board at its meeting held on April 24, 2018 merged the Risk Management Committee with Audit Committee.

### 3. Remuneration policy

The Remuneration Policy provides the framework to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of Tejas stakeholders while remunerating the members of the Board of Directors, Key Managerial Personnel and other employees of the Company. This policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of C Schedule

II of the Listing Regulations. The Nomination and Remuneration Committee ('Committee') is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel ('KMP') and Senior Executives of Tejas from time to time.

### Remuneration of Non-Executive and Independent Directors

Non-Executive Directors ("NEDs"), Independent Directors ("IDs") are paid remuneration by way of Sitting Fees and Commission as approved by the shareholders, Commission is paid at a rate not exceeding 1% of the profits of the Company computed in accordance with Section 198 of the Companies Act, 2013. The Sitting fees are paid for attending each meeting of the Board/Committees of the Board and an annual commission on the profits of the Company. Commission to respective NED/ID is determined on the basis of an objective criteria discussed and agreed upon by the Committee Members unanimously. NEDs are reimbursed of any out of pocket expenses incurred by them for the purpose of the Company. The payment of Commission to the NEDs is placed before the Board every year for its consideration and approval before the payment is effected. The sitting fee is reviewed periodically and aligned to comparable best in class companies.

The Sitting fees/Commission paid to the Non-executive/ Independent Directors during the Year are given below:

| Name of the Director           | Category               | Position        | Sitting fee (in ₹) | Commission (in ₹) |
|--------------------------------|------------------------|-----------------|--------------------|-------------------|
| Mr. Balakrishnan V             | Chairman               | Independent     | 7,00,000           | 20,00,000         |
| Dr. Gururaj Deshpande          | Non-Executive Director | Non-Independent | Nil                | Nil               |
| Amb. Leela K Ponappa           | Director               | Independent     | 6,00,000           | 9,00,000          |
| Mr. Shirish Saraf <sup>1</sup> | Non-Executive Director | Non-Independent | Nil                | Nil               |

<sup>1</sup>Mr. Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

Note:

- The Commission upto 1% of net profit of the Company for each year has been paid after the Board has approved the accounts for the financial Year 2017-18 based on the shareholders' approval in the AGM dated September 27, 2017.
- Non-Executive and Independent Directors are not entitled for grant of stock options under ESOP Scheme.

The aggregate amount was arrived at using the following criteria:

| Details of fee                                                    | Amount (₹) |
|-------------------------------------------------------------------|------------|
| Chairperson - Board of Directors (per annum)                      | 10,00,000  |
| Chairperson - Audit Committee (per annum)                         | 3,00,000   |
| Chairperson - Other Committees -NRC, CSR, SRC (per annum)         | 1,00,000   |
| Fixed fee for each Independent Director (per annum)               | 5,00,000   |
| Member – Audit Committee (per annum)                              | 1,00,000   |
| Member – Other Board Committees                                   | 50,000     |
| Board Meeting (including committee) attendance Fee (per meeting)* | 1,00,000   |

\*If Board or Committee meetings were spilled over to the next day, the Board shall be paid ₹ 1,00,000 for attending the Board and Committee meeting attended during the day and spill over day.

### Remuneration for Executive Director (“MD and CEO”), Key Managerial Personnel (“KMP”) and Senior Executives

The remuneration policy reflects a balance between the interests of Tejas main stakeholders as well as a balance between the Company’s short term and long term strategy. As a result, the structure of the remuneration package for the MD and CEO, KMP and Senior Executives is designed to balance short term operational performance with the medium and long term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. Tejas strives for a high performance in the field of sustainability and aims to maintain a good balance between economic gain, respect for people and concern for the environment. To ensure that highly skilled and qualified KMP/Senior Executives can be attracted and retained, Tejas aims for a total remuneration level that is comparable to levels provided by other companies that are similar in terms of size and complexity.

In designing and setting the levels of remuneration for the Directors, KMP and Senior Executives, the Committee also takes into account the relevant statutory provisions and provisions of the Corporate Governance regulations, societal and market trends and the interests

of stakeholders. Tejas’s policy is to offer the MD and CEO, KMP and Senior Executives a total compensation comparable to the peer group.

The compensation paid to the MD and CEO is within the scale approved by the Shareholders. The elements of the total compensation are approved by the NRC within the overall limits specified under the Companies Act, 2013. The elements of compensation of the MD and CEO include the fixed compensation, variable compensation in the form of annual incentive, benefits, work related facilities and perquisites. The NRC determines the annual variable pay compensation in the form of annual incentive and annual increment for the MD and CEO based on Company’s and individual’s performance as against the pre agreed objectives for the year. The MD and CEO other than from promoters group are also eligible for ESOPs as per the scheme in force from time to time. Grants under the Scheme shall be approved by the NRC. In case of inadequacy of profit in any financial year, the remuneration payable to the MD and CEO shall be further subject to the relevant provisions of the Companies Act, 2013. The MD and CEO is not paid sitting fees for any Board/ Committee meetings attended by them.

### Remuneration paid to the Executive Director (MD and CEO) during the Year are given below.

| Name of the Director | Category                      | Position   | Gross remuneration <sup>1</sup> (in. ₹). | Perquisites <sup>2</sup> (in. ₹). | No.of. Stock Options |
|----------------------|-------------------------------|------------|------------------------------------------|-----------------------------------|----------------------|
| Mr. Sanjay Nayak     | Executive and Non-independent | MD and CEO | 1,22,84,311                              | 27,76,086                         | -                    |

### Remuneration paid to the Key Managerial Personnel/ Senior Management personnel during the Year are given below.

| Name                  | Position                                  | Gross remuneration <sup>1</sup> (in. ₹). | Perquisites <sup>2</sup> (in. ₹). | No.of. Stock Options |
|-----------------------|-------------------------------------------|------------------------------------------|-----------------------------------|----------------------|
| Mr. Arnob Roy         | President- Optical Products, R&D          | 87,79,511                                | 7,200                             | -                    |
| Mr. Kumar N Sivarajan | Chief Technology Officer                  | 87,02,417                                | 67,51,161                         | -                    |
| Mr. Sukhvinder Kumar  | President-Global Manufacturing Operations | 76,61,310                                | 90,22,750                         | 12,000               |
| Mr. Venkatesh Gadiyar | Chief Financial Officer                   | 44,71,272                                | 1,08,000                          | 15,000               |
| Mr. Krishnakanth G V  | Company Secretary                         | 25,59,299                                | 25,12,651                         | -                    |

Notes: The above tables are based payouts made during the year.

<sup>1</sup> Includes the performance linked incentives for the year FY 2016-17 paid in FY 2017-18.

<sup>2</sup> Includes the perquisite value of stock options exercised during the period, determined in accordance with the provisions of the Income Tax Act, 1961.

### Remuneration for other Employees Remuneration of middle and lower level employees including workmen employed in the factory

The remuneration of the middle and lower level employees of the Company consists mostly of fixed pay and a reasonable performance pay which is reviewed on an annual basis. Increase in the remuneration of employees is effected based on an annual review taking into account performance of the employee and the performance of the Company also.

### Employee Stock Options / Restricted Stock Units

It is a long term objective of the Company to introduce employee stock options to inculcate a sense of ownership among the employees of the Company. The Company has four (4) Plans in place (i.e) ESOP Plan – 2014, ESOP Plan – 2014 – A, and ESOP Plan 2016 and Restricted Stock Units Plan 2017. For details of the above plans refer to Annexure - 8 of Board’s Report.

## Other matters

The term of Managing Director is generally for a period of five years, subject to liable by retire by rotation and as approved by the shareholders and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit. Whereas, term of the other employees, generally is upto the age of superannuation. The Managing Director and employees are entitled for retirement benefits such as provident fund, superannuation fund and gratuity. The Contracts of employment with Executive Director and regular employees, provide for compensation of upto three months' pay or advance notice of similar period.

## 4. Shareholders

### Disclosures regarding appointment and reappointment of directors

- i. Dr. Gururaj Deshpande, Non-Executive and Non-Independent Director and is the longest serving member on the Board, retires by rotation and being eligible seeks re-appointment. The Board, based on its evaluation, has recommended his reappointment.
- ii. Amb. Leela K Ponappa, Independent Director seeks re-appointment as an Independent Directors of the Company, not liable to retire by rotation, for a term of five years from February 16, 2018 till February 15, 2023. The Board, based on its evaluation, has recommended her reappointment.
- iii. Mr. Chetan Gupta, appointed as Additional director by the Board seeks appointment as Non-Executive and Non-Independent Director, liable to retire by rotation. The Board, based on its evaluation, has recommended his appointment.

### Communication to shareholders

The quarterly, half-yearly and annual results of the Company were published in leading newspapers in India. The results and press releases made by the Company from time to time are also displayed on the Company's website. Presentations made to the institutional investors and analysts are also displayed on the Company's website. The above information is also disclosed / communicated to the Stock Exchanges in compliance with the applicable provisions of the Listing Regulations.

### Investor grievance and share transfer system

The stakeholder's relationship committee examines and redress complaints received from shareholders and investors. The status of complaints and share transfers are reported to the entire Board. The stakeholder committee will meet as often required to take of the situation on investor grievance.

### Details of non-compliance

During the year no penalty has been imposed by any stock exchange, SEBI, ROC nor have there been any instances of non-compliances with any legal requirement or on matters relating to the capital market.

### Independent secretarial auditors certificate on corporate governance

As required by Schedule V of the Listing regulations, the independent secretarial auditor's certificate on corporate governance is enclosed in this Annual Report.

### CEO and CFO certification

As required by the Listing regulations, the CEO and CFO certification is provided in this Annual report.

### Code of conduct

In terms of Regulation 34 read with Schedule V of the Listing Regulations, the Board has laid down a "Code of Conduct" (Code) for all the Board members and the senior management of the Company. The Annual declaration affirming compliance with the Code of Conduct by the Directors and Senior Management Personnel of the Company for the financial year 2017-18 forms part of the Corporate Governance Report. Further, the Senior Management Periodical disclosures relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board. The Code of Conduct of the Board and senior management personnel is disclosed on the website at <http://www.tejasnetworks.com/policies-codes.php>

### Vigil Mechanism/ Whistle Blower Policy

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Board of Directors had approved the Policy on Vigil Mechanism/Whistle Blower and the same was hosted on the website of the Company. This Policy inter-alia provides a direct access to the Chairman of the Audit Committee. The Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year. No complaint has been received during the financial year 2017-18. The Vigil Mechanism Policy is available on the website of the Company at <https://www.tejasnetworks.com/main-control/download/Whistle-blower-Policy.pdf>

### Insider Trading Code

The Company has adopted a code of conduct to regulate, monitor and report trading by insiders ("Code") under the SEBI (Prohibition of Insider Trading) Regulations 2015. The Code is applicable to all designated employees and insiders who are expected to have access to unpublished price sensitive information. The Company Secretary is the Compliance Officer for monitoring adherence to the applicable regulations.

### Compliance with discretionary requirements

The Company has also ensured the implementation of non-mandatory items such as:

- Separate posts of Chairman, and Chief Executive Officer & Managing Director, with the provision for reimbursement of expenses in the performance of official duties.
- Reporting of internal auditor directly to the Audit Committee.

## General body meetings

### Annual General Meetings

The date, time and venue of last three Annual General Meetings (AGMs) held are as follows:

| Year ended | Date               | Time     | Venue             | Special Resolution passed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------|--------------------|----------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2017       | 27 September, 2017 | 3:00 PM  | Registered Office | <ol style="list-style-type: none"><li>1. Approval of Tejas Restricted Stock Unit Plan 2017 (“RSU 2017” or the “Plan”) and grant of Restricted Stock Units under RSU 2017 to eligible employees of the Company.</li><li>2. Approval of grant of Restricted Stock Units under Tejas Restricted Stock Unit Plan 2017 to the eligible employees of subsidiary companies</li></ol>                                                                                                                                                                                                                                                                        |
| 2016       | 25 July, 2016      | 10:00 AM | Registered Office | <ol style="list-style-type: none"><li>1. Approval of borrowing limits of the Company and creation of charges on the assets of the Company under Section 180(1)(c) of the Act.</li><li>2. Approval for appointment of and remuneration to Mr. Sanjay Nayak, Managing Director.</li><li>3. Approval of Employee Stock Option Plan 2014-A.</li><li>4. Grant of stock options to the employees of the holding company and/or subsidiary companies under ESOP Plan 2014-A.</li><li>5. Approval of issue of Options equal to or exceeding 1% of the issued capital of the Company.</li><li>6. Issue of Equity Shares on private placement basis.</li></ol> |
| 2015       | 30 September, 2015 | 10:00 AM | Registered Office | Nil                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

### Extraordinary meetings

The Company did not hold any EGM during the year. There are no other meetings held during the year under review nor were any resolutions passed through postal ballot.

### General shareholder information

A separate section has been included in the Annual Report furnishing details required under the Listing Regulations

Bengaluru,  
April 24, 2018

On behalf of the Board  
Sd/-  
Balakrishnan V  
Chairman

## Declaration of compliance by Board members and Senior Management Personnel with the Company's code of conduct

---

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. The code is available on the Company's website [www.tejasnetworks.com](http://www.tejasnetworks.com)

I confirm that the Company has in respect of the year ended March 31, 2018, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, Chief Technology Officer, President- Global Manufacturing Operations, President - Optical Products and the Company Secretary.

Place: Bengaluru  
April 24, 2018

Sd/-  
Sanjay Nayak  
Managing Director & CEO  
DIN: 01049871

## Certificate on Compliance with the Regulations of Corporate Governance

---

### To The Shareholders of Tejas Networks Limited

1. I, Chennur Dwarakanath, Company Secretary in Practice, the Secretarial Auditor of Tejas Networks Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2018, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Management's Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

### Auditors' Responsibility

3. My responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

### Opinion

5. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2018.

6. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company. Reporting of internal auditor directly to the Audit Committee.

Place: Bengaluru  
April 24, 2018

C. Dwarakanath  
Company Secretary in Practice  
FCS No: 7723; CP No: 4847

## CEO / CFO certification

---

### The Board of Directors Tejas Networks Limited

We, Sanjay Nayak, Chief Executive Officer and Managing Director and Venkatesh Gadiyar, Chief Financial Officer of Tejas Networks Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet as at March 31, 2018, statement of profit and loss, statement of changes in equity and the statement of cash flows for the year ended March 31, 2018 and a summary of significant accounting policies and other explanatory information of the Company and the Board report for the year ended March 31, 2018
2. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading with respect to the period covered by this report.
3. The financial statements and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of the operations and cash flows of the Company as at and for the period presented in this report and are in compliance with existing accounting standards, applicable laws and regulations.
4. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct and ethics.
5. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
6. We have disclosed to the auditors and the Audit committee
  - i. Any deficiencies or material weaknesses in the design or operation of the internal controls that could adversely affect the Company ability to record, process, summarize and report financial data.
  - ii. significant changes in internal control over financial reporting during the year;
  - iii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
  - iv. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
7. We state that we have not denied any personnel access to the audit committee of the Company and we have provided protection to whistleblowers from unfair or prejudicial employment practices.

Place: Bengaluru  
April 24, 2018

Sd/-  
Sanjay Nayak  
Managing Director & CEO  
DIN: 01049871

Sd/-  
Venkatesh Gadiyar  
Chief Financial Officer

# Shareholder Information

Tejas was originally incorporated as Tejas Networks India Private Limited on April 24, 2000 in the State of Karnataka as a Private Limited Company under the Companies Act, 1956. Tejas was subsequently converted into Public Limited Company and its name was changed to Tejas Networks India Limited and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies on October 23, 2002. Subsequently, the name of the Company was further changed to Tejas Networks Limited to reflect the global outlook of our Company and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies on March 18, 2008. The address of our registered Office is J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru, Karnataka-560100 and the Corporate Identification Number (CIN) L72900KA2000PLC026980 was allotted to the company by Ministry of Corporate Affairs.

The Company made an initial public offer of 3,02,21,332 equity shares of ₹ 10/- each for a cash price of ₹ 257/- per share including a premium of ₹ 247/-per share aggregating to ₹ 776.69 crore, comprising of a fresh issue of 1,75,09,727 equity shares aggregating to ₹ 450 crore and an offer for sale of 1,27,11,605 equity by the selling shareholders aggregating to ₹ 326.69 crore. The Company listed its equity shares at BSE Limited and National Stock Exchange of India Limited on June 27, 2017.

## Financial year

The Company's Financial Year begins on April 1 and ends on March 31 every year.

## Financial calendar

### Earnings for the Quarter

| Quarter Ending     | Earnings release | Trading Window closure                 |
|--------------------|------------------|----------------------------------------|
| June 30, 2018      | July 23, 2018    | June 16, 2018 to July 25, 2018         |
| September 30, 2018 | October 23, 2018 | September 16, 2018 to October 26, 2018 |
| December 31, 2018  | January 23, 2019 | December 16, 2018 to January 25, 2019  |
| March 31, 2019     | April 23, 2019   | March 16, 2019 to April 25, 2019       |

### Annual General Meeting

|                          |                                                                                                                                                           |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date and time</b>     | July 24, 2018, Tuesday, 3.00 PM IST                                                                                                                       |
| <b>Venue</b>             | Tejas Networks Limited, 6th Floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru, Karnataka-560100 |
| <b>Transcripts</b>       | <a href="https://www.tejasnetworks.com/other-documents.php">https://www.tejasnetworks.com/other-documents.php</a>                                         |
| <b>E-Voting date</b>     | July 19, 2018 to July 23, 2018                                                                                                                            |
| <b>Book Closure date</b> | July 18, 2018 to July 24, 2018 (both days inclusive).                                                                                                     |

## Dematerialisation of shares

Tejas shares are tradeable in the electronic form only. We have established connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Link Intime India Private Limited, our Registrar and Share Transfer Agents. The International Securities Identification Number (ISIN) allotted to our equity share under the Depository System is INE 010J01012. As on March 31, 2018, 98.28% of our shares were held in dematerlised form and the rest in physical form. The applicable custodial fee for the year ended March 31, 2019 have also been paid to NSDL and CDSL.

### Shares held in physical and dematerialized form as on March 31, 2018

| Description    | No. of Holders <sup>1</sup> | No. of Shares      | % to Equity   |
|----------------|-----------------------------|--------------------|---------------|
| Physical       | 219                         | 15,61,538          | 1.72          |
| Dematerialized | 21,320                      | 8,92,57,222        | 98.28         |
| <b>Total</b>   | <b>21,539</b>               | <b>9,08,18,760</b> | <b>100.00</b> |

<sup>1</sup>The total number of holders will not tally with the number of shareholders disclosed in separate section, since shareholders can have multiple demat accounts with same PAN.

We request shareholders whose shares are in the physical mode to dematerialize their shares and update their bank accounts and their

email id's with the respective depository participants to enable us to provide better services.

## Investor awareness

The Company is committed towards promoting effective and open communication with all the stakeholders. Every quarter, the Company holds results briefing for the investors. The Company also participates in the investor conferences held both in India and overseas to communicate directly with all investors.

## Secretarial Audit

In accordance with Section 204 of the Companies Act 2013 and applicable rules, the Board of Directors appointed Mr. C Dwarakanath, Practicing Company Secretary to conduct secretarial audit (the "Audit") of the records and documents of the Company. The Audit report as attached to this Annual Report states that the Company has complied with all the applicable provisions of the Companies Act, 2013, the Depositories Act, 1996 and Rules and Regulations and guidelines issued by Securities Exchange Board of India, as applicable to the Company. Further, the Audit report confirms the compliance by the Company of the requirements under Listing agreements entered by the Company with National Stock Exchange of India Limited and BSE Limited and also Secretarial Standards issued by the Institute of Company Secretaries of India, New Delhi on Board and General Meetings.

## Listing Information

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited with effect from June 27, 2017. The Company has paid the listing fee as stipulated by the respective stock exchanges for the year ended March 31, 2019.

| Name of the Stock Exchanges              | Scrip Code |
|------------------------------------------|------------|
| Bombay Stock Exchange Limited            | 540595     |
| National Stock Exchange of India Limited | TEJASNET   |

## Investor Complaints

The details of the complaints resolved during the fiscal ended March 31, 2018 are as follows: (June 27, 2017 to March 31, 2018)

| Nature of complaints               | Received | Resolved | Closing |
|------------------------------------|----------|----------|---------|
| Non- Receipt of Share Certificates | 1        | 1        | -       |
| Demat Requisition Form             | 8        | 8        | -       |
| IPO Related                        | 25       | 25       | -       |
| Others                             | 2        | 2        | -       |

The Company normally attends most of the investor grievances within 7 days from the date of receipt of such grievance and the communication in this regard are sent within 15 days from the

date of receipt of such grievance unless constrained by certain impediments. The Shareholders may note that the share transfers and all other investor related activities are handled by Link Intime India Private Limited, our Registrar and Share Transfer Agents. For any escalations, the shareholders may write to company at [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

## Other disclosures

- Share transfers are registered and returned in the normal course within a period of 30 days from the date of receipt. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.
- The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2018, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- The Company doesn't have a fixed hedging policy. For foreign exchange risk and other concerns please refer to Outlook, risks and concern section of Management Discussion and Analysis Report.
- The company does not have equity shares in the suspense account.
- There were no cases pending or filed against the company or any liabilities attached to the company in respect of any of the matters pertaining to securities for the year ended March 31, 2018.
- The Company has not bought back any of its securities nor issued any Sweat Equity Shares or any Equity Shares with differential rights during the year under review.
- No Bonus Shares were issued during the year under review.
- During the year under review, no cases were reported with respect to voting rights not exercised directly by the employees in respect of shares to which the ESOP / RSU Scheme relates.

## Shareholding pattern

The Total shareholding of the Company for the year ended March 31, 2018 increased due to allotment of equity shares consequent to the exercise of ESOP by the eligible employees and fresh issue of shares at IPO. The total share capital as on March 31, 2018 is ₹90,81,87,600 comprising of 9,08,18,760 equity shares of ₹ 10/- each.

The detailed shareholding pattern of the Company as on March 31, 2018 is stated in MGT- 9 attached to the Board report in Annexure 3.

## Movement in shareholding for the year ended March 31, 2018

| Allotted during the year | No.of. Shares      |
|--------------------------|--------------------|
| Opening balance          | 7,07,33,411        |
| IPO                      | 1,75,09,727        |
| ESOP allotment           | 25,75,622          |
| <b>Closing balance</b>   | <b>9,08,18,760</b> |

## Distribution of Shareholding as on March 31, 2018

| Shareholding of Shares |           | Number of Shareholders | % of Total Shareholders | Shares             | % of Total Share Capital |
|------------------------|-----------|------------------------|-------------------------|--------------------|--------------------------|
| From                   | To        |                        |                         |                    |                          |
| 1                      | 500       | 19,504                 | 92.00                   | 17,00,501          | 1.90                     |
| 501                    | 1000      | 663                    | 3.13                    | 5,08,019           | 0.57                     |
| 1001                   | 2000      | 374                    | 1.76                    | 5,45,963           | 0.63                     |
| 2001                   | 3000      | 175                    | 0.83                    | 4,34,843           | 0.49                     |
| 3001                   | 4000      | 78                     | 0.37                    | 2,76,051           | 0.35                     |
| 4001                   | 5000      | 49                     | 0.23                    | 2,26,797           | 0.25                     |
| 5001                   | 10000     | 95                     | 0.45                    | 6,74,259           | 0.87                     |
| 10001                  | and above | 262                    | 1.24                    | 8,64,52,327        | 94.94                    |
| <b>Total</b>           |           | <b>21,200</b>          | <b>100.00</b>           | <b>9,08,18,760</b> | <b>100.00</b>            |

## Stock Data - Monthly High & Low prices at BSE & NSE<sup>1</sup>

| Month    | NSE    |        |                | BSE    |        |                | Volume      |
|----------|--------|--------|----------------|--------|--------|----------------|-------------|
|          | High   | Low    | Volume A (No.) | High   | Low    | Volume B (No.) | (A+B) (No.) |
| Jun 2017 | 312.00 | 257.00 | 45,85,216      | 311.00 | 257.00 | 4,39,443       | 50,24,660   |
| July     | 377.00 | 291.50 | 8,88,018       | 377.00 | 293.60 | 2,90,184       | 11,78,202   |
| Aug      | 359.50 | 299.00 | 2,06,658       | 360.00 | 299.70 | 59,785         | 2,66,443    |
| Sep      | 359.70 | 283.20 | 1,71,530       | 360.00 | 290.00 | 33,982         | 2,05,511    |
| Oct      | 335.90 | 288.00 | 1,56,001       | 336.15 | 289.05 | 20,734         | 1,76,735    |
| Nov      | 429.00 | 322.00 | 3,02,633       | 434.20 | 324.95 | 73,133         | 3,75,766    |
| Dec      | 429.90 | 380.05 | 1,86,140       | 430.00 | 379.10 | 48,609         | 2,34,749    |
| Jan 2018 | 472.00 | 370.50 | 2,30,780       | 472.20 | 372.00 | 49,217         | 2,79,997    |
| Feb      | 401.00 | 335.05 | 95,240         | 399.95 | 335.95 | 14,241         | 1,09,481    |
| Mar      | 387.80 | 306.05 | 2,71,991       | 386.35 | 306.10 | 59,390         | 3,31,381    |

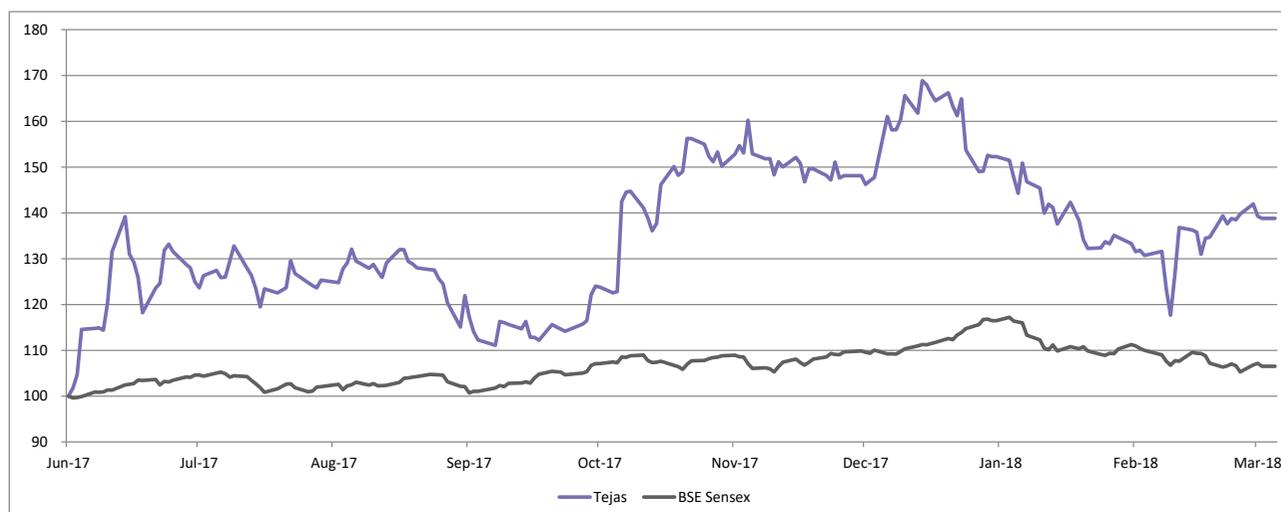
<sup>1</sup>Our company's shares were listed on June 27, 2017 in BSE and NSE.

### The Company's share performance

#### Tejas share price versus the NSE Nifty 50



## Tejas share price versus the BSE Sensex



Note: Base 100 - Tejas Share price on June 27, 2017 and NSE Nifty 50 index, BSE Sensex index value on June 27, 2017 have been base lined to 100.

## Investor Contacts

### 1. For queries relating to financial statements

Mr. Venkatesh Gadiyar  
Chief Financial Officer  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: corporate@tejasnetworks.com

### 2. For queries relating to shares/ compliance

Mr. N R Ravikrishnan  
General Counsel and Chief Compliance Officer  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: corporate@tejasnetworks.com

### 3. Investor correspondence and queries on BRR

Mr. Santosh Kesavan  
Head – Investor Relations  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: ir@tejasnetworks.com

### 4. Registrar and Transfer Agents

Link Intime India Private Limited  
C-101, 1st Floor, 247 Park, L.B.S. Marg  
Vikhroli (West), Mumbai 400 083  
Maharashtra, India  
Tel: +91 22 4918 6200, Fax: +91 22 4918 6195  
Website: www.linkintime.co.in  
E-mail: rnt.helpdesk@linkintime.co.in

### Contact person:

Mr. Manohar Shirwadkar - Link Intime India Private Limited  
Senior Associate  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: manohar.shirwadkar@linkintime.co.in

### 5. Depository for equity shares in India

- National Securities Depository Limited  
Trade World, "A" Wing, 4th Floor  
Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai: 400013, India  
Tel. No: 91 22 24994200 Fax: 91 22 24976351
- Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers, 17th Floor,  
Dalal Street, Fort, Mumbai: 400001, India  
Tel. No 91 22 23023333 Fax:91 22 22723199

### 6. Addresses of regulatory authority/ stock exchanges

- Securities Exchange Board of India  
Plot No. C 4-A, G Block, Bandra Kurla Complex  
Bandra (East), Mumbai 400051, India  
Tel. No: 91 22 26449000, 91 22 40459000  
Fax: 91 22 26449019-22, 91 22 40459019-22
- National Stock Exchange of India Limited  
Exchange Plaza, Plot No. C/1, G Block  
Bandra Kurla Complex, Bandra (East),  
Mumbai 400051, India  
Tel. No: 91 22 26598100, Fax: 91 22 26598120
- BSE Limited  
Phiroze Jeejeebhoy Towers, Kala Ghoda  
Mumbai 400001, India  
Tel. No: 91 22 22721233, Fax: 91 22 22721919

# Standalone Financial Statements

## Independent Auditors' Report

To the Members of Tejas Networks Limited

### Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of Tejas Networks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### Other Matter

9. The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor who expressed an unmodified opinion vide reports dated April 17, 2017 and May 20, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - (e) In the absence of written representation from Shirish Saraf, a director of the Company, who has vacated the office subsequent to the year end, we are unable to comment if he is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act. On the basis of written representations received from the other directors as on March 31, 2018, taken on record by the Board of Directors, none of the other directors are disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - (i). The Company has disclosed the impact of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 31.1;
    - (ii). The Company has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Company does not have derivative contracts as at March 31, 2018.
    - (iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.
    - (iv). The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Pradip Kanakia  
Partner  
Membership Number: 039985

Place: Bengaluru  
Date: April 24, 2018

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the standalone Ind AS financial statements for the year ended March 31, 2018

### Report on the Internal Financial Controls under Section 143(3)(i) of the Act

1. We have audited the internal financial controls over financial reporting of Tejas Networks Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pradip Kanakia  
Partner  
Membership Number: 039985

Place: Bengaluru  
Date: April 24, 2018

## Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The Company does not own any immovable properties as disclosed in Note 4 on fixed assets to the Ind AS financial statements. Therefore, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.
- ii. The physical verification of inventory has been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)

- (b) and (iii)(c) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of the loans and investments made, and guarantees and security provided by it.
  - v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
  - vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
  - vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and goods and service tax (with effect from July 1, 2017) and other material statutory dues, as applicable, with the appropriate authorities.
 

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax and duty of customs, which have not been deposited on account of any dispute. The particulars of dues of income tax, duty of excise, sales tax, and value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

| Name of the Statute            | Nature of Dues                          | ₹ in crore | Period to which the amount relates | Forum where the dispute is pending                         | Amount paid under protest |
|--------------------------------|-----------------------------------------|------------|------------------------------------|------------------------------------------------------------|---------------------------|
| Central Excise Act, 1944       | Central Excise duty and Penalty         | 11.87      | 2002-06                            | CESTAT, Chennai                                            | -                         |
| Central Sales Tax Act, 1956    | Central Sales Tax Interest and Penalty. | 1.39       | 2011-12                            | DCT, Karnataka                                             | -                         |
| Central Sales Tax Act, 1956    | Central Sales Tax and Interest.         | 0.65       | 2010-11                            | DCT, Karnataka                                             | -                         |
| Central Excise Act, 1944       | Central Excise duty and Interest        | 0.51       | 2012-13                            | CESTAT Appellate Tribunal                                  | 0.20                      |
| Central Sales Tax Act, 1956    | Central Sales Tax                       | 1.97       | 2013-14                            | Joint Commissioner of Commercial Taxes (Appeals) Bengaluru | -                         |
| Central Sales Tax Act, 1956    | Central Sales Tax Interest and Penalty. | 0.82       | 2011-12                            | DCCT (Audit), Bengaluru                                    | 0.71                      |
| Karnataka Value Added Tax Act  | Karnataka Value Added Tax - Penalty     | 0.19       | 2013-14                            | JCCT, Bengaluru                                            | -                         |
| Karnataka Value Added Tax Act  | Karnataka Value Added Tax - Penalty     | 0.12       | 2015-16                            | JCCT, Bengaluru                                            | -                         |
| Income Tax Act, 1961- TDS Case | Income Tax- TDS                         | -          | 2000-01                            | Supreme Court                                              | 0.09                      |
| Income Tax Act, 1961- TDS Case | Income Tax- TDS                         | -          | 2001-02                            | Supreme Court                                              | 0.16                      |
| Income Tax Act, 1961- TDS Case | Income Tax-TDS                          | -          | 2002-03                            | Supreme Court                                              | 0.02                      |
| Income Tax Act, 1961           | Income Tax                              | 0.12       | 2003-04                            | High Court                                                 | -                         |

|                      |            |       |         |                                      |      |
|----------------------|------------|-------|---------|--------------------------------------|------|
| Income Tax Act, 1961 | Income Tax | 0.13  | 2006-07 | Income Tax Apellate Tribunal         | -    |
| Income Tax Act, 1961 | Income Tax | 8.14  | 2007-08 | Income Tax Apellate Tribunal         | -    |
| Income Tax Act, 1961 | Income Tax | 17.87 | 2008-09 | Income Tax Apellate Tribunal         | 0.17 |
| Income Tax Act, 1961 | Income Tax | 6.42  | 2009-10 | Income Tax Apellate Tribunal         |      |
| Income Tax Act, 1961 | Income Tax | -     | 2012-13 | Income Tax Apellate Tribunal         | 0.04 |
| Income Tax Act, 1961 | Income Tax | 13.67 | 2013-14 | Commissioner of Income Tax (Appeals) | -    |

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer have been applied for the purposes for which they were obtained (Refer Note 38).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Place: Bengaluru  
Date: April 24, 2018

Pradip Kanakia  
Partner  
Membership Number: 039985

## Standalone Balance Sheet

in ₹ crore

| Particulars                            | Notes | As at           |                 |               |
|----------------------------------------|-------|-----------------|-----------------|---------------|
|                                        |       | March 31, 2018  | March 31, 2017  | April 1, 2016 |
| <b>ASSETS</b>                          |       |                 |                 |               |
| Non-current assets                     |       |                 |                 |               |
| Property, plant and equipment          | 4(a)  | 35.98           | 27.99           | 29.10         |
| Intangible assets                      | 4(b)  | 38.75           | 64.09           | 65.19         |
| Intangible assets under development    | 4(b)  | 46.85           | 19.29           | 52.47         |
| Investments in subsidiaries            | 5(a)  | 10.87           | 4.59            | 4.59          |
| Financial assets                       |       |                 |                 |               |
| Investments                            | 5(b)  | 0.00            | 0.00            | 0.00          |
| Trade receivables                      | 6     | 34.84           | 14.56           | 5.87          |
| Loans                                  | 8     | 5.41            | 4.92            | 3.96          |
| Other financial assets                 | 9     | 0.04            | 99.22           | 25.00         |
| Income Tax Asset (net)                 | 10(a) | 32.02           | 22.62           | 17.42         |
| Deferred Tax Asset                     | 10(b) | 121.16          | 96.90           | 56.41         |
| Other non-current assets               | 11    | 0.34            | 0.80            | 0.53          |
| <b>Total non - current assets</b>      |       | <b>326.26</b>   | <b>354.98</b>   | <b>260.54</b> |
| Current assets                         |       |                 |                 |               |
| Inventories                            | 12    | 190.89          | 182.33          | 231.59        |
| Financial assets                       |       |                 |                 |               |
| Investments                            | 5(c)  | 76.52           | -               | -             |
| Trade receivables                      | 6     | 259.48          | 366.96          | 362.53        |
| Cash and cash equivalents              | 7(i)  | 213.48          | 29.86           | 48.96         |
| Bank balances other than above         | 7(ii) | 21.76           | 39.96           | 20.25         |
| Loans                                  | 8     | 0.58            | 16.01           | 15.36         |
| Other financial assets                 | 9     | 213.40          | 7.06            | 15.58         |
| Other current assets                   | 11    | 20.69           | 29.33           | 30.54         |
| <b>Total current assets</b>            |       | <b>996.80</b>   | <b>671.51</b>   | <b>724.81</b> |
| <b>Total assets</b>                    |       | <b>1,323.06</b> | <b>1,026.49</b> | <b>985.35</b> |
| <b>EQUITY AND LIABILITIES</b>          |       |                 |                 |               |
| Equity                                 |       |                 |                 |               |
| Equity share capital                   | 13    | 94.09           | 74.01           | 66.52         |
| Other equity                           | 14    | 1,057.81        | 518.30          | 337.45        |
| <b>Total equity</b>                    |       | <b>1,151.90</b> | <b>592.31</b>   | <b>403.97</b> |
| Liabilities                            |       |                 |                 |               |
| Non-current liabilities                |       |                 |                 |               |
| Financial liabilities                  |       |                 |                 |               |
| Borrowings                             | 15    | 1.00            | 2.00            | 29.00         |
| Provisions                             | 16    | 1.14            | 2.10            | 1.11          |
| <b>Total non - current liabilities</b> |       | <b>2.14</b>     | <b>4.10</b>     | <b>30.11</b>  |
| Current liabilities                    |       |                 |                 |               |
| Financial liabilities                  |       |                 |                 |               |
| Borrowings                             | 17    | -               | 252.29          | 332.34        |
| Trade payables                         | 18    | 105.09          | 107.99          | 162.68        |
| Other financial liabilities            | 19    | 47.36           | 55.77           | 40.84         |
| Provisions                             | 16    | 6.89            | 4.64            | 3.39          |
| Other current liabilities              | 20    | 9.68            | 9.39            | 12.02         |
| <b>Total current liabilities</b>       |       | <b>169.02</b>   | <b>430.08</b>   | <b>551.27</b> |
| <b>Total liabilities</b>               |       | <b>171.16</b>   | <b>434.18</b>   | <b>581.38</b> |
| <b>Total equity and liabilities</b>    |       | <b>1,323.06</b> | <b>1,026.49</b> | <b>985.35</b> |

### Note:

The accompanying notes form an integral part of the standalone financial statements.  
As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Standalone Statement of Profit and Loss

in ₹ crore, except equity share and per equity share data

| Particulars                                                               | Notes    | Year Ended March 31, |             |
|---------------------------------------------------------------------------|----------|----------------------|-------------|
|                                                                           |          | 2018                 | 2017        |
| I Revenue from operations                                                 | 21       | 761.07               | 919.72      |
| II Other Income                                                           | 22       | 27.22                | 7.13        |
| III Total income (I + II)                                                 |          | 788.29               | 926.85      |
| IV Expenses                                                               |          |                      |             |
| Cost of materials consumed                                                | 23       | 382.30               | 515.39      |
| Excise duty                                                               |          | 17.64                | 57.95       |
| Employee benefit expense                                                  | 24       | 88.65                | 81.67       |
| Finance costs                                                             | 25       | 13.45                | 31.09       |
| Depreciation and amortization expense                                     | 4(c)     | 61.27                | 56.42       |
| Other expenses                                                            | 26       | 118.34               | 110.18      |
| Total expenses (IV)                                                       |          | 681.65               | 852.70      |
| V Profit before exceptional items and tax (III - IV)                      |          | 106.64               | 74.15       |
| VI Exceptional Item                                                       | 31.7(iv) | -                    | 30.47       |
| VII Profit before tax (V - VI)                                            |          | 106.64               | 43.68       |
| VIII Income tax expense                                                   |          |                      |             |
| Current tax                                                               | 27       | 23.78                | 1.20        |
| Deferred tax (benefit)                                                    | 27       | (24.26)              | (40.49)     |
| Total tax expense (VIII)                                                  |          | (0.48)               | (39.29)     |
| IX Profit after tax (VII - VIII)                                          |          | 107.12               | 82.97       |
| X Other comprehensive income                                              |          |                      |             |
| Items that will not be reclassified to profit or loss                     |          |                      |             |
| Remeasurements of the defined benefit obligation                          |          | (2.05)               | 0.38        |
| Income tax relating to above                                              |          | 0.44                 | (0.08)      |
| Other comprehensive income for the year, net of tax (X)                   |          | (1.61)               | 0.30        |
| XI Total comprehensive income for the year (IX + X)                       |          | 105.51               | 83.27       |
| XII Earnings per equity share                                             |          |                      |             |
| Equity shares of par value ₹ 10 each                                      |          |                      |             |
| Basic                                                                     | 31.6     | 12.48                | 12.58       |
| Diluted                                                                   | 31.6     | 11.79                | 12.58       |
| Weighted average equity shares used in computing earning per equity share |          |                      |             |
| Basic                                                                     | 31.6     | 8,58,58,425          | 6,59,77,758 |
| Diluted                                                                   | 31.6     | 9,08,27,823          | 6,59,77,758 |

### Note:

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Standalone Statement of Cash Flows

in ₹ crore

| Particulars                                                                                                    | Year Ended March 31 |          |
|----------------------------------------------------------------------------------------------------------------|---------------------|----------|
|                                                                                                                | 2018                | 2017     |
| <b>Cash flows from operating activities</b>                                                                    |                     |          |
| Profit before tax for the year                                                                                 | 106.64              | 43.68    |
| Adjustments to reconcile net profit to net cash provided by operating activities                               |                     |          |
| Depreciation and amortization expense                                                                          | 61.27               | 56.42    |
| Provision for doubtful debts                                                                                   | 1.23                | 1.65     |
| Bad trade and other receivables, loans and advances written off                                                | -                   | 5.26     |
| Provision for doubtful trade and other receivables, loans and advances released                                | -                   | (3.35)   |
| Provision for doubtful advances                                                                                | 1.55                | -        |
| KESDM Receivable Written off                                                                                   | -                   | 7.07     |
| Interest Income                                                                                                | (18.68)             | (5.90)   |
| Dividend Income                                                                                                | (0.09)              | -        |
| (Gain)/Loss on current investment carried at fair value through profit or loss                                 | (0.85)              | -        |
| (Gain)/Loss on sale of current investment carried at fair value through profit or loss                         | (2.58)              | -        |
| Provision for diminution in value of investment                                                                | 0.14                | -        |
| Finance costs recognized in profit or loss                                                                     | 13.45               | 31.09    |
| Unrealized Exchange Difference on transactions in foreign currency cash held in foreign currencies             | 0.15                | 0.07     |
| Unrealised Exchange Difference (Net)                                                                           | 1.30                | (2.28)   |
| Liabilities no longer required written back                                                                    | (1.19)              | (1.51)   |
| Profit on sale of fixed asset                                                                                  | (0.01)              | -        |
| Intangible assets under development written off                                                                | -                   | 30.47    |
| Expense recognized in respect of equity-settled share-based payments                                           | 5.69                | 7.82     |
|                                                                                                                | 168.02              | 170.49   |
| Movements in working capital:                                                                                  |                     |          |
| (Increase)/decrease in inventories                                                                             | (8.57)              | 49.26    |
| (Increase)/decrease in trade receivables                                                                       | 84.08               | (15.10)  |
| (Increase)/decrease in loans                                                                                   | 14.93               | (1.61)   |
| (Increase)/decrease in other financial assets                                                                  | 1.39                | 8.66     |
| (Increase)/decrease in other assets                                                                            | 7.57                | (6.15)   |
| Increase/(decrease) in trade and other payables                                                                | (2.40)              | (51.59)  |
| Increase/(decrease) in provisions                                                                              | (0.76)              | 2.62     |
| Increase/(decrease) in other financial liabilities                                                             | 13.96               | (11.15)  |
| Increase/(decrease) in other liabilities                                                                       | 0.29                | (2.63)   |
| <b>Cash generated from operations</b>                                                                          | 278.51              | 142.80   |
| Income taxes paid                                                                                              | (32.75)             | (6.40)   |
| <b>a) Net cash generated by operating activities</b>                                                           | 245.76              | 136.40   |
| <b>Cash flows from investing activities</b>                                                                    |                     |          |
| Expenditure on property, plant and equipment and intangible assets/including under developments                | (67.43)             | (51.50)  |
| Sale of property, plant and equipment                                                                          | 0.01                | -        |
| Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net) | (87.64)             | (93.92)  |
| Purchase of financial assets - liquid mutual funds and fixed maturity plan securities                          | (73.09)             | -        |
| Investment in subsidiary                                                                                       | (6.42)              | -        |
| Interest received                                                                                              | 15.96               | 5.75     |
| Dividend Income                                                                                                | 0.09                | -        |
| <b>b) Net cash (used in) investing activities</b>                                                              | (218.52)            | (139.67) |
| <b>Cash flows from financing activities</b>                                                                    |                     |          |
| Proceeds from issue of equity instruments of the Company                                                       | 467.69              | 79.52    |
| Issue related expenses- IPO/Private Placement                                                                  | (19.32)             | (2.34)   |
| Proceeds from movement in other equity                                                                         | 0.03                | 19.98    |
| Repayment of borrowings                                                                                        | (279.20)            | (80.87)  |
| Exchange Differences on repayment of borrowing                                                                 | 1.27                | (0.88)   |
| Interest paid                                                                                                  | (13.94)             | (31.17)  |
| <b>c) Net cash generated by financing activities</b>                                                           | 156.53              | (15.76)  |

in ₹ crore

| Particulars                                                                        | Year Ended March 31 |         |
|------------------------------------------------------------------------------------|---------------------|---------|
|                                                                                    | 2018                | 2017    |
| d) Net increase/(decrease) in cash and cash equivalents                            | 183.77              | (19.03) |
| Cash and cash equivalents at the beginning of the period                           | 29.86               | 48.96   |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (0.15)              | (0.07)  |
| Cash & cash equivalents at the end of the period [Refer Note 7(i)]                 | 213.48              | 29.86   |

**Note:**

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP

Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Standalone Statement of Changes in Equity

### A. Equity Share Capital

in ₹ crore

| Particulars                                                      | Notes | Amount |
|------------------------------------------------------------------|-------|--------|
| As at April 1, 2016                                              |       | 66.52  |
| Increase in equity share capital on account of exercise of ESOP  | 13    | 1.87   |
| Increase in equity share capital on account of private placement | 13    | 5.62   |
| As at March 31, 2017*                                            |       | 74.01  |
| Increase in equity share capital on account of exercise of ESOP  | 13    | 2.57   |
| Increase in equity share capital on account of IPO               | 13    | 17.51  |
| As at March 31, 2018*                                            |       | 94.09  |

\* Includes forfeited shares of ₹ 3.27

### B. Other Equity

in ₹ crore

| Particulars                                          | Note | Reserves and Surplus       |                   |                                     | Other Reserve | Treasury Shares | Total equity attributable to shareholders of the Company |
|------------------------------------------------------|------|----------------------------|-------------------|-------------------------------------|---------------|-----------------|----------------------------------------------------------|
|                                                      |      | Securities premium reserve | Retained earnings | Employee stock compensation reserve |               |                 |                                                          |
| Balance as at April 01, 2016                         |      | 415.70                     | (68.39)           | 10.03                               | (14.84)       | (5.05)          | 337.45                                                   |
| Profit for the year                                  | 14   | -                          | 82.97             | -                                   | -             | -               | 82.97                                                    |
| Other comprehensive income                           | 14   | -                          | 0.30              | -                                   | -             | -               | 0.30                                                     |
| Total comprehensive income for the year              |      | -                          | 83.27             | -                                   | -             | -               | 83.27                                                    |
| Transaction with owners in their capacity as owners: |      |                            |                   |                                     |               |                 |                                                          |
| Premium on issue on account of private placement     | 14   | 61.77                      | -                 | -                                   | -             | -               | 61.77                                                    |
| Premium on issue on account of exercise of ESOP      | 14   | 10.27                      | -                 | -                                   | -             | -               | 10.27                                                    |
| Share issue expenses                                 | 14   | (2.34)                     | -                 | -                                   | -             | -               | (2.34)                                                   |
| Share based payment expenses                         | 24   | -                          | -                 | 7.82                                | -             | -               | 7.82                                                     |
| Issue of equity shares, on exercise of options       | 14   | 2.08                       | -                 | (2.08)                              | -             | 1.78            | 1.78                                                     |
| Forfeiture of shares                                 | 14   | -                          | -                 | -                                   | -             | 3.27            | 3.27                                                     |
| Others                                               | 14   | -                          | -                 | -                                   | 15.01         | -               | 15.01                                                    |
| Balance as at March 31, 2017                         |      | 487.48                     | 14.88             | 15.77                               | 0.17          | -               | 518.30                                                   |
| Balance as at April 01, 2017                         |      | 487.48                     | 14.88             | 15.77                               | 0.17          | -               | 518.30                                                   |
| Profit for the year                                  | 14   | -                          | 107.12            | -                                   | -             | -               | 107.12                                                   |
| Other comprehensive income                           | 14   | -                          | (1.61)            | -                                   | -             | -               | (1.61)                                                   |
| Total comprehensive income for the year              |      | -                          | 105.51            | -                                   | -             | -               | 105.51                                                   |
| Transaction with owners in their capacity as owners: |      |                            |                   |                                     |               |                 |                                                          |
| Premium on issue on account of IPO                   | 38   | 432.49                     | -                 | -                                   | -             | -               | 432.49                                                   |
| Premium on issue on account of exercise of ESOP      | 14   | 15.12                      | -                 | -                                   | -             | -               | 15.12                                                    |
| Share issue expenses                                 | 38   | (19.33)                    | -                 | -                                   | -             | -               | (19.33)                                                  |
| Share based payment expenses                         | 24   | -                          | -                 | 5.69                                | -             | -               | 5.69                                                     |
| Issue of equity shares, on exercise of options       | 14   | 6.32                       | -                 | (6.32)                              | -             | -               | -                                                        |
| Others                                               | 14   | -                          | 0.20              | -                                   | (0.17)        | -               | 0.03                                                     |
| Balance as at March 31, 2018                         |      | 922.08                     | 120.59            | 15.14                               | -             | -               | 1,057.81                                                 |

#### Note:

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## 1 Corporate Information

Tejas Networks Limited ('Company') is an optical and data networking products company that designs, develops and manufactures high-performance and future-ready products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks. Tejas products are differentiated by a programmable, software-defined hardware architecture that provides flexibility, multi-generation support and a seamless software-enabled network transformation to its customers. Tejas customers include telecommunications service providers, internet service providers, web-scale internet companies, utility companies, defence companies and government entities.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. On June 27, 2017, the Company listed its shares on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Company's financial statements are approved by the Company's Board of Directors on April 24, 2018.

## 2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of preparation of standalone financial statements

#### (i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

#### (iii) Standard issued but not yet effective

- a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Company is evaluating the requirements of the amendment and the impact on the financial statements.

- b) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- **Retrospective approach** - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is evaluating the requirements of the standard and the impact on the financial statements.

#### (iv) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.2 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities described below:

### 2.2.1 Sale of Goods

**Timing of Recognition:** Revenue from sale of goods is recognized when significant risks and rewards are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customer acceptance of the product.

**Measurement of Revenue:** Amount disclosed as revenue from sale of goods is inclusive of excise duty where applicable, and net of returns, trade allowance, value added tax and goods and services tax (GST).

### 2.2.2 Income from Services

#### Timing of Recognition

##### (i) Installation and commissioning

Revenue from Installation and Commissioning services are recognised at a point in time when services are rendered.

##### (ii) Annual maintenance contract

Revenue from Annual maintenance contract are recognized on accrual basis pro-rata over the period of the contract.

##### (iii) Other service revenue

Revenue from other services such as repair & return, managed services, professional services and knowledge services are recognized at a point in time when services are rendered.

**Measurement of Revenue:** Amount disclosed as income from service is exclusive of taxes where applicable.

## 2.3 Property, Plant and Equipment

### 2.3.1 Measurement

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### 2.3.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives.

| Asset                   | Useful Life |
|-------------------------|-------------|
| Laboratory equipment    | 10 years    |
| Networking equipment    | 6 years     |
| Electrical Installation | 10 years    |
| Furniture & fixtures    | 10 years    |
| Office equipment        | 5 years     |
| Computing equipment     | 3 years     |
| Vehicles                | 8 years     |
| R&D Cards               | 4 years     |
| Servers                 | 6 years     |

The useful lives of the above assets are in line with those specified under Schedule II to the Companies Act, 2013 except for R&D cards for which the useful life has been determined to be lower based on a technical evaluation done by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

Individual assets costing less than ₹25,000/- are fully depreciated in the year of purchase.

### 2.3.3 Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## 2.4 Intangible Assets

### 2.4.1 Measurement

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

### 2.4.2 Product development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and marketing feasibility has been established, in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment.

Capitalized product development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

### 2.4.3 Amortization

The Company amortizes intangible assets with a finite useful life using the straight line method over the below periods:

| Asset               | Useful Life             |
|---------------------|-------------------------|
| Computer Software   | Over the license period |
| Product development | 24 months               |

### 2.4.4 Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 2.5 Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2.6 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## 2.7 Investments and Other Financial assets

### 2.7.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition

to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### 2.7.2 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.7.3 Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 “Financial Instruments”, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

The losses arising from impairment are recognized in the Statement of Profit and Loss.

### 2.7.4 Derecognition

A financial asset is derecognized only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

### 2.7.5 Transition to Ind AS

Investment in subsidiaries are measured at cost.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of investment in subsidiaries recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment in subsidiaries.

### 2.7.6 Income recognition

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which

is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

## 2.8 Financial liabilities

### 2.8.1 Classification as liability or equity

Financial liability and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 2.8.2 Initial Recognition and Measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit or loss.

### 2.8.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

### 2.8.4 Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## 2.9 Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value.

## 2.10 Derivatives

Derivatives are initially recognized at fair value on the date the derivative contracts is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income.

## 2.11 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of

the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

## 2.12 Foreign Currency Transactions

### (i) Functional currency

Items included in the financial statements of the entity are measured using the currency of the the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

### (ii) Transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

## 2.13 Earnings per equity share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.14 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

## 2.15 Employee Benefits

### (i) Short-term employee benefits

Liabilities for wages and salaries and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations for earned leave are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Gratuity obligations (Defined Benefit Plan)

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### (iv) Defined contribution plans

The Company pays provident fund and pension contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a reduction in the future payments is available.

### (v) Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans and Restricted Stock Units.

The Company has constituted the following plans - 'Tejas Employee Stock Option Plan' 2014, 'Tejas Employee Stock Option Plan 2014 - A', 'Tejas Employees Stock Option Plan 2016' and 'Tejas Restricted Stock Unit Plan 2017' ("RSU - 2017") for the benefit of eligible employees.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

## 2.16 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

## 2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 31.3]

## 2.18 Leases

### As a lessee

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## 2.19 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

## 2.20 Inventories

Inventories (raw material - components including assemblies and sub assemblies) are stated at the lower of cost and net realisable value. Cost of inventory includes cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## 2.21 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## 2.23 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/(losses).

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of material provision of a long term loan arrangement on or before the date of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before approval of the financial statements for

issue, not to demand payment as a consequence of the breach.

## 2.24 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

## 2.25 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Shares held by the Tejas Employees Welfare Trust (TEWT) are disclosed as treasury shares and deducted from contributed equity.

## 2.26 Exceptional Items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

## 2.27 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

## 3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates and judgements are:

- (i) Intangible assets - Refer note 4(b)
- (ii) Defined benefit obligations - Refer note 24
- (iii) Impairment of trade receivables - Refer note 6
- (iv) Recognition of deferred tax asset - Refer note 10(b)

## 4(a): Property, Plant and Equipment

in ₹ crore

| Particulars                                   | Laboratory Equipment | Networking Equipment | Electrical Installation | Furniture and Fixtures | Office Equipment | Computing Equipment | Vehicles | R&D Cards | Servers | Total   |
|-----------------------------------------------|----------------------|----------------------|-------------------------|------------------------|------------------|---------------------|----------|-----------|---------|---------|
| Deemed cost as at April 1, 2016 <sup>1</sup>  | 6.33                 | 0.31                 | 4.87                    | 4.14                   | 0.24             | 1.05                | 0.04     | 11.95     | 0.17    | 29.10   |
| Additions                                     | 4.81                 | 0.08                 | 0.96                    | 0.59                   | 0.18             | 1.01                | -        | -         | 0.48    | 8.11    |
| Deletions                                     | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Gross carrying value as of March 31, 2017     | 11.14                | 0.39                 | 5.83                    | 4.73                   | 0.42             | 2.06                | 0.04     | 11.95     | 0.65    | 37.21   |
| Accumulated depreciation as of April 1, 2016  | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Depreciation for the year                     | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Accumulated depreciation on deletions         | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Accumulated depreciation as of March 31, 2017 | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Carrying value as of March 31, 2017           | 10.00                | 0.27                 | 5.04                    | 3.32                   | 0.28             | 1.43                | 0.03     | 7.08      | 0.54    | 27.99   |
| Gross carrying value as of April 1, 2017      | 11.14                | 0.39                 | 5.83                    | 4.73                   | 0.42             | 2.06                | 0.04     | 11.95     | 0.65    | 37.21   |
| Additions <sup>2</sup>                        | 5.67                 | 0.13                 | 0.46                    | 0.89                   | 0.31             | 2.54                | 0.19     | 7.53      | 0.55    | 18.27   |
| Deletions                                     | -                    | -                    | -                       | 0.08                   | -                | -                   | -        | -         | -       | 0.08    |
| Gross carrying value as of March 31, 2018     | 16.81                | 0.52                 | 6.29                    | 5.54                   | 0.73             | 4.60                | 0.23     | 19.48     | 1.20    | 55.40   |
| Accumulated depreciation as of April 1, 2017  | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Depreciation for the year                     | (1.42)               | (0.14)               | (0.82)                  | (0.84)                 | (0.20)           | (1.23)              | (0.02)   | (5.42)    | (0.18)  | (10.27) |
| Accumulated depreciation on deletions         | -                    | -                    | -                       | (0.07)                 | -                | -                   | -        | -         | -       | (0.07)  |
| Accumulated depreciation as of March 31, 2018 | (2.56)               | (0.26)               | (1.61)                  | (2.18)                 | (0.34)           | (1.86)              | (0.03)   | (10.29)   | (0.29)  | (19.42) |
| Carrying value as of March 31, 2018           | 14.25                | 0.26                 | 4.68                    | 3.36                   | 0.39             | 2.74                | 0.20     | 9.19      | 0.91    | 35.98   |

## Note:

The Company had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Company as on March 31, 2018, has submitted claims aggregating to ₹3.19 (March 31, 2017 - ₹3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Company.

<sup>1</sup> Represents carrying amount of property, plant and equipment on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup> Additions to R&D cards represent inventories capitalized (Refer Note 23).

4(a): Property, Plant and Equipment (Gross Block presentation)<sup>1</sup>

in ₹ crore

| Particulars                                           | Laboratory Equipment | Networking Equipment | Electrical Installation | Furniture and Fixtures | Office Equipment | Computing Equipment | Vehicles | R&D Cards | Servers | Total   |
|-------------------------------------------------------|----------------------|----------------------|-------------------------|------------------------|------------------|---------------------|----------|-----------|---------|---------|
| Gross carrying value as of April 1, 2016 <sup>2</sup> | 19.97                | 0.85                 | 8.12                    | 7.07                   | 1.26             | 6.23                | 0.09     | 19.47     | 1.43    | 64.49   |
| Additions                                             | 4.81                 | 0.08                 | 0.96                    | 0.59                   | 0.18             | 1.01                | -        | -         | 0.48    | 8.11    |
| Deletions                                             | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Gross carrying value as of March 31, 2017             | 24.78                | 0.93                 | 9.08                    | 7.66                   | 1.44             | 7.24                | 0.09     | 19.47     | 1.91    | 72.60   |
| Accumulated depreciation as of April 1, 2016          | (13.64)              | (0.54)               | (3.25)                  | (2.93)                 | (1.02)           | (5.18)              | (0.05)   | (7.52)    | (1.26)  | (35.39) |
| Depreciation for the year                             | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Accumulated depreciation on deletions                 | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Accumulated depreciation as of March 31, 2017         | (14.78)              | (0.66)               | (4.04)                  | (4.34)                 | (1.16)           | (5.81)              | (0.06)   | (12.39)   | (1.37)  | (44.61) |
| Carrying value as of March 31, 2017                   | 10.00                | 0.27                 | 5.04                    | 3.32                   | 0.28             | 1.43                | 0.03     | 7.08      | 0.54    | 27.99   |
| Gross carrying value as of April 1, 2017 <sup>2</sup> | 24.78                | 0.93                 | 9.08                    | 7.66                   | 1.44             | 7.24                | 0.09     | 19.47     | 1.91    | 72.60   |
| Additions <sup>3</sup>                                | 5.67                 | 0.13                 | 0.46                    | 0.89                   | 0.31             | 2.54                | 0.19     | 7.53      | 0.55    | 18.27   |
| Deletions                                             | -                    | -                    | -                       | 0.08                   | -                | -                   | -        | -         | -       | 0.08    |
| Gross carrying value as of March 31, 2018             | 30.45                | 1.06                 | 9.54                    | 8.47                   | 1.75             | 9.78                | 0.28     | 27.00     | 2.46    | 90.79   |
| Accumulated depreciation as of April 1, 2017          | (14.78)              | (0.66)               | (4.04)                  | (4.34)                 | (1.16)           | (5.81)              | (0.06)   | (12.39)   | (1.37)  | (44.61) |
| Depreciation for the year                             | (1.42)               | (0.14)               | (0.82)                  | (0.84)                 | (0.20)           | (1.23)              | (0.02)   | (5.42)    | (0.18)  | (10.27) |
| Accumulated depreciation on deletions                 | -                    | -                    | -                       | (0.07)                 | -                | -                   | -        | -         | -       | (0.07)  |
| Accumulated depreciation as of March 31, 2018         | (16.20)              | (0.80)               | (4.86)                  | (5.11)                 | (1.36)           | (7.04)              | (0.08)   | (17.81)   | (1.55)  | (54.81) |
| Carrying value as of March 31, 2018                   | 14.25                | 0.26                 | 4.68                    | 3.36                   | 0.39             | 2.74                | 0.20     | 9.19      | 0.91    | 35.98   |

## Note:

The Company had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Company as on March 31, 2018, has submitted claims aggregating to ₹3.19 (March 31, 2017 - ₹3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Company.

<sup>1</sup>For additional information only.

<sup>2</sup>Represents the original cost of property, plant and equipment at acquisition date.

<sup>3</sup>Additions to R&D cards represent inventories capitalized (Refer Note 23).

## 4(b): Intangible Assets

in ₹ crore

| Particulars                                   | Computer Software | Product Development | Total   | Intangible under development <sup>2</sup> |
|-----------------------------------------------|-------------------|---------------------|---------|-------------------------------------------|
|                                               |                   |                     |         |                                           |
| Deemed cost as at April 1, 2016 <sup>1</sup>  | 0.50              | 64.69               | 65.19   | 52.47                                     |
| Additions                                     | 3.30              | 42.80               | 46.10   | 40.09                                     |
| Deletions                                     | -                 | -                   | -       | 42.80                                     |
| Write off                                     | -                 | -                   | -       | 30.47                                     |
| Gross carrying value as of March 31, 2017     | 3.80              | 107.49              | 111.29  | 19.29                                     |
| Accumulated amortization as of April 1, 2016  | -                 | -                   | -       | -                                         |
| Amortization expenses for the year            | (2.06)            | (45.14)             | (47.20) | -                                         |
| Deletions                                     | -                 | -                   | -       | -                                         |
| Accumulated amortization as of March 31, 2017 | (2.06)            | (45.14)             | (47.20) | -                                         |
| Carrying value as of March 31, 2017           | 1.74              | 62.35               | 64.09   | 19.29                                     |
| Gross carrying value as of April 1, 2017      | 3.80              | 107.49              | 111.29  | 19.29                                     |
| Additions                                     | 4.01              | 21.65               | 25.66   | 49.21                                     |
| Deletions                                     | -                 | -                   | -       | 21.65                                     |
| Gross carrying value as of March 31, 2018     | 7.81              | 129.14              | 136.95  | 46.85                                     |
| Accumulated amortization as of April 1, 2017  | (2.06)            | (45.14)             | (47.20) | -                                         |
| Amortization expenses for the year            | (3.13)            | (47.87)             | (51.00) | -                                         |
| Deletions                                     | -                 | -                   | -       | -                                         |
| Accumulated amortization as of March 31, 2018 | (5.19)            | (93.01)             | (98.20) | -                                         |
| Carrying value as of March 31, 2018           | 2.62              | 36.13               | 38.75   | 46.85                                     |

### Average remaining useful life for product development

March 31, 2017 - 14 months

March 31, 2018 - 12 months

<sup>1</sup>Represents carrying amount of intangible assets on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup>Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

### Sensitivity Analysis

As at March 31, 2018, the net carrying amount of product development was ₹ 36.13 (March 31, 2017 – ₹ 62.35, April 1, 2016 - ₹ 64.69). Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹ 17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be ₹ 61.89.

## 4(c): Depreciation and amortization expenses

in ₹ crore

| Particulars                                   | Year Ended March 31, |       |
|-----------------------------------------------|----------------------|-------|
|                                               | 2018                 | 2017  |
| Depreciation on property, plant and equipment | 10.27                | 9.22  |
| Amortization of intangible assets             | 51.00                | 47.20 |
| Total depreciation and amortization expenses  | 61.27                | 56.42 |

## 4(b): Intangible Assets (Gross Block presentation)<sup>1</sup>

in ₹ crore

| Particulars                                           | Computer Software | Product Development | Total    | Intangible under development <sup>3</sup> |
|-------------------------------------------------------|-------------------|---------------------|----------|-------------------------------------------|
| Gross carrying value as of April 1, 2016 <sup>2</sup> | 7.65              | 283.96              | 291.61   | 52.47                                     |
| Additions                                             | 3.30              | 42.80               | 46.10    | 40.09                                     |
| Deletions                                             | -                 | -                   | -        | 42.80                                     |
| Write off                                             | -                 | -                   | -        | 30.47                                     |
| Gross carrying value as of March 31, 2017             | 10.95             | 326.76              | 337.71   | 19.29                                     |
| Accumulated amortization as of April 1, 2016          | (7.15)            | (219.27)            | (226.42) | -                                         |
| Amortization expenses for the year                    | (2.06)            | (45.14)             | (47.20)  | -                                         |
| Deletions                                             | -                 | -                   | -        | -                                         |
| Accumulated amortization as of March 31, 2017         | (9.21)            | (264.41)            | (273.62) | -                                         |
| Carrying value as of March 31, 2017                   | 1.74              | 62.35               | 64.09    | 19.29                                     |
| Gross carrying value as of April 1, 2017 <sup>2</sup> | 10.95             | 326.76              | 337.71   | 19.29                                     |
| Additions                                             | 4.01              | 21.65               | 25.66    | 49.21                                     |
| Deletions                                             | -                 | -                   | -        | 21.65                                     |
| Gross carrying value as of March 31, 2018             | 14.96             | 348.41              | 363.37   | 46.85                                     |
| Accumulated amortization as of April 1, 2017          | (9.21)            | (264.41)            | (273.62) | -                                         |
| Amortization expenses for the year                    | (3.13)            | (47.87)             | (51.00)  | -                                         |
| Deletions                                             | -                 | -                   | -        | -                                         |
| Accumulated amortization as of March 31, 2018         | (12.34)           | (312.28)            | (324.62) | -                                         |
| Carrying value as of March 31, 2018                   | 2.62              | 36.13               | 38.75    | 46.85                                     |

### Average remaining useful life for product development

March 31, 2017 - 14 months

March 31, 2018 - 12 months

<sup>1</sup> For additional information only.

<sup>2</sup> Represents the original cost of intangible assets at acquisition date.

<sup>3</sup> Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

### Sensitivity Analysis

As at March 31, 2018, the net carrying amount of product development was ₹ 36.13 (March 31, 2017 – ₹ 62.35, April 1, 2016 - ₹ 64.69). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹ 17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be ₹ 61.89.

## 5: Investments

in ₹ crore except for share data or as otherwise stated

| Particulars                                                                                                                                                             | As at             |                   |                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|------------------|
|                                                                                                                                                                         | March 31,<br>2018 | March 31,<br>2017 | April 1,<br>2016 |
| Non-current investments (Unquoted)                                                                                                                                      |                   |                   |                  |
| 5(a) Investment in subsidiaries                                                                                                                                         |                   |                   |                  |
| Equity instruments of subsidiaries (at cost)                                                                                                                            |                   |                   |                  |
| 14,64,340 (As at March 31, 2017: 1,00,000; As at April 01, 2016: 1,00,000) equity shares fully paid up in Tejas Communication Pte Ltd, Singapore                        | 6.69              | 0.27              | 0.27             |
| 9,00,000 (As at March 31, 2017: 9,00,000; As at April 01, 2016: 9,00,000) equity shares fully paid up in Tejas Israel Limited <sup>1</sup> (cost ₹54.19 fully impaired) | -                 | -                 | -                |
| 1,34,999 (As at March 31, 2017: 1,34,999; As at April 01, 2016: 1,34,999) equity shares fully paid up in vSave Energy Private Limited <sup>2</sup>                      | 0.14              | 0.14              | 0.14             |
| <b>Total equity instruments of subsidiaries</b>                                                                                                                         | <b>6.83</b>       | <b>0.41</b>       | <b>0.41</b>      |
| Preference shares of subsidiaries                                                                                                                                       |                   |                   |                  |
| 13,68,400 (As at March 31, 2017: 13,68,400; As at April 01, 2016: 13,68,400) Redeemable Preference Shares fully paid up in Tejas Communication Pte Limited, Singapore   | 4.18              | 4.18              | 4.18             |
| <b>Total preference shares of subsidiaries</b>                                                                                                                          | <b>4.18</b>       | <b>4.18</b>       | <b>4.18</b>      |
| <b>Total investments in subsidiaries</b>                                                                                                                                | <b>11.01</b>      | <b>4.59</b>       | <b>4.59</b>      |
| Less : Impairment in the value of investments                                                                                                                           | 0.14              | -                 | -                |
| <b>Total investments in subsidiaries (a)</b>                                                                                                                            | <b>10.87</b>      | <b>4.59</b>       | <b>4.59</b>      |

<sup>1</sup> Tejas Israel Limited is under the process of liquidation

<sup>2</sup> vSave Energy Private Limited has filed an application to Registrar of Companies for removing its name from register of Companies.

|                                                                                  |                       |              |             |
|----------------------------------------------------------------------------------|-----------------------|--------------|-------------|
| 5(b) Other Investments (Unquoted) {FVTPL}                                        |                       |              |             |
| Equity instruments of others                                                     |                       |              |             |
| Investment in ELCIA ESDM Cluster ( No. of shares 1100) (Refer Note 37)           | 0.00                  | 0.00         | 0.00        |
| <b>Total other investments (b)</b>                                               | <b>0.00</b>           | <b>0.00</b>  | <b>0.00</b> |
| <b>Total non-current investments (a) + (b)</b>                                   | <b>10.87</b>          | <b>4.59</b>  | <b>4.59</b> |
| 5(c) Current investments (Quoted) {FVTPL}                                        |                       |              |             |
| Investment in Mutual funds                                                       | Number of units (Nos) |              |             |
| Aditya Birla Sun Life floating rate direct plan growth                           | 2,56,649              | 5.95         | -           |
| Reliance liquid fund direct plan growth                                          | 76,153                | 21.38        | -           |
| IDFC money manager fund direct plan growth                                       | 28,94,490             | 8.08         | -           |
| Reliance quarterly interval fund direct plan growth                              | 1,05,27,025           | 25.27        | -           |
| Reliance monthly interval fund direct plan growth                                | 21,72,270             | 5.03         | -           |
| Axis liquid fund direct plan growth                                              | 56,066                | 10.81        | -           |
| <b>Total current investments (c)</b>                                             |                       | <b>76.52</b> | <b>-</b>    |
| <b>Non Current Investments</b>                                                   |                       |              |             |
| Aggregate amount of quoted investments and market value thereof                  | -                     | -            | -           |
| Aggregate amount of unquoted investments (Refer Note 34 A.1.4)                   | 11.01                 | 4.59         | 4.59        |
| Aggregate amount of impairment in the value of investments (Refer Note 34 A.1.4) | (0.14)                | -            | -           |
| <b>Current Investments</b>                                                       |                       |              |             |
| Aggregate amount of quoted investments and market value thereof                  | 76.52                 | -            | -           |
| Aggregate amount of unquoted investments (Refer Note 34 A.1.4)                   | -                     | -            | -           |
| Aggregate amount of impairment in the value of investments (Refer Note 34 A.1.4) | -                     | -            | -           |

## 6: Trade Receivables

in ₹ crore

| Particulars                                              | As at          |                |               |
|----------------------------------------------------------|----------------|----------------|---------------|
|                                                          | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current</b>                                       |                |                |               |
| Unsecured, considered good                               |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 34.84          | 14.56          | 5.87          |
| <b>Total non-current</b>                                 | <b>34.84</b>   | <b>14.56</b>   | <b>5.87</b>   |
| <b>Current</b>                                           |                |                |               |
| Unsecured, considered good                               |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 250.40         | 358.48         | 352.65        |
| Receivables from related parties (Refer note 31.5)       | 9.08           | 8.48           | 9.88          |
| Unsecured, considered doubtful                           |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 4.49           | 2.93           | 4.34          |
| Less: Allowance for doubtful debts [Refer note 29 A (i)] | (4.49)         | (2.93)         | (4.34)        |
| <b>Total current</b>                                     | <b>259.48</b>  | <b>366.96</b>  | <b>362.53</b> |

### Transferred Receivables

The carrying amount of Trade Receivables includes receivables which were subject to a factoring arrangement in 2016. Under this arrangement, Company had transferred the relevant receivables to the factor in exchange for cash and was prevented from selling or pledging the receivables. The Company had recognised such transferred assets in their entirety in its balance sheet. The amount repayable under such factoring agreement is presented as secured borrowing.

The relevant carrying amount under the factoring arrangements are as follows:

in ₹ crore

| Particulars                                  | As at          |                |               |
|----------------------------------------------|----------------|----------------|---------------|
|                                              | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Total Transferred Receivables                | -              | -              | 11.66         |
| Associated secured borrowing (Refer Note 17) | -              | -              | 10.00         |

## 7: Cash and Bank Balances

in ₹ crore

| Particulars                          | As at          |                |               |
|--------------------------------------|----------------|----------------|---------------|
|                                      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>(i) Cash and cash equivalents</b> |                |                |               |
| (a) Cash in hand (Refer Note 37)     | -              | -              | 0.00          |
| <b>(b) Balances with banks</b>       |                |                |               |
| (i) In current accounts*             | 12.16          | 16.79          | 42.63         |
| (ii) In EEFC accounts                | 3.47           | 2.31           | 4.82          |

|                                                                                       |               |              |              |
|---------------------------------------------------------------------------------------|---------------|--------------|--------------|
| (c) Deposits with original maturity of less than three months                         | 197.85        | 10.76        | 1.51         |
| <b>Total cash and cash equivalents</b>                                                | <b>213.48</b> | <b>29.86</b> | <b>48.96</b> |
| <b>(ii) Other bank balances</b>                                                       |               |              |              |
| Deposits with original maturity of more than three months but less than twelve months | 16.95         | 6.17         | -            |
| Balances held as margin money or security against borrowings or guarantees            | 4.81          | 33.79        | 20.25        |
| <b>Total other bank balances</b>                                                      | <b>21.76</b>  | <b>39.96</b> | <b>20.25</b> |

\* includes ₹ 0.29 (as on March 31, 2017 ₹ 0.30 and April 1, 2016 ₹ 0.31) which is subject to repatriation restriction.

The details of balances with banks as on Balance Sheet dates are as follows:

in ₹ crore

| Particulars                                                         | As at          |                |               |
|---------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>a) Current Accounts</b>                                          |                |                |               |
| Axis Bank                                                           | 0.46           | -              | -             |
| Citibank, India                                                     | 0.25           | 1.72           | 21.18         |
| Citibank, Dubai                                                     | 0.68           | 0.16           | 0.15          |
| DBS Bank Limited                                                    | -              | 0.02           | -             |
| Deutsche Bank                                                       | -              | -              | 0.02          |
| Fleet Bank, USA                                                     | 1.16           | 0.50           | 0.26          |
| HSBC Bank, India                                                    | 0.01           | 0.02           | 0.16          |
| HSBC Bank, Bangladesh                                               | 0.29           | 0.30           | 0.31          |
| ICICI Bank                                                          | -              | -              | 0.01          |
| IDBI Bank                                                           | -              | 0.01           | -             |
| Indian Bank                                                         | 0.01           | 0.01           | 0.01          |
| Kotak Mahindra Bank                                                 | 0.98           | 12.29          | 19.93         |
| Punjab National Bank                                                | -              | -              | 0.11          |
| RBL Bank                                                            | 0.07           | -              | -             |
| Standard Chartered Bank, India                                      | 6.23           | -              | -             |
| Standard Chartered Bank, Nairobi                                    | 0.10           | 0.41           | 0.14          |
| State Bank of India                                                 | 1.90           | 1.22           | 0.30          |
| Vijaya Bank                                                         | 0.02           | 0.13           | 0.05          |
|                                                                     | <b>12.16</b>   | <b>16.79</b>   | <b>42.63</b>  |
| <b>b) EEFC Accounts</b>                                             |                |                |               |
| Citibank, India                                                     | 3.41           | 1.47           | 4.76          |
| Standard Chartered Bank, India                                      | 0.06           | 0.84           | 0.06          |
|                                                                     | <b>3.47</b>    | <b>2.31</b>    | <b>4.82</b>   |
| <b>c) Deposits with original maturity of less than three months</b> |                |                |               |
| Axis Bank                                                           | 23.12          | -              | -             |
| Citibank, India                                                     | -              | -              | 0.03          |
| Indian Bank                                                         | -              | -              | 0.02          |
| ING Vysya Bank                                                      | -              | -              | 0.35          |
| Kotak Mahindra Bank                                                 | 17.80          | 2.59           | -             |
| RBL Bank                                                            | 25.53          | -              | -             |
| Standard Chartered Bank, India                                      | 26.38          | -              | -             |
| State Bank of India                                                 | 105.00         | -              | -             |
| Vijaya Bank                                                         | 0.02           | 8.17           | 1.11          |
|                                                                     | <b>197.85</b>  | <b>10.76</b>   | <b>1.51</b>   |

|                                                                                                                          |        |       |       |
|--------------------------------------------------------------------------------------------------------------------------|--------|-------|-------|
| d) Deposits with original maturity of more than three months but less than twelve months                                 |        |       |       |
| Citibank, India                                                                                                          | -      | 0.21  | -     |
| IndusInd Bank                                                                                                            | 15.13  | -     | -     |
| Kotak Mahindra Bank                                                                                                      | 1.82   | 0.86  | -     |
| Vijaya Bank                                                                                                              | -      | 5.10  | -     |
|                                                                                                                          | 16.95  | 6.17  | -     |
| e) Balances held as margin money or security against borrowings or guarantees for less than twelve months                |        |       |       |
| Axis Bank                                                                                                                | 4.77   | 1.18  | 1.06  |
| Bank of India                                                                                                            | -      | -     | -     |
| Citibank, India                                                                                                          | -      | 0.08  | 1.02  |
| Indian Bank                                                                                                              | 0.04   | 0.04  | 0.02  |
| ING Vysya Bank                                                                                                           | -      | -     | 6.69  |
| Kotak Mahindra Bank                                                                                                      | -      | 7.35  | -     |
| Standard Chartered Bank, India                                                                                           | -      | 25.00 | -     |
| Vijaya Bank                                                                                                              | -      | 0.14  | 11.46 |
|                                                                                                                          | 4.81   | 33.79 | 20.25 |
| f) Deposits with original maturity of more than twelve months (Refer Note 9)                                             |        |       |       |
| Citibank, India                                                                                                          | 0.04   | 70.00 | -     |
| Kotak Mahindra Bank                                                                                                      | -      | 15.10 | -     |
|                                                                                                                          | 0.04   | 85.10 | -     |
| g) Balances held as margin money or security against borrowings or guarantees for more than twelve months (Refer Note 9) |        |       |       |
| Axis Bank                                                                                                                | -      | 14.00 | -     |
| Kotak Mahindra Bank                                                                                                      | -      | 0.11  | -     |
| Standard Chartered Bank, India                                                                                           | -      | -     | 25.00 |
|                                                                                                                          | -      | 14.11 | 25.00 |
| h) Deposits with financial institutions (Refer Note 9)                                                                   |        |       |       |
| Bajaj Finance Limited                                                                                                    | 100.00 | -     | -     |
| Dewan Housing Finance Limited                                                                                            | 19.00  | -     | -     |
| LIC Housing Finance Limited                                                                                              | 86.00  | -     | -     |
|                                                                                                                          | 205.00 | -     | -     |
| i) Total cash and cash equivalent (a+b+c)                                                                                | 213.48 | 29.86 | 48.96 |
| j) Total other bank balances (d+e)                                                                                       | 21.76  | 39.96 | 20.25 |

## 8: Loans

in ₹ crore

| Particulars                                    | As at          |                |               |
|------------------------------------------------|----------------|----------------|---------------|
|                                                | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current</b>                             |                |                |               |
| Unsecured, considered good (at amortised cost) |                |                |               |
| Security deposits                              | 5.41           | 4.92           | 3.96          |
| <b>Total non-current</b>                       | 5.41           | 4.92           | 3.96          |
| <b>Current</b>                                 |                |                |               |
| Unsecured, considered good (at amortised cost) |                |                |               |
| Security deposits                              | 0.10           | 0.52           | 0.63          |
| Loans to employees                             | 0.48           | 15.49          | 14.73         |
| <b>Total current</b>                           | 0.58           | 16.01          | 15.36         |

## 9: Other Financial Assets

in ₹ crore

| Particulars                                                                     | As at          |                |               |
|---------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current financial assets</b>                                             |                |                |               |
| Deposits with original maturity of more than twelve months                      |                |                |               |
| (i) In deposit accounts                                                         | 0.04           | 85.10          | -             |
| (ii) Balances held as margin money or security against borrowings or guarantees | -              | 14.11          | 25.00         |
| Interest accrued but not due                                                    | -              | 0.01           | -             |
| <b>Total non-current financial assets</b>                                       | 0.04           | 99.22          | 25.00         |
| <b>Current financial assets</b>                                                 |                |                |               |
| Deposits with financial institutions                                            | 205.00         | -              | -             |
| Unbilled Revenue                                                                | 1.81           | -              | 0.54          |
| Interest accrued but not due                                                    | 3.01           | 0.27           | 0.12          |
| Karnataka Electronic System Design & Manufacturing incentive claimable          | -              | 1.00           | 9.07          |
| Patent claimable                                                                | -              | -              | 0.99          |
| Focus Product Scheme receivable - Gross                                         | 4.86           | 5.79           | 4.86          |
| Less: Provision                                                                 | 1.28           | -              | -             |
| Focus Product Scheme receivable - Net                                           | 3.58           | 5.79           | 4.86          |
| <b>Total current financial assets</b>                                           | 213.40         | 7.06           | 15.58         |

## 10: Tax assets

in ₹ crore

| Particulars                                                                                                 | As at          |                |               |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                             | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>10(a) Income Tax Asset</b>                                                                               |                |                |               |
| Advance Income Tax (net)                                                                                    | 32.02          | 22.62          | 17.42         |
|                                                                                                             | 32.02          | 22.62          | 17.42         |
| <b>10(b) Deferred Tax Asset</b>                                                                             |                |                |               |
| The balance comprises temporary differences attributable to:                                                |                |                |               |
| Provisions allowable on payment basis                                                                       | 2.48           | 1.49           | 1.47          |
| Difference between carrying amount of property, plant and equipment in financials and the income tax return | 4.11           | 2.89           | 1.76          |
| Tax Losses                                                                                                  | -              | 11.50          | 14.31         |
| Unabsorbed depreciation                                                                                     | 16.95          | 16.96          | 16.96         |
| Tax Credits                                                                                                 | 97.62          | 64.06          | 21.91         |
| <b>Total</b>                                                                                                | 121.16         | 96.90          | 56.41         |

## Significant estimates:

The Company has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. The unabsorbed depreciation and tax credits can be carried forward indefinitely as per local tax regulations and the Company expects to recover these through future taxable profits.

## 11: Other assets

| Particulars                                                        | As at          |                |               |
|--------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| in ₹ crore                                                         |                |                |               |
| Other non-current assets                                           |                |                |               |
| Prepaid Expenses                                                   | 0.34           | 0.80           | 0.53          |
| Total other non-current assets                                     | 0.34           | 0.80           | 0.53          |
| Other current assets                                               |                |                |               |
| (a) Advances to suppliers                                          | 5.00           | 9.49           | 17.20         |
| (b) Advances others                                                | 0.05           | 0.15           | 0.83          |
| (c) Balances with government authorities (other than income taxes) | 9.22           | 10.57          | 9.83          |
| (d) Prepaid expenses                                               | 6.42           | 9.12           | 2.68          |
| Total other current assets (a)+(b)+(c)+(d)                         | 20.69          | 29.33          | 30.54         |

### Notes:

Following are the amounts due from Subsidiary [Refer Note 31.5(iii)]

| Particulars                                | As at          |                |               |
|--------------------------------------------|----------------|----------------|---------------|
|                                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| in ₹ crore                                 |                |                |               |
| Tejas Communication Pte Limited, Singapore | -              | 6.98           | -             |

## 12: Inventories

| Particulars                                                                                                                                | As at          |                |               |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                                                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| in ₹ crore                                                                                                                                 |                |                |               |
| (a) Raw material - components including assemblies and sub-assemblies (including goods in transit ₹ 16.83 (2017: ₹ 0.58 and 2016: ₹ 0.80)) | 190.89         | 182.33         | 231.59        |
| Total inventories                                                                                                                          | 190.89         | 182.33         | 231.59        |

## 13: Equity Share Capital

in ₹ crore except for share data or as otherwise stated

| Particulars                                                 | Number of Shares (Nos) | Equity share capital |
|-------------------------------------------------------------|------------------------|----------------------|
| Authorised Capital                                          |                        |                      |
| As at April 01, 2016                                        | 11,05,65,520           | 176.45               |
| Equity shares of face value of ₹ 10/- each                  | 10,99,00,000           | 109.90               |
| Compulsorily Convertible preference shares of ₹ 1000/- each | 6,65,520               | 66.55                |

|                                                             |              |        |
|-------------------------------------------------------------|--------------|--------|
| Increase during the year                                    | -            | -      |
| As at March 31, 2017 *                                      | 17,64,52,000 | 176.45 |
| Equity shares of face value of ₹ 10/- each                  | 17,64,52,000 | 176.45 |
| Compulsorily Convertible preference shares of ₹ 1000/- each | -            | -      |
| Increase during the year                                    | -            | -      |
| As at March 31, 2018                                        | 17,64,52,000 | 176.45 |

\* During the year 2016-17, pursuant to Shareholders resolution the Company reclassified its authorised preference share capital amounting to ₹ 66.55 crore (6,65,520 shares of ₹ 1000/- each) to authorised equity share capital of ₹ 66.55 crore (6,65,52,000 shares of ₹ 10/- each).

|                                                                            |             |       |
|----------------------------------------------------------------------------|-------------|-------|
| Issued, Subscribed and Paid up Capital                                     |             |       |
| Equity Share Capital of ₹ 10/- each                                        |             |       |
| Fully paid shares                                                          |             |       |
| As at April 1, 2016                                                        | 6,32,50,221 | 63.25 |
| Changes in equity share capital during the year                            |             |       |
| Issue of equity shares under employee share option plan [Refer Note 32(v)] | 18,68,122   | 1.87  |
| Issue of equity shares - private placement                                 | 56,15,068   | 5.62  |
| As at March 31, 2017                                                       | 7,07,33,411 | 70.74 |
| Issue of equity shares under employee share option plan [Refer Note 32(v)] | 25,75,622   | 2.57  |
| Issue of equity shares through IPO (Refer Note 38)                         | 1,75,09,727 | 17.51 |
| As at March 31, 2018                                                       | 9,08,18,760 | 90.82 |

|                                                 |               |        |
|-------------------------------------------------|---------------|--------|
| Partly paid shares (₹1/- paid up)               |               |        |
| As at April 1, 2016                             | 3,27,27,930   | 3.27   |
| Changes in equity share capital during the year |               |        |
| Forfeited during the year                       | (3,27,27,930) | (3.27) |
| As at March 31, 2017                            | -             | -      |
| Changes in equity share capital during the year | -             | -      |
| As at March 31, 2018                            | -             | -      |

|                                                     |             |      |
|-----------------------------------------------------|-------------|------|
| Forfeited shares (to the extent of amount paid up)* |             |      |
| As at April 1, 2016                                 | -           | -    |
| Forfeited during the year [Refer Note 14(iv)]       | 3,27,27,930 | 3.27 |
| As at March 31, 2017                                | 3,27,27,930 | 3.27 |
| Transaction during the year                         | -           | -    |
| As at March 31, 2018                                | 3,27,27,930 | 3.27 |

| Particulars                | As at          |                |               |
|----------------------------|----------------|----------------|---------------|
|                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Total Equity Share Capital | 94.09          | 74.01          | 66.52         |

\* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

#### a) Terms and rights attached to equity shares

Equity shares have a par value of ₹10/-. They entitle the holder to participate in dividends declared if any, and to share in the proceeds of winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### b) Details of shareholders holding more than 5% shares in the Company#

in ₹ crore except for share data or as otherwise stated

| Particulars                                                        | As at          |                |               |
|--------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Cascade Capital Management, Mauritius</b>                       |                |                |               |
| Number of shares held                                              | 1,65,13,184    | 2,18,43,184    | 2,18,43,184   |
| % holding in that class of shares                                  | 18.18%         | 30.88%         | 22.76%        |
| <b>Samena Spectrum Co.</b>                                         |                |                |               |
| Number of shares held                                              | 1,39,81,648    | 1,39,81,648    | -             |
| % holding in that class of shares                                  | 15.40%         | 19.77%         | -             |
| <b>Mayfield XII, Mauritius</b>                                     |                |                |               |
| Number of shares held                                              | 71,06,628      | 71,06,628      | 71,06,628     |
| % holding in that class of shares                                  | 7.83%          | 10.05%         | 7.40%         |
| <b>Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund</b> |                |                |               |
| Number of shares held                                              | 49,63,187      | -              | -             |
| % holding in that class of shares                                  | 5.46%          | -              | -             |
| <b>Sandstone Private Investments</b>                               |                |                |               |
| Number of shares held                                              | 35,89,800      | 44,87,250      | 44,87,250     |
| % holding in that class of shares                                  | 3.95%          | 6.34%          | 4.68%         |
| <b>Intel Capital (Cayman) Corporation</b>                          |                |                |               |
| Number of shares held                                              | 31,15,039      | 41,81,400      | 41,81,400     |
| % holding in that class of shares                                  | 3.43%          | 5.91%          | 4.36%         |

#Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

c) There are no instances of:

- shares allotted as fully paid up by way of bonus shares in the last five years.
- shares bought back during a period of five years immediately preceding the year end.
- shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

e) Shares reserved for issuance towards outstanding employee stock options and available for grant (Refer Note 32):

| Particulars                        | As at          |                |               |
|------------------------------------|----------------|----------------|---------------|
|                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Equity shares of ₹ 10/- each       |                |                |               |
| ESOP Schemes                       | 69,55,287      | 1,22,01,548    | 71,01,767     |
| Outstanding at the end of the year | 69,55,287      | 94,95,846      | 69,26,635     |
| Options available for grant        | -              | 27,05,702      | 1,75,132      |
| RSU                                | 30,00,000      | -              | -             |
| Outstanding at the end of the year | 34,790         | -              | -             |
| Options available for grant        | 29,65,210      | -              | -             |

## 14: Other Equity

| Particulars                         | As at           |                |               |
|-------------------------------------|-----------------|----------------|---------------|
|                                     | March 31, 2018  | March 31, 2017 | April 1, 2016 |
| Securities premium reserve          | 922.08          | 487.48         | 415.70        |
| Retained earnings                   | 120.59          | 14.88          | (68.39)       |
| Employee stock compensation reserve | 15.14           | 15.77          | 10.03         |
| Treasury Shares                     | -               | -              | (5.05)        |
| Other Reserves                      | -               | 0.17           | (14.84)       |
| <b>Total Other Equity</b>           | <b>1,057.81</b> | <b>518.30</b>  | <b>337.45</b> |

#### (i) Securities premium reserve

| Particulars                                        | As at          |                |
|----------------------------------------------------|----------------|----------------|
|                                                    | March 31, 2018 | March 31, 2017 |
| Opening Balance                                    | 487.48         | 415.70         |
| Premium on issue on account of IPO (Refer Note 38) | 432.49         | -              |
| Premium on issue on account of private placement   | -              | 61.77          |
| Premium on issue on account of exercise of ESOP    | 15.12          | 10.27          |
| Share issue costs                                  | (19.33)        | (2.34)         |
| Issue of equity shares, on exercise of options     | 6.32           | 2.08           |
| <b>Closing Balance</b>                             | <b>922.08</b>  | <b>487.48</b>  |

## (ii) Retained earnings in ₹ crore

| Particulars                                                                  | As at          |                |
|------------------------------------------------------------------------------|----------------|----------------|
|                                                                              | March 31, 2018 | March 31, 2017 |
| Opening Balance                                                              | 14.88          | (68.39)        |
| Profit for the year                                                          | 107.12         | 82.97          |
| Others <sup>#</sup>                                                          | 0.20           | -              |
| Items of other comprehensive income recognized directly in retained earnings |                |                |
| Remeasurements of the post employment benefit obligation                     | (1.61)         | 0.30           |
| Closing Balance                                                              | 120.59         | 14.88          |

## (iii) Employee stock compensation reserve in ₹ crore

| Particulars                                    | As at          |                |
|------------------------------------------------|----------------|----------------|
|                                                | March 31, 2018 | March 31, 2017 |
| Opening Balance                                | 15.77          | 10.03          |
| Share based payment expenses                   | 5.69           | 7.82           |
| Issue of equity shares, on exercise of options | (6.32)         | (2.08)         |
| Closing Balance                                | 15.14          | 15.77          |

(iv) Treasury Shares<sup>#</sup> in ₹ crore except for share data or as otherwise stated

| Particulars                                           | Number of Shares | Amount |
|-------------------------------------------------------|------------------|--------|
| Opening Balance as on April 01, 2016                  | (3,45,04,268)    | (5.05) |
| Issued to employees under share based payment schemes | 17,76,338        | 1.78   |
| Shares forfeited during the year*                     | 3,27,27,930      | 3.27   |
| Closing Balance as on March 31, 2017                  | -                | -      |
| Issued to employees under share based payment schemes | -                | -      |
| Closing Balance as on March 31, 2018                  | -                | -      |

## (v) Other Reserves in ₹ crore

| Particulars                              | As at          |                |
|------------------------------------------|----------------|----------------|
|                                          | March 31, 2018 | March 31, 2017 |
| Opening Balance                          | 0.17           | (14.84)        |
| Transaction during the year <sup>#</sup> | (0.17)         | 15.01          |
| Closing Balance                          | -              | 0.17           |

\* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

<sup>#</sup> Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

Nature and purpose of other reserves

## (i) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Act.

## (ii) Employee stock compensation reserve

The Employee stock compensation reserve is used to recognize the grant date fair value of options issued to employees under the Company's share based payment schemes.

## (iii) Treasury Shares

Treasury shares are shares in the Company that are held by Tejas Employees Welfare Trust, which the Trust is holding on behalf of the Company.

## (iv) Other Reserves

Refer Note 34 Part C note 2 for details of other reserve.

## 15: Non-current Borrowings

| Particulars                                                                                                                          | As at          |                |               |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                                                      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Measured at amortised cost                                                                                                           |                |                |               |
| A. Secured borrowings (Refer Note 33)                                                                                                |                |                |               |
| (a) Working capital bank loan against fixed deposits                                                                                 | -              | 25.00          | 25.00         |
| Less: Current maturities of long term debt (Refer Note 19)                                                                           | -              | 25.00          | -             |
| (Interest rate of 8.85% and repayable on March 10, 2018)                                                                             |                |                |               |
| Total secured borrowings (A)                                                                                                         | -              | -              | 25.00         |
| B. Unsecured borrowings                                                                                                              |                |                |               |
| (a) Other loans                                                                                                                      |                |                |               |
| Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR                                    | 2.27           | 4.18           | 5.00          |
| (Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization) |                |                |               |
| Less: Current maturities of long term debt (Refer Note 19)                                                                           | 1.27           | 2.18           | 1.00          |
| Total unsecured borrowings (B)                                                                                                       | 1.00           | 2.00           | 4.00          |
| Total non-current borrowings (A) + (B)                                                                                               | 1.00           | 2.00           | 29.00         |

## 16: Provisions

in ₹ crore

| Particulars                         | As at          |                |               |
|-------------------------------------|----------------|----------------|---------------|
|                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current provisions</b>       |                |                |               |
| Provision for employee benefits     |                |                |               |
| Gratuity [Refer Note 24(iii)(a)]    | -              | -              | -             |
| Other provisions                    |                |                |               |
| Warranty                            | 1.14           | 2.10           | 1.11          |
| <b>Total non-current provisions</b> | <b>1.14</b>    | <b>2.10</b>    | <b>1.11</b>   |
| <b>Current provisions</b>           |                |                |               |
| Provision for employee benefits     |                |                |               |
| Compensated absences*               | 1.89           | 1.37           | 0.91          |
| Gratuity [Refer Note 24(iii)(a)]    | 0.73           | -              | 0.08          |
| Other provisions                    |                |                |               |
| Warranty                            | 4.27           | 3.27           | 2.40          |
| <b>Total current provisions</b>     | <b>6.89</b>    | <b>4.64</b>    | <b>3.39</b>   |

\* The amount of provision of ₹1.89 (March 31, 2017 - ₹1.37, April 1, 2016 ₹0.91) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

### Movement in Warranty

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales.

in ₹ crore

| Particulars                         | As at          |                |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2018 | March 31, 2017 |
| Opening balance                     | 5.37           | 3.51           |
| Unwinding of interest on provisions | 0.48           | 0.18           |
| Additions                           | 1.03           | 4.30           |
| Discounting of provision            | (0.36)         | (0.43)         |
| Utilisation                         | (1.11)         | (2.19)         |
| <b>Closing balance</b>              | <b>5.41</b>    | <b>5.37</b>    |
| Disclosed as:                       |                |                |
| Non-current                         | 1.14           | 2.10           |
| Current                             | 4.27           | 3.27           |
|                                     | <b>5.41</b>    | <b>5.37</b>    |

## 17: Current Borrowings

in ₹ crore

| Particulars                                     | As at          |                |               |
|-------------------------------------------------|----------------|----------------|---------------|
|                                                 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Secured borrowings (Refer Note 33)</b>       |                |                |               |
| (1) From banks                                  |                |                |               |
| a) Cash credit {Refer note (i)}                 | -              | 99.51          | 72.09         |
| b) Working capital demand loan {Refer note (i)} | -              | 88.10          | 41.40         |
| c) Packing credit {Refer note (i)}              | -              | 38.30          | 21.05         |
| d) Buyers credit {Refer note (i)}               | -              | -              | 37.39         |
| e) Bills discounting                            | -              | 26.38          | 114.90        |
| f) Loan against FD {Refer note (ii)}            | -              | -              | 6.44          |

|                                                                                 |          |               |               |
|---------------------------------------------------------------------------------|----------|---------------|---------------|
| (2) From foreign banks-FCNRB account towards working capital {Refer note (iii)} | -        | -             | 29.07         |
| (3) From Others - Factoring facility {Refer note (iv)}                          | -        | -             | 10.00         |
| <b>Total Current Borrowings</b>                                                 | <b>-</b> | <b>252.29</b> | <b>332.34</b> |

(i) Secured by hypothecation of inventory, book debts, property, plant and equipment and current assets (Refer Note 33) and carrying Interest rates ranging from 3% to 14.75% per annum and repayable on demand.

(ii) Secured against fixed deposit maintained with the Bank and carrying Interest rate of 11% per annum and repayable on demand.

(iii) Secured against Pari-passu first charge on the present and future current assets and movable property, plant and equipment (Refer Note 33) and carrying interest rate of LIBOR + 2% per annum and repayable on February 18, 2017.

(iv) Secured by assignment of underlying receivables with recourse and carrying interest rates ranging from 14% to 14.5% per annum and repayable within 150 days.

### Net Debt Reconciliation

in ₹ crore

| Particulars               | Non-Current Borrowings | Current Borrowings | Current maturities of long term debt |
|---------------------------|------------------------|--------------------|--------------------------------------|
| Debt as on April 01, 2016 | 29.00                  | 332.34             | 1.00                                 |
| Cash flow                 | (27.00)                | (80.05)            | 26.18                                |
| Debt as on March 31, 2017 | 2.00                   | 252.29             | 27.18                                |
| Cash flow                 | (1.00)                 | (252.29)           | (25.91)                              |
| Debt as on March 31, 2018 | 1.00                   | -                  | 1.27                                 |

## 18: Trade Payables

in ₹ crore

| Particulars                         | As at          |                |               |
|-------------------------------------|----------------|----------------|---------------|
|                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Trade payables for goods & services | 96.42          | 100.89         | 143.01        |
| Acceptances                         | 8.67           | 7.10           | 19.67         |
| <b>Total trade payables</b>         | <b>105.09</b>  | <b>107.99</b>  | <b>162.68</b> |

Notes:

Following are the amounts due to Subsidiaries [Refer Note 31.5(iii)]

in ₹ crore

| Particulars                                | As at          |                |               |
|--------------------------------------------|----------------|----------------|---------------|
|                                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Tejas Communication Pte Limited, Singapore | 0.38           | -              | 8.86          |
| Tejas Israel                               | 0.12           | 0.12           | 4.96          |
|                                            | <b>0.50</b>    | <b>0.12</b>    | <b>13.82</b>  |

## 19: Other Financial Liabilities

in ₹ crore

| Particulars                                | As at          |                |               |
|--------------------------------------------|----------------|----------------|---------------|
|                                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Current</b>                             |                |                |               |
| Current maturities of long-term debt       | 1.27           | 27.18          | 1.00          |
| Interest accrued but not due on borrowings | -              | 0.50           | 0.57          |
| Due to employees                           | 18.50          | 10.60          | 24.13         |
| Foreign exchange forward contracts         | -              | -              | 1.76          |
| Capital Creditors                          | 4.04           | -              | -             |
| Accrual for expenses                       | 23.34          | 17.30          | 13.08         |
| Other liabilities                          | 0.21           | 0.19           | 0.30          |
| <b>Total other financial liabilities</b>   | <b>47.36</b>   | <b>55.77</b>   | <b>40.84</b>  |

## 20: Other Current Liabilities

in ₹ crore

| Particulars                            | As at          |                |               |
|----------------------------------------|----------------|----------------|---------------|
|                                        | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Advances received from customers       | 0.24           | 0.23           | -             |
| Deferred revenue                       | 4.36           | 4.09           | 1.29          |
| Statutory dues                         | 5.08           | 5.07           | 10.73         |
| <b>Total other current liabilities</b> | <b>9.68</b>    | <b>9.39</b>    | <b>12.02</b>  |

## 21: Revenue from Operations

in ₹ crore

| Particulars                                                                      | Year Ended March 31, |               |
|----------------------------------------------------------------------------------|----------------------|---------------|
|                                                                                  | 2018                 | 2017          |
| Revenue from sale of goods (including excise duty)                               |                      |               |
| Manufactured goods - Optical and Data Networking products including multiplexers | 675.95               | 826.59        |
| Component sales                                                                  | 9.93                 | 52.89         |
|                                                                                  | 685.88               | 879.48        |
| Revenue from rendering of services                                               |                      |               |
| Installation and commissioning revenue                                           | 31.12                | 4.51          |
| Annual maintenance revenue                                                       | 32.56                | 28.23         |
| Other service revenue                                                            | 11.22                | 3.46          |
|                                                                                  | 74.90                | 36.20         |
| Other operating income                                                           |                      |               |
| Export Incentive                                                                 | 0.29                 | 4.04          |
|                                                                                  | 0.29                 | 4.04          |
| <b>Total revenue from operations</b>                                             | <b>761.07</b>        | <b>919.72</b> |

## 22: Other Income

in ₹ crore

| Particulars                                                                            | Year Ended March 31, |      |
|----------------------------------------------------------------------------------------|----------------------|------|
|                                                                                        | 2018                 | 2017 |
| Interest income from bank on deposits                                                  | 14.50                | 4.11 |
| Dividend Income                                                                        | 0.09                 | -    |
| Gain/(Loss) on current investment carried at fair value through profit or loss         | 0.85                 | -    |
| Gain/(Loss) on sale of current investment carried at fair value through profit or loss | 2.58                 | -    |

|                                                                                                   |              |             |
|---------------------------------------------------------------------------------------------------|--------------|-------------|
| Unwinding of discount on fair valuation of financials assets                                      | 4.18         | 1.27        |
| Net gain on foreign currency transactions and translation (other than considered as finance cost) | 4.52         | -           |
| Fair value gain on derivatives not designated as hedges                                           | -            | 0.52        |
| Other non-operating income                                                                        |              |             |
| Karnataka Electronic System Design & Manufacturing R&D Grant                                      | -            | 1.00        |
| Profit on sale of property, plant and equipment                                                   | 0.01         | -           |
| Miscellaneous income                                                                              | 0.49         | 0.23        |
| <b>Total other income</b>                                                                         | <b>27.22</b> | <b>7.13</b> |

## 23: Cost of Materials Consumed

in ₹ crore

| Particulars                                         | Year Ended March 31, |               |
|-----------------------------------------------------|----------------------|---------------|
|                                                     | 2018                 | 2017          |
| Opening stock                                       | 182.33               | 231.59        |
| Add: Purchases                                      | 398.39               | 466.13        |
| Less: Capitalized during the year [Refer Note 4(a)] | 7.53                 | -             |
|                                                     | 573.19               | 697.72        |
| Less: Closing stock                                 | 190.89               | 182.33        |
| <b>Cost of materials consumed</b>                   | <b>382.30</b>        | <b>515.39</b> |

## 24: Employee Benefit Expenses

in ₹ crore

| Particulars                                                | Year Ended March 31, |              |
|------------------------------------------------------------|----------------------|--------------|
|                                                            | 2018                 | 2017         |
| Salaries and wages, including performance incentives       | 119.80               | 103.27       |
| Contribution to provident and other funds                  | 4.87                 | 3.88         |
| Gratuity expenses                                          | 1.25                 | 1.17         |
| Employee share based payment expenses [Refer Note 32(vii)] | 5.69                 | 7.82         |
| Staff welfare expenses                                     | 5.19                 | 4.69         |
|                                                            | 136.80               | 120.83       |
| Less: Capitalized during the year [Refer Note 4(b)]        | 48.15                | 39.16        |
| <b>Total employee benefit expenses</b>                     | <b>88.65</b>         | <b>81.67</b> |

### Employee benefit plans

#### (i). Defined contribution plans

The Company makes contributions to Provident Fund and Employee's Pension Scheme, 1995. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

| Particulars                  | Year Ended March 31, |      |
|------------------------------|----------------------|------|
|                              | 2018                 | 2017 |
| Provident Fund Contributions | 4.07                 | 3.15 |
| Employee Pension Scheme      | 0.80                 | 0.73 |

The Company offers the following defined benefit schemes to its employees:

(ii). **Compensated absence**

The leave obligation covers the Company's liability for earned leave. This is an unfunded scheme.

The amount of the provision of ₹1.89 (March 31, 2017 – ₹1.37, April 1, 2016 – ₹0.91) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Compensated absence expense recorded in Statement of Profit & Loss are as follows:

in ₹ crore except for share data or otherwise stated

| Particulars                                                | Year Ended March 31, |       |
|------------------------------------------------------------|----------------------|-------|
|                                                            | 2018                 | 2017  |
| Compensated absence expense included in salaries and wages | 0.56                 | 0.51  |
| Actuarial assumptions for long-term compensated absences   |                      |       |
| Discount rate                                              | 7.52%                | 7.31% |
| Salary escalation                                          | 5.00%                | 5.00% |
| Attrition                                                  | 7.00%                | 1.00% |

(iii). **Defined Benefit Plans**

(a) **Gratuity**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised funds in India.

| Particulars                                    | Year Ended March 31, |       |
|------------------------------------------------|----------------------|-------|
|                                                | 2018                 | 2017  |
| Actuarial assumptions for defined benefit plan |                      |       |
| Discount rate                                  | 7.52%                | 7.31% |
| Expected return on plan assets                 | 7.52%                | 7.31% |
| Salary escalation                              | 5.00%                | 5.00% |
| Attrition rate                                 | 7.00%                | 1.00% |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation (DBO) over the year are as follows:

in ₹ crore

| Particulars                                                               | Present value of obligation | Fair value of plan assets | Net amount |
|---------------------------------------------------------------------------|-----------------------------|---------------------------|------------|
| As at April 1, 2016                                                       | 6.35                        | (6.26)                    | 0.09       |
| Current service cost                                                      | 1.19                        | -                         | 1.19       |
| Interest expense/(income)                                                 | 0.46                        | (0.48)                    | (0.02)     |
| Total amount recognised in profit or loss under employee benefit expenses | 1.65                        | (0.48)                    | 1.17       |
| <b>Remeasurements</b>                                                     |                             |                           |            |
| Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO    | (0.74)                      | -                         | (0.74)     |
| Actuarial (Gain) / Losses due to Financial Assumption changes in DBO      | 0.94                        | -                         | 0.94       |
| Actuarial (Gain)/ Losses due to Experience on DBO                         | (0.35)                      | -                         | (0.35)     |
| Return on Plan Assets (Greater) / Lesser than Discount rate               | -                           | (0.23)                    | (0.23)     |
| Total amount recognised in other comprehensive income                     | (0.15)                      | (0.23)                    | (0.38)     |
| Employer contributions/premiums paid                                      | -                           | (0.88)                    | (0.88)     |
| Benefit payments                                                          | (0.19)                      | 0.19                      | -          |
| As at March 31, 2017 (Refer Note 16)                                      | 7.66                        | (7.66)                    | -          |

in ₹ crore

| Particulars                                                               | Present value of obligation | Fair value of plan assets | Net amount |
|---------------------------------------------------------------------------|-----------------------------|---------------------------|------------|
| As at April 1, 2017                                                       | 7.66                        | (7.66)                    | -          |
| Current service cost                                                      | 1.35                        | -                         | 1.35       |
| Interest expense/(income)                                                 | 0.57                        | (0.67)                    | (0.10)     |
| Total amount recognised in profit or loss under employee benefit expenses | 1.92                        | (0.67)                    | 1.25       |
| <b>Remeasurements</b>                                                     |                             |                           |            |
| Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO    | 0.82                        | -                         | 0.82       |
| Actuarial (Gain) / Losses due to Financial Assumption changes in DBO      | (0.17)                      | -                         | (0.17)     |
| Actuarial (Gain)/ Losses due to Experience on DBO                         | 1.12                        | -                         | 1.12       |

|                                                             |        |         |        |
|-------------------------------------------------------------|--------|---------|--------|
| Return on Plan Assets (Greater) / Lesser than Discount rate | -      | 0.28    | 0.28   |
| Total amount recognised in other comprehensive income       | 1.77   | 0.28    | 2.05   |
| Employer contributions/premiums paid                        | -      | (2.57)  | (2.57) |
| Benefit payments                                            | (0.18) | 0.18    | -      |
| As at March 31, 2018 (Refer Note 16)                        | 11.17  | (10.44) | 0.73   |

#### b) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars                                                    | Year Ended March 31, |         |
|----------------------------------------------------------------|----------------------|---------|
|                                                                | 2018                 | 2017    |
| <b>Discount Rate</b>                                           |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | -6.76%               | -10.88% |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | 7.66%                | 12.90%  |
| <b>Salary Growth Rate</b>                                      |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | 7.38%                | 13.12%  |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | -6.61%               | -11.23% |
| <b>Attrition Rate</b>                                          |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | 0.84%                | 1.77%   |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | -0.95%               | -2.00%  |
| <b>Mortality</b>                                               |                      |         |
|                                                                | 0.05%                | 0.06%   |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may not be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Composition of the plan assets is as follows:

| Particulars           | As at March 31, |      | As at April 1, 2016 |
|-----------------------|-----------------|------|---------------------|
|                       | 2018            | 2017 |                     |
| Insurer managed funds | 100%            | 100% | 100%                |

#### c) Risk Exposure

1. Interest rates risk : The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

4. Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

#### Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans (gratuity) for the year ending March 31, 2019 are ₹1.68.

The weighted average duration of the defined benefit obligation is 11.43 years (2017 – 22.12 years, 2016- 13.99 years). The expected maturity analysis of undiscounted gratuity is as follows:

| Particulars       | As at March 31, |      | As at April 1, 2016 |
|-------------------|-----------------|------|---------------------|
|                   | 2018            | 2017 |                     |
| Year 1            | 0.94            | 0.14 | 0.44                |
| Year 2            | 0.81            | 0.19 | 0.41                |
| Year 3            | 0.90            | 0.14 | 0.46                |
| Year 4            | 0.90            | 0.31 | 0.35                |
| Year 5            | 0.84            | 0.42 | 0.43                |
| Year 6-10         | 3.02            | 2.20 | 2.08                |
| Year 10 and above | 3.74            | 4.26 | 2.18                |

in ₹ crore

#### 25: Finance Cost

| Particulars                                                            | Year Ended March 31, |              |
|------------------------------------------------------------------------|----------------------|--------------|
|                                                                        | 2018                 | 2017         |
| Interest expense                                                       |                      |              |
| (i) Borrowings                                                         | 5.83                 | 23.07        |
| (ii) Delayed payment of taxes                                          | -                    | 0.07         |
| (iii) Unwinding of discount on fair valuation of financial liabilities | 0.88                 | 0.35         |
| Exchange differences regarded as an adjustment to borrowing costs      | -                    | 1.99         |
| Other finance cost                                                     | 6.74                 | 5.61         |
| <b>Total finance cost</b>                                              | <b>13.45</b>         | <b>31.09</b> |

in ₹ crore

#### 26: Other Expenses (Refer Note 1 below)

| Particulars                                    | Year Ended March 31, |      |
|------------------------------------------------|----------------------|------|
|                                                | 2018                 | 2017 |
| Installation and commissioning expenses        | 24.03                | 6.22 |
| Other processing charges                       | 1.19                 | 4.20 |
| Power and fuel                                 | 4.16                 | 3.60 |
| Housekeeping and security                      | 2.60                 | 2.16 |
| Rent including lease rentals (Refer Note 31.4) | 7.73                 | 7.42 |
| Repairs and maintenance - machinery            | 0.47                 | 0.49 |
| Repairs and maintenance - others               | 2.36                 | 3.25 |
| Sub-contractor charges                         | 6.47                 | 2.13 |
| Insurance                                      | 0.65                 | 0.75 |
| Rates and taxes                                | 1.77                 | 3.88 |
| Communication                                  | 1.23                 | 1.18 |

in ₹ crore

|                                                                                                   |               |               |
|---------------------------------------------------------------------------------------------------|---------------|---------------|
| Royalty                                                                                           | 0.83          | 0.99          |
| Travelling and conveyance                                                                         | 14.53         | 11.42         |
| Printing and stationery                                                                           | 0.37          | 0.51          |
| Freight and forwarding                                                                            | 1.26          | 1.48          |
| Contract related expenses                                                                         | 16.01         | 7.22          |
| Sales expenses (Refer Note 38)                                                                    | 2.26          | 2.16          |
| Sales commission                                                                                  | 4.99          | 14.63         |
| Business promotion                                                                                | 1.15          | 0.84          |
| Donations                                                                                         | 0.01          | 0.01          |
| Director sitting fees                                                                             | 0.13          | 0.13          |
| Director commission                                                                               | 0.29          | 0.15          |
| Legal and professional                                                                            | 11.52         | 7.97          |
| Auditors remuneration and out-of-pocket expenses                                                  |               |               |
| As auditors*                                                                                      | 0.41          | 0.40          |
| For taxation matters                                                                              | -             | 0.22          |
| Auditors out-of-pocket expenses                                                                   | 0.04          | 0.02          |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | -             | 4.58          |
| Bad trade and other receivables and loans and advances written off                                | -             | 5.26          |
| Less:- Allowance for doubtful trade and other receivables, loans and advances released            | -             | (3.35)        |
| Provision for doubtful trade and other receivables (net)                                          | 1.23          | 1.65          |
| Provision for advances                                                                            | 1.55          | -             |
| Provision for diminution in value of investment                                                   | 0.14          | -             |
| KESDM receivable write off                                                                        | -             | 7.07          |
| Provision for warranty                                                                            | 0.67          | 3.86          |
| Expenditure on corporate social responsibility (Refer Note 36)                                    | 0.54          | 0.11          |
| Miscellaneous expenses                                                                            | 8.81          | 8.50          |
|                                                                                                   | 119.40        | 111.11        |
| Less: Capitalized during the year [Refer Note 4(b)]                                               | 1.06          | 0.93          |
| <b>Total other expenses</b>                                                                       | <b>118.34</b> | <b>110.18</b> |

\* excludes payment to auditors included in share issue expenses related to Initial Public Offering (Refer Note 38).

Note 1: Other expenses include R&D expenses under various line items [Refer Note 31.7 (ii)].

## 27: Income Tax Expense

| Particulars                                     | in ₹ crore      |                |
|-------------------------------------------------|-----------------|----------------|
|                                                 | Year Ended 2018 | March 31, 2017 |
| a. Current tax                                  |                 |                |
| Current tax on profits for the year             | 23.78           | 1.20           |
| Adjustments of prior periods                    | -               | -              |
| <b>Total current tax expense</b>                | <b>23.78</b>    | <b>1.20</b>    |
| b. Deferred tax                                 |                 |                |
| Decrease/(increase) in deferred tax assets      | (24.26)         | (40.49)        |
| (Decrease)/increase in deferred tax liabilities | -               | -              |
| <b>Total deferred tax expense/(benefit)</b>     | <b>(24.26)</b>  | <b>(40.49)</b> |
| <b>Total Income tax (expense)</b>               | <b>(0.48)</b>   | <b>(39.29)</b> |

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| Particulars                                                                                                                         | in ₹ crore      |                |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|
|                                                                                                                                     | Year Ended 2018 | March 31, 2017 |
| Profit from continuing operations before income tax expense                                                                         | 106.64          | 43.68          |
| Tax at the Indian tax rate at 34.608% (March 31, 2017: 34.608%)                                                                     | 36.91           | 15.12          |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income:                                             |                 |                |
| Adjustment on account of Ind As transition                                                                                          | -               | 14.62          |
| Others                                                                                                                              | 1.73            | -              |
| Weighted deduction on research and development expenditure                                                                          | (15.18)         | (25.46)        |
| Allowance of Brought forward losses in MAT computation                                                                              | -               | (3.09)         |
| Previously unrecognised tax losses now recouped to reduce deferred tax expense/ tax losses for which no deferred tax was recognised | (23.94)         | (40.48)        |
| <b>Income Tax (expense)</b>                                                                                                         | <b>(0.48)</b>   | <b>(39.29)</b> |

Tax losses and credits for which no deferred tax has been recognised

| Particulars                        | in ₹ crore      |                |
|------------------------------------|-----------------|----------------|
|                                    | Year Ended 2018 | March 31, 2017 |
| Unused tax credits                 | 157.55          | 288.32         |
|                                    | 157.55          | 288.32         |
| Potential tax benefit on the above | 55.05           | 99.78          |
| MAT credit                         | 24.98           | 1.20           |

In the absence of reasonable certainty with regard to taxable profit in the future, the company has not recognised deferred tax in respect of above items and MAT credit.

## 28: Fair Value Measurement

(i) Financial instruments by category and fair value hierarchy

in ₹ crore

|                                                                          | Level | 31 March 2018 |                | 31 March 2017 |                | 01 April 2016 |                |
|--------------------------------------------------------------------------|-------|---------------|----------------|---------------|----------------|---------------|----------------|
|                                                                          |       | FVPL          | Amortized cost | FVPL          | Amortized cost | FVPL          | Amortized cost |
| <b>Financial assets</b>                                                  |       |               |                |               |                |               |                |
| <b>Investments</b>                                                       |       |               |                |               |                |               |                |
| - Mutual Funds                                                           | 1     | 76.52         | -              | -             | -              | -             | -              |
| - Others (Refer Note 37)                                                 | 3     | 0.00          | -              | 0.00          | -              | 0.00          | -              |
| Trade receivables                                                        | 3     | -             | 294.32         | -             | 381.52         | -             | 368.40         |
| Cash and cash equivalents                                                |       | -             | 213.48         | -             | 29.86          | -             | 48.96          |
| Bank balances other than cash and cash equivalents                       |       | -             | 21.76          | -             | 39.96          | -             | 20.25          |
| <b>Loans</b>                                                             |       |               |                |               |                |               |                |
| - Security deposits                                                      | 3     | -             | 5.51           | -             | 5.44           | -             | 4.59           |
| - Loans to employees                                                     | 3     | -             | 0.48           | -             | 15.49          | -             | 14.73          |
| <b>Other financial assets</b>                                            |       |               |                |               |                |               |                |
| - Deposits with original maturity of more than twelve months             |       | -             | 0.04           | -             | 99.21          | -             | 25.00          |
| - Deposits with financial institutions                                   |       | -             | 205.00         | -             | -              | -             | -              |
| - Unbilled Revenue                                                       | 3     | -             | 1.81           | -             | -              | -             | 0.54           |
| - Interest accrued but not due                                           | 3     | -             | 3.01           | -             | 0.28           | -             | 0.12           |
| - Karnataka Electronic System Design & Manufacturing incentive claimable | 3     | -             | -              | -             | 1.00           | -             | 9.07           |
| - Patent claimable                                                       | 3     | -             | -              | -             | -              | -             | 0.99           |
| - Focus Product Scheme receivable                                        | 3     | -             | 4.86           | -             | 5.79           | -             | 4.86           |
| <b>Total Financial Assets</b>                                            |       | <b>76.52</b>  | <b>750.27</b>  | <b>-</b>      | <b>578.55</b>  | <b>-</b>      | <b>497.51</b>  |
| <b>Financial liabilities</b>                                             |       |               |                |               |                |               |                |
| Borrowings                                                               |       | -             | 1.00           | -             | 254.29         | -             | 361.34         |
| Trade payables                                                           | 3     | -             | 105.09         | -             | 107.99         | -             | 162.68         |
| <b>Other financial liabilities</b>                                       |       |               |                |               |                |               |                |
| - Current maturities of long-term debt                                   |       | -             | 1.27           | -             | 27.18          | -             | 1.00           |
| - Interest accrued but not due on borrowings                             |       | -             | -              | -             | 0.50           | -             | 0.57           |
| - Capital Creditors                                                      |       | -             | 4.04           | -             | -              | -             | -              |
| - Due to employees                                                       |       | -             | 18.50          | -             | 10.60          | -             | 24.13          |
| - Foreign exchange forward contract                                      | 2     | -             | -              | -             | -              | 1.76          | -              |
| - Accrual for expenses                                                   |       | -             | 23.34          | -             | 17.30          | -             | 13.08          |
| - Other liabilities                                                      |       | -             | 0.21           | -             | 0.19           | -             | 0.30           |
| <b>Total Financial liabilities</b>                                       |       | <b>-</b>      | <b>153.45</b>  | <b>-</b>      | <b>418.05</b>  | <b>1.76</b>   | <b>563.10</b>  |

Level 1: Includes financial instruments measured using quoted prices.

This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels during the year.

The company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation Technique

- The fair values for security deposits and trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- The fair values of foreign exchange forward contracts are determined using forward exchange rate at the balance sheet date.
- Investment in mutual funds are valued using closing NAV.

(iii) Valuation Process

The finance department of the company includes a team that performs

the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(iv) Fair value of financial assets and liabilities measured at amortized cost

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.
- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## 29: Financial risk management

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework.

### A. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in various countries. Credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

(i) Expected credit loss for trade receivables under simplified approach

|                                     | in ₹ crore |
|-------------------------------------|------------|
| Loss allowance as on 01 April, 2016 | (4.34)     |
| Changes in loss allowance           | 1.41       |
| Loss allowance as on 31 March, 2017 | (2.93)     |
| Changes in loss allowance           | (1.56)     |
| Loss allowance as on 31 March, 2018 | (4.49)     |

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

No expected credit loss allowance has been created for security deposits and investments in mutual funds, since the Company considers the lifetime credit risk of these financial assets to be very low.

### B. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's principal source of liquidity are cash and cash equivalents, cash flow that is generated from the operations and the undrawn borrowing facilities. A material and sustained shortfall in our cash flow could undermine the Company's credit rating and impair investor confidence. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Liquid assets

The table below summarizes the company's liquid assets at the end of the reporting period:

|                                                                                        | in ₹ crore        |                   |                   |
|----------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
|                                                                                        | March 31,<br>2018 | March 31,<br>2017 | April 01,<br>2016 |
| Cash and cash equivalents                                                              | 213.48            | 29.86             | 48.96             |
| Other bank balances - deposits more than 3 months less than 12 months and margin money | 21.76             | 39.96             | 20.25             |
| Deposits with financial institutions                                                   | 205.00            | -                 | -                 |
| Current investments - mutual funds                                                     | 76.52             | -                 | -                 |
|                                                                                        | 516.76            | 69.82             | 69.21             |

(ii) Financing arrangements

The company had access to the following undrawn borrowing facilities at the end of the reporting period:

|                        | in ₹ crore        |                   |                   |
|------------------------|-------------------|-------------------|-------------------|
|                        | March 31,<br>2018 | March 31,<br>2017 | April 01,<br>2016 |
| <b>Rupee Borrowing</b> |                   |                   |                   |
| Fund based             | 190.00            | 49.37             | 62.93             |
| Non Fund based         | 7.58              | 15.11             | 24.01             |
| <b>USD Borrowing</b>   |                   |                   |                   |
| Fund based             | 62.68             | 41.02             | 21.16             |
| Non Fund based         | -                 | -                 | 0.58              |

The above borrowings facilities fungible between fund based and non-fund based.

(iii) Maturities of financial liabilities

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying balances as the impact of discounting is not significant.

in ₹ crore

| Contractual maturities of financial liabilities - March 31, 2018 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|------------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                           |                    |                   |                       |                   |        |
| Borrowings                                                       | -                  | -                 | 1.00                  | -                 | 1.00   |
| Trade payables                                                   | 105.09             | -                 | -                     | -                 | 105.09 |
| Current maturities of long-term debt                             | -                  | 1.27              | -                     | -                 | 1.27   |
| Due to employees                                                 | 18.50              | -                 | -                     | -                 | 18.50  |
| Capital Creditors                                                | 4.04               | -                 | -                     | -                 | 4.04   |
| Accrual for expenses                                             | 23.34              | -                 | -                     | -                 | 23.34  |
| Others                                                           | 0.21               | -                 | -                     | -                 | 0.21   |
|                                                                  | 151.18             | 1.27              | 1.00                  | -                 | 153.45 |

in ₹ crore

| Contractual maturities of financial liabilities - March 31, 2017 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|------------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                           |                    |                   |                       |                   |        |
| Borrowings                                                       | 240.99             | 11.30             | 1.00                  | 1.00              | 254.29 |
| Trade payables                                                   | 107.99             | -                 | -                     | -                 | 107.99 |
| Current maturities of long-term debt                             | -                  | 26.18             | 1.00                  | -                 | 27.18  |
| Interest accrued but not due on borrowings                       | 0.50               | -                 | -                     | -                 | 0.50   |
| Due to employees                                                 | 10.60              | -                 | -                     | -                 | 10.60  |
| Accrual for expenses                                             | 17.30              | -                 | -                     | -                 | 17.30  |
| Others                                                           | 0.19               | -                 | -                     | -                 | 0.19   |
|                                                                  | 377.57             | 37.48             | 2.00                  | 1.00              | 418.05 |

in ₹ crore

| Contractual maturities of financial liabilities - April 1, 2016 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|-----------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                          |                    |                   |                       |                   |        |
| Borrowings                                                      | 278.64             | 53.70             | 28.00                 | 1.00              | 361.34 |
| Trade payables                                                  | 162.68             | -                 | -                     | -                 | 162.68 |
| Current maturities of long-term debt                            | 1.00               | -                 | -                     | -                 | 1.00   |
| Interest accrued but not due on borrowings                      | 0.57               | -                 | -                     | -                 | 0.57   |
| Due to employees                                                | 24.13              | -                 | -                     | -                 | 24.13  |
| Accrual for expenses                                            | 13.08              | -                 | -                     | -                 | 13.08  |
| Others                                                          | 0.30               | -                 | -                     | -                 | 0.30   |
| <b>Derivatives</b>                                              |                    |                   |                       |                   |        |
| Foreign exchange forward contract                               | -                  | 1.76              | -                     | -                 | 1.76   |
|                                                                 | 480.40             | 55.46             | 28.00                 | 1.00              | 564.86 |

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with a banker for some of the trade receivables on a non-recourse basis and as at March 31, 2018 has derecognized such receivables amounting to ₹ 72.86 (March 31, 2017: Nil) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreement.

C. Market Risk

(a) Foreign currency risk exposure

The Company operates internationally and is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. To mitigate the risk of changes in exchange rates on foreign currency exposures, the company has natural hedge between export receivable and import payables. The results of the company's operations are subject to the effects of changes in foreign exchange rates.

(i) The company's exposure to foreign currency risk at the end of the reporting period expressed in Rupees crore, are as follows

in ₹ crore

|                                                     | March 31, 2018 |       | March 31, 2017 |       | April 01, 2016 |       |
|-----------------------------------------------------|----------------|-------|----------------|-------|----------------|-------|
|                                                     | USD            | MYR*  | USD            | MYR*  | USD            | MYR*  |
| <b>Assets</b>                                       |                |       |                |       |                |       |
| Trade receivables                                   | 37.34          | 12.11 | 50.01          | 61.00 | 45.10          | 31.82 |
| Advance to suppliers                                | 2.76           | -     | 0.42           | -     | 2.28           | -     |
| Balance in EEFC account                             | 3.47           | -     | 2.31           | -     | 4.82           | -     |
| Balance with Non scheduled banks                    | 3.25           | -     | 0.49           | -     | 0.26           | -     |
| Net exposure to foreign currency risk (assets)      | 46.82          | 12.11 | 53.23          | 61.00 | 52.46          | 31.82 |
| <b>Liabilities</b>                                  |                |       |                |       |                |       |
| Trade payables                                      | 42.22          | 0.37  | 24.88          | 0.29  | 76.99          | -     |
| Borrowings                                          | -              | -     | 23.40          | -     | 74.01          | -     |
| Derivative liability: buy foreign currency          | -              | -     | -              | -     | (30.82)        | -     |
| Net exposure to foreign currency risk (liabilities) | 42.22          | 0.37  | 48.28          | 0.29  | 120.18         | -     |
| Net exposure to foreign currency risk               | 4.60           | 11.74 | 4.95           | 60.71 | (67.72)        | 31.82 |

\* MYR stands for Malaysian Ringgit.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

in ₹ crore

|                                                 | Impact on profit after tax |                |
|-------------------------------------------------|----------------------------|----------------|
|                                                 | March 31, 2018             | March 31, 2017 |
| <b>USD Sensitivity</b>                          |                            |                |
| INR/USD - Increase by 10% (March 31, 2017 10%)* | (0.37)                     | (0.39)         |
| INR/USD - Decrease by 10% (March 31, 2017 10%)* | 0.37                       | 0.39           |
| <b>MYR Sensitivity</b>                          |                            |                |
| INR/MYR - Increase by 10% (March 31, 2017 10%)* | (0.93)                     | (4.83)         |
| INR/MYR - Decrease by 10% (March 31, 2017 10%)* | 0.93                       | 4.83           |

\* Holding all other variables constant

(b) Interest rate risk

The Company's interest rate risk arises from borrowings with variable rates which exposes the Company to risk. The Company's fixed rate borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(i) As at the end of the reporting period, the company had the following variable rate borrowing outstanding:

in ₹ crore

|                           | March 31, 2018                 |         | March 31, 2017                 |         | April 01, 2016                 |         |
|---------------------------|--------------------------------|---------|--------------------------------|---------|--------------------------------|---------|
|                           | Weighted average interest rate | Balance | Weighted average interest rate | Balance | Weighted average interest rate | Balance |
| Bank loan                 | -                              | -       | 10.08%                         | 252.29  | 9.44%                          | 296.83  |
| Net exposure to cash flow | -                              | -       | 10.08%                         | 252.29  | 9.44%                          | 296.83  |

(ii) Sensitivity

in ₹ crore

|                               | Impact on profit after tax |                |
|-------------------------------|----------------------------|----------------|
|                               | March 31, 2018             | March 31, 2017 |
| Interest Rate increases by 1% | (0.68)                     | (2.53)         |
| Interest Rate decreases by 1% | 0.68                       | 2.53           |

## 30: Capital Management

For the purpose of capital management, the company considers the following components of its balance sheet as capital:

Issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the company.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company foresees issue of fresh capital pursuant to exercise of vested employee stock options. Apart from the outstanding ESOPs, the Board of Directors approved certain Restricted Stock Units (RSU) in the current year which may be converted in to share capital in the future periods.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

|                   | in ₹ crore     |                |                |
|-------------------|----------------|----------------|----------------|
| Debt equity ratio | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Net Debt*         | (514.53)       | 112.44         | 268.13         |
| Equity            | 1,151.90       | 592.31         | 403.97         |
| Debt equity ratio | -              | 0.19           | 0.66           |

\*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds.

## 31: Additional Information to Financial Statements

| Particulars                                                                         | in ₹ crore     |                |                |
|-------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                     | As at          |                |                |
|                                                                                     | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| <b>31.1 Contingent liabilities and commitments (to the extent not provided for)</b> |                |                |                |
| Contingent liabilities - Claims against the company not acknowledged as debts       |                |                |                |
| Guarantees issued                                                                   | -              | -              | 11.60          |
| Disputed Central Excise Demands * (Refer Note 1 below)                              | 12.58          | 14.50          | 14.50          |
| Disputed Income Tax Demands *                                                       | 46.80          | 46.80          | 38.24          |
| Disputed CST and VAT Demand *                                                       | 2.91           | 2.91           | 2.91           |

\* These cases are pending at various forums with the respective authorities. Outflows if any, arising out of these claims would depend on the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.

Note 1: Company has also received show cause notices on similar matters for different financial years amounting to ₹27.89 (March 31, 2017: ₹27.89, April 01, 2016: ₹27.89) which are not considered as contingent liabilities above.

In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued a restraint order on certain bank accounts and deposits of the Company and later the restraint order was withdrawn. The Company and its officials fully co-operated with the Income Tax Department. As on date, there is no demand raised by the Income Tax Department. The Company is of the view that the outcome of the proceedings will not have any material impact on these standalone financial statements.

| Commitments                                                                                    |      |      |      |
|------------------------------------------------------------------------------------------------|------|------|------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for |      |      |      |
| Property, plant and equipment                                                                  | 0.38 | 1.39 | 1.51 |

### 31.2 Dues to Micro Small and Medium Enterprises

Information regarding which of the Trade Payables constitute Micro, Small and Medium Enterprises (MSMEs) under the Micro, Small and Medium Enterprises Development Act, 2006 has been compiled by the Management to the extent possible by obtaining the information from the Suppliers. Based on declarations received from the suppliers, no supplier has confirmed registration under the said Act and hence the disclosure requirements under the said Act are not applicable.

### 31.3 Segment Information

(i) The Company's business activity primarily falls within a single business segment based on the nature of activity involved, which is in line with the business risks attached with the segment having regard to the internal organisation and management structure. The CODM reviews the Company's performance as a single business segment and not at any other disaggregated level.

(ii) Geographical information

| Particulars        | in ₹ crore           |        |
|--------------------|----------------------|--------|
|                    | Year Ended March 31, |        |
|                    | 2018                 | 2017   |
| <b>I. Revenues</b> |                      |        |
| India              | 630.34               | 600.32 |
| Americas           | 43.60                | 122.25 |
| Rest of the World  | 87.13                | 197.15 |
|                    | 761.07               | 919.72 |

in ₹ crore

| Particulars                                                              | As at          |                |                |
|--------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                          | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| II Total Carrying amount of non current assets, by geographical location |                |                |                |
| India                                                                    | 121.92         | 112.17         | 147.29         |
| Americas                                                                 | -              | -              | -              |
| Rest of the World                                                        | -              | -              | -              |

Revenues of approximately ₹ 423.90 (March 31, 2017 ₹288.81) are derived from two external customers exceeding 10% of the total revenue.

#### 31.4 Details of leasing arrangements

The Company has entered into operating lease arrangements for office premises and plant. All leases are cancellable at the option of the lessee and the lessor. Certain operating lease arrangements in prior periods had a lock in period.

in ₹ crore

| Particulars                                                  | Year Ended March 31, |      |
|--------------------------------------------------------------|----------------------|------|
|                                                              | 2018                 | 2017 |
| Lease rentals recognised in the Statement of Profit and Loss | 7.73                 | 7.42 |

in ₹ crore

| Particulars                                                                             | As at          |                |                |
|-----------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                         | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Commitments for minimum lease payments in relation to non-cancellable operating leases: |                |                |                |
| not later than one year                                                                 | -              | 1.40           | 2.38           |
| later than one year and not later than five years                                       | -              | -              | 1.87           |
| later than five years                                                                   | -              | -              | -              |

#### 31.5 Related Party Transactions

##### (i) Details of related parties:

| Description of relationship                                                                 |                                                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Subsidiaries and step-down subsidiary                                                       | Tejas Communication Pte Limited, Singapore ('Tejas Singapore')<br>Tejas Israel Limited, Israel ('Tejas Israel')<br>vSave Energy Private Limited ('vSave')<br>Tejas Communications (Nigeria) Limited |
| Entity where a Director is interested with whom the Company had transaction during the year | Clonect Solutions Private Limited ('Clonect')                                                                                                                                                       |
| Key Management Personnel (KMP)                                                              |                                                                                                                                                                                                     |
| Executive Directors                                                                         | Sanjay Nayak, CEO and Managing Director<br>Balakrishnan V                                                                                                                                           |
| Non - Executive Directors                                                                   | Leela K Ponappa<br>Ashok Jhunjhunwala                                                                                                                                                               |

# Tejas Employee Welfare Trust (TEWT) has not been disclosed as a related party (Refer Note 34 Part C note 2).

##### (ii) Details of the related party transactions during the year ended March 31, 2018:

in ₹ crore

| Particulars                              | Year Ended March 31, |       |
|------------------------------------------|----------------------|-------|
|                                          | 2018                 | 2017  |
| Transactions during the year             |                      |       |
| Purchases                                |                      |       |
| Tejas Singapore                          | 0.57                 | 6.58  |
| Revenue from sale of goods               |                      |       |
| Tejas Singapore                          | 9.06                 | 18.32 |
| Revenue from rendering of services       |                      |       |
| Tejas Singapore                          | 3.93                 | 0.22  |
| Sales Commission paid                    |                      |       |
| Tejas Singapore                          | -                    | 4.86  |
| Reimbursement of expenses to             |                      |       |
| Tejas Singapore                          | 7.41                 | 6.15  |
| Legal & Professional expense             |                      |       |
| Clonect                                  | 0.03                 | -     |
| Non current investments made (unquoted)  |                      |       |
| Tejas Singapore                          | 6.42                 | -     |
| Advance to suppliers                     |                      |       |
| Tejas Singapore                          | -                    | 6.98  |
| vSave (Refer Note 37)                    | -                    | 0.00  |
| Remuneration to Key Management Personnel |                      |       |
| Executive Director                       |                      |       |
| Short-term employee benefits             | 1.55                 | 1.49  |
| Post-employment benefits                 | 0.02                 | 0.02  |
| Employee share-based payment             | 0.89                 | 1.44  |
| Non - Executive Directors                |                      |       |
| Director Sitting Fees                    |                      |       |
| Balakrishnan V                           | 0.07                 | 0.07  |
| Leela K Ponappa                          | 0.06                 | 0.03  |
| Ashok Jhunjhunwala <sup>1</sup>          | -                    | 0.03  |
| Director Commission                      |                      |       |
| Balakrishnan V                           | 0.20                 | -     |
| Leela K Ponappa                          | 0.09                 | -     |
| Ashok Jhunjhunwala <sup>1</sup>          | -                    | 0.15  |

<sup>1</sup>Resigned on January 20, 2017.

##### (iii) Balances outstanding at the end of the year: in ₹ crore

| Particulars                        | As at          |                |                |
|------------------------------------|----------------|----------------|----------------|
|                                    | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Trade receivables                  |                |                |                |
| Tejas Singapore                    | 9.08           | 8.48           | 8.18           |
| Tejas Israel                       | -              | -              | 1.70           |
| Trade payables                     |                |                |                |
| Tejas Singapore                    | 0.38           | -              | 8.86           |
| Tejas Israel                       | 0.12           | 0.12           | 4.96           |
| Advances to suppliers              |                |                |                |
| Tejas Singapore                    | -              | 6.98           | -              |
| Vsave (Refer Note 37)              | -              | 0.00           | -              |
| Guarantees given on behalf of      |                |                |                |
| Tejas Singapore                    | -              | -              | 6.63           |
| Tejas Israel                       | -              | -              | 4.97           |
| Non current investments (unquoted) |                |                |                |
| Tejas Singapore                    | 10.87          | 4.45           | 4.45           |

|                                                 |      |      |      |
|-------------------------------------------------|------|------|------|
| Tejas Israel <sup>1</sup> (Refer Note 34 A.1.4) | -    | -    | -    |
| vSave <sup>2</sup>                              | 0.14 | 0.14 | 0.14 |
| Payable to Key Management Personnel             |      |      |      |
| Sanjay Nayak                                    | 0.57 | 0.30 | 0.78 |

All outstanding balances are unsecured.

1 Tejas Israel Limited is under the process of liquidation

2 vSave Energy Private Limited has filed an application to Registrar of Companies for removing its name from register of Companies.

### 31.6 Earnings per share

in ₹ crore except for share data or as otherwise stated

| Particulars                                                      | Year Ended March 31, |             |
|------------------------------------------------------------------|----------------------|-------------|
|                                                                  | 2018                 | 2017        |
| <b>Basic</b>                                                     |                      |             |
| Net profit for the year attributable to the equity share holders | 107.12               | 82.97       |
| Weighted average number of equity shares                         | 8,58,58,425          | 6,59,77,758 |
| Par value per share (₹)                                          | 10.00                | 10.00       |
| Earnings per share - Basic (₹)                                   | 12.48                | 12.58       |
| <b>Diluted</b>                                                   |                      |             |
| Net profit for the year attributable to the equity share holders | 107.12               | 82.97       |
| Weighted average number of equity shares for Basic EPS           | 8,58,58,425          | 6,59,77,758 |
| Add: Free Shares                                                 | 4,969,398            | -           |
| Weighted average number of equity shares - for diluted EPS       | 9,08,27,823          | 6,59,77,758 |
| Par value per share (₹)                                          | 10.00                | 10.00       |
| Earnings per share - diluted (₹)                                 | 11.79                | 12.58       |

### 31.7 Product Development Cost

(i) Product development costs capitalized with regard to the development of various modules of products are being amortised in accordance with the Company's policy.

in ₹ crore

| Particulars                         | As at          |                |                |
|-------------------------------------|----------------|----------------|----------------|
|                                     | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Amount capitalized during the year  | 21.65          | 42.80          | 70.55          |
| Intangible assets under development | 49.21          | 40.09          | 35.34          |

(ii) Research and development Expenses incurred by the company are as follows-

in ₹ crore

| Particulars                                                                     | As at          |                |                |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Research and development expenses debited to statement of Profit and Loss (net) | 31.69          | 37.23          | 29.74          |

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development (as per DSIR)

in ₹ crore

| Particulars                   | As at          |                |                |
|-------------------------------|----------------|----------------|----------------|
|                               | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Property, plant and equipment | 6.65           | 6.00           | 3.38           |
| Intangible Assets             | 48.15          | 39.16          | 34.68          |
| Eligible capital Expenditure  | 54.80          | 45.16          | 38.06          |
| Eligible revenue Expenditure  | 33.06          | 34.22          | 29.74          |
| <b>TOTAL</b>                  | <b>87.86</b>   | <b>79.38</b>   | <b>67.80</b>   |

(iv) Intangible assets in progress written off

During the year ended March 31, 2017, the Company had reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, had written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹30.47. This has been disclosed as an exceptional item in the Statement of Profit and Loss in the previous year.

## 32: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)

(i) **Employees Stock Option Plan – 2014 (“ESOP Plan 2014”)** The Company pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders’ resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within fifteen years from the date of vesting. Options granted under the plan are equity settled.

(ii) **Employees Stock Option Plan – 2014-A (“ESOP Plan 2014-A”)** The Company pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively has adopted ESOP Plan 2014-A. ESOP Plan 2014-A was subsequently modified pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2014-A, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014-A). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014-A, shall not exceed 20,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. Options granted under the plan are equity settled.

(v) **Summary of options under various plans:**

|                                                                                                                             | March 31, 2018                      |                   | March 31, 2017                      |                   |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|                                                                                                                             | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) | Number of options |
| <b>ESOP Plan 2014</b>                                                                                                       |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                    | 65                                  | 50,47,216         | 65                                  | 69,26,635         |
| Granted during the year                                                                                                     | -                                   | -                 | -                                   | -                 |
| Exercised during the year*                                                                                                  | 65                                  | 21,00,586         | 65                                  | 18,68,122         |
| Forfeited during the year                                                                                                   | 65                                  | 28,940            | 65                                  | 11,297            |
| Outstanding at the end of the year                                                                                          | 65                                  | 29,17,690         | 65                                  | 50,47,216         |
| Exercisable at the end of the year                                                                                          | 65                                  | 22,76,072         | 65                                  | 32,02,509         |
| Options available for grant                                                                                                 | -                                   | -                 | -                                   | 175,132           |
| Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) |                                     | 14.13 years       |                                     | 14.50 years       |
| * The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 ₹72)                   |                                     |                   |                                     |                   |
| <b>ESOP Plan 2014-A</b>                                                                                                     |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                    | 85                                  | 19,71,015         | -                                   | -                 |
| Granted during the year                                                                                                     | -                                   | -                 | 85                                  | 19,78,215         |
| Exercised during the year*                                                                                                  | 85                                  | 2,54,902          | -                                   | -                 |
| Forfeited during the year                                                                                                   | 85                                  | 26,602            | 85                                  | 7,200             |
| Outstanding at the end of the year                                                                                          | 85                                  | 16,89,511         | 85                                  | 19,71,015         |
| Exercisable at the end of the year                                                                                          | 85                                  | 7,02,215          | -                                   | -                 |
| Options available for grant                                                                                                 | -                                   | -                 | -                                   | 21,785            |
| Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) |                                     | 4.52 years        |                                     | 5.72 years        |

\* The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 ₹72)

(iii) **Employees Stock Option Plan – 2016 (“ ESOP Plan 2016”)** The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

(iv) **Restricted Stock Unit Plan 2017 (“RSU Plan 2017”)** The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 26, 2017 and September 27, 2017, respectively, has adopted RSU Plan - 2017. Pursuant to RSU Plan 2017, restricted stock units (“RSUs”) may be granted to eligible employees (as defined in RSU Plan - 2017). The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as “Nil” for the current ESOP schemes.

|                                                                                                                                     | March 31, 2018                      |                   | March 31, 2017                      |                   |
|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|                                                                                                                                     | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) | Number of options |
| <b>ESOP Plan 2016</b>                                                                                                               |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                            | 85                                  | 24,77,615         | -                                   | -                 |
| Granted during the year                                                                                                             | 110                                 | 1,35,200          | 85                                  | 24,91,215         |
| Exercised during the year*                                                                                                          | 85                                  | 2,20,134          | -                                   | -                 |
| Forfeited during the year                                                                                                           | 85                                  | 44,595            | 85                                  | 13,600            |
| Outstanding at the end of the year <sup>#</sup>                                                                                     | 85                                  | 23,48,086         | 85                                  | 24,77,615         |
| Exercisable at the end of the year                                                                                                  | 85                                  | 6,78,433          | -                                   | -                 |
| Options available for grant                                                                                                         | -                                   | -                 | -                                   | 25,08,785         |
| Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)         |                                     | 4.90 years        |                                     | 5.99 years        |
| <sup>#</sup> The range of exercise prices of the outstanding options as at March 31, 2018 is ₹85 to ₹110 (₹85 as at March 31, 2017) |                                     |                   |                                     |                   |
| <sup>*</sup> The weighted average share price during the year ended March 31, 2018 was ₹332.61 (March 31, 2017 ₹72)                 |                                     |                   |                                     |                   |
| <b>RSU Plan 2017</b>                                                                                                                |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                            | 10                                  | -                 | -                                   | -                 |
| Granted during the year                                                                                                             | 10                                  | 34,790            | -                                   | -                 |
| Exercised during the year*                                                                                                          | -                                   | -                 | -                                   | -                 |
| Forfeited during the year                                                                                                           | -                                   | -                 | -                                   | -                 |
| Outstanding at the end of the year                                                                                                  | 10                                  | 34,790            | -                                   | -                 |
| Exercisable at the end of the year                                                                                                  | -                                   | -                 | -                                   | -                 |
| RSU available for grant                                                                                                             | 10                                  | 29,65,210         | -                                   | -                 |
| Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)             |                                     | 6.13 years        |                                     | -                 |

<sup>\*</sup>The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 NA)

(vi) Fair value of options granted

For share options and RSUs granted during the period, the fair value has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| Assumptions                                       | March 31, 2018 | March 31, 2017 |
|---------------------------------------------------|----------------|----------------|
| <b>ESOP Plan 2014 A</b>                           |                |                |
| Weighted Average share price on the date of grant | -              | 72.00          |
| Exercise price                                    | -              | 85.00          |
| Risk Free Interest Rate                           | -              | 7.61%          |
| Expected Life                                     | -              | 5-8years       |
| Exercise period from the date of vesting          | -              | 4 years        |
| Expected Annual Volatility of Shares              | -              | 0.00%          |
| Expected Dividend Yield                           | -              | 0.00%          |
| <b>ESOP Plan 2016</b>                             |                |                |
| Weighted Average share price on the date of grant | 92.00          | 72.00          |
| Exercise price                                    | 110.00         | 85.00          |
| Risk Free Interest Rate                           | 7.59%          | 7.61%          |

|                                                   |          |          |
|---------------------------------------------------|----------|----------|
| Expected Life                                     | 5-8years | 5-8years |
| Exercise period from the date of vesting          | 4 years  | 4 years  |
| Expected Annual Volatility of Shares              | 0.00%    | 0.00%    |
| Expected Dividend Yield                           | 0.00%    | 0.00%    |
| <b>RSU Plan 2017</b>                              |          |          |
| Weighted Average share price on the date of grant | 335.24   | -        |
| Exercise price                                    | 10.00    | -        |
| Risk Free Interest Rate                           | 6.78%    | -        |
| Expected Life                                     | 5-8years | -        |
| Exercise period from the date of vesting          | 4 years  | -        |
| Expected Annual Volatility of Shares              | 46.83%   | -        |
| Expected Dividend Yield                           | 0.00%    | -        |

(vii) Effect of share based payment transactions on the Statement of Profit and Loss:

|                                                     | in ₹ crore     |                |
|-----------------------------------------------------|----------------|----------------|
|                                                     | March 31, 2018 | March 31, 2017 |
| Equity-settled share-based payments (Refer Note 24) | 5.69           | 7.82           |

### 33: Assets pledged as security against borrowings (Refer Note 15 and 17)

in ₹ crore

| Particulars                                                           | Note | As at          |                |               |
|-----------------------------------------------------------------------|------|----------------|----------------|---------------|
|                                                                       |      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>(i) Financial Assets</b>                                           |      |                |                |               |
| Trade Receivable                                                      | 6    | 294.32         | 381.52         | 368.40        |
| Loans                                                                 | 8    | 0.58           | 16.01          | 15.36         |
| Other financial assets excluding deposits with financial institutions | 9    | 8.40           | 7.06           | 15.58         |
| <b>Total financial assets</b>                                         |      | <b>303.30</b>  | <b>404.59</b>  | <b>399.34</b> |
| <b>(ii) Non- Financial Assets</b>                                     |      |                |                |               |
| Other financial assets                                                | 9    | 0.04           | 99.22          | 25.00         |
| Other current assets                                                  | 11   | 20.69          | 29.33          | 30.54         |
| Inventories                                                           | 12   | 190.89         | 182.33         | 231.59        |
| <b>Total non- financial assets</b>                                    |      | <b>211.62</b>  | <b>310.88</b>  | <b>287.13</b> |
| <b>(iii) Total current assets pledged as security</b>                 |      | <b>514.92</b>  | <b>715.47</b>  | <b>686.47</b> |
| <b>(iv) Non-current assets</b>                                        |      |                |                |               |
| Property, plant and equipment                                         | 4(a) | 35.98          | 27.99          | 29.10         |
| <b>Total Non-current assets pledged as security</b>                   |      | <b>35.98</b>   | <b>27.99</b>   | <b>29.10</b>  |
| <b>(v) Total assets pledged as security</b>                           |      | <b>550.90</b>  | <b>743.46</b>  | <b>715.57</b> |

### 34: First time adoption of Ind AS

#### Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. These financial statements for the year ended March 31, 2018 are the first financial statements prepared by the Company under Ind AS. For all periods upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP).

An explanation of how the transition from Indian GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

#### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous Indian GAAP to Ind AS.

##### A.1 Ind AS optional exemptions

###### A.1.1. Share-based payment

The Company is allowed to apply Ind AS 102 Share-based payments to equity instruments that remain unvested as of transition date.

The Company has elected to avail this grant date fair value exemption and apply the requirements of Ind AS 102 to all such grants under the 2014, 2014 A and 2016 plans. Accordingly, these options have been measured at fair value as against intrinsic value previously under Indian GAAP.

##### A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the company has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

##### A.1.3 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

##### A.1.4 Investment in subsidiaries

Ind AS 101 permits a first-time adopter to continue with the carrying value of its investments in subsidiaries as per previous GAAP in its separate financial statements.

#### A.2 Ind AS mandatory exceptions

##### A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments

to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- 1) Impairment of financial assets based on expected credit loss model; and
- 2) Share-based payments. Refer Note C (1) below.

#### A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on

or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition provisions prospectively from the date of transition to Ind AS.

#### A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

### B: Reconciliations between Indian GAAP and Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS.

#### 1. Reconciliation of Total Equity as at March 31, 2017 and April 1, 2016

in ₹ crore

| Particulars                                          | Note Reference | As at March 31, 2017 | As at April 1, 2016 |
|------------------------------------------------------|----------------|----------------------|---------------------|
| Total equity as per Indian GAAP                      |                | 500.02               | 369.62              |
| Add/(Less): Adjustment under Ind AS                  |                |                      |                     |
| Impact of share based payments on equity             | 1              | -                    | -                   |
| Tejas Employee Welfare Trust (Treasury shares)       | 2              | (0.03)               | (19.92)             |
| Fair valuation of lease deposit                      | 3              | (0.13)               | (0.10)              |
| Present valuation of warranty provisions             | 4              | 0.47                 | 0.23                |
| Expected credit loss allowance on financial assets   | 5              | (1.50)               | (1.00)              |
| Fair valuation of long-term receivables              | 6              | (3.24)               | (0.75)              |
| Fair valuation of foreign currency derivatives       | 7              | -                    | (0.52)              |
| Interest expense on loans at effective interest rate | 8              | (0.18)               | -                   |
| Deferred Tax Asset                                   | 10             | 96.90                | 56.41               |
| Equity Balance as per Ind AS                         |                | 592.31               | 403.97              |

#### 2. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

in ₹ crore

| Particulars                                          | Note Reference | For the year ended March 31, 2017 |
|------------------------------------------------------|----------------|-----------------------------------|
| Net Profit as per Indian GAAP                        |                | 53.21                             |
| Add/(Less): Adjustment under Ind AS                  |                |                                   |
| Share based payment expenses                         | 1              | (7.82)                            |
| Tejas Employee Welfare Trust (Treasury shares)       | 2              | (0.17)                            |
| Fair valuation of lease deposit                      | 3              | (0.03)                            |
| Present valuation of warranty provisions             | 4              | 0.24                              |
| Expected credit loss allowance on financial assets   | 5              | (0.50)                            |
| Fair valuation of long-term receivables              | 6              | (2.49)                            |
| Fair valuation of foreign currency derivatives       | 7              | 0.52                              |
| Interest expense on loans at effective interest rate | 8              | (0.18)                            |
| Re-measurements of the defined benefit plans         | 9              | (0.38)                            |
| Tax effects of above adjustments                     |                | 0.08                              |
| Deferred Tax Asset                                   | 10             | 40.49                             |
| Net Profit as per Ind AS                             |                | 82.97                             |
| Other comprehensive income for the period            |                |                                   |
| Re-measurements of the defined benefit plans         | 9              | 0.38                              |
| Tax effects of above adjustments                     |                | (0.08)                            |
| Total comprehensive income under Ind AS              |                | 83.27                             |

### 3. Reconciliation of Cash Flows for the year ended March 31, 2017

in ₹ crore

| Particulars                                                   | Note Reference | Previous GAAP | Adjustments | Ind AS   |
|---------------------------------------------------------------|----------------|---------------|-------------|----------|
| Net cash flow from operating activities                       | 3,6,8,11       | 69.63         | 66.76       | 136.39   |
| Net cash flow from investing activities                       | 3,6            | (141.47)      | 1.80        | (139.67) |
| Net cash flow from financing activities                       | 8,11           | 52.90         | (68.66)     | (15.76)  |
| Net (decrease)/increase in cash and cash equivalents          |                | (18.94)       | (0.10)      | (19.04)  |
| Cash & cash equivalents as at April 01, 2016                  | 11             | 48.48         | 0.48        | 48.96    |
| Effects of exchange rate changes on cash and cash equivalents |                | (0.07)        | -           | (0.07)   |
| Cash and cash equivalents as at March 31, 2017                |                | 29.47         | 0.38        | 29.85    |

#### C: Notes to first-time adoption:

in ₹ crore

##### Note 1: Share based payment expenses

Under Indian GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in employee stock compensation reserve increased by ₹17.85 as at March 31, 2017 (April 01, 2016- ₹10.03). The profit for the year ended March 31, 2017 decreased by ₹7.82. There is no impact on total equity. The adjustments pertaining to option exercised during the year ended March 31, 2017 has resulted in movement from employee stock compensation reserve of ₹2.08 to the Securities Premium Account thereby nullifying the impact on equity.

##### Note 2: Tejas Employee Welfare Trust (Treasury shares)

Treasury shares are shares in the Company held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Refer Note 32). The face value of the shares held by the trust and not yet issued to employees at the end of reporting period are shown as treasury shares in the financial statements [Refer Note 14 (iv)].

Under Indian GAAP, the Company was not required to account for the shares held by the TEWT through which it was managing the shares allotted towards various stock option schemes as well as shares kept aside for issuances against future schemes. Under Ind AS since the Company as the sponsor retains the majority of the risks and rewards relating to the funding arrangement to the trust, the trust is considered acting merely as an agent of the Company. Hence as at April 01, 2016 the total of ₹19.92 of investments in the shares of the Company held by the Trust being funded by the Company through loans provided to the Trust, has been reduced from the total outstanding equity balance. The net impact of the transactions which were not material including the adjustment for the expenses incurred by the Trust apart from the treasury shares has been disclosed as other reserve [Refer Note 14(v)]. Since the transactions of TEWT has been summarised in the accounts of the Company this has not been disclosed as a related party [Refer Note 31.5(i)].

During the financial year 2016-17, as the Trust has transferred shares to employees pursuant to exercise of options from earlier schemes, hence the company has restated the balance of equity as at March 31, 2017. The accumulated expenses of the Trust, net of amounts recoverable from employees, for the financial year 2016-17 of ₹0.17 has also been accrued. The impact on equity for the financial year ended March 31, 2017 is ₹0.03.

##### Note 3: Fair valuation of lease deposit

Under Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 0.49 as at March 31, 2017 (April 01, 2016- ₹0.31). The prepaid rent increased by ₹0.37 as at March 31, 2017 (April 01, 2016- ₹0.21). Total equity decreased by ₹0.10 as on April 01, 2016. The profit for the year and total equity as at March 31, 2017 decreased by ₹0.03 due to amortization of the prepaid rent of ₹0.23 which is partially off-set by the notional interest income of ₹ 0.20 recognised on security deposits.

##### Note 4: Present valuation of warranty provisions

Under Indian GAAP, discounting of Long-term provisions, such as warranty, for time value adjustment was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the Balance Sheet date without considering the effect of discounting. Under Ind AS, such provisions are measured at discounted amounts, if the effect of time value of money is material. The company has accordingly made the necessary adjustment towards discounting its provision for warranty. Consequent to this change, the amount of provision for warranty decreased by ₹ 0.47 as at March 31, 2017 (April 01, 2016- ₹0.23). The profit for the year and total equity as at March 31, 2017 decreased by ₹0.24.

##### Note 5: Expected credit loss

As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by ₹1.50 as at March 31, 2017 (April 01, 2016 - ₹1.00). Consequently, the profit for the year ended March 31, 2017 decreased by ₹ 0.50.

##### Note 6: Fair valuation of long-term receivables

Under Indian GAAP, discounting of non- current trade receivables for time value adjustment was not permitted. Under Ind AS, such receivables being non- current financial assets are measured at discounted amounts, if the effect of time value of money is material. The company has accordingly made the necessary adjustment towards discounting of its non- current trade receivables. The difference between the carrying value and fair value of non- current trade receivables are adjusted against revenue. Consequent to this change, the amount of non- current trade receivables decreased by ₹ 3.24 as at March 31, 2017 (April 01, 2016- ₹0.75). The profit for the year and total equity as at March 31, 2017 decreased by ₹2.49.

#### Note 7: Fair valuation of foreign currency derivatives

Under Indian GAAP, gains from fair valuation of derivative instruments could not be accounted. Only losses from fair valuation of derivative instruments could be accounted. However as per Ind AS, both the gains and losses arising from fair valuation of derivative instruments shall be accounted. Hence in the year 2016-2017, an amount of ₹0.52 has been accounted as gains from fair valuation of derivative instruments.

#### Note 8: Interest expense on loans at effective interest rate

Under Ind AS, interest has to be accounted using effective interest rate method. Accordingly, the company has accounted for borrowings under effective interest rate method. Consequent to this change, the amount of borrowings increased by ₹0.17 as at March 31, 2017 (April 01, 2016 - ₹Nil). Total equity decreased by ₹0.18 as on March 31, 2017 (April 01, 2016 - ₹Nil). The profit for the year ended March 31, 2017 decreased by ₹ 0.18.

#### Note 9: Re-measurements of the defined benefit plans

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Indian GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 decreased by ₹ 0.38. There is no impact on the total equity as at April 01, 2016.

#### Note 10: Deferred tax

Under Indian GAAP, deferred tax assets on unabsorbed depreciation and carry forward losses were recognised only to the extent that there was virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realised. Ind AS requires deferred tax asset to be recognised for the carry forward of unused tax losses, unabsorbed depreciation and unused tax credits to the extent that it

is probable that future taxable profit will be available against which such items can be utilised. As a result of this change in recognition of deferred tax asset on such items, the impact on equity as at April 01, 2016 is ₹56.41 and as at March 31, 2017 is ₹96.90. The profit for the year ended March 31, 2017 on account of above recognition increased by ₹ 40.49.

#### Note 11: Cash flow statement

The above Ind AS transition adjustments have impact on cash flow statement as explained below:

(i) Accounting of treasury shares in the Trust: The repayment of the loan of ₹33.40 by the trust to the Company was considered as operating cash inflow under Indian GAAP whereas under Ind AS, the same has been considered as infusion of equity which is a cash inflow from financing activity. Also the balance of cash and cash equivalent increased by ₹0.17 as on April 1, 2016 and by ₹0.08 as on March 31, 2017.

(ii) Bills Discounting (Refer note 17): Under Indian GAAP bills discounting were netted off against trade receivables, whereas under Ind AS they are considered as financing activity, hence the repayment of bills discounting amounting to ₹88.52 is forming part of financing activities under Ind AS.

#### Note 12: Retained earnings

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

#### Note 13: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Indian GAAP.

### 35: Statement of Function wise Profits and Losses (for additional information only)

in ₹ crore

| Particulars                                                 | Year ended March 31, |             |
|-------------------------------------------------------------|----------------------|-------------|
|                                                             | 2018                 | 2017        |
| Revenue                                                     |                      |             |
| Product sales, net of excise duty (Refer Note i below)      | 658.31               | 768.64      |
| Component sales                                             | 9.93                 | 52.89       |
| Services                                                    | 74.90                | 36.20       |
| Other Operating Revenues                                    | 0.29                 | 4.04        |
| Net Revenue (A)                                             | 743.43               | 861.77      |
| Cost of Sales (Refer Note ii below)                         | 384.27               | 520.14      |
| Manufacturing Expenses (Refer Note iii below)               | 17.79                | 16.41       |
| Service Expenses (Refer Note iii below)                     | 49.04                | 28.30       |
| Total Cost of Goods Sold (B)                                | 451.10               | 564.85      |
| Gross Profit (C) = (A) - (B)                                | 292.33               | 296.92      |
| Operating Expenses:                                         |                      |             |
| Research & Development (Gross) (Refer Note iii below)       | 86.90                | 77.32       |
| Less: R&D Capitalized                                       | (49.21)              | (40.09)     |
| Research & Development (Net)                                | 37.69                | 37.23       |
| Selling & Marketing (Refer Note iii below)                  | 76.37                | 70.07       |
| General & Administrative (Refer Note iii below)             | 24.13                | 30.51       |
| Operating Expenses (Net) (D)                                | 138.19               | 137.81      |
| Profit/ (Loss) from operations (EBITDA) (E) = (C) - (D)     | 154.14               | 159.11      |
| Other Income (Refer Note iv below)                          | 22.70                | 7.13        |
| Foreign exchange loss/(gain) (Refer Note v below)           | (4.52)               | 6.57        |
| Finance costs (Refer Note vi below)                         | 13.45                | 29.10       |
| Depreciation and amortization                               | 61.27                | 56.42       |
| Profit/ (Loss) before Exceptional items and tax             | 106.64               | 74.15       |
| Exceptional items                                           |                      |             |
| Intangible assets in progress written off                   | -                    | 30.47       |
| Profit/ (Loss) before tax                                   | 106.64               | 43.68       |
| Tax expense:                                                |                      |             |
| Current tax                                                 | 23.78                | 1.20        |
| Deferred tax (benefit)                                      | (24.26)              | (40.49)     |
| Profit/ (Loss) for the year                                 | 107.12               | 82.97       |
| Other Comprehensive Income                                  | (1.61)               | 0.30        |
| Total comprehensive income for the period                   | 105.51               | 83.27       |
| Earning per share (Par Value ` 10 each)                     |                      |             |
| (a) Basic                                                   | 12.48                | 12.58       |
| (b) Diluted                                                 | 11.79                | 12.58       |
| Weighted average Basic Equity share outstanding             | 8,58,58,425          | 6,59,77,758 |
| Weighted average Diluted Potential Equity share outstanding | 9,08,27,823          | 6,59,77,758 |

i. The reconciliation of Product sale between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                          | Year ended March 31, |        |
|--------------------------------------------------------------------------------------|----------------------|--------|
|                                                                                      | 2018                 | 2017   |
| Revenue from product sales including excise duty as per Schedule III (Refer Note 21) | 675.95               | 826.59 |
| Less: Excise Duty disclosed as expense                                               | 17.64                | 57.95  |
| Revenue from product sales net of excise duty as per function wise profit and loss   | 658.31               | 768.64 |

ii. The reconciliation of Cost of Sales between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                   | Year ended March 31, |        |
|-------------------------------------------------------------------------------|----------------------|--------|
|                                                                               | 2018                 | 2017   |
| Cost of material consumed as per Schedule III (Refer Note 23)                 | 382.30               | 515.39 |
| Add: Considered separately under other expenses as per Schedule III (Note 26) |                      |        |
| Other Processing Charges                                                      | 1.19                 | 4.20   |
| Freight and forwarding                                                        | 1.26                 | 1.48   |
| Royalty                                                                       | 0.58                 | -      |
| Less: Other processing charges considered under R&D                           | 1.06                 | 0.93   |
| Cost of sales as per function wise profit and loss                            | 384.27               | 520.14 |

iii. The Company has accumulated all costs, except the cost of sales (Refer Note ii above), foreign exchange, finance cost, depreciation and amortisation and any directly identifiable costs and has allocated such accumulated cost function wise namely Manufacturing Expenses, Service Expenses, Research and Development, Selling and Marketing and General & Administrative on the basis of head count in each function.

iv. The reconciliation of Other Income between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                                                        | Year ended March 31, |      |
|--------------------------------------------------------------------------------------------------------------------|----------------------|------|
|                                                                                                                    | 2018                 | 2017 |
| Other income as per Schedule III (Refer Note 22)                                                                   | 27.22                | 7.13 |
| Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note v below) | (4.52)               | -    |
| Other income as per function wise profit and loss                                                                  | 22.70                | 7.13 |

v. The breakup of foreign exchange loss/(gain) is as under: in ₹ crore

| Particulars                                                                                                                                                | Year ended March 31, |      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
|                                                                                                                                                            | 2018                 | 2017 |
| Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)                           | -                    | 1.99 |
| Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 22, Note 26 and Note iv above) | (4.52)               | 4.58 |
| Foreign exchange loss/(gain) as per function wise profit and loss                                                                                          | (4.52)               | 6.57 |

vi. The reconciliation of finance cost between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                                                        | Year ended March 31, |        |
|--------------------------------------------------------------------------------------------------------------------|----------------------|--------|
|                                                                                                                    | 2018                 | 2017   |
| Finance cost as per Schedule III (Refer Note 25)                                                                   | 13.45                | 31.09  |
| Less: Net loss on foreign exchange considered separately in functional wise Profit and Losses (Refer Note v above) | -                    | (1.99) |
| Finance cost as per function wise profit and loss                                                                  | 13.45                | 29.10  |

## 36: Expenditure on corporate social responsibility (as per section 135 of the 2013 Act)

(a) Gross amount required to be spent by the Company during the year ₹0.54 (previous year ₹ 0.11).

(b) Amount spent during the year: ₹ 0.54 (included under expenditure on corporate social responsibility note 26)

in ₹ crore

| Particulars                                | Incurred | Yet to be incurred | Total  |
|--------------------------------------------|----------|--------------------|--------|
| 1. Construction / acquisition of any asset | -        | -                  | -      |
|                                            | (-)      | (-)                | (-)    |
| 2. On purposes other than (1) above        | 0.54     | -                  | 0.54   |
|                                            | (0.11)   | (-)                | (0.11) |

Previous year figures are in brackets

in ₹ crore

| Particulars                                                         | Nature of Service                                               | Year Ended March 31, |      |
|---------------------------------------------------------------------|-----------------------------------------------------------------|----------------------|------|
|                                                                     |                                                                 | 2018                 | 2017 |
| Akshaya Patra Foundation, Bengaluru                                 | Eradicating hunger through their mid day meal program           | 0.34                 | 0.11 |
| International Institute of Information Technology (IIIT), Bengaluru | Promoting education through supporting scholarship and Research | 0.20                 | -    |
| Total qualifying expenditure on corporate social responsibility     |                                                                 | 0.54                 | 0.11 |

## 37: Details of amounts rounded off

a) Balance sheet items

in ₹

| Particulars                                        | As at          |                |                |
|----------------------------------------------------|----------------|----------------|----------------|
|                                                    | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| 1. Investment in ELCIA ESDM Cluster (Refer Note 5) | 11,000/-       | 11,000/-       | 11,000/-       |
| 2. Cash in hand (Refer Note 7)                     | -              | -              | 45,563/-       |

b) Disclosure items

in ₹

| Particulars                                                        | As at          |                |                |
|--------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                    | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| 1. Advance to vSave Energy Private Limited [Refer Note 31.5 (iii)] | -              | 5,456/-        | -              |

## 38: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹10/- each at a premium of ₹ 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in use of proceeds from the objects stated in the offer document, during the year. Total share issue expenses related to IPO amounted to ₹21.13 of which ₹19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹1.80 has been charged off as sales expenses (Refer Note 26).

in ₹ crore

| Particulars                                                                                     | Proposed as per Prospectus | Revised amounts as explained in Prospectus | Total utilization till March 31, 2018 | Balance as on March 31, 2018 |
|-------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------|---------------------------------------|------------------------------|
| (i) Capital expenditure towards payment of salaries and wages for Research and Development team | 45.29                      | 45.29                                      | 35.65                                 | 9.64                         |
| (ii) Working capital requirement (refer note below)                                             | 303.00                     | 303.00                                     | 303.00                                | -                            |
| (iii) General corporate purposes                                                                | 76.20                      | 80.58                                      | 80.58                                 | -                            |
| Total towards objects of the offer                                                              | 424.49                     | 428.87                                     | 419.23                                | 9.64                         |
| Issue Expenses Outflow (refer note below)                                                       | 25.51                      | 21.13                                      | -                                     | -                            |
| Total issue proceeds                                                                            | 450.00                     | 449.99                                     | 419.23                                | 9.64                         |

Note: The actual share issue expenses was lower by ₹ 4.38 than what was estimated in prospectus and the same was utilised for General corporate purpose.

### 39: Interest in subsidiaries

| Name of the Company                                                                                                                             | Place of Business | Ownership held by                | % of Holding and voting power either directly or indirectly through subsidiary as at |                |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------|--------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                 |                   |                                  | March 31, 2018                                                                       | March 31, 2017 | April 01, 2016 |
| Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)                                                 | Singapore         | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010)                                                             | Israel            | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| vSave Energy Pvt Limited (wholly owned subsidiary since incorporated on November 06, 2013)                                                      | India             | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015) | Nigeria           | Tejas Communications Pte Limited | 100%                                                                                 | 100%           | 100%           |

### 40: Disclosure in respect of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016

| Particulars                                  | in ₹     |                               |           |
|----------------------------------------------|----------|-------------------------------|-----------|
|                                              | SBNs (₹) | Other Denominations Notes (₹) | Total (₹) |
| Closing cash in hand as on November 08, 2016 | 30,000   | 4,945                         | 34,945    |
| (+) Permitted Receipts                       | -        | 2,26,640                      | 2,26,640  |
| (-) Permitted Payments                       | -        | 2,15,577                      | 2,15,577  |
| (-) Amount deposited in Banks                | 30,000   | -                             | 30,000    |
| Closing cash in hand as on December 30, 2016 | -        | 16,008                        | 16,008    |

41: Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

# Consolidated Financial Statements

## Independent Auditors' Report

To the Members of Tejas Networks Limited

### Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying Consolidated Ind AS Financial Statements of Tejas Networks Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"); (refer Note 2.2 and 31.8 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "Consolidated Ind AS Financial Statements").

### Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Ind AS Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the

provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.
6. We believe that the audit evidence obtained by us other than the unaudited financial statements as certified by the management and referred to in paragraph 8 under Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

### Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

### Other Matters

8. We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of ₹ 38.48 crore and net assets of ₹ 12.75 crore as at March 31, 2018, total revenue of ₹ 19.35 crore, total comprehensive income [comprising of profit (net) and other comprehensive income] of ₹ 0.23 crore and net cash outflows amounting to ₹ 0.49 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management, and our opinion on

the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to the financial statements certified by the Management.

9. The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these Consolidated Ind AS Financial Statements, are based on the previously issued statutory consolidated financial statements for the years ended March 31, 2017 and March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide reports dated April 17, 2017 and May 20, 2016 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

#### Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
  - In our opinion, proper books of account as required by law is maintained by the Holding Company, its subsidiary included in the Group incorporated in India including relevant records relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and records of the Holding Company and of the subsidiary incorporated in India.
  - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company, its subsidiary included in the Group incorporated in India including relevant records relating to the

preparation of the Consolidated Ind AS Financial Statements.

- In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- In the absence of written representation from Shirish Saraf, a director of the Holding Company, who has vacated the office subsequent to the year end, we are unable to comment if he is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act. On the basis of written representations received from the other directors of the Holding Company as on March 31, 2018, taken on record by the Board of Directors of the Holding Company, none of the other directors of the Group companies incorporated in India are disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164(2) of the Act.
- With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - The Consolidated Ind AS Financial Statements disclose the impact of pending litigations as at March 31, 2018 on the consolidated financial position of the Group – Refer Note 31.1 to the Consolidated Ind AS Financial Statements.
  - The Group has long-term contracts as at March 31, 2018 for which there were no material foreseeable losses. The Group does not have derivative contracts as at March 31, 2018.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India during the year ended March 31, 2018.
  - The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

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

Place: Bengaluru  
Date: April 24, 2018

Pradip Kanakia  
Partner  
Membership Number: 039985

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018.

### Report on the Internal Financial Controls under Section 143(3)(i) of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Tejas Networks Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which is incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are the companies incorporated in India is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists,

and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pradip Kanakia  
Partner  
Membership Number: 039985

Place: Bengaluru  
Date: April 24, 2018

## Consolidated Balance Sheet

in ₹ crore

| Particulars                            | Notes | As at           |                 |               |
|----------------------------------------|-------|-----------------|-----------------|---------------|
|                                        |       | March 31, 2018  | March 31, 2017  | April 1, 2016 |
| <b>ASSETS</b>                          |       |                 |                 |               |
| <b>Non-current assets</b>              |       |                 |                 |               |
| Property, plant and equipment          | 4(a)  | 35.98           | 27.99           | 29.10         |
| Intangible assets                      | 4(b)  | 38.75           | 64.09           | 65.19         |
| Intangible assets under development    | 4(b)  | 46.85           | 18.62           | 51.80         |
| <b>Financial assets</b>                |       |                 |                 |               |
| Investments                            | 5(a)  | 0.00            | 0.00            | 0.00          |
| Trade receivables                      | 6     | 34.84           | 14.56           | 5.87          |
| Loans                                  | 8     | 5.44            | 4.98            | 4.12          |
| Other financial assets                 | 9     | 0.04            | 99.22           | 25.00         |
| Income Tax Asset (net)                 | 10(a) | 32.01           | 22.61           | 17.48         |
| Deferred Tax Asset                     | 10(b) | 121.16          | 96.90           | 56.41         |
| Other non-current assets               | 11    | 0.34            | 0.80            | 0.53          |
| <b>Total non - current assets</b>      |       | <b>315.41</b>   | <b>349.77</b>   | <b>255.50</b> |
| <b>Current assets</b>                  |       |                 |                 |               |
| Inventories                            | 12    | 190.89          | 181.72          | 231.69        |
| <b>Financial assets</b>                |       |                 |                 |               |
| Investments                            | 5(b)  | 76.52           | -               | -             |
| Trade receivables                      | 6     | 275.71          | 382.87          | 370.04        |
| Cash and cash equivalents              | 7(i)  | 214.19          | 31.06           | 49.29         |
| Bank balances other than above         | 7(ii) | 21.76           | 39.96           | 20.25         |
| Loans                                  | 8     | 0.62            | 16.03           | 15.57         |
| Other financial assets                 | 9     | 213.40          | 7.06            | 15.58         |
| Other current assets                   | 11    | 21.27           | 25.99           | 32.21         |
| <b>Total current assets</b>            |       | <b>1,014.36</b> | <b>684.69</b>   | <b>734.63</b> |
| <b>Total assets</b>                    |       | <b>1,329.77</b> | <b>1,034.46</b> | <b>990.13</b> |
| <b>EQUITY AND LIABILITIES</b>          |       |                 |                 |               |
| <b>Equity</b>                          |       |                 |                 |               |
| Equity share capital                   | 13    | 94.09           | 74.01           | 66.52         |
| Other equity                           | 14    | 1,057.99        | 518.93          | 328.35        |
| <b>Total equity</b>                    |       | <b>1,152.08</b> | <b>592.94</b>   | <b>394.87</b> |
| <b>Liabilities</b>                     |       |                 |                 |               |
| <b>Non-current liabilities</b>         |       |                 |                 |               |
| <b>Financial liabilities</b>           |       |                 |                 |               |
| Borrowings                             | 15    | 1.00            | 2.00            | 29.00         |
| Provisions                             | 16    | 1.14            | 2.10            | 1.11          |
| <b>Total non - current liabilities</b> |       | <b>2.14</b>     | <b>4.10</b>     | <b>30.11</b>  |
| <b>Current liabilities</b>             |       |                 |                 |               |
| <b>Financial liabilities</b>           |       |                 |                 |               |
| Borrowings                             | 17    | -               | 252.30          | 338.94        |
| Trade payables                         | 18    | 105.03          | 107.83          | 161.83        |
| Other financial liabilities            | 19    | 53.30           | 60.09           | 48.89         |
| Provisions                             | 16    | 6.89            | 4.64            | 3.39          |
| Other current liabilities              | 20    | 10.33           | 12.56           | 12.10         |
| <b>Total current liabilities</b>       |       | <b>175.55</b>   | <b>437.42</b>   | <b>565.15</b> |
| <b>Total liabilities</b>               |       | <b>177.69</b>   | <b>441.52</b>   | <b>595.26</b> |
| <b>Total equity and liabilities</b>    |       | <b>1,329.77</b> | <b>1,034.46</b> | <b>990.13</b> |

Note:

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Consolidated Statement of Profit and Loss

in ₹ crore, except equity share and per equity share data

| Particulars                                                               | Notes    | Year Ended March 31, |             |
|---------------------------------------------------------------------------|----------|----------------------|-------------|
|                                                                           |          | 2018                 | 2017        |
| I Revenue from operations                                                 | 21       | 767.44               | 932.58      |
| II Other Income                                                           | 22       | 27.83                | 8.66        |
| III Total income (I + II)                                                 |          | 795.27               | 941.24      |
| IV Expenses                                                               |          |                      |             |
| Cost of materials consumed                                                | 23       | 382.42               | 514.05      |
| Excise duty                                                               |          | 17.64                | 57.95       |
| Employee benefit expense                                                  | 24       | 92.26                | 84.69       |
| Finance costs                                                             | 25       | 13.40                | 31.81       |
| Depreciation and amortization expense                                     | 4(c)     | 61.27                | 56.42       |
| Other expenses                                                            | 26       | 122.24               | 112.16      |
| Total expenses (IV)                                                       |          | 689.23               | 857.08      |
| V Profit before exceptional items and tax (III - IV)                      |          | 106.04               | 84.16       |
| VI Exceptional Item                                                       | 31.7(iv) | -                    | 30.47       |
| VII Profit before tax (V - VI)                                            |          | 106.04               | 53.69       |
| VIII Income tax expense                                                   |          |                      |             |
| Current tax                                                               | 27       | 23.78                | 1.20        |
| Deferred tax (benefit)                                                    | 27       | (24.26)              | (40.49)     |
| Total tax expense (VIII)                                                  |          | (0.48)               | (39.29)     |
| IX Profit after tax (VII - VIII)                                          |          | 106.52               | 92.98       |
| X Other comprehensive income                                              |          |                      |             |
| Items that will not be reclassified to profit or loss                     |          |                      |             |
| Remeasurements of the defined benefit obligation                          |          | (2.05)               | 0.38        |
| Income tax relating to above                                              |          | 0.44                 | (0.08)      |
| Items that will be reclassified to profit or loss                         |          |                      |             |
| Exchange differences on translation of foreign operations                 |          | (0.15)               | 0.28        |
| Other comprehensive income for the year, net of tax (X)                   |          | (1.76)               | 0.58        |
| XI Total comprehensive income for the period (IX + X)                     |          | 104.76               | 93.56       |
| XII Earnings per equity share                                             |          |                      |             |
| Equity shares of par value ₹10 each                                       |          |                      |             |
| Basic                                                                     | 31.6     | 12.41                | 14.09       |
| Diluted                                                                   | 31.6     | 11.73                | 14.09       |
| Weighted average equity shares used in computing earning per equity share |          |                      |             |
| Basic                                                                     | 31.6     | 8,58,58,425          | 6,59,77,758 |
| Diluted                                                                   | 31.6     | 9,08,27,823          | 6,59,77,758 |

### Note:

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Consolidated Statement of Cash Flows

in ₹ crore

| Particulars                                                                                                    | Year Ended March 31 |                 |
|----------------------------------------------------------------------------------------------------------------|---------------------|-----------------|
|                                                                                                                | 2018                | 2017            |
| <b>Cash flows from operating activities</b>                                                                    |                     |                 |
| Profit before tax for the year                                                                                 | 106.04              | 53.69           |
| Adjustments to reconcile net profit to net cash provided by operating activities:                              |                     |                 |
| Depreciation and amortization expense                                                                          | 61.27               | 56.42           |
| Provision for doubtful debts                                                                                   | 3.39                | 1.82            |
| Bad trade and other receivables, loans and advances written off                                                | -                   | 5.26            |
| Provision for doubtful trade and other receivables, loans and advances released                                | -                   | 3.35            |
| Provision for doubtful advances                                                                                | 1.55                | -               |
| KESDM Receivable Written off                                                                                   | -                   | 7.07            |
| Interest Income                                                                                                | (18.68)             | (5.90)          |
| Dividend Income                                                                                                | (0.09)              | -               |
| (Gain)/Loss on current investment carried at fair value through profit or loss                                 | (0.85)              | -               |
| (Gain)/Loss on sale of current investment carried at fair value through profit or loss                         | (2.58)              | -               |
| Finance costs recognized in profit or loss                                                                     | 13.40               | 31.81           |
| Unrealized Exchange Difference on transactions in foreign currency cash held in foreign currencies             | 0.15                | 0.07            |
| Unrealised Exchange Difference (Net)                                                                           | 1.41                | (3.86)          |
| Liabilities no longer required written back                                                                    | (1.19)              | (1.51)          |
| Profit on sale of fixed asset                                                                                  | (0.01)              | -               |
| Intangible assets under development written off                                                                | -                   | 30.47           |
| Expense recognized in respect of equity-settled share-based payments                                           | 5.69                | 7.82            |
|                                                                                                                | 169.50              | 186.51          |
| Movements in working capital:                                                                                  |                     |                 |
| (Increase)/decrease in inventories                                                                             | (9.18)              | 49.97           |
| (Increase)/decrease in trade receivables                                                                       | 81.62               | (24.09)         |
| (Increase)/decrease in loans                                                                                   | 14.96               | (1.32)          |
| (Increase)/decrease in other financial assets                                                                  | 1.39                | 8.66            |
| (Increase)/decrease in other assets                                                                            | 3.65                | (1.16)          |
| Increase/(decrease) in trade and other payables                                                                | (2.27)              | (55.74)         |
| Increase/(decrease) in provisions                                                                              | (0.76)              | 2.62            |
| Increase/(decrease) in other financial liabilities                                                             | 15.56               | (9.91)          |
| Increase/(decrease) in other liabilities                                                                       | (2.23)              | 0.48            |
| Cash generated from operations                                                                                 | 272.24              | 156.02          |
| Income taxes paid                                                                                              | (32.75)             | (6.33)          |
| <b>a) Net cash generated by operating activities</b>                                                           | <b>239.49</b>       | <b>149.69</b>   |
| <b>Cash flows from investing activities</b>                                                                    |                     |                 |
| Expenditure on property, plant and equipment and intangible assets/including under developments                | (68.10)             | (51.50)         |
| Sale of property, plant and equipment                                                                          | 0.01                | -               |
| Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net) | (87.64)             | (93.92)         |
| Purchase of financial assets - liquid mutual funds and fixed maturity plan securities                          | (73.09)             | -               |
| Interest received                                                                                              | 15.96               | 5.74            |
| Dividend received                                                                                              | 0.09                | -               |
| <b>b) Net cash (used in) investing activities</b>                                                              | <b>(212.77)</b>     | <b>(139.68)</b> |
| <b>Cash flows from financing activities</b>                                                                    |                     |                 |
| Proceeds from issue of equity instruments of the Company net of issue expenses                                 | 467.69              | 79.52           |
| Issue related expenses- IPO/Private Placement                                                                  | (19.32)             | (2.34)          |
| Proceeds from movement in other equity                                                                         | 0.03                | 19.98           |
| Repayment of borrowings                                                                                        | (279.21)            | (92.43)         |
| Exchange Differences on repayment of borrowing                                                                 | 1.27                | (1.02)          |
| Interest paid                                                                                                  | (13.90)             | (31.89)         |
| <b>c) Net cash generated by financing activities</b>                                                           | <b>156.56</b>       | <b>(28.18)</b>  |

in ₹ crore

| Particulars                                                                        | Year Ended March 31 |         |
|------------------------------------------------------------------------------------|---------------------|---------|
|                                                                                    | 2018                | 2017    |
| d) Net increase/(decrease) in cash and cash equivalents                            | 183.28              | (18.17) |
| Cash and cash equivalents at the beginning of the year                             | 31.06               | 49.29   |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (0.15)              | (0.06)  |
| Cash & cash equivalents at the end of the period [Refer Note 7(i)]                 | 214.19              | 31.06   |

Note:

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP

Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

## Consolidated Statement of Changes in Equity

### A. Equity Share Capital

| Particulars                                                      | Note | Amount |
|------------------------------------------------------------------|------|--------|
| As at April 1, 2016                                              |      | 66.52  |
| Increase in equity share capital on account of exercise of ESOP  | 13   | 1.87   |
| Increase in equity share capital on account of private placement |      | 5.62   |
| As at March 31, 2017                                             |      | 74.01  |
| Increase in equity share capital on account of exercise of ESOP  | 13   | 2.57   |
| Increase in equity share capital on account of IPO               | 38   | 17.51  |
| As at March 31, 2018                                             |      | 94.09  |

\* Includes forfeited shares of ₹ 3.27

### B. Other Equity

| Particulars                                          | Note | Reserves and Surplus       |                   |                                     | Other Reserves                       |         | Treasury Shares | Total    |
|------------------------------------------------------|------|----------------------------|-------------------|-------------------------------------|--------------------------------------|---------|-----------------|----------|
|                                                      |      | Securities premium reserve | Retained earnings | Employee stock compensation reserve | Foreign Currency Translation Reserve | Trust   |                 |          |
| Balance as at April 1, 2016                          |      | 415.70                     | (77.42)           | 10.03                               | (0.07)                               | (14.84) | (5.05)          | 328.35   |
| Profit for the year                                  | 14   | -                          | 92.98             | -                                   | -                                    | -       | -               | 92.98    |
| Other comprehensive income                           | 14   | -                          | 0.30              | -                                   | (0.28)                               | -       | -               | 0.02     |
| Total comprehensive income for the year              |      | -                          | 93.28             | -                                   | (0.28)                               | -       | -               | 93.00    |
| Transaction with owners in their capacity as owners: |      |                            |                   |                                     |                                      |         |                 |          |
| Premium on issue on account of private placement     | 14   | 61.77                      | -                 | -                                   | -                                    | -       | -               | 61.77    |
| Premium on issue on account of exercise of ESOP      | 14   | 10.27                      | -                 | -                                   | -                                    | -       | -               | 10.27    |
| Share issue expenses                                 | 14   | (2.34)                     | -                 | -                                   | -                                    | -       | -               | (2.34)   |
| Share based payment expenses                         | 24   | -                          | -                 | 7.82                                | -                                    | -       | -               | 7.82     |
| Issue of equity shares, on exercise of options       | 14   | 2.08                       | -                 | (2.08)                              | -                                    | -       | 1.78            | 1.78     |
| Forfeiture of shares                                 | 14   | -                          | -                 | -                                   | -                                    | -       | 3.27            | 3.27     |
| Others                                               | 14   | -                          | -                 | -                                   | -                                    | 15.01   | -               | 15.01    |
| Balance as at March 31, 2017                         |      | 487.48                     | 15.86             | 15.77                               | (0.35)                               | 0.17    | -               | 518.93   |
| Balance as at March 31, 2017                         |      | 487.48                     | 15.86             | 15.77                               | (0.35)                               | 0.17    | -               | 518.93   |
| Profit for the year                                  | 14   | -                          | 106.52            | -                                   | -                                    | -       | -               | 106.52   |
| Other comprehensive income                           | 14   | -                          | (1.61)            | -                                   | 0.15                                 | -       | -               | (1.46)   |
| Total comprehensive income for the year              |      | -                          | 104.91            | -                                   | 0.15                                 | -       | -               | 105.06   |
| Transaction with owners in their capacity as owners: |      |                            |                   |                                     |                                      |         |                 |          |
| Premium on issue on account of IPO                   | 38   | 432.49                     | -                 | -                                   | -                                    | -       | -               | 432.49   |
| Premium on issue on account of exercise of ESOP      | 14   | 15.12                      | -                 | -                                   | -                                    | -       | -               | 15.12    |
| Share issue expenses                                 | 38   | (19.33)                    | -                 | -                                   | -                                    | -       | -               | (19.33)  |
| Share based payment expenses                         | 24   | -                          | -                 | 5.69                                | -                                    | -       | -               | 5.69     |
| Issue of equity shares, on exercise of options       | 14   | 6.32                       | -                 | (6.32)                              | -                                    | -       | -               | -        |
| Others                                               | 14   | -                          | 0.20              | -                                   | -                                    | (0.17)  | -               | 0.03     |
| Balance as at March 31, 2018                         |      | 922.08                     | 120.97            | 15.14                               | (0.20)                               | -       | -               | 1,057.99 |

#### Note:

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

# Notes forming part of the Consolidated Financial Statements for March 31, 2018

## 1 Corporate Information

Tejas Networks Limited ("Tejas" or "the Company") is an optical and data networking products Group that designs, develops and manufactures high-performance and future-ready products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks. Tejas products are differentiated by a programmable, software-defined hardware architecture that provides flexibility, multi-generation support and a seamless software-enabled network transformation to its customers. Tejas customers include telecommunications service providers, internet service providers, web-scale internet companies, utility companies, defence companies and government entities.

Tejas together with its subsidiaries is hereinafter referred to as the "Group".

Tejas is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India.

The consolidated financial statements are approved by the Group's Board of Directors on April 24, 2018.

## 2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Tejas Networks Limited and its subsidiaries.

### 2.1 Basis of preparation

#### (i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

The consolidated financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first financial statements of the Group under Ind AS. Refer Note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

#### (iii) Standard issued but not yet effective

- a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Group is evaluating the requirements of the amendment and the impact on the financial statements.

- b) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- **Retrospective approach** - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group is evaluating the requirements of the standard and the impact on the financial statements.

#### (iv) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

### 2.2 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries (Refer Note 31.8) line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill arising on consolidation is not amortized but is tested for impairment.

### 2.3 Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities described below:

#### 2.3.1 Sale of Goods

**Timing of Recognition:** Revenue from sale of goods is recognized when significant risks and rewards are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customer acceptance of the product.

**Measurement of Revenue:** Amount disclosed as revenue from sale of goods is inclusive of excise duty where applicable, and net of returns, trade allowance, value added tax and goods and services tax (GST).

#### 2.3.2 Income from Services

**Timing of Recognition:**

##### (i) Installation and commissioning

Revenue from Installation and Commissioning services are recognised at a point in time when services are rendered.

##### (ii) Annual maintenance contract

Revenue from Annual maintenance contract are recognized on accrual basis pro-rata over the period of the contract.

##### (iii) Other service revenue

Revenue from other services such as repair & return, managed services, professional services and knowledge services are recognized at a point in time when services are rendered.

**Measurement of Revenue:** Amount disclosed as income from service is exclusive of taxes where applicable.

## 2.4 Property, Plant and Equipment

### 2.4.1 Measurement

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

### 2.4.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives.

| Asset                   | Useful Life |
|-------------------------|-------------|
| Laboratory equipment    | 10 years    |
| Networking equipment    | 6 years     |
| Electrical Installation | 10 years    |
| Furniture & fixtures    | 10 years    |
| Office equipment        | 5 years     |
| Computing equipment     | 3 years     |
| Vehicles                | 8 years     |
| R&D Cards               | 4 years     |
| Servers                 | 6 years     |

The useful lives of the above assets are in line with those specified under Schedule II to the Companies Act, 2013 except for R&D cards for which the useful life has been determined to be lower based on a technical evaluation done by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

Individual assets costing less than ₹25,000/- are fully depreciated in the year of purchase.

### 2.4.3 Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

## 2.5 Intangible Assets

### 2.5.1 Measurement

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

## 2.5.2 Product development

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and marketing feasibility has been established, in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment.

Capitalized product development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

## 2.5.3 Amortization

The Group amortizes intangible assets with a finite useful life using the straight line method over the below periods:

| Asset               | Useful Life             |
|---------------------|-------------------------|
| Computer Software   | Over the license period |
| Product development | 24 months               |

## 2.5.4 Deemed cost on transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

## 2.6 Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

## 2.7 Financial instruments

Financial assets and financial liabilities are recognized when Group becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

## 2.8 Investments and Other Financial assets

### 2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### 2.8.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.8.3 Impairment

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer note 29 for details on expected credit loss.

The losses arising from impairment are recognized in the Statement of Profit and Loss.

### 2.8.4 Derecognition

A financial asset is derecognized only when

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

## 2.8.5 Income recognition

### Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

## 2.9 Financial liabilities

### 2.9.1 Classification as debt or equity

Financial liability and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### 2.9.2 Initial Recognition and Measurement

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit or loss.

### 2.9.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

### 2.9.4 Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

## 2.10 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value.

## 2.11 Derivatives

Derivatives are initially recognized at fair value on the date the derivative contracts is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income.

## 2.12 Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

### Provision for warranty

The estimated liability for product warranties is recorded when products are sold. These estimates are established using historical information on the nature, frequency and average cost of warranty claims and management estimates regarding possible future incidence based on corrective actions on product failures. The timing of outflows will vary as and when warranty claim will arise - being typically upto three years.

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

## 2.13 Foreign Currency Transactions

### 2.13.1 Functional currency

Items included in the consolidated financials statements of the Group are measured using the currency of the the primary economic environment in which the Group operates ('the functional currency'). The consolidated financials statements are presented in Indian rupee, which is the Group's functional and presentation currency.

The functional currency of Tejas (parent Group), vSave Energy Pvt Limited is INR and for Tejas Communications Pte Limited and Tejas Israel Limited is USD. The functional currencies for Tejas Communications (Nigeria) Limited is Naira.

### 2.13.2 Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities

denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in foreign currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

## 2.14 Earnings per equity share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.15 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

## 2.16 Employee Benefits

### (i) Short-term employee benefits

Liabilities for wages and salaries and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### (ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations for earned leave are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

### (iii) Gratuity obligations (Defined Benefit Plan)

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than in rupees, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

### (iv) Defined contribution plans

The Group pays defined contribution to publicly administered funds as per respective local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions

are accounted for as defined contribution plans and are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a reduction in the future payments is available.

#### (v) Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans and Restricted Stock Units.

The Group has constituted the following plans - 'Tejas Employee Stock Option Plan' 2014, 'Tejas Employee Stock Option Plan 2014 - A', 'Tejas Employees Stock Option Plan 2016' and 'Tejas Restricted Stock Unit Plan 2017' ("RSU – 2017") for the benefit of eligible employees.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

### 2.17 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

### 2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 31.3]

### 2.19 Leases

#### As a lessee

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### 2.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

### 2.21 Inventories

Inventories (raw material - components including assemblies and sub assemblies) are stated at the lower of cost and net realisable value. Cost of inventory includes cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.22 Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.23 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 2.24 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of material provision of a long term loan arrangement on or before the date of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 2.25 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

### 2.26 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Shares held by the Tejas Employees Welfare Trust (TEWT) are disclosed as treasury shares and deducted from contributed equity.

### 2.27 Exceptional Items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

### 2.28 Rounding of amounts

All amounts disclosed in the consolidated financials statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

## 3 Critical estimates and judgements

The preparation of consolidated financials statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financials statements.

The areas involving critical estimates and judgements are:

- (i) Intangible assets - Refer note 4(b)
- (ii) Defined benefit obligations - Refer note 24
- (iii) Impairment of trade receivables - Refer note 6
- (iv) Recognition of deferred tax asset - Refer note 10(b)

## 4(a): Property, Plant and Equipment

in ₹ crore

| Particulars                                   | Laboratory Equipment | Networking Equipment | Electrical Installation | Furniture and Fixtures | Office Equipment | Computing Equipment | Vehicles | R&D Cards | Servers | Total   |
|-----------------------------------------------|----------------------|----------------------|-------------------------|------------------------|------------------|---------------------|----------|-----------|---------|---------|
| Deemed cost as at April 1, 2016 <sup>1</sup>  | 6.33                 | 0.31                 | 4.87                    | 4.14                   | 0.24             | 1.05                | 0.04     | 11.95     | 0.17    | 29.10   |
| Additions                                     | 4.81                 | 0.08                 | 0.96                    | 0.59                   | 0.18             | 1.01                | -        | -         | 0.48    | 8.11    |
| Deletions                                     | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Gross carrying value as of March 31, 2017     | 11.14                | 0.39                 | 5.83                    | 4.73                   | 0.42             | 2.06                | 0.04     | 11.95     | 0.65    | 37.21   |
| Accumulated depreciation as of April 1, 2016  | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Depreciation for the year                     | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Accumulated depreciation on deletions         | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Accumulated depreciation as of March 31, 2017 | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Carrying value as of March 31, 2017           | 10.00                | 0.27                 | 5.04                    | 3.32                   | 0.28             | 1.43                | 0.03     | 7.08      | 0.54    | 27.99   |
| Gross carrying value as of April 1, 2017      | 11.14                | 0.39                 | 5.83                    | 4.73                   | 0.42             | 2.06                | 0.04     | 11.95     | 0.65    | 37.21   |
| Additions <sup>2</sup>                        | 5.67                 | 0.13                 | 0.46                    | 0.89                   | 0.31             | 2.54                | 0.19     | 7.53      | 0.55    | 18.27   |
| Deletions                                     | -                    | -                    | -                       | 0.08                   | -                | -                   | -        | -         | -       | 0.08    |
| Gross carrying value as of March 31, 2018     | 16.81                | 0.52                 | 6.29                    | 5.54                   | 0.73             | 4.60                | 0.23     | 19.48     | 1.20    | 55.40   |
| Accumulated depreciation as of April 1, 2017  | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Depreciation for the year                     | (1.42)               | (0.14)               | (0.82)                  | (0.84)                 | (0.20)           | (1.23)              | (0.02)   | (5.42)    | (0.18)  | (10.27) |
| Accumulated depreciation on deletions         | -                    | -                    | -                       | (0.07)                 | -                | -                   | -        | -         | -       | (0.07)  |
| Accumulated depreciation as of March 31, 2018 | (2.56)               | (0.26)               | (1.61)                  | (2.18)                 | (0.34)           | (1.86)              | (0.03)   | (10.29)   | (0.29)  | (19.42) |
| Carrying value as of March 31, 2018           | 14.25                | 0.26                 | 4.68                    | 3.36                   | 0.39             | 2.74                | 0.20     | 9.19      | 0.91    | 35.98   |

### Note:

The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Group as on March 31, 2018, has submitted claims aggregating to ₹3.19 (March 31, 2017 - ₹3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Group.

<sup>1</sup> Represents carrying amount of property, plant and equipment on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup> Additions to R&D cards represent inventories capitalized (Refer Note 23).

4(a): Property, Plant and Equipment (Gross Block presentation)<sup>1</sup>

in ₹ crore

| Particulars                                           | Laboratory Equipment | Networking Equipment | Electrical Installation | Furniture and Fixtures | Office Equipment | Computing Equipment | Vehicles | R&D Cards | Servers | Total   |
|-------------------------------------------------------|----------------------|----------------------|-------------------------|------------------------|------------------|---------------------|----------|-----------|---------|---------|
| Gross carrying value as of April 1, 2016 <sup>2</sup> | 19.97                | 0.85                 | 8.12                    | 7.07                   | 1.26             | 6.23                | 0.09     | 19.47     | 1.43    | 64.49   |
| Additions                                             | 4.81                 | 0.08                 | 0.96                    | 0.59                   | 0.18             | 1.01                | -        | -         | 0.48    | 8.11    |
| Deletions                                             | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Gross carrying value as of March 31, 2017             | 24.78                | 0.93                 | 9.08                    | 7.66                   | 1.44             | 7.24                | 0.09     | 19.47     | 1.91    | 72.60   |
| Accumulated depreciation as of April 1, 2016          | (13.64)              | (0.54)               | (3.25)                  | (2.93)                 | (1.02)           | (5.18)              | (0.05)   | (7.52)    | (1.26)  | (35.39) |
| Depreciation for the year                             | (1.14)               | (0.12)               | (0.79)                  | (1.41)                 | (0.14)           | (0.63)              | (0.01)   | (4.87)    | (0.11)  | (9.22)  |
| Accumulated depreciation on deletions                 | -                    | -                    | -                       | -                      | -                | -                   | -        | -         | -       | -       |
| Accumulated depreciation as of March 31, 2017         | (14.78)              | (0.66)               | (4.04)                  | (4.34)                 | (1.16)           | (5.81)              | (0.06)   | (12.39)   | (1.37)  | (44.61) |
| Carrying value as of March 31, 2017                   | 10.00                | 0.27                 | 5.04                    | 3.32                   | 0.28             | 1.43                | 0.03     | 7.08      | 0.54    | 27.99   |
| Gross carrying value as of April 1, 2017              | 24.78                | 0.93                 | 9.08                    | 7.66                   | 1.44             | 7.24                | 0.09     | 19.47     | 1.91    | 72.60   |
| Additions <sup>3</sup>                                | 5.67                 | 0.13                 | 0.46                    | 0.89                   | 0.31             | 2.54                | 0.19     | 7.53      | 0.55    | 18.27   |
| Deletions                                             | -                    | -                    | -                       | 0.08                   | -                | -                   | -        | -         | -       | 0.08    |
| Gross carrying value as of March 31, 2018             | 30.45                | 1.06                 | 9.54                    | 8.47                   | 1.75             | 9.78                | 0.28     | 27.00     | 2.46    | 90.79   |
| Accumulated depreciation as of April 1, 2017          | (14.78)              | (0.66)               | (4.04)                  | (4.34)                 | (1.16)           | (5.81)              | (0.06)   | (12.39)   | (1.37)  | (44.61) |
| Depreciation for the year                             | (1.42)               | (0.14)               | (0.82)                  | (0.84)                 | (0.20)           | (1.23)              | (0.02)   | (5.42)    | (0.18)  | (10.27) |
| Accumulated depreciation on deletions                 | -                    | -                    | -                       | (0.07)                 | -                | -                   | -        | -         | -       | (0.07)  |
| Accumulated depreciation as of March 31, 2018         | (16.20)              | (0.80)               | (4.86)                  | (5.11)                 | (1.36)           | (7.04)              | (0.08)   | (17.81)   | (1.55)  | (54.81) |
| Carrying value as of March 31, 2018                   | 14.25                | 0.26                 | 4.68                    | 3.36                   | 0.39             | 2.74                | 0.20     | 9.19      | 0.91    | 35.98   |

Note:

The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Group as on March 31, 2018, has submitted claims aggregating to ₹3.19 (March 31, 2017 - ₹3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Group.

<sup>1</sup> For additional information only.

<sup>2</sup> Represents the original cost of property, plant and equipment at acquisition date.

<sup>3</sup> Additions to R&D cards represent inventories capitalized (Refer Note 23).

## 4(b): Intangible Assets

in ₹ crore

| Particulars                                           | Computer Software | Product Development | Total   | Intangible under development <sup>2</sup> |
|-------------------------------------------------------|-------------------|---------------------|---------|-------------------------------------------|
|                                                       |                   |                     |         |                                           |
| Deemed cost as at April 1, 2016 <sup>1</sup>          | 0.50              | 64.69               | 65.19   | 51.80                                     |
| Additions                                             | 3.30              | 42.80               | 46.10   | 40.09                                     |
| Deletions                                             | -                 | -                   | -       | 42.80                                     |
| Write off                                             | -                 | -                   | -       | 30.47                                     |
| Gross carrying value as of March 31, 2017             | 3.80              | 107.49              | 111.29  | 18.62                                     |
| Accumulated amortization as of April 1, 2016          | -                 | -                   | -       | -                                         |
| Amortization expenses for the year                    | (2.06)            | (45.14)             | (47.20) | -                                         |
| Accumulated amortization on deletions                 | -                 | -                   | -       | -                                         |
| Accumulated amortization as of March 31, 2017         | (2.06)            | (45.14)             | (47.20) | -                                         |
| Carrying value as of March 31, 2017                   | 1.74              | 62.35               | 64.09   | 18.62                                     |
| Gross carrying value as of April 1, 2017              | 3.80              | 107.49              | 111.29  | 18.62                                     |
| Additions                                             | 4.01              | 21.65               | 25.66   | 49.21                                     |
| Deletions                                             | -                 | -                   | -       | 20.98                                     |
| Gross carrying value as of March 31, 2018             | 7.81              | 129.14              | 136.95  | 46.85                                     |
| Accumulated amortization as of April 1, 2017          | (2.06)            | (45.14)             | (47.20) | -                                         |
| Amortization expenses for the year                    | (3.13)            | (47.87)             | (51.00) | -                                         |
| Accumulated amortization on deletions                 | -                 | -                   | -       | -                                         |
| Accumulated amortization as of March 31, 2018         | (5.19)            | (93.01)             | (98.20) | -                                         |
| Carrying value as of March 31, 2018                   | 2.62              | 36.13               | 38.75   | 46.85                                     |
| Average remaining useful life for product development |                   |                     |         |                                           |
| March 31, 2017 - 14 months                            |                   |                     |         |                                           |
| March 31, 2018 - 12 months                            |                   |                     |         |                                           |

<sup>1</sup>Represents carrying amount of intangible assets on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup>Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

### Sensitivity Analysis

As at March 31, 2018, the net carrying amount of product development was ₹36.13 (March 31, 2017 – ₹62.35, April 1, 2016 - ₹64.69 ). The Group estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be ₹61.89.

## 4(c): Depreciation and amortization expenses

in ₹ crore

| Particulars                                   | Year Ended March 31, |       |
|-----------------------------------------------|----------------------|-------|
|                                               | 2018                 | 2017  |
| Depreciation on property, plant and equipment | 10.27                | 9.22  |
| Amortization of intangible assets             | 51.00                | 47.20 |
| Total depreciation and amortization expenses  | 61.27                | 56.42 |

## 4(b): Intangible Assets (Gross Block presentation)<sup>1</sup>

in ₹ crore

| Particulars                                           | Computer Software | Product Development | Total    | Intangible under development <sup>3</sup> |
|-------------------------------------------------------|-------------------|---------------------|----------|-------------------------------------------|
| Gross carrying value as of April 1, 2016 <sup>2</sup> | 7.65              | 283.96              | 291.61   | 51.80                                     |
| Additions                                             | 3.30              | 42.80               | 46.10    | 40.09                                     |
| Deletions                                             | -                 | -                   | -        | 42.80                                     |
| Write off                                             | -                 | -                   | -        | 30.47                                     |
| Gross carrying value as of March 31, 2017             | 10.95             | 326.76              | 337.71   | 18.62                                     |
| Accumulated amortization as of April 1, 2016          | (7.15)            | (219.27)            | (226.42) | -                                         |
| Amortization expenses for the year                    | (2.06)            | (45.14)             | (47.20)  | -                                         |
| Accumulated amortization on deletions                 | -                 | -                   | -        | -                                         |
| Accumulated amortization as of March 31, 2017         | (9.21)            | (264.41)            | (273.62) | -                                         |
| Carrying value as of March 31, 2017                   | 1.74              | 62.35               | 64.09    | 18.62                                     |
| Gross carrying value as of April 1, 2017 <sup>2</sup> | 10.95             | 326.76              | 337.71   | 18.62                                     |
| Additions                                             | 4.01              | 21.65               | 25.66    | 49.21                                     |
| Deletions                                             | -                 | -                   | -        | 20.98                                     |
| Gross carrying value as of March 31, 2018             | 14.96             | 348.41              | 363.37   | 46.85                                     |
| Accumulated amortization as of April 1, 2017          | (9.21)            | (264.41)            | (273.62) | -                                         |
| Amortization expenses for the year                    | (3.13)            | (47.87)             | (51.00)  | -                                         |
| Accumulated amortization on deletions                 | -                 | -                   | -        | -                                         |
| Accumulated amortization as of March 31, 2018         | (12.34)           | (312.28)            | (324.62) | -                                         |
| Carrying value as of March 31, 2018                   | 2.62              | 36.13               | 38.75    | 46.85                                     |

### Average remaining useful life for product development

March 31, 2017 - 14 months

March 31, 2018 - 12 months

<sup>1</sup> For additional information only.

<sup>2</sup> Represents the original cost of intangible assets at acquisition date.

<sup>3</sup> Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

### Sensitivity Analysis

As at March 31, 2018, the net carrying amount of product development was ₹36.13 (March 31, 2017 – ₹62.35, April 1, 2016 - ₹64.69 ). The Group estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be ₹61.89.

## 5: Investments

in ₹ crore except for share data or as otherwise stated

| Particulars                                                          | As at           |                |               |
|----------------------------------------------------------------------|-----------------|----------------|---------------|
|                                                                      | March 31, 2018  | March 31, 2017 | April 1, 2016 |
| <b>5(a) Other Investments (Unquoted) (FVTPL)</b>                     |                 |                |               |
| Equity instruments of others                                         |                 |                |               |
| Investment in ELCIA ESDM Cluster (No. of shares 1100)(Refer Note 37) | 0.00            | 0.00           | 0.00          |
| <b>Total non-current investments</b>                                 | <b>0.00</b>     | <b>0.00</b>    | <b>0.00</b>   |
| <b>5(b) Current investments (Quoted) (FVTPL)</b>                     |                 |                |               |
| Investment in Mutual funds                                           |                 |                |               |
|                                                                      | Number of units |                |               |
| Aditya Birla Sun Life floating rate direct plan growth               | 2,56,649        | 5.95           | -             |
| Reliance liquid fund direct plan growth                              | 76,153          | 21.38          | -             |
| IDFC money manager fund direct plan growth                           | 28,94,490       | 8.08           | -             |
| Reliance quarterly interval fund direct plan growth                  | 1,05,27,025     | 25.27          | -             |
| Reliance monthly interval fund direct plan growth                    | 21,72,270       | 5.03           | -             |
| Axis liquid fund direct plan growth                                  | 56,066          | 10.81          | -             |
| <b>Total current investments</b>                                     | <b>76.52</b>    | <b>-</b>       | <b>-</b>      |
| <b>Non Current Investments</b>                                       |                 |                |               |
| Aggregate amount of quoted investments and market value thereof      | -               | -              | -             |
| Aggregate amount of unquoted investments (Refer Note 37)             | 0.00            | 0.00           | 0.00          |
| <b>Current Investments</b>                                           |                 |                |               |
| Aggregate amount of quoted investments and market value thereof      | 76.52           | -              | -             |
| Aggregate amount of unquoted investments (Refer Note 37)             | -               | -              | -             |

## 6: Trade Receivables

in ₹ crore

| Particulars                                              | As at          |                |               |
|----------------------------------------------------------|----------------|----------------|---------------|
|                                                          | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-Current</b>                                       |                |                |               |
| Unsecured, considered good                               |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 34.84          | 14.56          | 5.87          |
| <b>Total non current</b>                                 | <b>34.84</b>   | <b>14.56</b>   | <b>5.87</b>   |
| <b>Current</b>                                           |                |                |               |
| Unsecured, considered good                               |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 275.71         | 382.87         | 370.04        |
| Receivables from related parties                         | -              | -              | -             |
| <b>Unsecured, considered doubtful</b>                    |                |                |               |
| Trade receivables [Refer note 29 B (iv)]                 | 7.64           | 7.28           | 8.61          |
| Less: Allowance for doubtful debts [Refer note 29 A (i)] | (7.64)         | (7.28)         | (8.61)        |
| <b>Total current</b>                                     | <b>275.71</b>  | <b>382.87</b>  | <b>370.04</b> |

### Transferred Receivables

The carrying amount of Trade Receivables includes receivables which were subject to a factoring arrangement in 2016. Under this arrangement, Group had transferred the relevant receivables to the factor in exchange for cash and was prevented from selling or pledging the receivables. The Group had recognised such transferred assets in their entirety in its balance sheet. The amount repayable under such factoring agreement is presented as secured borrowing.

The relevant carrying amount are as follows:

in ₹ crore

| Particulars                                  | As at          |                |               |
|----------------------------------------------|----------------|----------------|---------------|
|                                              | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Total Transferred Receivables                | -              | -              | 11.66         |
| Associated secured borrowing (Refer Note 17) | -              | -              | 10.00         |

## 7: Cash and Bank Balances

in ₹ crore

| Particulars                                                                           | As at          |                |               |
|---------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                       | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>(i) Cash and Cash Equivalents</b>                                                  |                |                |               |
| (a) Cash in hand (Refer Note 37)                                                      | -              | -              | 0.00          |
| (b) Balances with banks                                                               |                |                |               |
| (i) In current accounts*                                                              | 12.87          | 17.99          | 42.96         |
| (ii) In EEFC accounts                                                                 | 3.47           | 2.31           | 4.82          |
| (c) Deposits with original maturity of less than three months                         | 197.85         | 10.76          | 1.51          |
| <b>Total cash and cash equivalents</b>                                                | <b>214.19</b>  | <b>31.06</b>   | <b>49.29</b>  |
| <b>(ii) Other Bank Balances</b>                                                       |                |                |               |
| Deposits with original maturity of more than three months but less than twelve months | 16.95          | 6.17           | -             |
| Balances held as margin money or security against borrowings or guarantees            | 4.81           | 33.79          | 20.25         |
| <b>Total other bank balances</b>                                                      | <b>21.76</b>   | <b>39.96</b>   | <b>20.25</b>  |

\* includes ₹0.29 (as on March 31, 2017 - ₹0.30 and April 1, 2016 - ₹0.31) which is subject to repatriation restriction.

The details of balances with banks as on Balance Sheet dates are as follows:

| Particulars                                                                                                      | As at          |                |               |
|------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                                  | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| in ₹ crore                                                                                                       |                |                |               |
| <b>a) Current Accounts</b>                                                                                       |                |                |               |
| Axis Bank                                                                                                        | 0.46           | -              | -             |
| Citibank, India                                                                                                  | 0.25           | 1.72           | 21.18         |
| Citibank, Dubai                                                                                                  | 0.68           | 0.16           | 0.15          |
| Citibank, Makati                                                                                                 | -              | 0.20           | 0.19          |
| Citibank, Singapore                                                                                              | 0.01           | -              | -             |
| DBS Bank Limited                                                                                                 | -              | 0.02           | -             |
| Deutsche Bank                                                                                                    | -              | -              | -             |
| Fleet Bank, USA                                                                                                  | 1.16           | 0.49           | 0.26          |
| HSBC Bank, India                                                                                                 | 0.01           | 0.02           | 0.16          |
| HSBC Bank, Bangladesh                                                                                            | 0.29           | 0.30           | 0.31          |
| HSBC Bank, Malaysia                                                                                              | -              | -              | 0.03          |
| HSBC Bank, Singapore                                                                                             | 0.32           | 0.94           | 0.05          |
| HSBC Bank, Israel                                                                                                | 0.04           | 0.03           | 0.03          |
| ICICI Bank                                                                                                       | -              | 0.01           | 0.01          |
| IDBI Bank                                                                                                        | -              | 0.01           | -             |
| Indian Bank                                                                                                      | 0.01           | 0.01           | 0.01          |
| Kotak Mahindra Bank                                                                                              | 0.98           | 12.30          | 19.94         |
| Punjab National Bank                                                                                             | -              | -              | 0.11          |
| RBL Bank                                                                                                         | 0.07           | -              | -             |
| Standard Chartered Bank, India                                                                                   | 6.23           | -              | -             |
| Standard Chartered Bank, Nairobi                                                                                 | 0.10           | 0.41           | 0.14          |
| Standard Chartered Bank, Singapore                                                                               | 0.34           | 0.02           | 0.03          |
| Standard Chartered Bank, Kuala Lumpur                                                                            | -              | -              | -             |
| State Bank of India                                                                                              | 1.90           | 1.22           | 0.31          |
| Vijaya Bank                                                                                                      | 0.02           | 0.13           | 0.05          |
|                                                                                                                  | 12.87          | 17.99          | 42.96         |
| <b>b) EEFC Accounts</b>                                                                                          |                |                |               |
| Citibank, India                                                                                                  | 3.41           | 1.47           | 4.76          |
| Standard Chartered Bank, India                                                                                   | 0.06           | 0.84           | 0.06          |
|                                                                                                                  | 3.47           | 2.31           | 4.82          |
| <b>c) Deposits with original maturity of less than three months</b>                                              |                |                |               |
| Axis Bank                                                                                                        | 23.12          | -              | -             |
| Citibank, India                                                                                                  | -              | -              | 0.03          |
| Indian Bank                                                                                                      | -              | -              | 0.02          |
| ING Vysya Bank                                                                                                   | -              | -              | 0.35          |
| Kotak Mahindra Bank                                                                                              | 17.80          | 2.59           | -             |
| RBL Bank                                                                                                         | 25.53          | -              | -             |
| Standard Chartered Bank, India                                                                                   | 26.38          | -              | -             |
| State Bank of India                                                                                              | 105.00         | -              | -             |
| Vijaya Bank                                                                                                      | 0.02           | 8.17           | 1.11          |
|                                                                                                                  | 197.85         | 10.76          | 1.51          |
| <b>d) Deposits with original maturity of more than three months but less than twelve months</b>                  |                |                |               |
| Citibank, India                                                                                                  | -              | 0.21           | -             |
| IndusInd Bank                                                                                                    | 15.13          | -              | -             |
| Kotak Mahindra Bank                                                                                              | 1.82           | 0.86           | -             |
| Vijaya Bank                                                                                                      | -              | 5.10           | -             |
|                                                                                                                  | 16.95          | 6.17           | -             |
| <b>e) Balances held as margin money or security against borrowings or guarantees for less than twelve months</b> |                |                |               |
| Axis Bank                                                                                                        | 4.77           | 1.18           | 1.06          |

|                                                                                                                                 |        |       |       |
|---------------------------------------------------------------------------------------------------------------------------------|--------|-------|-------|
| Bank of India                                                                                                                   | -      | -     | -     |
| Citibank, India                                                                                                                 | -      | 0.08  | 1.02  |
| Indian Bank                                                                                                                     | 0.04   | 0.04  | 0.02  |
| ING Vysya Bank                                                                                                                  | -      | -     | 6.69  |
| Kotak Mahindra Bank                                                                                                             | -      | 7.35  | -     |
| Standard Chartered Bank, India                                                                                                  | -      | 25.00 | -     |
| Vijaya Bank                                                                                                                     | -      | 0.14  | 11.46 |
|                                                                                                                                 | 4.81   | 33.79 | 20.25 |
| <b>f) Deposits with original maturity of more than twelve months (Refer Note 9)</b>                                             |        |       |       |
| Citibank                                                                                                                        | 0.04   | 70.00 | -     |
| Kotak Mahindra Bank                                                                                                             | -      | 15.10 | -     |
|                                                                                                                                 | 0.04   | 85.10 | -     |
| <b>g) Balances held as margin money or security against borrowings or guarantees for more than twelve months (Refer Note 9)</b> |        |       |       |
| Axis Bank                                                                                                                       | -      | 14.00 | -     |
| Kotak Mahindra Bank                                                                                                             | -      | 0.11  | -     |
| Standard Chartered Bank, India                                                                                                  | -      | -     | 25.00 |
|                                                                                                                                 | -      | 14.11 | 25.00 |
| <b>h) Deposits with financial institutions (Refer Note 9)</b>                                                                   |        |       |       |
| Bajaj Finance Limited                                                                                                           | 100.00 | -     | -     |
| Dewan Housing Finance Limited                                                                                                   | 19.00  | -     | -     |
| LIC Housing Finance Limited                                                                                                     | 86.00  | -     | -     |
|                                                                                                                                 | 205.00 | -     | -     |
| <b>i) Total cash and cash equivalent (a+b+c)</b>                                                                                |        |       |       |
|                                                                                                                                 | 214.19 | 31.06 | 49.29 |
| <b>j) Total other bank balances (d+e)</b>                                                                                       |        |       |       |
|                                                                                                                                 | 21.76  | 39.96 | 20.25 |

## 8: Loans

in ₹ crore

| Particulars                                           | As at          |                |               |
|-------------------------------------------------------|----------------|----------------|---------------|
|                                                       | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current</b>                                    |                |                |               |
| <i>Unsecured, considered good (at amortised cost)</i> |                |                |               |
| Security deposits                                     | 5.44           | 4.98           | 4.12          |
| <b>Total non-current</b>                              | 5.44           | 4.98           | 4.12          |
| <b>Current</b>                                        |                |                |               |
| <i>Unsecured, considered good (at amortised cost)</i> |                |                |               |
| Security deposits                                     | 0.10           | 0.52           | 0.62          |
| Loans to employees                                    | 0.52           | 15.51          | 14.95         |
| <b>Total current</b>                                  | 0.62           | 16.03          | 15.57         |

## 9: Other Financial Assets

in ₹ crore

| Particulars                                                                     | As at          |                |               |
|---------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non-current financial assets</b>                                             |                |                |               |
| <b>Deposits with original maturity of more than twelve months</b>               |                |                |               |
| (i) In deposit accounts                                                         | 0.04           | 85.10          | -             |
| (ii) Balances held as margin money or security against borrowings or guarantees | -              | 14.11          | 25.00         |
| Interest accrued but not due                                                    | -              | 0.01           | -             |
| <b>Total non-current financial assets</b>                                       | 0.04           | 99.22          | 25.00         |

| Current financial assets                                               |               |             |              |
|------------------------------------------------------------------------|---------------|-------------|--------------|
| Deposits with financial institutions                                   | 205.00        | -           | -            |
| Unbilled Revenue                                                       | 1.81          | -           | 0.54         |
| Interest accrued but not due                                           | 3.01          | 0.27        | 0.12         |
| Karnataka Electronic System Design & Manufacturing incentive claimable | -             | 1.00        | 9.07         |
| Patent claimable                                                       | -             | -           | 0.99         |
| Focus Product Scheme receivable - Gross                                | 4.86          | 5.79        | 4.86         |
| Less: Provision                                                        | 1.28          | -           | -            |
| Focus Product Scheme receivable - Net                                  | 3.58          | 5.79        | 4.86         |
| <b>Total current financial assets</b>                                  | <b>213.40</b> | <b>7.06</b> | <b>15.58</b> |

## 10: Current tax assets (net)

in ₹ crore

| Particulars                                                                                                 | As at          |                |               |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                             | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>10(a) Income Tax Asset</b>                                                                               |                |                |               |
| Advance Income Tax (net)                                                                                    | 32.01          | 22.61          | 17.48         |
|                                                                                                             | 32.01          | 22.61          | 17.48         |
| <b>10(b) Deferred Tax Asset</b>                                                                             |                |                |               |
| The balance comprises temporary differences attributable to:                                                |                |                |               |
| Provisions allowable on payment basis                                                                       | 2.48           | 1.49           | 1.47          |
| Difference between carrying amount of property, plant and equipment in financials and the income tax return | 4.11           | 2.89           | 1.76          |
| Tax Losses                                                                                                  | -              | 11.50          | 14.31         |
| Unabsorbed depreciation                                                                                     | 16.95          | 16.96          | 16.96         |
| Tax Credits                                                                                                 | 97.62          | 64.06          | 21.91         |
| <b>Total</b>                                                                                                | <b>121.16</b>  | <b>96.90</b>   | <b>56.41</b>  |

## 13: Equity Share Capital

in ₹ crore except for share data or as otherwise stated

| Particulars                                                | Number of Shares (Nos) | Equity share capital |
|------------------------------------------------------------|------------------------|----------------------|
| <b>Authorised Capital</b>                                  |                        |                      |
| As at April 01, 2016                                       | 11,05,65,520           | 176.45               |
| Equity shares of face value of ₹10/- each                  | 10,99,00,000           | 109.90               |
| Compulsorily Convertible preference shares of ₹1000/- each | 6,65,520               | 66.55                |
| Increase during the year                                   | -                      | -                    |
| As at March 31, 2017 *                                     | 17,64,52,000           | 176.45               |
| Equity shares of face value of ₹10/- each                  | 17,64,52,000           | 176.45               |
| Compulsorily Convertible preference shares of ₹1000/- each | -                      | -                    |
| Increase during the year                                   | -                      | -                    |
| As at March 31, 2018                                       | 17,64,52,000           | 176.45               |

\* During the year 2016-17, pursuant to Shareholders resolution the Company reclassified its authorised preference share capital amounting to ₹66.55 (6,65,520 shares of ₹1000/- each) to authorised equity share capital of ₹66.55 crore (6,65,52,000 shares of ₹10/- each).

## Significant estimates:

The Group has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Group has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. The unabsorbed depreciation and tax credits can be carried forward indefinitely as per local tax regulations and the Group expects to recover these through future taxable profits.

## 11: Other assets

in ₹ crore

| Particulars                                                        | As at          |                |               |
|--------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Other non-current assets</b>                                    |                |                |               |
| Prepaid expenses                                                   | 0.34           | 0.80           | 0.53          |
| <b>Total other non-current assets</b>                              | <b>0.34</b>    | <b>0.80</b>    | <b>0.53</b>   |
| <b>Other current assets</b>                                        |                |                |               |
| (a) Advances to suppliers                                          | 5.03           | 5.50           | 17.98         |
| (b) Advances others                                                | 0.55           | 0.65           | 1.34          |
| (c) Balances with government authorities (other than income taxes) | 9.25           | 10.62          | 10.15         |
| (d) Prepaid expenses                                               | 6.44           | 9.22           | 2.74          |
| <b>Total other current assets (a)+(b)+(c)+(d)</b>                  | <b>21.27</b>   | <b>25.99</b>   | <b>32.21</b>  |

## 12: Inventories

in ₹ crore

| Particulars                                                                                                                             | As at          |                |               |
|-----------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                                                         | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| (a) Raw material - components including assemblies and sub-assemblies (including goods in transit ₹16.83 (2017: ₹0.58 and 2016: ₹0.80)) | 190.89         | 181.72         | 231.69        |
| <b>Total Inventories</b>                                                                                                                | <b>190.89</b>  | <b>181.72</b>  | <b>231.69</b> |

in ₹ crore except for share data or as otherwise stated

| Particulars                                                                | Number of Shares (Nos) | Equity share capital |
|----------------------------------------------------------------------------|------------------------|----------------------|
| <b>Issued, Subscribed and Paid up Capital</b>                              |                        |                      |
| <b>Equity Share Capital of ₹10/- each</b>                                  |                        |                      |
| <b>Fully paid shares</b>                                                   |                        |                      |
| As at April 1, 2016                                                        | 6,32,50,221            | 63.25                |
| Changes in equity share capital during the year                            |                        |                      |
| Issue of equity shares under employee share option plan [Refer Note 32(v)] | 18,68,122              | 1.87                 |
| Issue of equity shares - private placement                                 | 56,15,068              | 5.62                 |
| As at March 31, 2017                                                       | 7,07,33,411            | 70.74                |
| Issue of equity shares under employee share option plan [Refer Note 32(v)] | 25,75,622              | 2.57                 |
| Issue of equity shares through IPO (Refer Note 38)                         | 1,75,09,727            | 17.51                |
| As at March 31, 2018                                                       | 9,08,18,760            | 90.82                |
| <b>Partly paid shares (₹ 1/- paid up)</b>                                  |                        |                      |
| As at April 1, 2016                                                        | 3,27,27,930            | 3.27                 |
| Changes in equity share capital during the year                            |                        |                      |
| Forfeited during the year                                                  | (3,27,27,930)          | (3.27)               |
| As at March 31, 2017                                                       | -                      | -                    |
| Changes in equity share capital during the year                            |                        |                      |
| As at March 31, 2018                                                       | -                      | -                    |
| <b>Forfeited shares (to the extent of amount paid up)*</b>                 |                        |                      |
| As at April 1, 2016                                                        | -                      | -                    |
| Forfeited during the year [Refer Note 14(v)]                               | 3,27,27,930            | 3.27                 |
| As at March 31, 2017                                                       | 3,27,27,930            | 3.27                 |
| Transaction during the year                                                | -                      | -                    |
| As at March 31, 2018                                                       | 3,27,27,930            | 3.27                 |

|                            | As at          |                |               |
|----------------------------|----------------|----------------|---------------|
|                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Total Equity Share Capital | 94.09          | 74.01          | 66.52         |

\* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

a) Terms and rights attached to equity shares

Equity shares have a par value of ₹10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

b) Details of shareholders holding more than 5% shares in the Company#

in ₹ crore except for share data or as otherwise stated

| Particulars                                                        | As at          |                |               |
|--------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Cascade Capital Management, Mauritius</b>                       |                |                |               |
| Number of shares held                                              | 1,65,13,184    | 2,18,43,184    | 2,18,43,184   |
| % holding in that class of shares                                  | 18.18%         | 30.88%         | 22.76%        |
| <b>Samena Spectrum Co.</b>                                         |                |                |               |
| Number of shares held                                              | 1,39,81,648    | 1,39,81,648    | -             |
| % holding in that class of shares                                  | 15.40%         | 19.77%         | -             |
| <b>Mayfield XII, Mauritius</b>                                     |                |                |               |
| Number of shares held                                              | 71,06,628      | 71,06,628      | 71,06,628     |
| % holding in that class of shares                                  | 7.83%          | 10.05%         | 7.40%         |
| <b>Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund</b> |                |                |               |
| Number of shares held                                              | 49,63,187      | -              | -             |
| % holding in that class of shares                                  | 5.46%          | -              | -             |

| Sandstone Private Investments      |           |           |           |
|------------------------------------|-----------|-----------|-----------|
| Number of shares held              | 35,89,800 | 44,87,250 | 44,87,250 |
| % holding in that class of shares  | 3.95%     | 6.34%     | 4.68%     |
|                                    |           |           |           |
| Intel Capital (Cayman) Corporation |           |           |           |
| Number of shares held              | 31,15,039 | 41,81,400 | 41,81,400 |
| % holding in that class of shares  | 3.43%     | 5.91%     | 4.36%     |

# Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

c) There are no instances of:

i) shares allotted as fully paid up by way of bonus shares in the last five years.

ii) shares bought back during a period of five years immediately preceding the year end.

iii) shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

e) Shares reserved for issuance towards outstanding employee stock options granted and available for grant (Refer Note 32):

| Particulars                        | As at          |                |               |
|------------------------------------|----------------|----------------|---------------|
|                                    | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Equity shares of ₹10/- each        |                |                |               |
| ESOP Schemes                       | 69,55,287      | 1,22,01,548    | 71,01,767     |
| Outstanding at the end of the year | 69,55,287      | 94,95,846      | 69,26,635     |
| Options available for grant        | -              | 27,05,702      | 1,75,132      |
| RSU                                | 30,00,000      | -              | -             |
| Outstanding at the end of the year | 34,790         | -              | -             |
| Options available for grant        | 29,65,210      | -              | -             |

in No's

## 14: Other Equity

| Particulars                          | As at          |                |               |
|--------------------------------------|----------------|----------------|---------------|
|                                      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Securities premium reserve           | 922.08         | 487.48         | 415.70        |
| Retained earnings                    | 120.97         | 15.86          | (77.42)       |
| Employee stock compensation reserve  | 15.14          | 15.77          | 10.03         |
| Foreign Currency Translation Reserve | (0.20)         | (0.35)         | (0.07)        |
| Treasury Shares                      | -              | -              | (5.05)        |
| Other Reserves                       | -              | 0.17           | (14.84)       |
| Total Other Equity                   | 1,057.99       | 518.93         | 328.35        |

in ₹ crore

(i) Securities premium reserve

| Particulars                                        | As at          |                |
|----------------------------------------------------|----------------|----------------|
|                                                    | March 31, 2018 | March 31, 2017 |
| Opening Balance                                    | 487.48         | 415.70         |
| Premium on issue on account of IPO (Refer Note 38) | 432.49         | -              |
| Premium on issue on account of private placement   | -              | 61.77          |
| Premium on issue on account of exercise of ESOP    | 15.12          | 10.27          |
| Share issue costs                                  | (19.33)        | (2.34)         |
| Issue of equity shares, on exercise of options     | 6.32           | 2.08           |
| Closing Balance                                    | 922.08         | 487.48         |

in ₹ crore

(ii) Retained earnings

| Particulars                                                                  | As at          |                |
|------------------------------------------------------------------------------|----------------|----------------|
|                                                                              | March 31, 2018 | March 31, 2017 |
| Opening Balance                                                              | 15.86          | (77.42)        |
| Profit for the year                                                          | 106.52         | 92.98          |
| Others#                                                                      | 0.20           | -              |
| Items of other comprehensive income recognised directly in retained earnings | -              | -              |
| Remeasurements of the post employment benefit obligation                     | (1.61)         | 0.30           |
| Closing Balance                                                              | 120.97         | 15.86          |

in ₹ crore

## (iii) Employee stock compensation reserve

in ₹ crore

| Particulars                                    | As at          |                |
|------------------------------------------------|----------------|----------------|
|                                                | March 31, 2018 | March 31, 2017 |
| Opening Balance                                | 15.77          | 10.03          |
| Share based payment expenses                   | 5.69           | 7.82           |
| Issue of equity shares, on exercise of options | (6.32)         | (2.08)         |
| Closing Balance                                | 15.14          | 15.77          |

## (iv) Foreign Currency Translation Reserve

in ₹ crore

| Particulars                 | As at          |                |
|-----------------------------|----------------|----------------|
|                             | March 31, 2018 | March 31, 2017 |
| Opening Balance             | (0.35)         | (0.07)         |
| Transaction during the year | 0.15           | (0.28)         |
| Closing Balance             | (0.20)         | (0.35)         |

## (v) Treasury Shares

in ₹ crore

| Particulars                                           | Number of Shares<br>(Nos) | Amount        |
|-------------------------------------------------------|---------------------------|---------------|
|                                                       | Opening Balance           | (3,45,04,268) |
| Issued to employees under share based payment schemes | 17,76,338                 | 1.78          |
| Shares forfeited during the year*                     | 3,27,27,930               | 3.27          |
| Closing Balance as on March 31, 2017                  | -                         | -             |
| Issued to employees under share based payment schemes | -                         | -             |
| Closing Balance as on March 31, 2018                  | -                         | -             |

## (vi) Other Reserves

in ₹ crore

| Particulars                              | As at          |                |
|------------------------------------------|----------------|----------------|
|                                          | March 31, 2018 | March 31, 2017 |
| Opening Balance                          | 0.17           | (14.84)        |
| Transaction during the year <sup>#</sup> | (0.17)         | 15.01          |
|                                          | -              | 0.17           |

\*3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

<sup>#</sup> Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

## Nature and purpose of other reserves

## (i) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

## (ii) Employee stock compensation reserve

The Employee stock compensation reserve is used to recognise the grant date fair value of options issued to employees under the Group's share based payment schemes.

## (iii) Treasury Shares

Treasury shares are shares in the Company that are held by Tejas Employees Welfare Trust, which the Trust is holding on behalf of the Company.

## (iv) Foreign Currency Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

## (v) Other Reserves

Refer Note 34 Part C note 2 for details of other reserve.

## 15: Non Current Borrowings

in ₹ crore

| Particulars                                                                                                                         | As at          |                |               |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                                                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Measured at amortized cost                                                                                                          |                |                |               |
| A. Secured borrowings (Refer Note 33)                                                                                               |                |                |               |
| (a) Working capital bank loan against fixed deposits                                                                                | -              | 25.00          | 25.00         |
| Less: Current maturities of long term debt (Refer Note 19)                                                                          | -              | 25.00          | -             |
| (Interest rate of 8.85% and repayable on March 10, 2018)                                                                            |                |                |               |
| <b>Total secured borrowings (A)</b>                                                                                                 | <b>-</b>       | <b>-</b>       | <b>25.00</b>  |
| B. Unsecured borrowings - at amortized Cost                                                                                         |                |                |               |
| Unsecured Loan from Kreos Capital III Limited                                                                                       | -              | -              | 4.97          |
| Less: Current maturities of long term debt (Refer Note 19)                                                                          | -              | -              | 4.97          |
| (Repayable in 22 monthly installments beginning December 21, 2012)                                                                  |                |                |               |
|                                                                                                                                     | -              | -              | -             |
| Unsecured financial support under Technology Development & Demonstration Programme (TDDP) of DSIR                                   | 2.27           | 4.18           | 5.00          |
| Less: Current maturities of long term debt (Refer Note 19)                                                                          | 1.27           | 2.18           | 1.00          |
| Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization. |                |                |               |
| <b>Total unsecured borrowings (B)</b>                                                                                               | <b>1.00</b>    | <b>2.00</b>    | <b>4.00</b>   |
| <b>Total borrowings (A) + (B)</b>                                                                                                   | <b>1.00</b>    | <b>2.00</b>    | <b>29.00</b>  |

## 16: Provisions

in ₹ crore

| Particulars                         | As at          |                |               |
|-------------------------------------|----------------|----------------|---------------|
|                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Non current provisions</b>       |                |                |               |
| Provision for employee benefits     |                |                |               |
| Gratuity [Refer Note 24(iii)(a)]    | -              | -              | -             |
| Other provisions                    |                |                |               |
| Warranty                            | 1.14           | 2.10           | 1.11          |
| <b>Total non current provisions</b> | <b>1.14</b>    | <b>2.10</b>    | <b>1.11</b>   |
| <b>Current provisions</b>           |                |                |               |
| Provision for employee benefits     |                |                |               |
| Compensated absences*               | 1.89           | 1.37           | 0.91          |
| Gratuity [Refer Note 24(iii)(a)]    | 0.73           | -              | 0.08          |
| Other provisions                    |                |                |               |
| Warranty                            | 4.27           | 3.27           | 2.40          |
| <b>Total current provisions</b>     | <b>6.89</b>    | <b>4.64</b>    | <b>3.39</b>   |

\* The amount of provision of ₹1.89 (March 31, 2017 - ₹1.37, April 1, 2016 ₹0.91) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

### Details of Provision for warranty

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales

in ₹ crore

| Particulars                         | As at          |                |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2018 | March 31, 2017 |
| Opening balance                     | 5.37           | 3.51           |
| Unwinding of interest on provisions | 0.48           | 0.18           |

|                          |        |        |
|--------------------------|--------|--------|
| Additions                | 1.03   | 4.30   |
| Discounting of provision | (0.36) | (0.43) |
| Utilisation              | (1.11) | (2.19) |
| Closing balance          | 5.41   | 5.37   |
| Disclosed as:            |        |        |
| Non-current              | 1.14   | 2.10   |
| Current                  | 4.27   | 3.27   |
|                          | 5.41   | 5.37   |

## 17: Current Borrowings

in ₹ crore

| Particulars                                                                     | As at          |                |               |
|---------------------------------------------------------------------------------|----------------|----------------|---------------|
|                                                                                 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Secured borrowings (Refer Note 33)</b>                                       |                |                |               |
| (1) From Banks                                                                  |                |                |               |
| a) Cash credit {Refer note (i)}                                                 | -              | 99.52          | 78.69         |
| b) Working capital demand loan {Refer note (i)}                                 | -              | 88.10          | 41.40         |
| c) Packing credit {Refer note (i)}                                              | -              | 38.30          | 21.05         |
| d) Buyers credit {Refer note (i)}                                               | -              | -              | 37.39         |
| e) Bills discounting                                                            | -              | 26.38          | 114.90        |
| f) Loan against FD {Refer note (ii)}                                            | -              | -              | 6.44          |
| (2) From foreign banks-FCNRB account towards working capital {Refer note (iii)} | -              | -              | 29.07         |
| (3) From Others - Factoring facility {Refer note (iv)}                          | -              | -              | 10.00         |
| <b>Total current borrowings</b>                                                 | <b>-</b>       | <b>252.30</b>  | <b>338.94</b> |

- (i) Secured by hypothecation of inventory, book debts, property, plant and equipment and current assets (Refer Note 33) and carrying Interest rates ranging from 3% to 14.75% per annum and repayable on demand.
- (ii) Secured against fixed deposit maintained with the Bank and carrying Interest rate of 11% per annum and repayable on demand.
- (iii) Secured against Pari-passu first charge on the present and future current assets and movable property, plant and equipment (Refer Note 33) and carrying interest rate of LIBOR + 2% per annum and repayable on February 18, 2017.
- (iv) Secured by assignment of underlying receivables with recourse and carrying interest rates ranging from 14% to 14.5% per annum and repayable within 150 days.

#### Net Debt Reconciliation

| Particulars               | in ₹ crore             |                    |                                      |
|---------------------------|------------------------|--------------------|--------------------------------------|
|                           | Non-Current Borrowings | Current Borrowings | Current maturities of long term debt |
| Debt as on April 01, 2016 | 29.00                  | 338.94             | 5.97                                 |
| Cash flow                 | (27.00)                | (86.64)            | 21.21                                |
| Debt as on March 31, 2017 | 2.00                   | 252.30             | 27.18                                |
| Cash flow                 | (1.00)                 | (252.30)           | (25.91)                              |
| Debt as on March 31, 2018 | 1.00                   | -                  | 1.27                                 |

#### 18: Trade Payables

| Particulars                         | in ₹ crore     |                |               |
|-------------------------------------|----------------|----------------|---------------|
|                                     | As at          |                |               |
|                                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Trade payables for goods & services | 96.36          | 100.73         | 142.16        |
| Acceptances                         | 8.67           | 7.10           | 19.67         |
| Total trade payables                | 105.03         | 107.83         | 161.83        |

#### 19: Other Financial Liabilities

| Particulars                                | in ₹ crore     |                |               |
|--------------------------------------------|----------------|----------------|---------------|
|                                            | As at          |                |               |
|                                            | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>Current</b>                             |                |                |               |
| Current maturities of long-term debt       | 1.27           | 27.18          | 5.97          |
| Interest accrued but not due on borrowings | -              | 0.49           | 0.57          |
| Due to employees                           | 18.60          | 10.62          | 24.55         |
| Foreign exchange forward contract          | -              | -              | 1.76          |
| Capital Creditors                          | 4.04           | -              | -             |
| Accrual for expenses                       | 29.18          | 21.61          | 15.74         |
| Other liabilities                          | 0.21           | 0.19           | 0.30          |
| Total other financial liabilities          | 53.30          | 60.09          | 48.89         |

#### 20: Other Current Liabilities

| Particulars                      | in ₹ crore     |                |               |
|----------------------------------|----------------|----------------|---------------|
|                                  | As at          |                |               |
|                                  | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Advances received from customers | 0.88           | 3.40           | -             |
| Deferred revenue                 | 4.36           | 4.09           | 1.29          |
| Statutory dues                   | 5.09           | 5.07           | 10.81         |
| Total other current liabilities  | 10.33          | 12.56          | 12.10         |

#### 21: Revenue from Operations

| Particulars                                                                      | in ₹ crore                |        |
|----------------------------------------------------------------------------------|---------------------------|--------|
|                                                                                  | Year ended March 31, 2018 | 2017   |
| Revenue from sale of goods (including excise duty)                               |                           |        |
| Manufactured goods - Optical and Data Networking products including multiplexers | 679.83                    | 836.57 |
| Component sales                                                                  | 9.93                      | 55.74  |
|                                                                                  | 689.76                    | 892.31 |
| Revenue from rendering of services                                               |                           |        |
| Installation and commissioning revenue                                           | 31.12                     | 4.51   |
| Annual maintenance revenue                                                       | 32.84                     | 28.48  |
| Other service revenue                                                            | 13.43                     | 3.24   |
|                                                                                  | 77.39                     | 36.23  |
| Other operating income                                                           |                           |        |
| Export Incentive                                                                 | 0.29                      | 4.04   |
|                                                                                  | 0.29                      | 4.04   |
| Total revenue from operations                                                    | 767.44                    | 932.58 |

#### 22: Other Income

| Particulars                                                                                       | in ₹ crore                |      |
|---------------------------------------------------------------------------------------------------|---------------------------|------|
|                                                                                                   | Year Ended March 31, 2018 | 2017 |
| Interest income from bank on deposits                                                             | 14.50                     | 4.11 |
| Dividend Income                                                                                   | 0.09                      | -    |
| Gain/(Loss) on current investment carried at fair value through profit or loss                    | 0.85                      | -    |
| Gain/(Loss) on sale of current investment carried at fair value through profit or loss            | 2.58                      | -    |
| Unwinding of discount on fair valuation of financials assets                                      | 4.18                      | 1.27 |
| Net gain on foreign currency transactions and translation (other than considered as finance cost) | 4.39                      | -    |
| Fair value gain on derivatives not designated as hedges                                           | -                         | 0.52 |
| Other non-operating income                                                                        |                           |      |
| Karnataka Electronic System Design & Manufacturing R&D Grant                                      | -                         | 1.00 |
| Profit on sale of fixed asset                                                                     | 0.01                      | -    |
| Miscellaneous income                                                                              | 1.23                      | 1.76 |
| Total other income                                                                                | 27.83                     | 8.66 |

#### 23: Cost of Materials Consumed

| Particulars                       | in ₹ crore                |        |
|-----------------------------------|---------------------------|--------|
|                                   | Year Ended March 31, 2018 | 2017   |
| Opening stock                     | 181.72                    | 231.69 |
| Add: Purchases                    | 399.12                    | 464.08 |
| Less: Capitalized during the year | 7.53                      | -      |
|                                   | 573.31                    | 695.77 |
| Less: Closing stock               | 190.89                    | 181.72 |
| Cost of materials consumed        | 382.42                    | 514.05 |

## 24: Employee Benefit Expenses

in ₹ crore

| Particulars                                          | Year Ended March 31, |              |
|------------------------------------------------------|----------------------|--------------|
|                                                      | 2018                 | 2017         |
| Salaries and wages, including performance incentives | 123.23               | 106.06       |
| Contribution to provident and other funds            | 4.94                 | 3.94         |
| Gratuity expenses                                    | 1.25                 | 1.17         |
| Employee share based payment expenses                | 5.69                 | 7.82         |
| Staff welfare expenses                               | 5.30                 | 4.86         |
|                                                      | 140.41               | 123.85       |
| Less: Capitalized during the year [Refer Note 4(b)]  | 48.15                | 39.16        |
| <b>Total employee benefit expenses</b>               | <b>92.26</b>         | <b>84.69</b> |

### Employee benefit plans

#### (i). Defined contribution plans

The Group makes contributions to Provident Fund and Employee's Pension Scheme, 1995. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes. The Group has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

| Particulars                  | Year Ended March 31, |      |
|------------------------------|----------------------|------|
|                              | 2018                 | 2017 |
| Provident Fund Contributions | 4.14                 | 3.20 |
| Employee Pension Scheme      | 0.80                 | 0.74 |

#### (ii). Compensated absence

The leave obligation covers the Group's liability for earned leave. This is an unfunded scheme.

The amount of the provision of ₹1.89 (March 31, 2017 – ₹1.37, April 1, 2016 – ₹0.91) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation (DBO) over the year are as follows:

| Particulars                                                                      | in ₹ crore                  |                           |               |
|----------------------------------------------------------------------------------|-----------------------------|---------------------------|---------------|
|                                                                                  | Present value of obligation | Fair value of plan assets | Net amount    |
| As at April 1, 2016                                                              | 6.35                        | (6.26)                    | 0.09          |
| Current service cost                                                             | 1.19                        | -                         | 1.19          |
| Interest expense/(income)                                                        | 0.46                        | (0.48)                    | (0.02)        |
| <b>Total amount recognised in profit or loss under employee benefit expenses</b> | <b>1.65</b>                 | <b>(0.48)</b>             | <b>1.17</b>   |
| <b>Remeasurements</b>                                                            |                             |                           |               |
| Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO           | (0.74)                      | -                         | (0.74)        |
| Actuarial (Gain) / Losses due to Financial Assumption changes in DBO             | 0.94                        | -                         | 0.94          |
| Actuarial (Gain)/ Losses due to Experience on DBO                                | (0.35)                      | -                         | (0.35)        |
| Return on Plan Assets (Greater) / Lesser than Discount rate                      | -                           | (0.23)                    | (0.23)        |
| <b>Total amount recognised in other comprehensive income</b>                     | <b>(0.15)</b>               | <b>(0.23)</b>             | <b>(0.38)</b> |
| Employer contributions/premiums paid                                             | -                           | (0.88)                    | (0.88)        |
| Benefit payments                                                                 | (0.19)                      | 0.19                      | -             |
| <b>As at March 31, 2017 (Refer Note 16)</b>                                      | <b>7.66</b>                 | <b>(7.66)</b>             | <b>-</b>      |

Compensated absence expense recorded in Statement of Profit & Loss are as follows:

in ₹ crore

| Particulars                                                     | Year Ended March 31, |       |
|-----------------------------------------------------------------|----------------------|-------|
|                                                                 | 2018                 | 2017  |
| Compensated absence expense included in salaries and wages      | 0.56                 | 0.51  |
| <b>Actuarial assumptions for long-term compensated absences</b> |                      |       |
| Discount rate                                                   | 7.52%                | 7.31% |
| Salary escalation                                               | 5.00%                | 5.00% |
| Attrition                                                       | 7.00%                | 1.00% |

#### (iii). Defined Benefit Plans

##### (a) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India.

| Particulars                                    | Year Ended March 31, |       |
|------------------------------------------------|----------------------|-------|
|                                                | 2018                 | 2017  |
| Actuarial assumptions for defined benefit plan |                      |       |
| Discount rate                                  | 7.52%                | 7.31% |
| Expected return on plan assets                 | 7.52%                | 7.31% |
| Salary escalation                              | 5.00%                | 5.00% |
| Attrition rate                                 | 7.00%                | 1.00% |

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

in ₹ crore

| Particulars                                                               | Present value of obligation | Fair value of plan assets | Net amount |
|---------------------------------------------------------------------------|-----------------------------|---------------------------|------------|
| As at April 1, 2017                                                       | 7.66                        | (7.66)                    | -          |
| Current service cost                                                      | 1.35                        | -                         | 1.35       |
| Interest expense/(income)                                                 | 0.57                        | (0.67)                    | (0.10)     |
| Total amount recognised in profit or loss under employee benefit expenses | 1.92                        | (0.67)                    | 1.25       |
| Remeasurements                                                            |                             |                           |            |
| Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO    | 0.82                        | -                         | 0.82       |
| Actuarial (Gain) / Losses due to Financial Assumption changes in DBO      | (0.17)                      | -                         | (0.17)     |
| Actuarial (Gain) / Losses due to Experience on DBO                        | 1.12                        | -                         | 1.12       |
| Return on Plan Assets (Greater) / Lesser than Discount rate               | -                           | 0.28                      | 0.28       |
| Total amount recognised in other comprehensive income                     | 1.77                        | 0.28                      | 2.05       |
| Employer contributions/premiums paid                                      | -                           | (2.57)                    | (2.57)     |
| Benefit payments                                                          | (0.18)                      | 0.18                      | -          |
| As at March 31, 2018 (Refer Note 16)                                      | 11.17                       | (10.44)                   | 0.73       |

#### b) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| Particulars                                                    | Year Ended March 31, |         |
|----------------------------------------------------------------|----------------------|---------|
|                                                                | 2018                 | 2017    |
| <b>Discount Rate</b>                                           |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | -6.76%               | -10.88% |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | 7.66%                | 12.90%  |
| <b>Salary Growth Rate</b>                                      |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | 7.38%                | 13.12%  |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | -6.61%               | -11.23% |
| <b>Attrition Rate</b>                                          |                      |         |
| Increase by 100 basis points (March 31, 2017 100 basis points) | 0.84%                | 1.77%   |
| Decrease by 100 basis points (March 31, 2017 100 basis points) | -0.95%               | -2.00%  |
| <b>Mortality</b>                                               |                      |         |
|                                                                | 0.05%                | 0.06%   |

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may not be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Composition of the plan assets is as follows:

in ₹ crore

| Particulars         | As at          |                |               |
|---------------------|----------------|----------------|---------------|
|                     | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Equity mutual funds | 100%           | 100%           | 100%          |

#### c) Risk Exposure

1. Interest rates risk : The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.
3. Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
4. Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

#### Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans (gratuity) for the year ending March 31, 2019 are ₹1.68.

The weighted average duration of the defined benefit obligation is 11.43 years (2017 – 22.12 years, 2016- 13.99 years). The expected maturity analysis of undiscounted gratuity is as follows:

in ₹ crore

| Particulars       | As at          |                |               |
|-------------------|----------------|----------------|---------------|
|                   | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| Year 1            | 0.94           | 0.14           | 0.44          |
| Year 2            | 0.81           | 0.19           | 0.41          |
| Year 3            | 0.9            | 0.14           | 0.46          |
| Year 4            | 0.9            | 0.31           | 0.35          |
| Year 5            | 0.84           | 0.42           | 0.43          |
| Year 6-10         | 3.02           | 2.2            | 2.08          |
| Year 10 and above | 3.74           | 4.26           | 2.18          |

## 25: Finance Cost

| Particulars                                                           | in ₹ crore           |              |
|-----------------------------------------------------------------------|----------------------|--------------|
|                                                                       | Year Ended March 31, |              |
|                                                                       | 2018                 | 2017         |
| Interest expense                                                      |                      |              |
| (i) Borrowings                                                        | 5.83                 | 23.60        |
| (iii) Delayed payment of taxes                                        | -                    | 0.07         |
| (iv) Unwinding of discount on fair valuation of financial liabilities | 0.88                 | 0.35         |
| Exchange differences regarded as an adjustment to borrowing costs     | -                    | 2.00         |
| Other finance cost                                                    | 6.69                 | 5.79         |
| <b>Total finance cost</b>                                             | <b>13.40</b>         | <b>31.81</b> |

## 26: Other Expenses (Refer Note 1 below)

| Particulars                                                                                       | in ₹ crore           |        |
|---------------------------------------------------------------------------------------------------|----------------------|--------|
|                                                                                                   | Year Ended March 31, |        |
|                                                                                                   | 2018                 | 2017   |
| Installation and commissioning expenses                                                           | 24.03                | 6.58   |
| Other processing charges                                                                          | 1.30                 | 4.71   |
| Power and fuel                                                                                    | 4.16                 | 3.60   |
| Housekeeping and security                                                                         | 2.60                 | 2.16   |
| Rent including lease rentals (Refer Note 31.4)                                                    | 7.84                 | 7.69   |
| Repairs and maintenance - machinery                                                               | 0.47                 | 0.49   |
| Repairs and maintenance - others                                                                  | 2.44                 | 3.47   |
| Sub-contractor charges                                                                            | 6.47                 | 2.13   |
| Insurance                                                                                         | 0.65                 | 0.75   |
| Rates and taxes                                                                                   | 1.78                 | 3.98   |
| Communication                                                                                     | 1.29                 | 1.28   |
| Royalty                                                                                           | 0.83                 | 0.99   |
| Travelling and conveyance                                                                         | 15.03                | 11.88  |
| Printing and stationery                                                                           | 0.38                 | 0.52   |
| Freight and forwarding                                                                            | 1.31                 | 1.48   |
| Contract related expenses                                                                         | 16.01                | 7.22   |
| Sales expenses (Refer Note 38)                                                                    | 2.33                 | 2.24   |
| Sales commission                                                                                  | 10.75                | 18.72  |
| Business promotion                                                                                | 1.36                 | 0.84   |
| Donations                                                                                         | 0.01                 | 0.01   |
| Director sitting fees                                                                             | 0.14                 | 0.14   |
| Director commission                                                                               | 0.29                 | 0.15   |
| Legal and professional                                                                            | 13.46                | 9.18   |
| Auditors remuneration and out-of-pocket expenses                                                  |                      | -      |
| As auditors*                                                                                      | 0.50                 | 0.41   |
| For taxation matters                                                                              | -                    | 0.24   |
| Auditors out-of-pocket expenses                                                                   | 0.04                 | 0.02   |
| Net loss on foreign currency transactions and translation (other than considered as finance cost) | -                    | 4.70   |
| Bad trade and other receivables and loans and advances written off                                | -                    | 5.26   |
| Less:- Allowance for doubtful trade and other receivables, loans and advances released            | -                    | (3.35) |
| Provision for doubtful trade and other receivables (net)                                          | 3.39                 | 1.82   |
| Provision for advances                                                                            | 1.55                 | -      |
| Provision for diminution in value of investment                                                   | -                    | -      |
| KESDM receivable write off                                                                        | -                    | 7.07   |
| Provision for warranty                                                                            | 0.67                 | 3.87   |
| Expenditure on corporate social responsibility (Refer Note 36)                                    | 0.54                 | 0.11   |
| Miscellaneous expenses                                                                            | 1.68                 | 2.73   |

|                                               |               |               |
|-----------------------------------------------|---------------|---------------|
| Capitalized during the year [Refer Note 4(b)] | 123.30        | 113.09        |
|                                               | 1.06          | 0.93          |
| <b>Total other expenses</b>                   | <b>122.24</b> | <b>112.16</b> |

\* excludes payment to auditors included in share issue expenses related to Initial Public Offering (Refer Note 38).

Note 1: Other expenses include R&D expenses under various line items [Refer Note 31.7 (ii)].

## 27: Income Tax Expense

| Particulars                                     | in ₹ crore           |                |
|-------------------------------------------------|----------------------|----------------|
|                                                 | Year Ended March 31, |                |
|                                                 | 2018                 | 2017           |
| a. Current tax                                  |                      |                |
| Current tax on profits for the year             | 23.78                | 1.20           |
| Adjustments of prior periods                    | -                    | -              |
| <b>Total current tax expense</b>                | <b>23.78</b>         | <b>1.20</b>    |
| b. Deferred tax                                 |                      |                |
| Decrease/(increase) in deferred tax assets      | (24.26)              | (40.49)        |
| (Decrease)/increase in deferred tax liabilities | -                    | -              |
| <b>Total deferred tax expense/(benefit)</b>     | <b>(24.26)</b>       | <b>(40.49)</b> |
| <b>Total Income tax (expense)</b>               | <b>(0.48)</b>        | <b>(39.29)</b> |

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

| Particulars                                                                                                                         | in ₹ crore           |                |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------|
|                                                                                                                                     | Year Ended March 31, |                |
|                                                                                                                                     | 2018                 | 2017           |
| Profit from continuing operations before income tax expense                                                                         | 106.04               | 53.69          |
| Tax at the Indian tax rate at 34.608% (March 31, 2017: 34.608%)                                                                     | 36.70                | 18.58          |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income:                                             |                      |                |
| Adjustment on account of Ind As transition                                                                                          | -                    | 14.62          |
| Others                                                                                                                              | 1.73                 | -              |
| Weighted deduction on research and development expenditure                                                                          | (15.18)              | (25.46)        |
| Difference in overseas tax rate                                                                                                     | -                    | (3.46)         |
| Allowance of Brought forward losses in MAT computation                                                                              | -                    | (3.09)         |
| Previously unrecognised tax losses now recouped to reduce deferred tax expense/ tax losses for which no deferred tax was recognised | (23.73)              | (40.48)        |
| <b>Income Tax (expense)</b>                                                                                                         | <b>(0.48)</b>        | <b>(39.29)</b> |

Tax losses and credits for which no deferred tax has been recognised in ₹ crore

| Particulars                        | Year Ended March 31, |        |
|------------------------------------|----------------------|--------|
|                                    | 2018                 |        |
|                                    | 2018                 | 2017   |
| Unused tax credits                 | 157.55               | 288.32 |
|                                    | 157.55               | 288.32 |
| Potential tax benefit on the above | 55.05                | 99.78  |
| MAT credit                         | 24.98                | 1.20   |

In the absence of reasonable certainty with regard to taxable profit in the future, the Group has not recognised deferred tax in respect of above items and MAT credit.

## 28: Fair Value Measurement

(i) Financial instruments by category and fair value hierarchy

in ₹ crore

| Particulars                                                              | Level | 31 March 2018 |                | 31 March 2017 |                | 01 April 2016 |                |
|--------------------------------------------------------------------------|-------|---------------|----------------|---------------|----------------|---------------|----------------|
|                                                                          |       | FVPL          | Amortized cost | FVPL          | Amortized cost | FVPL          | Amortized cost |
| <b>Financial assets</b>                                                  |       |               |                |               |                |               |                |
| <b>Investments</b>                                                       |       |               |                |               |                |               |                |
| - Mutual Funds                                                           | 1     | 76.52         | -              | -             | -              | -             | -              |
| - Others (Refer Note 37)                                                 | 3     | 0.00          | -              | 0.00          | -              | 0.00          | -              |
| Trade receivables                                                        | 3     | -             | 310.55         | -             | 397.43         | -             | 375.91         |
| Cash and cash equivalents                                                |       | -             | 214.19         | -             | 31.06          | -             | 49.29          |
| Bank balances other than cash and cash equivalents                       |       |               | 21.76          |               | 39.96          |               | 20.25          |
| <b>Loans</b>                                                             |       |               |                |               |                |               |                |
| - Security deposits                                                      | 3     | -             | 5.54           | -             | 5.50           | -             | 4.74           |
| - Loans to employees                                                     | 3     | -             | 0.52           | -             | 15.51          | -             | 14.95          |
| <b>Other financial assets</b>                                            |       |               |                |               |                |               |                |
| - Deposits with original maturity of more than twelve months             |       |               | 0.04           |               | 99.21          |               | 25.00          |
| - Deposits with financial institutions                                   |       |               | 205.00         |               |                |               |                |
| - Unbilled Revenue                                                       | 3     | -             | 1.81           | -             | -              | -             | 0.54           |
| - Interest accrued but not due                                           | 3     | -             | 3.01           | -             | 0.28           | -             | 0.12           |
| - Karnataka Electronic System Design & Manufacturing incentive claimable | 3     | -             | -              | -             | 1.00           | -             | 9.07           |
| - Patent claimable                                                       | 3     | -             | -              | -             | -              | -             | 0.99           |
| - Focus Product Scheme receivable                                        | 3     | -             | 4.86           | -             | 5.79           | -             | 4.86           |
| <b>Total Financial Assets</b>                                            |       | <b>76.52</b>  | <b>767.28</b>  | <b>-</b>      | <b>595.74</b>  | <b>-</b>      | <b>505.72</b>  |
| <b>Financial liabilities</b>                                             |       |               |                |               |                |               |                |
| Borrowings                                                               |       | -             | 1.00           | -             | 254.30         | -             | 367.94         |
| Trade payables                                                           | 3     | -             | 105.03         | -             | 107.83         | -             | 161.83         |
| <b>Other financial liabilities</b>                                       |       |               |                |               |                |               |                |
| - Current maturities of long-term debt                                   |       | -             | 1.27           | -             | 27.18          | -             | 5.97           |
| - Interest accrued but not due on borrowings                             |       | -             | -              | -             | 0.49           | -             | 0.57           |
| - Capital Creditors                                                      |       | -             | 4.04           | -             | -              | -             | -              |
| - Due to employees                                                       |       | -             | 18.60          | -             | 10.62          | -             | 24.55          |
| - Foreign exchange forward contract                                      | 2     | -             | -              | -             | -              | 1.76          | -              |
| - Accrual for expenses                                                   |       | -             | 29.18          | -             | 21.61          | -             | 15.74          |
| - Other liabilities                                                      |       | -             | 0.21           | -             | 0.19           | -             | 0.30           |
| <b>Total Financial liabilities</b>                                       |       | <b>-</b>      | <b>159.33</b>  | <b>-</b>      | <b>422.22</b>  | <b>1.76</b>   | <b>576.90</b>  |

Level 1: Includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

### (ii) Valuation Technique

- The fair values for security deposits and trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- The fair values of foreign exchange forward contracts are determined using forward exchange rate at the balance sheet date.
- Investment in mutual funds are valued using closing NAV.

### (iii) Valuation Process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values of security deposits are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

### (iv) Fair value of financial assets and liabilities measured at amortized cost

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.
- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

## 29: Financial risk management

The Group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk. The Group's senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

### A. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in various countries. Credit risk is managed by the Group through credit approvals, establishing credit limits and continuously monitoring the credit-worthiness of customers to which the Group grants credit terms in the normal course of business.

| (i) Reconciliation of loss allowance provision | in ₹ crore |
|------------------------------------------------|------------|
| Loss allowance as on 01 April, 2016            | (8.61)     |
| Changes in loss allowance                      | 1.33       |
| Loss allowance as on 31 March, 2017            | (7.28)     |
| Changes in loss allowance                      | (0.36)     |
| Loss allowance as on 31 March, 2018            | (7.64)     |

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings. No expected credit loss allowance has been created for security deposits and investments in mutual funds, since the Group considers the lifetime credit risk of these financial assets to be very low.

### B. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's principal source of liquidity are cash and cash equivalents, cash flow that is generated from the operations and the undrawn borrowing facilities. A material and sustained shortfall in our cash flow could undermine the Group's credit rating and impair investor confidence. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

#### (i) Liquid assets

The table below summarizes the Group's liquid assets at the end of the reporting period:

|                                                                                        | March 31,<br>2018 | March 31,<br>2017 | April 01,<br>2016 |
|----------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Cash and cash equivalents                                                              | 214.19            | 31.06             | 49.29             |
| Other bank balances - deposits more than 3 months less than 12 months and margin money | 21.76             | 39.96             | 20.25             |
| Deposits with financial institutions                                                   | 205.00            | -                 | -                 |
| Current investments - mutual funds                                                     | 76.52             | -                 | -                 |
|                                                                                        | 517.47            | 71.02             | 69.54             |

#### (ii) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

|                        | March 31,<br>2018 | March 31,<br>2017 | April 01,<br>2016 |
|------------------------|-------------------|-------------------|-------------------|
| <b>Rupee Borrowing</b> |                   |                   |                   |
| Fund based             | 190.00            | 49.37             | 62.93             |
| Non Fund based         | 7.58              | 15.11             | 24.01             |
| <b>USD Borrowing</b>   |                   |                   |                   |
| Fund based             | 62.68             | 41.02             | 21.16             |
| Non Fund based         | -                 | -                 | 0.58              |

The above borrowings facilities fungible between fund based and non-fund based.

(iii) Maturities of financial liabilities

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying balances as the impact of discounting is not significant.

in ₹ crore

| Contractual maturities of financial liabilities - March 31, 2018 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|------------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                           |                    |                   |                       |                   |        |
| Borrowings                                                       | -                  | -                 | 1.00                  | -                 | 1.00   |
| Trade payables                                                   | 105.03             | -                 | -                     | -                 | 105.03 |
| Current maturities of long-term debt                             | -                  | 1.27              | -                     | -                 | 1.27   |
| Interest accrued but not due on borrowings                       | -                  | -                 | -                     | -                 | -      |
| Due to employees                                                 | 18.60              | -                 | -                     | -                 | 18.60  |
| Capital Creditors                                                | 4.04               | -                 | -                     | -                 | 4.04   |
| Accrual for expenses                                             | 29.18              | -                 | -                     | -                 | 29.18  |
| Others                                                           | 0.21               | -                 | -                     | -                 | 0.21   |
|                                                                  | 157.06             | 1.27              | 1.00                  | -                 | 159.33 |

| Contractual maturities of financial liabilities - March 31, 2017 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|------------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                           |                    |                   |                       |                   |        |
| Borrowings                                                       | -                  | 252.30            | 1.00                  | 1.00              | 254.30 |
| Trade payables                                                   | 107.83             | -                 | -                     | -                 | 107.83 |
| Current maturities of long-term debt                             | -                  | 27.18             | -                     | -                 | 27.18  |
| Interest accrued but not due on borrowings                       | -                  | 0.49              | -                     | -                 | 0.49   |
| Due to employees                                                 | 10.62              | -                 | -                     | -                 | 10.62  |
| Accrual for expenses                                             | 21.61              | -                 | -                     | -                 | 21.61  |
| Others                                                           | 0.19               | -                 | -                     | -                 | 0.19   |
|                                                                  | 140.25             | 279.97            | 1.00                  | 1.00              | 422.22 |

| Contractual maturities of financial liabilities - April 1, 2016 | Less than 6 months | 6months to 1 year | Between 1 and 2 years | More than 2 years | Total  |
|-----------------------------------------------------------------|--------------------|-------------------|-----------------------|-------------------|--------|
| <b>Non-Derivatives</b>                                          |                    |                   |                       |                   |        |
| Borrowings                                                      | -                  | 338.94            | 28.00                 | 1.00              | 367.94 |
| Trade payables                                                  | 161.83             | -                 | -                     | -                 | 161.83 |
| Current maturities of long-term debt                            | -                  | 5.97              | -                     | -                 | 5.97   |
| Interest accrued but not due on borrowings                      | -                  | 0.57              | -                     | -                 | 0.57   |
| Due to employees                                                | 24.55              | -                 | -                     | -                 | 24.55  |
| Accrual for expenses                                            | 15.74              | -                 | -                     | -                 | 15.74  |
| Others                                                          | 0.30               | -                 | -                     | -                 | 0.30   |
| <b>Derivatives</b>                                              |                    |                   |                       |                   |        |
| Foreign exchange forward contract                               | -                  | 1.76              | -                     | -                 | 1.76   |
|                                                                 | 202.42             | 347.24            | 28.00                 | 1.00              | 578.66 |

(iv) The Group has from time to time in the normal course of business entered into factoring agreements with a banker for some of the trade receivables on a non-recourse basis and as at March 31, 2018 has derecognized such receivables amounting to ₹ 72.86 (March 31, 2017: Nil) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreement.

C. Market Risk

(a) Foreign currency risk exposure

The Group operates internationally and is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. To mitigate the risk of changes in exchange rates on foreign currency exposures, the Group has natural hedge between export receivable and import payables. The results of the Group's operations are subject to the effects of changes in foreign exchange rates.

(i) The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rupees crore, are as follows

in ₹ crore

|                         | March 31, 2018 |       | March 31, 2017 |       | April 01, 2016 |       |
|-------------------------|----------------|-------|----------------|-------|----------------|-------|
|                         | USD            | MYR*  | USD            | MYR*  | USD            | MYR*  |
| <b>Assets</b>           |                |       |                |       |                |       |
| Trade receivables       | 60.01          | 12.11 | 50.01          | 61.00 | 45.10          | 31.82 |
| Advance to suppliers    | 2.73           | -     | 0.42           | -     | 2.28           | -     |
| Balance in EEFC account | 3.31           | -     | 2.31           | -     | 4.82           | -     |

|                                                     |       |       |       |       |         |       |
|-----------------------------------------------------|-------|-------|-------|-------|---------|-------|
| Balance with Non scheduled banks                    | 1.82  | -     | 1.45  | -     | 6.94    | -     |
| Net exposure to foreign currency risk (assets)      | 67.87 | 12.11 | 54.19 | 61.00 | 59.14   | 31.82 |
| <b>Liabilities</b>                                  |       |       |       |       |         |       |
| Trade payables                                      | 41.89 | 0.37  | 24.88 | 0.29  | 76.99   | -     |
| Borrowings                                          | -     | -     | 23.40 | -     | 80.61   | -     |
| Derivative liability: buy foreign currency          | -     | -     | -     | -     | (30.82) | -     |
| Net exposure to foreign currency risk (liabilities) | 41.89 | 0.37  | 48.28 | 0.29  | 126.78  | -     |
| Net exposure to foreign currency risk               | 25.98 | 11.74 | 5.91  | 60.71 | (67.64) | 31.82 |

\*MYR stands for Malaysian Ringgit.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

in ₹ crore

|                                                 | Impact on profit after tax |                |
|-------------------------------------------------|----------------------------|----------------|
|                                                 | March 31, 2018             | March 31, 2017 |
| <b>USD Sensitivity</b>                          |                            |                |
| INR/USD - Increase by 10% (March 31, 2017 10%)* | (2.07)                     | (0.47)         |
| INR/USD - Decrease by 10% (March 31, 2017 10%)* | 2.07                       | 0.47           |
| <b>MYR Sensitivity</b>                          |                            |                |
| INR/MYR - Increase by 10% (March 31, 2017 10%)* | (0.93)                     | (4.83)         |
| INR/MYR - Decrease by 10% (March 31, 2017 10%)* | 0.93                       | 4.83           |

\* Holding all other variables constant

(b) Interest rate risk

The Group's interest rate risk arises from borrowings with variable rates which exposes the Group to risk. The Group fixed rate borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(i) As at the end of the reporting period, the Group had the following variable rate borrowing outstanding:

in ₹ crore

|                           | March 31, 2018                 |         | March 31, 2017                 |         | April 01, 2016                 |         |
|---------------------------|--------------------------------|---------|--------------------------------|---------|--------------------------------|---------|
|                           | Weighted average interest rate | Balance | Weighted average interest rate | Balance | Weighted average interest rate | Balance |
| Bank loan                 | -                              | -       | 10.08%                         | 252.30  | 9.41%                          | 303.43  |
| Net exposure to cash flow | -                              | -       | 10.08%                         | 252.30  | 9.41%                          | 303.43  |

(ii) Sensitivity

in ₹ crore

|                               | Impact on profit after tax |                |
|-------------------------------|----------------------------|----------------|
|                               | March 31, 2018             | March 31, 2017 |
| Interest Rate increases by 1% | (0.68)                     | (2.53)         |
| Interest Rate decreases by 1% | 0.68                       | 2.53           |

## 30: Capital Management

For the purpose of capital management, the Group considers the following components of its balance sheet as capital:

Issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group.

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group foresees issue of fresh capital pursuant to exercise of vested employee stock options. Apart from the outstanding ESOPs,

the Board of Directors approved certain Restricted Stock Units (RSU) in the current year which may be converted in to share capital in the future periods.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

in ₹ crore

| Debt equity ratio | March 31, 2018 | March 31, 2017 | April 01, 2016 |
|-------------------|----------------|----------------|----------------|
| Net Debt*         | (438.72)       | 111.25         | 279.37         |
| Equity            | 1,152.08       | 592.94         | 394.87         |
| Debt equity ratio | -              | 0.19           | 0.71           |

\*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds.

## 31: Additional Information to Financial Statements

in ₹ crore

| Particulars                                                                         | As at          |                |                |
|-------------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                     | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| <b>31.1 Contingent liabilities and commitments (to the extent not provided for)</b> |                |                |                |
| Contingent liabilities - Claims against the Group not acknowledged as debts         |                |                |                |
| Disputed Central Excise Demands * (Refer Note 1 below)                              | 12.58          | 14.50          | 14.50          |
| Disputed Income Tax Demands *                                                       | 46.80          | 46.80          | 38.24          |
| Disputed CST and VAT Demand *                                                       | 2.91           | 2.91           | 2.91           |

\* These cases are pending at various forums with the respective authorities. Outflows if any, arising out of these claims would depend on the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.

Note 1: Group has also received show cause notices on similar matters for different financial years amounting to ₹27.89 (March 31, 2017: ₹27.89, April 01, 2016: ₹27.89) which are not considered as contingent liabilities above.

In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued a restraint order on certain bank accounts and deposits of the Company and later the restraint order was withdrawn. The Company and its officials fully co-operated with the Income Tax Department. As on date, there is no demand raised by the Income Tax Department. The Company is of the view that the outcome of the proceedings will not have any material impact on these standalone financial statements.

in ₹ crore

| Commitments                                                                                    |      |      |      |
|------------------------------------------------------------------------------------------------|------|------|------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for |      |      |      |
| Property, plant and equipment                                                                  | 0.38 | 1.39 | 1.51 |

### 31.2 Dues to Micro Small and Medium Enterprises

Information regarding which of the Trade Payables constitute Micro, Small and Medium Enterprises (MSMEs) under the Micro, Small and Medium Enterprises Development Act, 2006 has been compiled by the Management to the extent possible by obtaining the information from the Suppliers. Based on declarations received from the suppliers, no supplier has confirmed registration under the said Act and hence the disclosure requirements under the said Act are not applicable.

### 31.5 Related Party Transactions

(i) Details of related parties:

| Description of relationship                                                                 | Names of Related Parties                                |
|---------------------------------------------------------------------------------------------|---------------------------------------------------------|
| Entity where a Director is interested with whom the Company had transaction during the year | Clonect Solutions Private Limited                       |
| Key Management Personnel (KMP)                                                              |                                                         |
| Executive Directors                                                                         | Sanjay Nayak, CEO and Managing Director                 |
| Non - Executive Directors                                                                   | Balakrishnan V<br>Leela K Ponappa<br>Ashok Jhunjhunwala |

### 31.3 Segment Information

- (i) The Group's business activity primarily falls within a single business segment based on the nature of activity involved, which is in line with the business risks attached with the segment having regard to the internal organisation and management structure. The CODM reviews the Group's performance as a single business segment and not at any other disaggregated level.
- (ii) Geographical information

in ₹ crore

| Particulars        | Year Ended March 31, |        |
|--------------------|----------------------|--------|
|                    | 2018                 | 2017   |
| <b>I. Revenues</b> |                      |        |
| India              | 630.34               | 606.19 |
| Americas           | 43.60                | 122.26 |
| Rest of the World  | 93.50                | 204.13 |
|                    | 767.44               | 932.58 |

in ₹ crore

| Particulars                                                                     | As at          |                |                |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| <b>II Total Carrying amount of non current assets, by geographical location</b> |                |                |                |
| India                                                                           | 275.09         | 111.50         | 146.62         |
| Americas                                                                        | -              | -              | -              |
| Rest of the World                                                               | -              | -              | -              |

Revenues of approximately ₹ 423.90 (March 31, 2017 ₹288.81) are derived from two external customers exceeding 10% of the total revenue.

### 31.4 Details of leasing arrangements

The Group has entered into operating lease arrangements for office premises and plant. All leases are cancellable at the option of the lessee and the lessor. Certain operating lease arrangements in prior periods had a lock in period.

in ₹ crore

| Particulars                                                                             | Year Ended March 31, |                |                |
|-----------------------------------------------------------------------------------------|----------------------|----------------|----------------|
|                                                                                         | 2018                 | 2017           |                |
| Lease rentals recognised in the Statement of Profit and Loss                            | 7.84                 | 7.47           |                |
| <b>As at</b>                                                                            |                      |                |                |
|                                                                                         | March 31, 2018       | March 31, 2017 | April 01, 2016 |
| Commitments for minimum lease payments in relation to non-cancellable operating leases: |                      |                |                |
| not later than one year                                                                 | -                    | 1.40           | 2.38           |
| later than one year and not later than five years                                       | -                    | -              | 1.87           |
| later than five years                                                                   | -                    | -              | -              |

(ii) Details of the related party transactions during the year ended March 31, 2018:

| Particulars                       | in ₹ crore           |      |
|-----------------------------------|----------------------|------|
|                                   | Year Ended March 31, |      |
|                                   | 2018                 | 2017 |
| Transaction during the year       |                      |      |
| Legal & Professional Charges      |                      |      |
| Clonect Solutions Private Limited | 0.03                 | -    |
| Remuneration to Managing Director |                      |      |
| Executive Director                |                      |      |
| Short-term employee benefits      | 1.55                 | 1.49 |
| Post-employment benefits          | 0.02                 | 0.02 |
| Employee share-based payment      | 0.89                 | 1.44 |
| Non - Executive Directors         |                      |      |
| Director Sitting Fees             |                      |      |
| Balakrishnan V                    | 0.07                 | 0.07 |
| Leela K Ponappa                   | 0.06                 | 0.03 |
| Ashok Jhunjhunwala <sup>1</sup>   | -                    | 0.03 |
| Director Commission               |                      |      |
| Balakrishnan V                    | 0.20                 | -    |
| Leela K Ponappa                   | 0.09                 | -    |
| Ashok Jhunjhunwala <sup>1</sup>   | -                    | 0.15 |

<sup>1</sup>Resigned on January 20, 2017.

(iii) Balances outstanding at the end of the year

|                |      |      |
|----------------|------|------|
| Payable to KMP | 0.57 | 0.30 |
|----------------|------|------|

All outstanding balances are unsecured.

### 31.6 Earnings per Share

in ₹ crore except for share data or otherwise stated

| Particulars                                                     | Year Ended March 31, |             |
|-----------------------------------------------------------------|----------------------|-------------|
|                                                                 | 2018                 | 2017        |
| <b>Basic</b>                                                    |                      |             |
| Net profit for the year attributable to the equity shareholders | 106.52               | 92.98       |
| Weighted average number of equity shares                        | 8,58,58,425          | 6,59,77,758 |
| Par value per share ( ₹ )                                       | 10.00                | 10.00       |
| Earnings per share - Basic ( ₹ )                                | 12.41                | 14.09       |
| <b>Diluted</b>                                                  |                      |             |
| Net profit for the year attributable to the equity shareholders | 106.52               | 92.98       |
| Weighted average number of equity shares for Basic EPS          | 8,58,58,425          | 6,59,77,758 |
| Add: Number of free shares                                      | 49,69,398            | -           |
|                                                                 | 9,08,27,823          | 6,59,77,758 |
| Par value per share ( ₹ )                                       | 10.00                | 10.00       |
| Earnings per share - diluted ( ₹ )                              | 11.73                | 14.09       |

### 31.7 Product Development Cost

(i) Product development costs capitalized with regard to the development of various modules of products are being amortised in accordance with the Group's policy.

| Particulars                         | in ₹ crore     |                |                |
|-------------------------------------|----------------|----------------|----------------|
|                                     | As at          |                |                |
|                                     | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Amount capitalized during the year  | 21.65          | 42.80          | 70.55          |
| Intangible assets under development | 49.21          | 40.09          | 35.34          |

(ii) Research and development Expenses incurred by the Group are as follows-

| Particulars                                                                     | in ₹ crore     |                |                |
|---------------------------------------------------------------------------------|----------------|----------------|----------------|
|                                                                                 | As at          |                |                |
|                                                                                 | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Research and development expenses debited to statement of Profit and Loss (net) | 37.69          | 37.23          | 29.74          |

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development (as per DSIR)

| Particulars                   | in ₹ crore     |                |                |
|-------------------------------|----------------|----------------|----------------|
|                               | As at          |                |                |
|                               | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| Property, plant and equipment | 6.65           | 6.00           | 3.38           |
| Intangible Assets             | 48.15          | 39.16          | 34.68          |
| Eligible capital Expenditure  | 54.80          | 45.16          | 38.06          |
| Eligible revenue Expenditure  | 33.06          | 34.22          | 29.74          |
| <b>TOTAL</b>                  | <b>87.86</b>   | <b>79.38</b>   | <b>67.80</b>   |

(iv) Intangible assets in progress written off

During the year ended March 31, 2017, the Group had reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, had written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹30.47. This has been disclosed as an exceptional item in the Statement of Profit and Loss in the previous year.

### 31.8 Interest in subsidiaries

| Name of the Company                                                                                                                             | Place of Business | Ownership held by                | % of Holding and voting power either directly or indirectly through subsidiary as at |                |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|----------------------------------|--------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                 |                   |                                  | March 31, 2018                                                                       | March 31, 2017 | April 01, 2016 |
| Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)                                                 | Singapore         | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010)                                                             | Israel            | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| vSave Energy Pvt Limited (wholly owned subsidiary since incorporated on November 06, 2013)                                                      | India             | Tejas Networks Limited           | 100%                                                                                 | 100%           | 100%           |
| Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015) | Nigeria           | Tejas Communications Pte Limited | 100%                                                                                 | 100%           | 100%           |

### 31.9 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

in ₹ crore

| Name of the entity              | Net assets, i.e., total assets minus total liabilities |                |                |
|---------------------------------|--------------------------------------------------------|----------------|----------------|
|                                 | March 31, 2018                                         | March 31, 2017 | April 01, 2016 |
| <b>Parent Company</b>           |                                                        |                |                |
| Tejas Networks Limited          |                                                        |                |                |
| As % of consolidated net assets | 98.90%                                                 | 99.00%         | 100.86%        |
| Amount                          | 1,139.33                                               | 587.00         | 398.25         |
| <b>Subsidiaries</b>             |                                                        |                |                |
| <b>Indian</b>                   |                                                        |                |                |
| vSave Energy Private Limited.   |                                                        |                |                |
| As % of consolidated net assets | 0.00%                                                  | 0.00%          | 0.00%          |
| Amount                          | -                                                      | -              | -              |
| <b>Foreign</b>                  |                                                        |                |                |
| Tejas Communication Pte. Ltd.   |                                                        |                |                |
| As % of consolidated net assets | 1.32%                                                  | 1.41%          | 0.07%          |
| Amount                          | 15.24                                                  | 8.36           | 0.28           |
| Tejas Israel Ltd.               |                                                        |                |                |
| As % of consolidated net assets | -0.22%                                                 | -0.41%         | -0.93%         |
| Amount                          | (2.49)                                                 | (2.42)         | (3.66)         |
| <b>Total</b>                    |                                                        |                |                |
| As % of consolidated net assets | 100.00%                                                | 100.00%        | 100.00%        |
| Amount                          | 1,152.08                                               | 592.94         | 394.87         |

in ₹ crore

| Name of the entity                  | Share of profit or loss |                |
|-------------------------------------|-------------------------|----------------|
|                                     | March 31, 2018          | March 31, 2017 |
| <b>Parent Company</b>               |                         |                |
| Tejas Networks Limited              |                         |                |
| As % of consolidated profit or loss | 99.78%                  | 89.47%         |
| Amount                              | 106.28                  | 83.19          |
| <b>Subsidiaries</b>                 |                         |                |
| <b>Indian</b>                       |                         |                |
| vSave Energy Private Limited.       |                         |                |
| As % of consolidated profit or loss | 0.00%                   | 0.00%          |
| Amount                              | -                       | -              |
| <b>Foreign</b>                      |                         |                |
| Tejas Communication Pte. Ltd.       |                         |                |
| As % of consolidated profit or loss | 0.29%                   | 9.20%          |
| Amount                              | 0.31                    | 8.55           |
| Tejas Israel Ltd.                   |                         |                |
| As % of consolidated profit or loss | -0.07%                  | 1.33%          |
| Amount                              | (0.07)                  | 1.24           |
| <b>Total</b>                        |                         |                |
| As % of consolidated profit or loss | 100.00%                 | 100.00%        |
| Amount                              | 106.52                  | 92.98          |

in ₹ crore

| Name of the entity                  | Other Comprehensive Income |                | Total Comprehensive Income |                |
|-------------------------------------|----------------------------|----------------|----------------------------|----------------|
|                                     | March 31, 2018             | March 31, 2017 | March 31, 2018             | March 31, 2017 |
| <b>Parent Company</b>               |                            |                |                            |                |
| Tejas Networks Limited              |                            |                |                            |                |
| As % of consolidated profit or loss | 91.48%                     | 51.72%         | 99.92%                     | 89.23%         |
| Amount                              | (1.61)                     | 0.30           | 104.67                     | 83.49          |
| <b>Subsidiaries</b>                 |                            |                |                            |                |
| <b>Indian</b>                       |                            |                |                            |                |
| vSave Energy Private Limited.       |                            |                |                            |                |
| As % of consolidated profit or loss | 0.00%                      | 0.00%          | 0.00%                      | 0.00%          |
| Amount                              | -                          | -              | -                          | -              |
| <b>Foreign</b>                      |                            |                |                            |                |
| Tejas Communication Pte. Ltd.       |                            |                |                            |                |
| As % of consolidated profit or loss | 8.52%                      | 48.28%         | 0.15%                      | 9.44%          |
| Amount                              | (0.15)                     | 0.28           | 0.16                       | 8.83           |
| Tejas Israel Ltd.                   |                            |                |                            |                |
| As % of consolidated profit or loss | 0.00%                      | 0.00%          | -0.07%                     | 1.33%          |
| Amount                              | -                          | -              | (0.07)                     | 1.24           |
| <b>Total</b>                        |                            |                |                            |                |
| As % of consolidated profit or loss | 100.00%                    | 100.00%        | 100.00%                    | 100.00%        |
| Amount                              | (1.76)                     | 0.58           | 104.76                     | 93.56          |

### 32: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)

#### (i) Employees Stock Option Plan – 2014 (“ESOP Plan 2014”)

The Group pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders’ resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within fifteen years from the date of vesting. All the options granted under the plan are equity settled.

#### (ii) Employees Stock Option Plan – 2014-A (“ESOP Plan 2014-A”)

The Group pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively has adopted ESOP Plan 2014-A. ESOP Plan 2014-A was subsequently modified pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2014-A, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014-A). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014-A, shall not exceed 20,00,000 Equity Shares. The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

#### (iii) Employees Stock Option Plan – 2016 (“ESOP Plan 2016”)

The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

#### (iv) Restricted Stock Unit Plan 2017 (“RSU Plan 2017”)

The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 26, 2017 and September 27, 2017, respectively, has adopted RSU Plan - 2017. Pursuant to RSU Plan 2017, restricted stock units (“RSUs”) may be granted to eligible employees (as defined in RSU Plan - 2017). The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

As the Group has implemented RSU plan during the year, the Group does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as “Nil” for the current ESOP schemes.

#### (v) Summary of options under various plans:

| Particulars                                                                                                                 | March 31, 2018                      |                   | March 31, 2017                      |                   |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|                                                                                                                             | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) | Number of options |
| <b>ESOP Plan 2014</b>                                                                                                       |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                    | 65                                  | 50,47,216         | 65                                  | 69,26,635         |
| Granted during the year                                                                                                     | -                                   | -                 | -                                   | -                 |
| Exercised during the year*                                                                                                  | 65                                  | 21,00,586         | 65                                  | 18,68,122         |
| Forfeited during the year                                                                                                   | 65                                  | 28,940            | 65                                  | 11,297            |
| Outstanding at the end of the year                                                                                          | 65                                  | 29,17,690         | 65                                  | 50,47,216         |
| Exercisable at the end of the year                                                                                          | 65                                  | 22,76,072         | 65                                  | 32,02,509         |
| Options available for grant                                                                                                 | -                                   | -                 | -                                   | 1,75,132          |
| Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) |                                     | 14.13 years       |                                     | 14.50 years       |

\*The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 ₹72)

#### ESOP Plan 2014-A

|                                          |    |           |    |           |
|------------------------------------------|----|-----------|----|-----------|
| Outstanding at the beginning of the year | 85 | 19,71,015 | -  | -         |
| Granted during the year                  | -  | -         | 85 | 19,78,215 |
| Exercised during the year*               | 85 | 2,54,902  | -  | -         |
| Forfeited during the year                | 85 | 26,602    | 85 | 7,200     |
| Outstanding at the end of the year       | 85 | 16,89,511 | 85 | 19,71,015 |
| Exercisable at the end of the year       | 85 | 7,02,215  | -  | -         |

|                                                                                                                             |   |            |   |            |
|-----------------------------------------------------------------------------------------------------------------------------|---|------------|---|------------|
| Options available for grant                                                                                                 | - | -          | - | 21,785     |
| Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) |   | 4.52 years |   | 5.72 years |

\* The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 ₹72)

| Particulars                                                                                                                   | March 31, 2018                      |                   | March 31, 2017                      |                   |
|-------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
|                                                                                                                               | Weighted average exercise price (₹) | Number of options | Weighted average exercise price (₹) | Number of options |
| <b>ESOP Plan 2016</b>                                                                                                         |                                     |                   |                                     |                   |
| Outstanding at the beginning of the year                                                                                      | 85                                  | 24,77,615         | -                                   | -                 |
| Granted during the year                                                                                                       | 110                                 | 1,35,200          | 85                                  | 24,91,215         |
| Exercised during the year*                                                                                                    | 85                                  | 2,20,134          | -                                   | -                 |
| Forfeited during the year                                                                                                     | 85                                  | 44,595            | 85                                  | 13,600            |
| Outstanding at the end of the year <sup>#</sup>                                                                               | 85                                  | 23,48,086         | 85                                  | 24,77,615         |
| Exercisable at the end of the year                                                                                            | 85                                  | 6,78,433          | -                                   | -                 |
| Options available for grant                                                                                                   | -                                   | -                 | -                                   | 25,08,785         |
| "Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)" |                                     | 4.90 years        |                                     | 5.99 years        |

# The range of exercise prices of the outstanding options as at March 31, 2018 is ₹85 to ₹110 (₹85 as at March 31, 2017)

\*The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 ₹72)

|                                                                                                                         |    |            |   |   |
|-------------------------------------------------------------------------------------------------------------------------|----|------------|---|---|
| <b>RSU Plan 2017</b>                                                                                                    |    |            |   |   |
| Outstanding at the beginning of the year                                                                                | 10 | -          | - | - |
| Granted during the year                                                                                                 | 10 | 34,790     | - | - |
| Exercised during the year*                                                                                              | -  | -          | - | - |
| Forfeited during the year                                                                                               | -  | -          | - | - |
| Outstanding at the end of the year                                                                                      | 10 | 34,790     | - | - |
| Exercisable at the end of the year                                                                                      | -  | -          | - | - |
| RSU available for grant                                                                                                 | 10 | 29,65,210  | - | - |
| Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period) |    | 6.07 years | - | - |

\* The weighted average share price during the year ended March 31, 2018 was ₹332.61 ( March 31, 2017 NA)

#### (vi) Fair value of options granted

For share options and RSUs granted during the period, the fair value has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

| Assumptions                                       | March 31, 2018 | March 31, 2017 |
|---------------------------------------------------|----------------|----------------|
| <b>ESOP Plan 2014 A</b>                           |                |                |
| Weighted Average share price on the date of grant |                | 72.00          |
| Exercise price                                    |                | 85.00          |
| Risk Free Interest Rate                           |                | 7.61%          |
| Expected Life                                     |                | 5-8years       |
| Exercise period from the date of vesting          |                | 4 years        |
| Expected Annual Volatility of Shares              |                | 0.00%          |
| Expected Dividend Yield                           |                | 0.00%          |
| <b>ESOP Plan 2016</b>                             |                |                |
| Weighted Average share price on the date of grant | 92.00          | 72.00          |
| Exercise price                                    | 110.00         | 85.00          |
| Risk Free Interest Rate                           | 7.59%          | 7.61%          |
| Expected Life                                     | 5-8years       | 5-8years       |

|                                                   |          |         |
|---------------------------------------------------|----------|---------|
| Exercise period from the date of vesting          | 4 years  | 4 years |
| Expected Annual Volatility of Shares              | 0.00%    | 0.00%   |
| Expected Dividend Yield                           | 0.00%    | 0.00%   |
| <b>RSU Plan 2017</b>                              |          |         |
| Weighted Average share price on the date of grant | 335.24   |         |
| Exercise price                                    | 10.00    |         |
| Risk Free Interest Rate                           | 6.78%    |         |
| Expected Life                                     | 5-8years |         |
| Exercise period from the date of vesting          | 4 years  |         |
| Expected Annual Volatility of Shares              | 46.83%   |         |
| Expected Dividend Yield                           | 0.00%    |         |

#### (vii) Effect of share based payment transactions on the Statement of Profit and Loss:

|                                     | in ₹ crore     |                |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2018 | March 31, 2017 |
| Equity-settled share-based payments | 5.69           | 7.82           |

### 33: Assets pledged as security against borrowings (Refer Note 15 and 17)

in ₹ crore

| Particulars                                                           | Note | As at          |                |               |
|-----------------------------------------------------------------------|------|----------------|----------------|---------------|
|                                                                       |      | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| <b>(i) Financial Assets</b>                                           |      |                |                |               |
| Trade Receivable                                                      | 6    | 294.32         | 381.52         | 368.40        |
| Loans                                                                 | 8    | 0.58           | 16.01          | 15.36         |
| Other financial assets excluding deposits with financial institutions | 9    | 8.40           | 7.06           | 15.58         |
| <b>Total financial assets</b>                                         |      | <b>303.30</b>  | <b>404.59</b>  | <b>399.34</b> |
| <b>(ii) Non- Financial Assets</b>                                     |      |                |                |               |
| Other financial assets                                                | 9    | 0.04           | 99.22          | 25.00         |
| Other current assets                                                  | 11   | 20.69          | 29.33          | 30.54         |
| Inventories                                                           | 12   | 190.89         | 182.33         | 231.59        |
| <b>Total non- financial assets</b>                                    |      | <b>211.62</b>  | <b>310.88</b>  | <b>287.13</b> |
| <b>(iii) Total current assets pledged as security</b>                 |      | <b>514.92</b>  | <b>715.47</b>  | <b>686.47</b> |
| <b>(iv) Non-current assets</b>                                        |      |                |                |               |
| Property, plant and equipment                                         | 4(a) | 35.98          | 27.99          | 29.10         |
| <b>Total Non-current assets pledged as security</b>                   |      | <b>35.98</b>   | <b>27.99</b>   | <b>29.10</b>  |
| <b>(v) Total assets pledged as security</b>                           |      | <b>550.90</b>  | <b>743.46</b>  | <b>715.57</b> |

## 34: First time adoption of Ind AS

### Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. These financial statements for the year ended March 31, 2018 are the first financial statements prepared by the Group under Ind AS. For all periods upto and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP).

An explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

### A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous Indian GAAP to Ind AS.

#### A.1 Ind AS optional exemptions

##### A.1.1. Share-based payment

The Group is allowed to apply Ind AS 102 Share-based payments to equity instruments that remain unvested as of transition date.

The Group has elected to avail this grant date fair value exemption and apply the requirements of Ind AS 102 to all such grants under the 2014, 2014 A and 2016 plans. Accordingly, these options have been measured at fair value as against intrinsic value previously under Indian GAAP.

##### A.1.2 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

##### A.1.3 Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

### A.2 Ind AS mandatory exceptions

#### A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- 1) Impairment of financial assets based on expected credit loss model; and
- 2) Share-based payments. Refer Note C (1) below.

#### A.2.2 De-recognition of financial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

#### A.2.3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

## B: Reconciliations between Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS.

### 1. Reconciliation of Total Equity as at March 31, 2017 and April 1, 2016

in ₹ crore

| Particulars                                          | Note Reference | As at<br>March 31, 2017 | As at<br>April 1, 2016 |
|------------------------------------------------------|----------------|-------------------------|------------------------|
| Total equity as per Indian GAAP                      |                | 500.65                  | 360.52                 |
| Add/(Less): Adjustment under Ind AS                  |                |                         |                        |
| Impact of share based payments on equity             | 1              | -                       | -                      |
| Tejas Employee Welfare Trust (Treasury shares)       | 2              | (0.03)                  | (19.92)                |
| Fair valuation of lease deposit                      | 3              | (0.13)                  | (0.10)                 |
| Present valuation of warranty provisions             | 4              | 0.47                    | 0.23                   |
| Expected credit loss allowance on financial assets   | 5              | (1.50)                  | (1.00)                 |
| Fair valuation of long-term receivables              | 6              | (3.24)                  | (0.75)                 |
| Fair valuation of foreign currency derivatives       | 7              | -                       | (0.52)                 |
| Interest expense on loans at effective interest rate | 8              | (0.18)                  | -                      |
| Deferred Tax Asset                                   | 10             | 96.90                   | 56.41                  |
| Equity Balance as per Ind AS                         |                | 592.94                  | 394.87                 |

### 2. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017

in ₹ crore

| Particulars                                                                        | Note Reference | For the year ended<br>March 31, 2017 |
|------------------------------------------------------------------------------------|----------------|--------------------------------------|
| Net Profit as per Indian GAAP                                                      |                | 63.22                                |
| Add/(Less): Adjustment under Ind AS                                                |                |                                      |
| Share based payment expenses                                                       | 1              | (7.82)                               |
| Tejas Employee Welfare Trust (Treasury shares)                                     | 2              | (0.17)                               |
| Fair valuation of lease deposit                                                    | 3              | (0.03)                               |
| Present valuation of warranty provisions                                           | 4              | 0.24                                 |
| Expected credit loss allowance on financial assets                                 | 5              | (0.50)                               |
| Fair valuation of long-term receivables                                            | 6              | (2.49)                               |
| Fair valuation of foreign currency derivatives                                     | 7              | 0.52                                 |
| Interest expense on loans at effective interest rate                               | 8              | (0.18)                               |
| Re-measurements of the defined benefit plans                                       | 9              | (0.38)                               |
| Tax effects of above adjustments                                                   |                | 0.08                                 |
| Deferred Tax Asset                                                                 | 10             | 40.49                                |
| Net Profit as per Ind AS                                                           |                | 92.98                                |
| Other comprehensive income for the period                                          |                |                                      |
| Re-measurements of the defined benefit plans                                       | 9              | 0.38                                 |
| Tax effects of above adjustments                                                   |                | (0.08)                               |
| Exchange differences in translating the financial statements of foreign operations |                | 0.28                                 |
| Total comprehensive income under Ind AS                                            |                | 93.56                                |

### 3. Reconciliation of Cash Flows for the year ended March 31, 2017

in ₹ crore

| Particulars                                                   | Note Reference | Previous GAAP | Adjustments | Ind AS   |
|---------------------------------------------------------------|----------------|---------------|-------------|----------|
| Net cash flow from operating activities                       | 3,6,8,11       | 82.90         | 66.79       | 149.69   |
| Net cash flow from investing activities                       | 3,6            | (141.45)      | 1.77        | (139.68) |
| Net cash flow from financing activities                       | 11,8           | 40.48         | (68.66)     | (28.18)  |
| Net (decrease)/increase in cash and cash equivalents          |                | (18.07)       | (0.10)      | (18.17)  |
| Cash & cash equivalents as at April 1, 2016                   | 11             | 48.82         | 0.48        | 49.30    |
| Effects of exchange rate changes on cash and cash equivalents |                | (0.07)        | -           | (0.07)   |
| Cash and cash equivalents as at 31 March 2017                 |                | 30.68         | 0.38        | 31.06    |

C: Notes to first-time adoption: in ₹ crore

#### Note 1: Share based payment expenses

Under Indian GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in employee stock compensation reserve increased by ₹17.85 as at March 31, 2017 (April 01, 2016- ₹10.03). The profit for the year ended March 31, 2017 decreased by ₹7.82. There is no impact on total equity. The adjustments pertaining to option exercised during the year ended March 31, 2017 has resulted in movement from employee stock compensation reserve of ₹2.08 to the Securities Premium Account thereby nullifying the impact on equity.

#### Note 2: Tejas Employee Welfare Trust (Treasury shares)

Treasury shares are shares in the Company held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Refer Note 32). The face value of the shares held by the trust and not yet issued to employees at the end of reporting period are shown as treasury shares in the financial statements [Refer Note 14 (iv)].

Under Indian GAAP, the Company was not required to account for the shares held by the TEWT through which it was managing the shares allotted towards various stock option schemes as well as shares kept aside for issuances against future schemes. Under Ind AS since the Company as the sponsor retains the majority of the risks and rewards relating to the funding arrangement to the trust, the trust is considered acting to be merely as an agent of the Company. Hence as at April 01, 2016 the total of ₹19.92 of investments in the shares of the Company held by the Trust being funded by the Company through loans provided to the Trust, has been reduced from the total outstanding equity balance. The net impact of the transactions which were not material including the adjustment for the expenses incurred by the Trust apart from the treasury shares has been disclosed as other reserve [Refer Note 14(vi)]. Since the transactions of TEWT has been summarised in the accounts of the Company this has not been disclosed as a related party [Refer Note 31.5(i)].

During the financial year 2016-17, as the Trust has transferred shares to employees pursuant to exercise of options from earlier schemes, hence the Group has restated the balance of equity as at March 31, 2017. The accumulated expenses of the Trust, net of amounts recoverable from employees, for the financial year 2016-17 of ₹0.17 has also been accrued. The impact on equity for the financial year ended March 31, 2017 is ₹0.03.

#### Note 3: Fair valuation of lease deposit

Under Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by ₹ 0.49 as at March 31, 2017 (April 01, 2016- ₹0.31). The prepaid rent increased by ₹0.37 as at March 31, 2017 (April 01, 2016- ₹0.21). Total equity decreased by ₹0.10 as

on April 01, 2016. The profit for the year and total equity as at March 31, 2017 decreased by ₹0.03 due to amortization of the prepaid rent of ₹0.23 which is partially off-set by the notional interest income of ₹ 0.20 recognised on security deposits.

#### Note 4: Present valuation of warranty provisions

Under Indian GAAP, discounting of Long-term provisions, such as warranty, for time value adjustment was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the Balance Sheet date without considering the effect of discounting. Under Ind AS, such provisions are measured at discounted amounts, if the effect of time value of money is material. The Group has accordingly made the necessary adjustment towards discounting its provision for warranty. Consequent to this change, the amount of provision for warranty decreased by ₹ 0.47 as at March 31, 2017 (April 01, 2016- ₹0.23). The profit for the year and total equity as at March 31, 2017 decreased by ₹0.24.

#### Note 5: Expected credit loss

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by ₹1.50 as at March 31, 2017 (April 01, 2016 - ₹1.00). Consequently, the profit for the year ended March 31, 2017 decreased by ₹ 0.50.

#### Note 6: Fair valuation of long-term receivables

Under Indian GAAP, discounting of non- current trade receivables for time value adjustment was not permitted. Under Ind AS, such receivables being non- current financial assets are measured at discounted amounts, if the effect of time value of money is material. The Group has accordingly made the necessary adjustment towards discounting of its non- current trade receivables. The difference between the carrying value and fair value of non- current trade receivables are adjusted against revenue. Consequent to this change, the amount of non- current trade receivables decreased by ₹ 3.24 as at March 31, 2017 (April 01, 2016- ₹0.75). The profit for the year and total equity as at March 31, 2017 decreased by ₹2.49.

#### Note 7: Fair valuation of foreign currency derivatives

Under Indian GAAP, gains from fair valuation of derivative instruments could not be accounted. Only losses from fair valuation of derivative instruments could be accounted. However as per Ind AS, both the gains and losses arising from fair valuation of derivative instruments shall be accounted. Hence in the year 2016-2017, an amount of ₹0.52 has been accounted as gains from fair valuation of derivative instruments.

#### Note 8: Interest expense on loans at effective interest rate

Under Ind AS, interest has to be accounted using effective interest rate method. Accordingly, the Group has accounted for borrowings under effective interest rate method. Consequent to this change, the amount of borrowings increased by ₹0.17 as at March 31, 2017 (April 01, 2016 - ₹Nil). Total equity decreased by ₹0.18 as on March 31, 2017 ( April 01, 2016 - ₹Nil). The profit for the year ended March 31, 2017 decreased by ₹0.18.

#### Note 9: Re-measurements of the defined benefit plans

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other

comprehensive income instead of profit or loss. Under the Indian GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2017 decreased by ₹ 0.38. There is no impact on the total equity as at March 31, 2016.

#### **Note 10: Deferred tax**

Under Indian GAAP, deferred tax assets on unabsorbed depreciation and carry forward losses were recognised only to the extent that there was virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realised. Ind AS requires deferred tax asset to be recognised for the carry forward of unused tax losses, unabsorbed depreciation and unused tax credits to the extent that it is probable that future taxable profit will be available against which such items can be utilised. As a result of this change in recognition of deferred tax asset on such items, the impact on equity as at April 01, 2016 is ₹ 56.41 and as at March 31, 2017 is ₹ 96.90. The profit for the year ended March 31, 2017 on account of above recognition increased by ₹ 40.49.

#### **Note 11: Cash flow statement**

The above Ind AS transition adjustments have impact on cash flow statement as explained below:

(i) Accounting of treasury shares in the Trust: The repayment of the loan of ₹ 33.40 by the trust to the Company was considered as operating cash inflow under Indian GAAP whereas under Ind AS, the same has been considered as infusion of equity which is a cash inflow from financing activity. Also the balance of cash and cash equivalent increased by ₹ 0.17 as on April 1, 2016 and by ₹ 0.08 as on March 31, 2017.

(ii) Bills Discounting (Refer note 17): Under Indian GAAP bills discounting were netted off against trade receivables, whereas under Ind AS they are considered as financing activity, hence the repayment of bills discounting amounting to ₹ 88.52 is forming part of financing activities under Ind AS.

#### **Note 12: Retained earnings**

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

#### **Note 13: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Indian GAAP.

## 35: Statement of Function wise Profits and Losses (for additional information only)

in ₹ crore

| Particulars                                                 | Year ended March 31, |             |
|-------------------------------------------------------------|----------------------|-------------|
|                                                             | 2018                 | 2017        |
| Revenue                                                     |                      |             |
| Product sales, net of excise duty (Refer Note i below)      | 662.19               | 778.62      |
| Component sales                                             | 9.93                 | 55.74       |
| Services                                                    | 77.39                | 36.23       |
| Other Operating Revenues                                    | 0.29                 | 4.04        |
| Net Revenue (A)                                             | 749.80               | 874.63      |
| Cost of Sales (Refer Note ii below)                         | 384.55               | 519.31      |
| Manufacturing Expenses (Refer Note iii below)               | 17.79                | 16.41       |
| Service Expenses (Refer Note iii below)                     | 49.04                | 28.49       |
| Total Cost of Goods Sold (B)                                | 451.38               | 564.21      |
| Gross Profit (C) = (A) - (B)                                | 298.42               | 310.42      |
| Operating Expenses:                                         |                      |             |
| Research & Development (Gross) (Refer Note iii below)       | 86.90                | 77.32       |
| Less: R&D Capitalized                                       | (49.21)              | (40.09)     |
| Research & Development (Net)                                | 37.69                | 37.23       |
| Selling & Marketing (Refer Note iii below)                  | 82.67                | 72.99       |
| General & Administrative (Refer Note iii below)             | 25.19                | 31.77       |
| Operating Expenses (Net) (D)                                | 145.55               | 141.99      |
| Profit/ (Loss) from operations (EBITDA) (E) = (C) - (D)     | 152.87               | 168.43      |
| Other Income (Refer Note iv below)                          | 23.44                | 8.66        |
| Foreign exchange loss/(gain) (Refer Note v below)           | (4.39)               | 6.70        |
| Finance costs (Refer Note vi below)                         | 13.40                | 29.81       |
| Depreciation and amortization                               | 61.26                | 56.42       |
| Profit/ (Loss) before Exceptional items and tax             | 106.04               | 84.16       |
| Exceptional items                                           |                      |             |
| Intangible assets in progress written off                   | -                    | 30.47       |
| Profit/ (Loss) before tax                                   | 106.04               | 53.69       |
| Tax expense:                                                |                      |             |
| Current tax                                                 | 23.78                | 1.20        |
| Deferred tax (benefit)                                      | (24.26)              | (40.49)     |
| Profit/ (Loss) for the year                                 | 106.52               | 92.98       |
| Other Comprehensive Income                                  | (1.76)               | 0.58        |
| Total comprehensive income for the period                   | 104.76               | 93.56       |
| Earning per share (Par Value ₹ 10 each)                     |                      |             |
| (a) Basic                                                   | 12.41                | 14.09       |
| (b) Diluted                                                 | 11.73                | 14.09       |
| Weighted average Basic Equity share outstanding             | 8,58,58,425          | 6,59,77,758 |
| Weighted average Diluted Potential Equity share outstanding | 9,08,27,823          | 6,59,77,758 |

i. The reconciliation of Product sale between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                          | Year ended March 31, |        |
|--------------------------------------------------------------------------------------|----------------------|--------|
|                                                                                      | 2018                 | 2017   |
| Revenue from product sales including excise duty as per Schedule III (Refer Note 21) | 679.83               | 836.57 |
| Less: Excise Duty disclosed as expense                                               | 17.64                | 57.95  |
| Revenue from product sales net of excise duty as per function wise profit and loss   | 662.19               | 778.62 |

ii. The reconciliation of Cost of Sales between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                   | Year ended March 31, |        |
|-------------------------------------------------------------------------------|----------------------|--------|
|                                                                               | 2018                 | 2017   |
| Cost of material consumed as per Schedule III (Refer Note 23)                 | 382.42               | 514.05 |
| Add: Considered separately under other expenses as per Schedule III (Note 26) |                      |        |
| Other Processing Charges                                                      | 1.30                 | 4.71   |
| Freight and forwarding                                                        | 1.31                 | 1.48   |
| Royalty                                                                       | 0.58                 | -      |
| Less: Other processing charges considered under R&D                           | 1.06                 | 0.93   |
| Cost of sales as per function wise profit and loss                            | 384.55               | 519.31 |

iii. The Company has accumulated all costs, except the cost of sales (Refer Note ii above), foreign exchange, finance cost, depreciation and amortisation and any directly identifiable costs and has allocated such accumulated cost function wise namely Manufacturing Expenses, Service Expenses, Research and Development, Selling and Marketing and General & Administrative on the basis of head count in each function.

iv. The reconciliation of Other Income between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                                                        | Year ended March 31, |      |
|--------------------------------------------------------------------------------------------------------------------|----------------------|------|
|                                                                                                                    | 2018                 | 2017 |
| Other income as per Schedule III (Refer Note 22)                                                                   | 27.83                | 8.66 |
| Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note v below) | (4.39)               | -    |
| Other income as per function wise profit and loss                                                                  | 23.44                | 8.66 |

v. The breakup of foreign exchange loss/(gain) is as under: in ₹ crore

| Particulars                                                                                                                                                | Year ended March 31, |      |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|------|
|                                                                                                                                                            | 2018                 | 2017 |
| Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)                           |                      | 2.00 |
| Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 22, Note 26 and Note iv above) | (4.39)               | 4.70 |
| Foreign exchange loss/(gain) as per function wise profit and loss                                                                                          | (4.39)               | 6.70 |

vi. The reconciliation of finance cost between Schedule III and function wise profit and loss account is as follows: in ₹ crore

| Particulars                                                                                                        | Year ended March 31, |        |
|--------------------------------------------------------------------------------------------------------------------|----------------------|--------|
|                                                                                                                    | 2018                 | 2017   |
| Finance cost as per Schedule III (Refer Note 25)                                                                   | 13.40                | 31.81  |
| Less: Net loss on foreign exchange considered separately in functional wise Profit and Losses (Refer Note v above) | -                    | (2.00) |
| Finance cost as per function wise profit and loss                                                                  | 13.40                | 29.81  |

## 36: Expenditure on corporate social responsibility (as per section 135 of the 2013 Act)

(a) Gross amount required to be spent by the Company during the year ₹ 0.54 (previous year ₹ 0.11).

(b) Amount spent during the year: ₹ 0.54 (included under expenditure on corporate social responsibility note 26)

in ₹ crore

| Particulars                                | Incurred | Yet to be incurred | Total  |
|--------------------------------------------|----------|--------------------|--------|
| 1. Construction / acquisition of any asset | -        | -                  | -      |
|                                            | (-)      | (-)                | (-)    |
| 2. On purposes other than (1) above        | 0.54     | -                  | 0.54   |
|                                            | (0.11)   | (-)                | (0.11) |
| Previous year figures are in brackets      |          |                    |        |

in ₹ crore

| Particulars                                                         | Nature of Service                                               | Year Ended March 31, |      |
|---------------------------------------------------------------------|-----------------------------------------------------------------|----------------------|------|
|                                                                     |                                                                 | 2018                 | 2017 |
| Akshaya Patra Foundation, Bengaluru                                 | Eradicating hunger through their mid day meal program           | 0.34                 | 0.11 |
| International Institute of Information Technology (IIIT), Bengaluru | Promoting education through supporting scholarship and Research | 0.20                 | -    |
| Total qualifying expenditure on corporate social responsibility     |                                                                 | 0.54                 | 0.11 |

## 37: Details of amounts rounded off

a) Balance sheet items

in ₹

| Particulars                                        | As at          |                |                |
|----------------------------------------------------|----------------|----------------|----------------|
|                                                    | March 31, 2018 | March 31, 2017 | April 01, 2016 |
| 1. Investment in ELCIA ESDM Cluster (Refer Note 5) | 11,000/-       | 11,000/-       | 11,000/-       |
| 2. Cash in hand (Refer Note 7)                     | -              | -              | 45,563/-       |

## 38: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹10/- each at a premium of ₹ 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in use of proceeds from the objects stated in the offer document, during the year. Total share issue expenses related to IPO amounted to ₹21.13 of which ₹19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹1.80 has been charged off as sales expenses (Refer Note 26).

in ₹ crore

| Particulars                                                                                     | Proposed as per Prospectus | Revised amounts as explained in Prospectus | Total utilization till March 31, 2018 | Balance as on March 31, 2018 |
|-------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------|---------------------------------------|------------------------------|
| (i) Capital expenditure towards payment of salaries and wages for Research and Development team | 45.29                      | 45.29                                      | 35.65                                 | 9.64                         |
| (ii) Working capital requirement (refer note below)                                             | 303.00                     | 303.00                                     | 303.00                                | -                            |
| (iii) General corporate purposes                                                                | 76.20                      | 80.58                                      | 80.58                                 | -                            |
| Total towards objects of the offer                                                              | 424.49                     | 428.87                                     | 419.23                                | 9.64                         |
| Issue Expenses Outflow (refer note below)                                                       | 25.51                      | 21.13                                      | -                                     | -                            |
| Total issue proceeds                                                                            | 450.00                     | 450.00                                     | 419.23                                | 9.64                         |

Note: The actual share issue expenses was lower by ₹ 4.38 than what was estimated in prospectus and the same was utilised for General corporate purpose.

### 39: Disclosure in respect of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016

| Particulars                                  | SBNs ( ₹ ) | Other Denominations Notes ( ₹ ) | Total ( ₹ ) |
|----------------------------------------------|------------|---------------------------------|-------------|
| Closing cash in hand as on November 08, 2016 | 30,000     | 4,945                           | 34,945      |
| (+) Permitted Receipts                       | -          | 226,640                         | 226,640     |
| (-) Permitted Payments                       | -          | 215,577                         | 215,577     |
| (-) Amount deposited in Banks                | 30,000     | -                               | 30,000      |
| Closing cash in hand as on December 30, 2016 | -          | 16,008                          | 16,008      |

40: Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Leela K Ponappa  
Director  
(DIN:07433990)

Place: Bengaluru  
Date: April 24, 2018

Venkatesh Gadiyar  
Chief Financial Officer

Krishnakanth G. V.  
Company Secretary

# Business Responsibility Report

Tejas Networks is an India-based optical and data networking products company. Tejas designs, develops, and sells high-performance and cost-competitive products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 65 countries. Tejas products utilize a programmable software-defined hardware architecture with a common software code-base that delivers an app-like ease of development and upgrades of new features and technology standards. Tejas is ranked amongst top-10 suppliers in the global optical aggregation segment.

Regulation 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) prescribe that top 500 companies based on market capitalization as per NSE / BSE as on March 31 of every financial year, are required to have "Business Responsibility Report" (BRR) as part of their Annual Report. Following is the First Business Responsibility Report of your Company as the Company is amongst the top 500 listed entities as per the market capitalization at NSE/BSE as on March 31, 2018. The report has been prepared as prescribed and in accordance with said Listing Regulations.

## SECTION A:

### GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:  
*L72900KA2000PLC026980*
- Name of the Company:  
*Tejas Networks Limited*
- Registered address:  
*Plot No. 25, JP Software Park,  
Electronic City, Phase-1,  
Hosur Main Road, Bengaluru – 560 100,*
- Website:  
[www.tejasnetworks.com](http://www.tejasnetworks.com)
- E-mail id:  
[corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)
- Financial Year reported:  
*April 1, 2017 to March 31, 2018*
- Sector(s) that the Company is engaged in (industrial activity code-wise):  
*Manufacture of Communication Equipment - NIC Code :263*
- List three key products/services that the Company manufactures/ provides (as in balance sheet):  
*Communication Product, Communication Software, Support services towards Communication products and services*
- Total number of locations where business activity is undertaken by the Company :  
*(a) Number of International Locations - 5  
(b) Number of National Locations - 5*
- Markets served by the Company – Local/State/National/ International:  
*India, USA, Kenya, UAE, Malaysia, South Africa.*

## SECTION B:

Financial details of the company as on March 31, 2018<sup>1</sup>

|                                                                                                  |                                                                |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| 1. Paid- Up Capital                                                                              | ₹ 90.82 crore                                                  |
| 2. Total Turnover                                                                                | ₹ 761.07 crore                                                 |
| 3. Total Profit after taxes                                                                      | ₹ 107.12 crore                                                 |
| 4. Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%) | A detailed table is disclosed in Board's Report in Annexure- 6 |
| 5. List of activities in which expenditure in 4 has been incurred                                |                                                                |

<sup>1</sup> As per standalone financial (Ind As)

## SECTION C:

### Other Details

- Does the Company have any Subsidiary Company/ Companies?  
*Yes. The Company has 3 direct subsidiaries and 1 step down subsidiary.*
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such Subsidiary Company(s)?  
*Yes.*
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
*We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.*

## SECTION D:

### BR Information

#### 1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

| Particulars                | Details                   |
|----------------------------|---------------------------|
| DIN Number (if applicable) | 0104981                   |
| Name                       | Sanjay Nayak              |
| Designation                | Managing Director and CEO |
| Telephone Number           | 080-41796400              |

(b) Details of the BR head

| Particulars                | Details                                                                          |
|----------------------------|----------------------------------------------------------------------------------|
| DIN Number (if applicable) | NA                                                                               |
| Name                       | N R Ravikrishnan                                                                 |
| Designation                | General Counsel and Chief Compliance Officer                                     |
| Telephone Number           | 080-41796400                                                                     |
| E-mail ID                  | <a href="mailto:ravikrinanr@tejasnetworks.com">ravikrinanr@tejasnetworks.com</a> |

## 2. Principle-wise BR Policy/Policies

As per Regulation 34 of the Listing Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November 2015, the nine areas of Business Responsibilities are as follows:

|             |                                                                                                                                                              |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Principle 1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.                                                                |
| Principle 2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.                                     |
| Principle 3 | Businesses should promote the well being of all employees.                                                                                                   |
| Principle 4 | Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| Principle 5 | Businesses should respect and promote human rights.                                                                                                          |
| Principle 6 | Businesses should respect, protect, and make efforts to restore the environment.                                                                             |
| Principle 7 | Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.                                                   |
| Principle 8 | Businesses should support inclusive growth and equitable development.                                                                                        |
| Principle 9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner.                                                    |

Details of Compliance (principle- wise (as per NVGs) BR policy / policies (reply in Y/N)

| S.No | Questions                                                                                                                                                                                                            | P1                                                                                                              | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|
| 1    | Does the Company have the policy for.....                                                                                                                                                                            | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2    | Has the policy being formulated in consultation with the relevant stakeholders                                                                                                                                       | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3    | Does the policy conform to any national / international standards? If yes, specify? (50 words)<br>Our people policy such as POSH, whistle blower policy are in accordance with National and International standards. | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 4    | Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director                                                                                                 | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5    | Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?                                                                                            | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6    | Indicate the link for the policy to be viewed online?                                                                                                                                                                | <a href="https://www.tejasnetworks.com/policies-codes.php">https://www.tejasnetworks.com/policies-codes.php</a> |    |    |    |    |    |    |    |    |
| 7    | Has the policy been formally communicated to all relevant internal and external stakeholders?                                                                                                                        | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8    | Does the company have in-house structure to implement the policy/ policies                                                                                                                                           | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 9    | the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies                                                                 | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10   | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency                                                                                            | Y                                                                                                               | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

Y = Yes

All the policies are approved by the Board and duly signed by the Managing Director and CEO. These policies are based on guiding principles and core values. These policies are mapped to each principle hereunder:

| S.No | Principle                                                                                                                              | Applicable policies                                                                                               |
|------|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| 1    | Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.                            | <ul style="list-style-type: none"> <li>Whistle Blower Policy</li> <li>Code of Conduct</li> </ul>                  |
| 2    | Principle 2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. | <ul style="list-style-type: none"> <li>Safety, Health and Environmental Policy</li> <li>Quality Policy</li> </ul> |

|   |                                                                                                                                                                            |                                                                                                                                                                    |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 | Principle 3 - Businesses should promote the well-being of all employees.                                                                                                   | <ul style="list-style-type: none"> <li>• Safety, Health and Environmental Policy</li> <li>• Policy on Prevention of Sexual Harassment at the work place</li> </ul> |
| 4 | Principle 4 - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. | <ul style="list-style-type: none"> <li>• CSR Policy</li> <li>• Stakeholders Policy</li> </ul>                                                                      |
| 5 | Principle 5 - Businesses should respect and promote human rights.                                                                                                          | <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Sexual harassment Policy</li> </ul>                                                            |
| 6 | Principle 6 - Businesses should respect, protect, and make efforts to restore the environment.                                                                             | <ul style="list-style-type: none"> <li>• Safety, Health and Environmental Policy</li> <li>• Quality Policy</li> </ul>                                              |
| 7 | Principle 7 - Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.                                                   | <ul style="list-style-type: none"> <li>• Code of Conduct</li> </ul>                                                                                                |
| 8 | Principle 8 - Businesses should support inclusive growth and equitable development.                                                                                        | <ul style="list-style-type: none"> <li>• CSR Policy</li> </ul>                                                                                                     |
| 9 | Principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.                                                    | <ul style="list-style-type: none"> <li>• Quality Policy</li> </ul>                                                                                                 |

If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| S.No | Questions                                                                                                                         | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|------|-----------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1    | The Company has not understood the Principles                                                                                     |    |    |    |    |    |    |    |    |    |
| 2    | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3    | The Company does not have financial or manpower resources available for the task.                                                 |    |    |    |    |    |    |    |    |    |
| 4    | It is planned to be done within next 6 months                                                                                     |    |    |    |    |    |    |    |    |    |
| 5    | It is planned to be done within next 1 year                                                                                       |    |    |    |    |    |    |    |    |    |
| 6    | Any other reason (please specify)                                                                                                 |    |    |    |    |    |    |    |    |    |

Not Applicable

### 3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
*Annually.*
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
*This is the first Business Responsibility Report of the Company for FY 2017-18 which forms part of the Company's Annual Report for FY 2017-18. The same can be accessed at: <http://www.tejasnetworks.com/other-documents.php>*

#### SECTION E:

##### Principle-wise performance

##### Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company structure specifies the distribution of rights and responsibilities among different participants of the corporation such as the board, managers, shareholders and other stakeholders, and spells out the systems, procedures and practices which ensure that the company is managed in the best interest of all corporate stakeholders and in a manner that is accountable and responsible to the shareholders. In a wider interpretation, corporate governance includes company's accountability to shareholders and other stakeholders such as employees, suppliers, customers and local community. our corporate philosophy seeks to ensure truth, transparency, accountability and responsibility and is committed to meet the aspirations of all our stake holders. The code of conduct orients our expectation on ethics and our shareholders are well versed with and attuned to our values.

- Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/

Suppliers/Contractors/ NGOs / Others?

*Our Code of Conduct and Whistle Blower policy covers not only the employees but also extended to cover Group/Joint Ventures/Suppliers/Contractors/ NGOs / Other stakeholders.*

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

*Please refer stakeholders relationship committee of the Corporate Governance report provide in this Annual report.*

##### Principle 2:- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

*TJ1400, TJ1600*

*The above product have several power saving features in their design.*

2. For each such product, provide the following details in respect of resource use (Energy, water, raw material etc.) per unit of product (optional):

*The above products have several power saving features to lower the carbon footprint of the product. TJ1400 and TJ1600 are designed using new generation field programmable chips (FPGAs) for reducing static power, and clock enable/gating logic to reduce dynamic power in FPGAs. TJ1400 has been used in providing the rural broadband connections under Bharat Net projects to more than 40000+ villages in India so far.*

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

*Our suppliers are categorized into three broad categories – People, Services and Products. Our contracts have appropriate clauses and checks to prevent the employment of child labor or forced labor in any form. We continue to engage with all supplier segments working within our boundary covering People and Services. We engage with local suppliers for our People and Services categories.*

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

*We have a comprehensive engagement model, to meaningfully engage with our suppliers on material aspects. Regular capacity building and assessments are conducted for key suppliers. The proportion of spending on domestic suppliers at significant locations was about 60% in fiscal 2018. Today we have a very wide & well established supplier base including number of suppliers from local & small producers and we continue to encourage the strengthening of the local buying from India.*

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

*Our integration & testing facility does not produce any hazardous waste. The waste generated is only from packaging etc. Further in line with the requirements of ISO14001 environmental standards we re-use most of the packaging boxes for intermediate packing & movement. We re-use the packaging received from cable vendors & Sheet metal vendors for out Kit packaging. Most of our packaging use carton boxes instead of ply wood/Hardwood packaging.*

**Principle 3: - Businesses should promote the wellbeing of all employees**

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on Employees' well-being. The Company provides equal employment opportunities to all irrespective of their caste, creed, gender, race, religion, disability etc., The Company respects the right of employees to freedom of association, participation, and collective bargaining and provides access to appropriate grievance redressal mechanisms. The Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality Women friendly policies were introduced like increased maternity leave, Adoption Leave, Paternity Leave and Medical Insurance for In-laws. We have a mechanism in place to foster a positive work place environment free from harassment of any nature. We have institutionalized the Anti-Sexual Harassment Initiative (ASHI)

framework, through which we address complaints of sexual harassment at the work place. We follow a gender-neutral approach in handling complaints of sexual harassment Our ASHI policy applies to everyone involved in the operations of the Company, including vendors and clients. We have also constituted an Internal Complaints Committee (ICC)\* in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an independent group. The Company contributes to the medical insurance of its employees and also organises health check-ups for employees. The Company also enhances employee engagement through various initiatives on an ongoing basis. The Company is deeply committed to safety of its Employees at workplace and regularly organises mock fire drills and Fire Safety training classes at all its locations.

1. Please indicate the Total number of employees.  
*707 as on March 31, 2018*
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis.  
*Most of our employees work as full-time, permanent employees*
3. Please indicate the Number of permanent women employees  
*The number of our permanent women employees is 72 as on March 31, 2018.*
4. Please indicate the Number of permanent employees with disabilities  
*Being an equal opportunity employer, we encourage employees to disclose their disabilities and seek reasonable accommodation to allow them to perform to their full potential.*  
*The number of employees who have voluntarily disclosed their disability status and the nature of disability stands at 2, as on March 31, 2018.*
5. Do you have an employee association that is recognized by management?  
*No*
6. What percentage of your permanent employees is members of this recognized employee association?  
*Not applicable*
7. Please indicate the number of complaints relating to Child Labour, Forced Labour, Involuntary Labour, sexual harassment in the last financial year and pending, as on the end of the financial year

| Category                                        | No.of. Complaints filed during the financial year | No.of. Complaints pending as on the end of the financial year. |
|-------------------------------------------------|---------------------------------------------------|----------------------------------------------------------------|
| Child labour/ forced labour/ involuntary labour | Nil                                               | Nil                                                            |
| Sexual Harassment                               | Nil                                               | Nil                                                            |
| Discriminatory employment                       | Nil                                               | Nil                                                            |

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year.
  - Permanent Employees
  - Permanent Women Employees

- Casual / Temporary/ Contractual Employees.
- Employees with Disabilities

*Safety: We provide the awareness session on periodic demonstration of mock drills related to safety, security of the employees.*

*Skill up-gradation: Our training program includes on the job training and class room sessions.*

*Principle 4:- Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.*

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in our Corporate Values & Beliefs of Integrity, Passion, Quality, Respect and Responsibility. These values require that the Company acts as a responsible corporate citizen and change lives for the better and this is to be done in a manner that reflects humility. These values require us to provide everyone equal opportunities to progress and grow. The Company considers its employees, business associates, customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, supplier/vendor meets, customer/employee satisfaction surveys, investor forums, etc.

1. Has the Company mapped its internal and external stakeholders  
*Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations*
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?  
*The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve these needs accordingly*
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.  
*The Company has engaged itself in the Corporate Social Responsibilities like, participating in the Schemes of Akshayaparthra – an NGO which provides the school meal program for underprivileged children in India.*

*Principle 5: Businesses should respect and promote human rights*

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its code of conduct. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?  
*The Company's Policy on Human Rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the five principles of its values and beliefs. Respecting human rights is fundamental to the Company's policies and business dealings and the Company is equally focussed on building awareness around promotion*

*of human rights with every associate and supply chain partners. All employees and contractors are required to respect the human rights of fellow workers and communities where we operate. The Company does not employ child labours and does not permit any occurrence of forced or compulsory labour, conducts proper checks and audits to ensure that our contractors follow the same. The Company's business relationship with its Vendors/contractors encourages its vendors to comply with the relevant laws safeguarding labour rights and human rights.*

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?  
*Please refer stakeholders relationship committee of the Corporate Governance report provide in this Annual report.*

*Principle 6 : Business should respect, protect, and make efforts to restore the environment*

Tejas is committed to meeting ISO14001 Standard requirement and relevant environmental regulations with continual improvement in its business management process

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.  
*As on date, the Company is encouraging all its external stakeholders to strictly adhere to safety and restoration of the environment. Our Major suppliers for EMS & PCB vendors, Cable assembly vendors comply with ISO14001 standards & have a clear policy to safeguard environment.*
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc  
*As a responsible product company, we give due consideration to the environmental aspects like global warming, climate change etc. and our products are designed accordingly. As a global supplier of telecom equipment's; our products are qualified in various countries including US & Europe on strict environmental, emission norms. While selecting component we select more energy efficient chip sets which consume low energy. We customize the power supply to ensure we don't over-engineer the energy requirement. Most of our Parts are ROHS 6/6 compliant & environmentally friendly. In Integration facility we ensured we use lot of daylight and minimize the consumption of power. The Company designs its products in such a way that the total carbon footprint is minimized. The use of next-generation chips that consume less power, programmable slew rate/drive strength, dynamically tristable DCI and HSTL/low power serial links wherever possible minimizes energy use.*
3. Does the company identify and assess potential environmental risks? Y/N  
*As a responsible electronics product manufacturer, the Company ensures that its products meet international EU directives such as WEEE (Waste of Electrical and Electronics Equipment) and RoHS (restriction on the use of hazardous substances). The Company thus contributes to a circular economy through improvements in collection, treatment and recycling of electronics at the end of their life.*
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?  
*Tejas networks comply with the requirements of ISO14001 environmental standards and meet all the statutory & regulatory*

requirements on environmental aspects. Necessary reports are generated & maintained. We do the study on aspect & impact analysis on activity we do in Tejas. Risks are adequately mitigated. All components selected based on ROHS compliancy and regulatory requirement. We have provided employee safety gears at the rework stations & provided suction units for fumes.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Tejas has initiated various initiatives towards energy efficiency. The few to mention are atrium in factory premises to use natural light, save water and save electricity campaign with various teasers and visuals, Tejas also recommends compliance to ISO 14001 standard to its suppliers. Many of the Tejas suppliers are ISO 14001 certified.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

As the nature of Tejas production system is green, the emission and waste generated are well within the permissible limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no pending or unresolved show cause/legal notices from CPCB/SPCB as at the end of March 31, 2018.

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

Telecom Export Promotion Council (TEPC), India Electronics and Semiconductor Association (IESA), FKCCI (Federation of Karnataka Chamber of Commerce and Industry), TEMA (Telecom Equipment Manufacturer Association, CII (Confederation of Indian Industry), FIEO (Federation of Indian Exporter Organization)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas ( drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Tejas always promotes advancement & improvement of public good by offering innovative products in Telecom domain. While doing this we always promote Environment awareness, Health and Safety, Compliance and Anti-corruption, Human Rights and Anti-harassment culture

**Principle 8: Businesses should support inclusive growth and equitable development**

1. Does the company have specified programs /initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Tejas Networks Limited ('Tejas' or 'the Company') has adopted Corporate Social Responsibility Policy ('CSR') initiatives so as to attain the sustained economic performance, environmental and social stewardship and Strive for economic development that positively impacts the society at large. Tejas works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has always been to contribute to

the sustainable development of the society and environment, and to make our planet a better place for future generations.

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

The Company undertakes CSR project/programs identified by the CSR Committee and approved by the Board of Directors, in line with the CSR Policy. The CSR activity is carried put through external NGO and also by an organization of repute.

3. Have you done any impact assessment of your initiative?

Yes, the CSR committee internally performs a review and an impact assessment of its initiatives at the end of each year to understand the effectiveness of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives..

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

During the year 2017-18, the Company has spent an amount of ₹ 0.54 crore on CSR activities encompassing various community development projects. Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure 'C' to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The CSR Committee of the Board of Directors identifies and implements all CSR projects/ programs and periodic reports are provided for review by the committee. The responsibilities of the CSR Committee include formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken, Recommending the amount of expenditure for the CSR activities, and Monitoring CSR activities from time to time

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

There were no customer complaints/consumer cases are pending as on March 31, 2018.

2. Does the company display product information on the product label, over and above what is mandated as per local laws ?

Yes. Over and above the mandatory requirements, the Company also subscribes to various customer information requirements. Product Information about the physical dimensions and/or compositions/ nutrient content is provided through the product labels/pack declaration and/or catalogues.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so?

There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

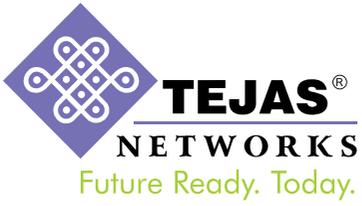
4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, we conduct a customer satisfaction survey every year.









Future Ready. Today.

**TEJAS NETWORKS LIMITED**

Plot No. 25, JP Software Park, Electronics City Phase-1,

Hosur Road, Bengaluru, Karnataka - 560100

Tel : 080 4179 4600

Website: [www.tejasnetworks.com](http://www.tejasnetworks.com)