TEJAS®
NETWORKS

October 06, 2017

To,
The Listing Dept.
National Stock Exchange of India Ltd
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051
NSE Symbol: TEJASNET

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

Dear Sir/Madam,

Sub: Submission of Annual Report for the financial year 2016-17 pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

With reference to the above subject, we enclose herewith Annual Report for the Financial Year 2016-17 as required under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which is duly approved and adopted by the members at the Annual General Meeting held on September 27, 2017.

Kindly take the above on record.

Thanking you,

Yours sincerely
For Tejas Networks Limited

G.V.K

G V Krishnakanth
Company Secretary and Compliance Officer

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TEJAS® NETWORKS
Future Ready. Today.

Powering Data & Broadband Networks

ANNUAL REPORT 2016-17

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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

Headquartered in Bengaluru, Tejas Networks is an optical and data networking products company with global operations. Our products are used to build high-speed transmission networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fiber. Driven by India's increasing data traffic and rising global optical capital expenditure, Tejas is among India's largest optical networking products companies while competing against global peers.

At Tejas, we design, develop and sell high-performance and cost-competitive products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 60 countries across the world.

Our products utilise a programmable software-defined hardware architecture with a common software codebase that delivers an app-like ease of development and upgrades of new features and technology standards. Ever since inception, we have steadily invested in research and development to grow through multiple technology cycles. Today, we are a TL9000 and ISO9001 certified company; along with a DSIR approved R&D facility.

Rising smartphone penetration, higher speed networking technologies and accelerating adoption of cloud services by enterprises is pushing a massive increase in data traffic worldwide. At Tejas, we are well-positioned to capitalise on the projected growth in optical capital expenditure in India as well as globally, supported by our dynamic team and world-class products.

In a world where socio-economic progress is largely defined by technology adoption, the extent of data consumption and the speed of broadband networks, we are powering these promises of the future.

33.7%

Y-o-Y Revenue Growth (net of taxes and component sales)

34.4%

Y-o-Y Gross Profit Growth

54.8%

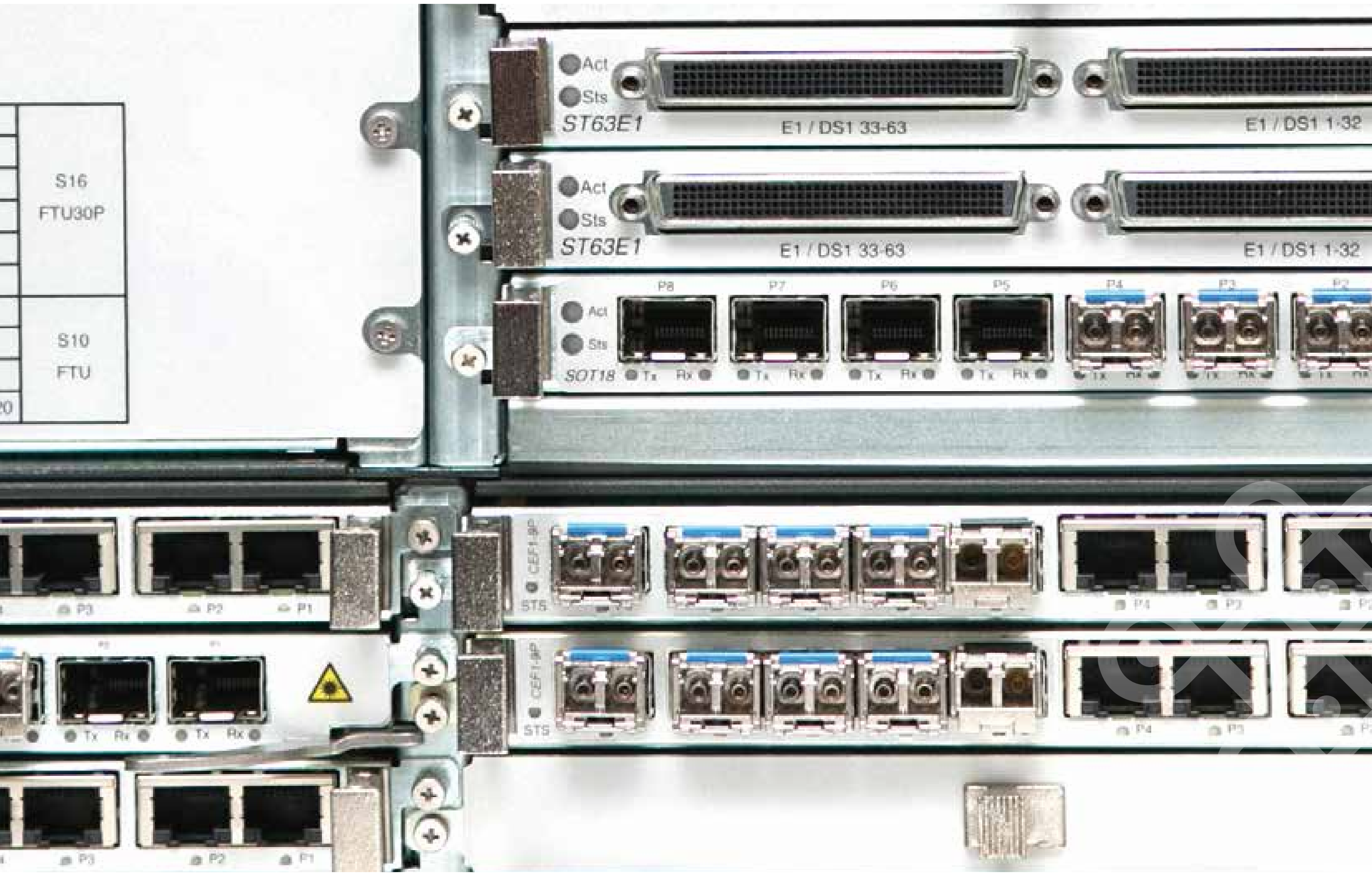
Y-o-Y EBITDA Growth

121.6%

Y-o-Y PAT Growth

Y-o-Y: Growth in 2016-17 over 2015-16

Our Products and Solutions



With the exponential increase in data traffic, our customers are in the process of modernising their networks, so that they can transport more bits, but at a lower cost per bit. Our products are used to build high-speed transmission networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fiber.

Software defined hardware that is flexibly configurable and enabling future-ready products

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.

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 scalable, re-programmable and re-usable products allow reduction in total cost of ownership for our customers and improve the overall efficiencies of their network and operations.

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.

Further, we outsource most of our manufacturing to reputed electronics manufacturing services companies. This allows us to stay asset-light and enables us to scale-up production without requiring a corresponding increase in capital expenditure towards our own manufacturing operations. Our India-based operations allow us to design, develop, manufacture and sell high-performance and cost-competitive products in India and globally.

OUR CURRENT PORTFOLIO

Our current optical transmission products are used in the following parts of a communication network:

- **Access:** The outer perimeter of a telecommunications network, which connects to the end consumers
- **Metro:** Networks that aggregate and distribute traffic collected from access networks within a large city or region
- **Long-haul:** Networks that interconnect metro networks using high bandwidth transmission

OUR EDGE

- Leadership in the fast-growing Indian optical equipment market
- Technology-leading, yet cost-competitive products.
- Well-positioned to capitalise on expected industry growth in emerging and India-like markets internationally
- Track record and culture of innovation, leading to product and technology leadership
- Software defined hardware that is flexibly configurable and enabling future-ready products
- Cost and capital efficient asset light business model
- Long-standing customer relationships with strong repeat business
- Strong professionally managed team with significant industry experience

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)

OUR CERTIFICATIONS

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

MARKET REACH

We sell our products predominantly through a combination of direct sales to communication service providers as well as by leveraging our strong relationships with leading global optical vendors and integrated solution providers as original equipment manufacturers (OEMs). We have a history of high customer retention. Our strategic OEM relationships enable us to gain access to their customers, especially in North America and Europe, and grow our international businesses in these geographies.

Global Top 10

Ranked among top-10 suppliers in the global optical aggregation segment

333 Patents

Patent applications filed (203 filings in India, 89 filings in the United States and 6 filings in Europe)

2nd Largest

Largest optical networking products company in India while competing against global peers

60+ Countries

Global Presence

250+ Customers

Long-standing relationships

600+ Team

World-class talent

Milestones and Achievements

2000 – 2003

> ₹40 crore
Cumulative Revenue

8
Patents Filed

- Incorporated in Bangalore. Founding team included Sanjay Nayak (CEO & MD), Dr. Kumar Sivarajan (CTO) and Arnob Roy (President Optical).
- Procured order from Tata Power and successfully helped build India's first high-speed Metro DWDM network in Mumbai
- Launched our first product - TJ100 STM-1 Multiplexer product
- Obtained interface approval from Telecom Engineering Center (TEC) for TJ100 product
- Team Size - 100+

2004 – 2007

> ₹400 crore
Cumulative Revenue

17
Patents Filed

- Procured large order from Railtel Corporation of India for a Pan-India optical MSPP network covering 400+ stations
- Registered first customer wins at Airtel, Tata Communications, Power Grid (PGCIL), Oil India (OIL), Gas Authority of India (GAIL)
- Launched a range of STM-1, STM-4 and STM-16 Multiservice Provisioning Platforms (MSPP) designed to meet international standards
- Obtained Carrier Ethernet CE1.0 certification from Metro Ethernet Forum (MEF)
- Executed our first global OEM agreement with Nortel Networks
- Received award for Excellence in R&D from DSIR, Government of India
- Won "Deloitte Fast 50 India", "Red Herring 100 Asia" and "Red Herring 100 Global" awards
- Team Size: 500+

2008 – 2012

> ₹2,500 crore
Cumulative Revenue

159
Patents Filed

- Won and Executed large BSNL order for Optical MADM equipment
- Acquired ISO 9001:2008 and TL9000-H certification
- Signed OEM contracts with two leading international vendors to supply our MSPP and CPO products
- Commercial deployment of our products in Tier-I 3G/ BWA networks in India such as Airtel, Aircel, BSNL
- Two-time winner of the prestigious CSIR Diamond Jubilee Technology Award from the Honorable Prime Minister of India
- Featured as a Harvard Business School case study
- Recognized as a Top-5 domestic patent filer in information technology by India Patent Office
- Received several prestigious innovation awards from NASSCOM, Aegis Graham Bell, Economic Times and Telecom Center of Excellence (TCOE)

2013 – 2017

> ₹5,000 crore
Cumulative Revenue

333
Patents Filed

- Selected as a PTN supplier for two major 4G networks in India
- Deployed one of Asia's first and largest PTN networks for mobile backhaul at Sacofa
- Selected as a supplier for WIOCC, Africa's carrier of carriers owned by 14 major African telcos
- Selected as an optical equipment supplier for Bangladesh's National Broadband Network
- Received Carrier Ethernet CE2.0 certification from MEF for TJ1400, TJ1400P, TJ1600
- Procured international orders for 100G from telecom operators in Africa and South East Asia
- Recognised as a Two Star Export House by the Ministry of Commerce
- Won the TDB/DST National Technology Award for indigenous technology from the Honorable President of India
- State Export Excellence Award (Electronics and Communications category) from the Government of Karnataka
- Secured order for the supply, installation, commissioning and maintenance of GPON equipment for the Pan-India BharatNet project (Phase-I)
- Received the Most Innovative Product Award from IESA
- Received the Top Indian MSME for Patent & Commercialization from DIPP, Government of India and CII
- Team Size: 600+

Chairman's Message

> **"Tejas is at the intersection of key Government of India initiatives such as "Make in India", "Digital India" and "Start-up India"."**

Dear Shareholders,

Your company just completed a successful IPO in India raising ₹ 450 crore in primary issuance. The issue received strong institutional interest from Indian as well as International investors. This is a major milestone for a company, which started in the year 2000 with a meagre capital, but a very ambitious vision- to build a world-class technology product company from India. The success of Tejas signifies the emergence of innovative, new-generation deep-technology product companies from India, which are driven by first-generation entrepreneurs. It is also a significant milestone for the start-up ecosystem in India, since Tejas has set an example for early investors to get significant financial returns, thereby improving the overall investment climate in the country for startups.

Tejas Networks offers state-of-the-art products for the high-growth segment of the telecom market, which is for creating high-speed data networks to cater to the ever-increasing demand for bandwidth. Factors like the evolution of new high-speed internet technologies, increased consumption of video content and the proliferation of affordable smartphones are primarily driving this increasing bandwidth demand. Besides, growth in enterprise data services, cloud-based applications and data centers further increase the data consumption across global markets. These trends require telecom service providers and government entities to make significant capital expenditure in building high-capacity optical transmission networks, that are built using products designed and manufactured by Tejas.

India too is going through a digital transformation and the Government of India has a flagship program of "Digital India". Government is making significant investments in increasing the country's broadband infrastructure through projects such as BharatNet, which will provide us significant growth opportunities. In addition, policies like "Make in India" and "Preferential Market Access" (PMA) will benefit us, since they are targeted towards encouraging indigenous technology and use of domestically manufactured products like ours. Besides, with the advent of high-speed networks and increased use of data, private telecom operators in India need to invest in optical networks to upgrade their network capacities to stay competitive. To retain and grow their market, it is imperative for telecommunication service providers to ensure that they connect a majority of their cell tower on optical fiber, so that they can cater to the ever-increasing demand for data and bandwidth.

Internationally, in emerging markets, the state of digital infrastructure, economic affordability, trends of data growth and need for technology are similar to India. We are taking our success in India into "India-like" markets in South-East Asia, Africa and Latin America. Customers in these countries highly value our experience in India and we have seen a strong demand for our products and solutions in these countries. In addition, we are able to leverage our strong OEM partners in USA, who sell our products to their customers across the world.

At Tejas, we are well poised to capitalise on these rising industry trends. Our end-to-end portfolio of optical networking products for access, metro and long-haul networks help us leverage the expected growth in optical networking capex-both in India as well as internationally. Today, we are ranked as the sixth largest supplier in the global optical aggregation segment and we are growing faster than the market.

Over the years, we have built a reputation for delivering technologically advanced and high-quality products that are backed by our reliable customer service team. We are the only India-based optical transmission systems company that is TL9000 certified. We have consistently achieved field uptime exceeding 99.999% since 2008. We share long-term relationships with all our customers, with 88% of our business during last year coming from existing customers and most of our top customers have been with us for more than a decade.

TECHNOLOGY LEADERSHIP

Our products are used to build communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fibre. They are based on global technology standards, which enable telecommunications networks that are used to provide mobile, internet and broadband services, primarily over optical fibre.

Our products utilise a programmable, software-defined hardware architecture, which allows us to easily customize our products to meet new standards as well as market-specific requirements of features and performance. This has enabled us to deploy our products worldwide - in India, the emerging markets as well as the developed markets. Our optical networking products can be flexibly configured as CPO, PTN and DWDM products as per the communications service provider's needs and traffic requirements in their networks. We also offer broadband access products, based on GPON technology for Fiber-to-the-home (FTTX) applications. We are also investing in new wireless broadband access products, based on 4G/LTE technology and enterprise ethernet switches. Besides, we provide intelligent network management software for easy deployment of large-scale networks.

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.

WAY AHEAD

Tejas lies right at the intersection of the key Government of India initiatives such as "Make in India", "Digital India" and "Start-up India". Our innovative product and talent helps us to be invaluable partner to the government's initiative to create a "New India".

Going forward, we aim to invest in expanding our product portfolio and to increase our sales and marketing presence, especially in international markets. We expect our performance to gain momentum in India as well internationally, as the demand for higher-speed data networks continues to increase.

We are grateful to our customers, employees, shareholders, suppliers and bankers—all of whom are critical to our success. We see significant opportunities for growth over the next several years and we look forward to the next stage of our journey together.

We thank the government of various countries where we have our business operations. We also thank the Government of India, particularly the Ministry and Department of Electronics 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.

Warm regards,

Bengaluru,
August 26, 2017

Balakrishnan V.
Chairman

CEO and MD's Statement

> **We saw broad-based growth across our customers in India as well as internationally. Telecom service providers globally are seeing an exponential increase in data traffic on their networks**

Dear Shareholders,

FY 2016-17 was another year of solid growth and strong financial performance for your Company. We completed a fifth consecutive year of growth and made significant progress on our business and financial performance across all key parameters. Here is a glimpse:

- Consolidated revenue (net of taxes and component sales) growth of 33.7%
- EBITDA growth of 54.8%
- Cash flow from operations (excluding the effect of changes in Bills discounting of Trade receivables) grew by 101.6%

Our financial performance improved as is evident from the following ratios:

- Operating expenses reduced from 19.3% to 16.3% of revenues
- Free cash flow generation (excluding the effect of changes in Bills discounting of Trade receivables) of ₹ 119.92 crore
- ROCE of 17.44%
- Debt/Equity ratio 0.56
- Reduction in DSO by 46 days to 157 (previous year 203)

We saw broad-based growth across our customers in India as well as internationally. Telecom service providers globally are seeing an exponential increase in data traffic on their networks, due to increased proliferation of high-speed 4G and broadband networks, growing use of streaming video, mobile apps, ecommerce and other popular Internet services on affordable and powerful smartphones, tablets and home devices. The rapid acceleration in data traffic is driving the demand for an increased investment in optical networking products due to an increase in network fiberization and need for further capacity upgrades in existing fiber-optic networks.

India: There is a huge pent-up demand for optical transmission equipment in India and our India revenues during FY17 grew 25.7% y-o-y basis. Telecom service providers, especially the mobile operators, have historically under-invested in optical fiber transmission and instead relied more on the older technology of microwave radio transmission for their 2G/3G networks. In addition, Indian Government (like other Governments around the world) is investing in building a nationwide high-speed fibre optic network, especially to connect the rural areas. This broadband network (called Bharatnet) will serve as the backbone for all future government services, education, healthcare, public safety and other applications.

During FY17, the spending by Government establishments (BSNL, Railtel, BBNL and PGCIL) increased and our revenues from the Government accounts grew significantly. We also saw an increase in the procurement activity and we won many tenders, resulting in a strong backlog for FY18. We were selected as one of the key supplier of GPON equipment for Government of India's prestigious BharatNet project. We had continual business from private telecom service providers

33.7%

Consolidated revenue (net of taxes and component sales)

73.3%

Y-O-Y Growth of international revenues

54.8%

EBITDA growth

such as Tata Communications, Airtel, and Idea etc. We are an integral part of their ongoing optical network expansion, driven by data traffic. Many of our large private sector customers in India have identified optical fiber infrastructure to be a priority investment area in the coming years from a capex allocation perspective, since this will be a key competitive differentiator for them going forward.

International: Our international revenues grew 73.3% y-o-y. The major driver for our international revenue growth was our growing direct sales in emerging markets of South-East Asia, Africa and Latin America. Our OEM sales continued to do well and contribute to overall revenue growth in the international segment.

STRATEGY

During FY 2016-17, we grew our business, continued our aggressive investments in new products and technology, while still managing our operating costs. Our strategy of leveraging our low-cost India-based operating model is now proven and sustainable. We have built a strong growth engine, while keeping our operating costs much lower, compared to our global peers. We are able to invest aggressively in R&D and sustain our technological advantage, using a combination of highly talented, but relatively low-cost workforce from India, effective design re-use and efficient product architecture. We now have a highly competitive software-differentiated, programmable product portfolio that enables our customers to cost-effectively build next-generation metro and packet networks. The global trend of software becoming the differentiating element in networking equipment plays into our strength and gives us a competitive edge.

On the sales front, we have created a sustainable growth momentum with our direct-sales presence in India, South-East Asia, Africa and Latin America and OEM-led sales model for the USA and other markets. We now have a geographically-diversified customer base that has given us a stable foundation for future growth.

OUR PEOPLE AND COMMUNITY

Our company's progress is the outcome of the outstanding capabilities and hard work of our team. We strive to hire the best talent and we continuously challenge and encourage our people to give their best. We provide a highly stimulating work environment to our team and empower our leaders to take decisions in the best interest of our company. This has enabled us to hire and retain top quality talent, while operating in a highly competitive job market.

Besides, we also do our bit to give back to the society. We are proud to be associated with the "Akshaya Patra Foundation" which provides mid-day meals to school children.

AWARDS AND RECOGNITION

We won many prestigious awards for our R&D and innovation this year. On National Technology Day in May 2016, we received the National Award for "Successful Commercialization of a Product based on Indigenous Technology" from the Honorable President of India. Our TJ1400-PTN product was also conferred the "Most Innovative Product Award" by India Electronics and Semiconductor Association (IESA) at the IESA Vision Summit in February 2017.

ROAD AHEAD

We successfully completed our IPO with a primary issuance of shares worth ₹ 450 crore and are listed on BSE and NSE. These funds will help us repay our working capital, help increase our R&D spend and also invest in international sales and marketing to create long-term growth drivers for our company.

With the exponential increase in data traffic, our customers are in the process of modernising their networks, so that they can transport more bits but at a much lower cost per bit. As the network architecture is evolving from voice to a data dominated network, we are seeing a global trend where many telecom operators are reviewing their current optical networking suppliers and opening their vendor selection process by floating new RFPs. This has provided us with an opportunity to acquire new customers and participate in the next phase of their capex growth cycle.

Going forward, we are well poised to win new customers and increase our market share, due to the technological superiority of our products, strong balance sheet as well as reducing competitive intensity due to the ongoing industry consolidation. We have started FY 2017-18 with a strong order backlog, encouraging business momentum and exciting opportunities to grow our addressable market.

I thank you all for your support and looking forward to a great year ahead!

Warm regards,

Bengaluru,
August 26, 2017

Sanjay Nayak
Managing Director and
Chief Executive Officer

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. Nayak has had several years of experience in the field of telecommunication and networking. Before joining Tejas, he was the Managing Director of Synopys (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. Nayak has a Master of Science degree from North Carolina State University, USA and a Bachelor of Science degree in engineering from Birla Institute of Technology Mesra where he received the gold medal for standing first in the electronics and communication engineering batch.

Dr. Gururaj Deshpande
Non-Executive Director

Dr. Deshpande has 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.

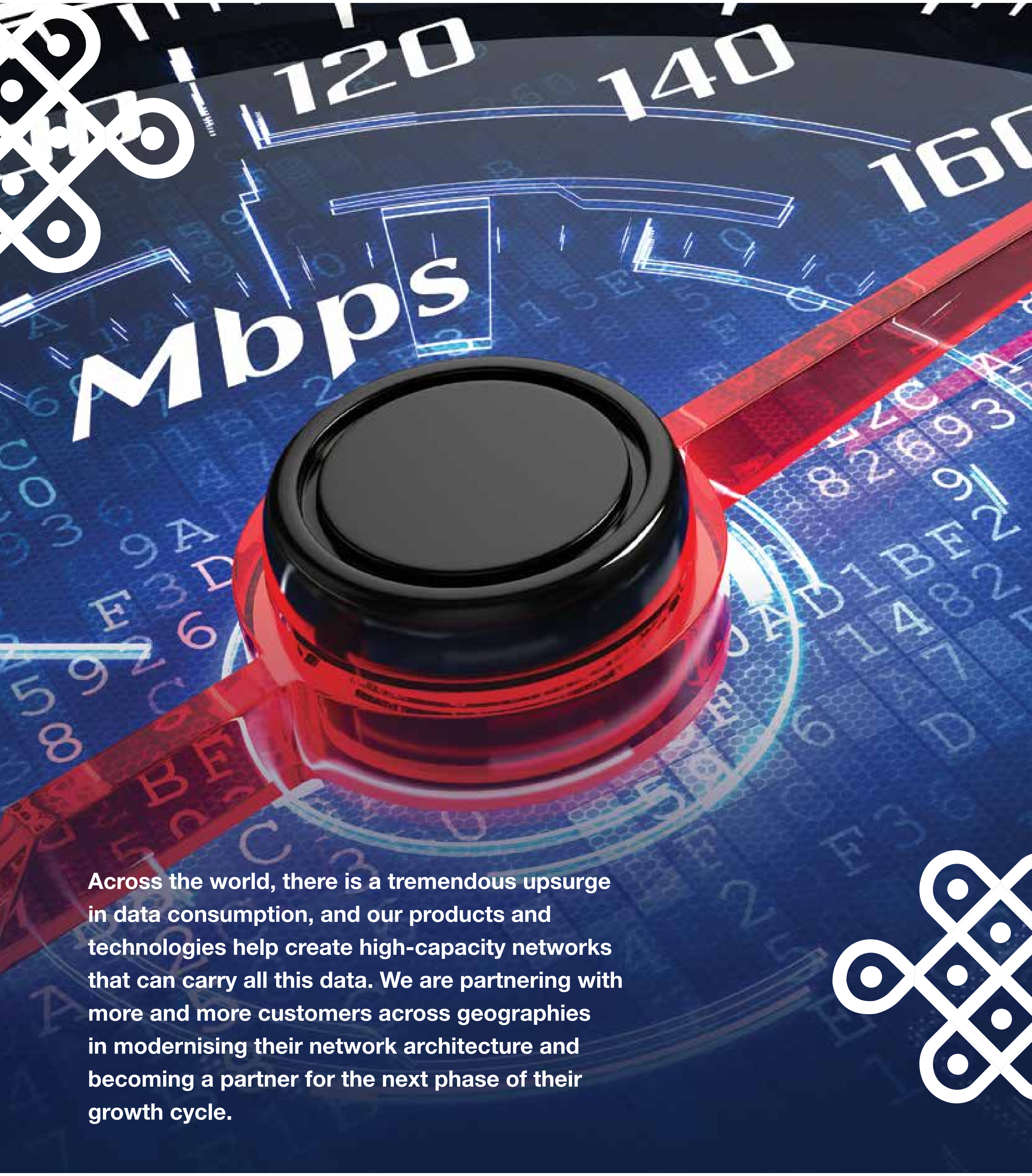
Mr. Shirish Saraf
Non-Executive, Additional Director

Mr. Saraf has a Bachelor of Science degree in Economics from the London School of Economics and Political Science. He has several years of experience in heading private equity investment groups. He is a director on various companies in different jurisdictions, including RAK Ceramics (PSC), RAK Logistics Holdings Pte Ltd, Dynamatic Technologies Limited and Mahindra Two Wheelers Limited. He is the Founder and Vice Chairman of Samena Capital and has been the Co-Founder and Managing Director of Abraaj Capital.

Amb. Leela K Ponappa (retd.)
Non-Executive, 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.

Exponential Growth Opportunity



Across the world, there is a tremendous upsurge in data consumption, and our products and technologies help create high-capacity networks that can carry all this data. We are partnering with more and more customers across geographies in modernising their network architecture and becoming a partner for the next phase of their growth cycle.

GLOBAL DEMAND GROWTH

Investment in optical networks continue to grow globally, especially in the emerging markets. The global optical network market is projected to grow at a 4.1% CAGR, from 2014 to 2020.
(Source: OVUM).

INDIA- PENT-UP DEMAND FOR DATA AND OPTICAL PRODUCTS

India is currently the world's second largest telecommunications market. Interestingly, India is also the world's fastest growing optical networking equipment market and is expected to grow at a 14.2% CAGR, from 2014 to 2020, leading to a substantial rise in India's telecommunication equipment market
(Source: OVUM).

FOCUSED ON HIGH-GROWTH TECHNOLOGY SEGMENTS

Globally, each of Converged Packet Optical (CPO), 100G, Optical Transport Network (OTN) and Reconfigurable Optical Add-drop Multiplexer (ROADM) technologies are growing at a CAGR 7.8%, 9.2%, 14.6% and 11.1%, respectively from 2014 to 2020 (Source: Ovum Report).

GPON TECHNOLOGY FOR WIRELINE BROADBAND ACCESS

As per Ovum, optical fibre based Passive Optical Network (PON) equipment – including GPON - revenues will continue to represent the largest segment under wireline broadband access equipment from 2015 to 2021.

PROLIFERATION OF SMARTPHONES AND ENHANCED MOBILE DATA USAGE

In FY 2016-17, internet users grew by more than 28% in India. At present, India's mobile and data penetration stands at 27% (Source: Mary Meeker Report). Moreover, industry predictions state that the country's total mobile broadband penetration is expected to reach 75.47% of the country's population by 2021 (Source: Ovum).

According to the Telecom Regulatory Authority of India (TRAI), total internet users increased to 422.19 million at the end of March 2017. Besides, in Q1FY17, smartphone shipments grew by over 15% y-o-y (Source: Mary Meeker Report).

INCREASED FIBERISATION OF BACKHAUL NETWORK

In India, less than 20% sites are fiberised, which provides a ample headroom for us to grow (Source: Deloitte report). The Government's Department of Telecommunications has introduced Indian Telegraph Right of Way Rules, 2016 to accelerate the approval process for overground (mobile towers) and underground optical fibre infrastructure.

RAPID GROWTH IN ENTERPRISE ETHERNET SERVICES

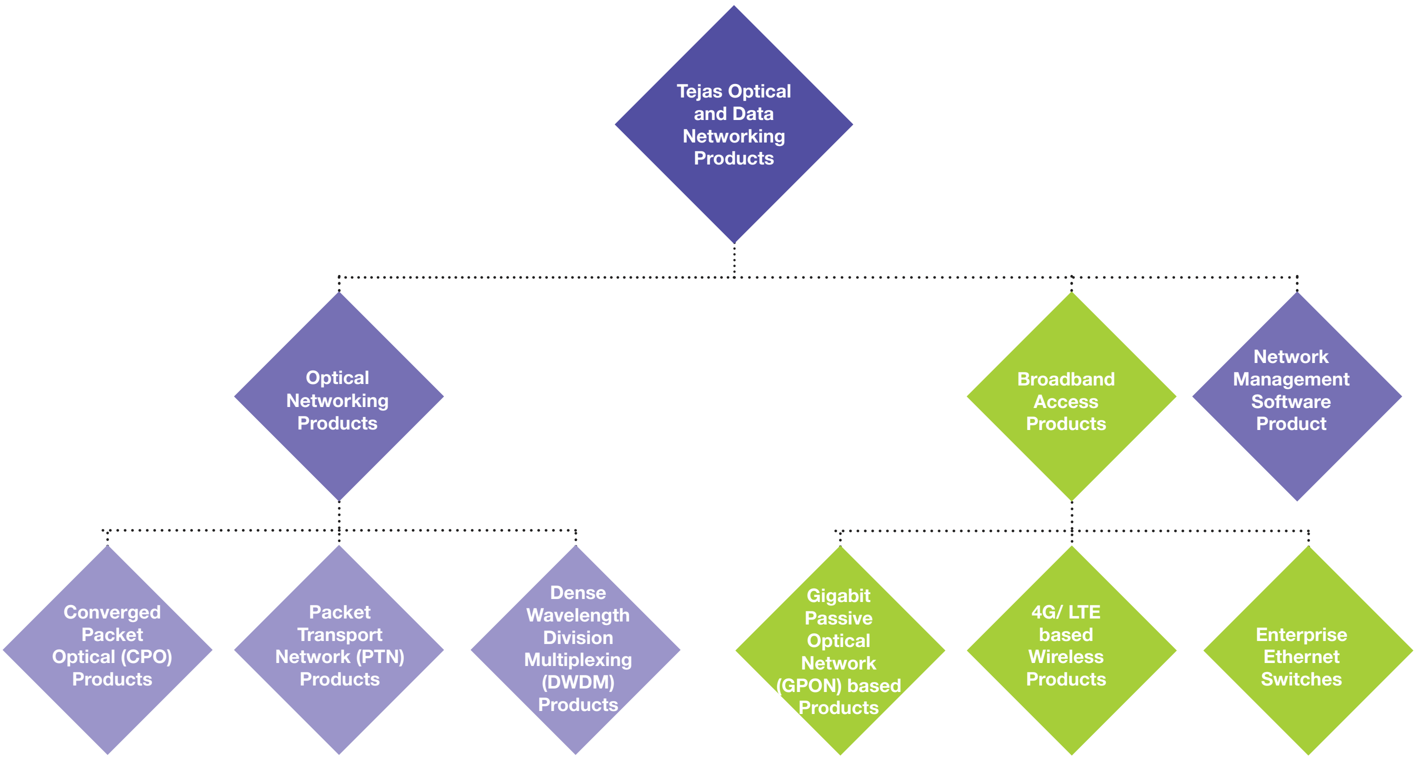
Enterprise Ethernet services are on a rise in India. According to Ovum, India's Enterprise Ethernet services market is likely to reach approximately US$ 1 billion by 2020 (Source: Ovum).

SUPPORTIVE GOVERNMENT INITIATIVES

Key government initiatives, such as Bharatnet, Smart Cities, Make in India, National Knowledge Network, Preferential Market Access Policy, and Defence Procurement Policy, among others, continue to encourage domestic telecom equipment manufacturing.

Wide Spectrum of Offerings

At Tejas Networks, we provide a range of end-to-end optical and data networking products, covering access, metro and long-haul networks. Our products are used to build communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fibre. Our diverse portfolio of products is based on global technology standards, which enable telecommunications networks that provide mobile, internet and broadband services, primarily over optical fibre. We broadly categorise our products as optical networking products and broadband access products that are managed by a single network management software product.



OPTICAL NETWORKING PRODUCTS

We offer new technology products for optical networking that enhances the transfer of data and voice traffic through our CPO, PTN and DWDM products.

CPO Products: CPO products can simultaneously support transport, processing and switching of both circuit and data traffic. Our CPO products are designed to support multiple circuit and data technologies carried on a single optical wavelength or on multiple wavelengths

PTN Products: PTN products primarily transport data traffic and can also transport voice traffic by emulating it as data packets. Our PTN products allow service providers to build PTNs with ease of operations administration, network maintenance and efficient fault isolation and fault recovery features.

DWDM Products: DWDM technology enables large volumes of data to be transported over a single optic fibre. Advanced CPO products are often integrated with DWDM functions. Our DWDM products are high-density and high-capacity. They have the ability to combine 80+ light wavelengths on a single optical fibre and transmit over thousands of kilometres, resulting in cost savings for our customers.

BROADBAND ACCESS PRODUCTS

In recent years, telecommunications service providers are deploying GPON and LTE broadband access technologies to address the growing demand for high-speed mobile and fixed broadband connections in access networks.

GPON based Products: GPON technology uses passive splitters in the field, which reduces the overall fibre requirements in a service area, thereby leading to lower network costs. Our GPON-based products for optical line terminal (OLT) solutions can be offered either as an add-on line card to be integrated into an existing optical network deployed by a customer or as a separate product

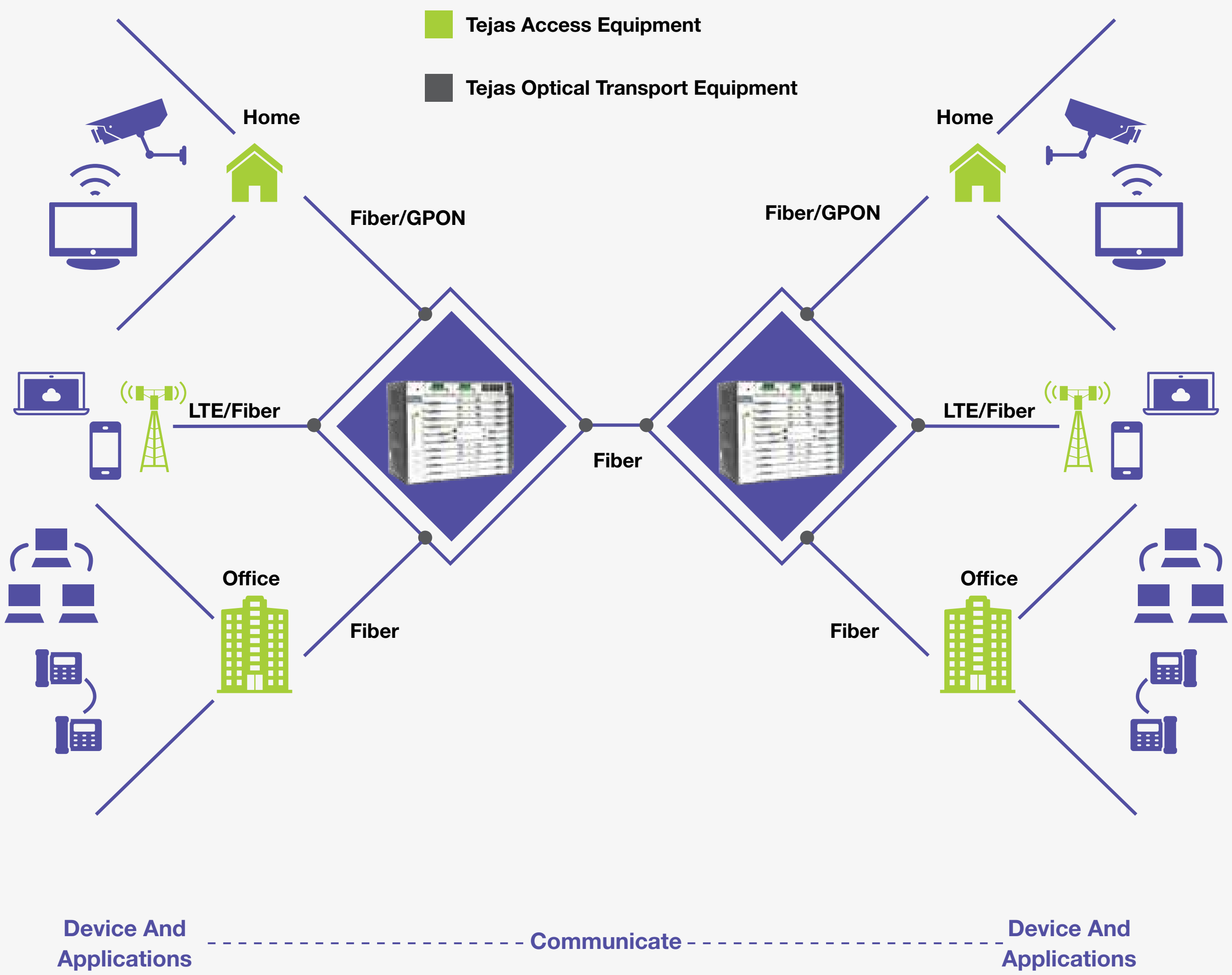
4G/ LTE based Products: LTE technology enables the delivery of high-speed mobile broadband over wireless frequencies. The implementation of LTE technology is being driven by higher proliferation of desktop and mobile computing devices to access broadband applications. Besides, LTE technology is preferred in areas where new fibre laying is difficult due to right-of-way issues.

Enterprise Ethernet Switches: Enterprise ethernet switches are deployed in local area networks (LAN) within offices or campuses. These enable inter-connection of computing devices and accurate redirection of packet traffic from source to destination devices within offices and campuses. Our enterprise ethernet switches support Carrier Ethernet and Internet protocol (IP) features.

NETWORK MANAGEMENT SOFTWARE

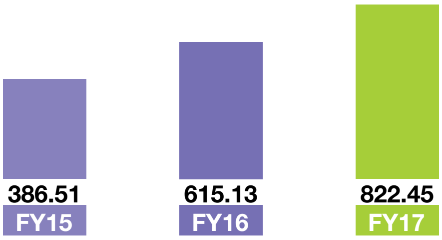
Our Network Management Software product, TejNMS provides graphical user interface based tools that manage the fault, configuration, accounting, performance and security functions of a network. It offers customers a network-wide view, which allows them to configure and deploy other network elements efficiently. It serves as a single unified management solution for our complete product portfolio, including both optical networking products and broadband access products.

Our products enable telecommunication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fibre



Technology-leadership Drives Financials

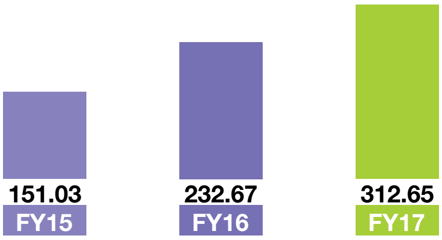
Revenue (net of taxes and component sales)[1]
₹ in crore



33.7%
Y-o-Y Growth

45.9%
3 Years CAGR

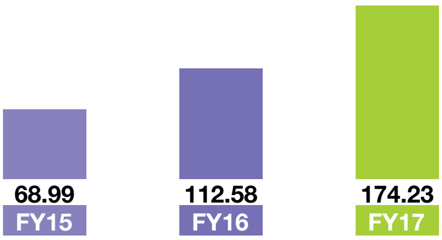
Gross Profit[2]
₹ in crore



34.4%
Y-o-Y Growth

43.9%
3 Years CAGR

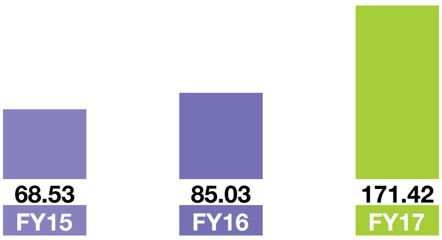
EBITDA[1]
₹ in crore



54.8%
Y-o-Y Growth

58.9%
3 Years CAGR

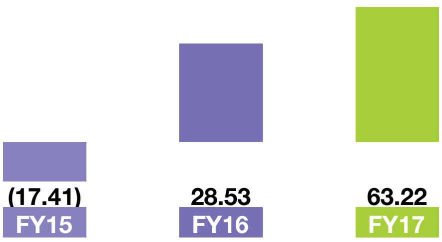
Cash Flow from Operations*[1]
₹ in crore



101.6%
Y-o-Y Growth

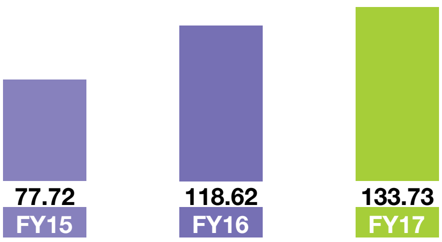
58.2%
3 Years CAGR

PAT[1]
₹ in crore



121.6%
Y-o-Y Growth

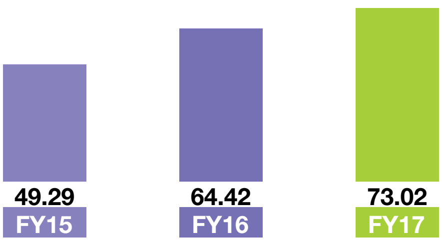
Operational Expenses[2]
₹ in crore



12.7%
Y-o-Y Growth

31.2%
3 Years CAGR

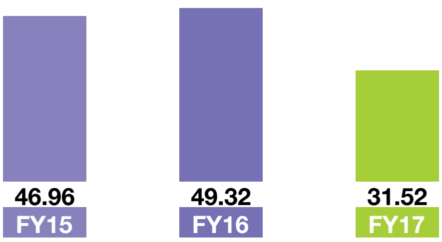
Research & Development Expenses[1]
₹ in crore



13.3%
Y-o-Y Growth

21.7%
3 Years CAGR

Finance Cost[1]
₹ in crore



(36.1)%
Y-o-Y Growth

* excluding the effect of changes in Bills discounting of Trade receivables
[1] Based on consolidated financial statements
[2] Based on statement of function-wise profit and loss account

The Year at a Glance

IGAAP consolidated

in ₹ Crore except for share data or as otherwise stated

	Y 2017	Y 2016	Growth (%)
Financial performance			
Revenue (net of component and excise duty)	822.45	615.13	33.7
Gross Profit	312.65	232.67	34.4
Operating profit after depreciation	117.81	74.33	58.5
Profit after tax excluding exceptional item	93.69	28.53	228.4
Profit after tax	63.22	28.53	121.6
EPS (par value of ₹ 10 each) : Basic	9.40	4.63	103.0
Diluted	9.40	4.29	119.1
Financial position			
Cash and cash equivalents (1)	122.25	74.13	64.9
Net current assets	491.58	453.51	8.4
Fixed assets (including CWIP)	110.70	146.09	-24.2
Total Assets	**916.18**	**838.30**	**9.3**
Borrowings (2)	281.30	373.91	-24.8
Total Equity	**500.66**	**360.52**	**38.9**

(1) Cash and cash equivalents include Fixed deposits under Non-current assets and excludes margin money deposits
(2) Borrowings include Long term borrowings, Short term borrowings, Current maturities of long term debt and Bills discounting

Strategic Priorities

STRENGTHEN LEADERSHIP IN INDIA

With India's telecommunication sector expanding rapidly, we foresee tremendous growth opportunities within the domestic market. Besides, we enjoy a strong incumbent advantage in India and thus, we will continue to invest in sales efforts to increase our market share. The key elements of our growth strategy for India are enhancing our enduring relationships with both private and public-sector unit communication services provider and aim to capitalise on them by:

- Acquiring new customers and becoming a part of the next phase of their capex growth cycle;
- Securing sales of add-on upgrades on our existing deployed products, based on existing as well as new technologies;
- Winning repeat business from our customers, as they increase their overall optical network footprint and upgrade their network capacities to manage higher data traffic;
- Using strong local presence and support teams to become preferred partners for our customers' operational teams;
- Utilising benefits of Preference for Domestically Manufactured Electronic Goods (PMA) policy to gain more accounts from different ministries;
- Expanding product portfolio to meet current and future demands of India's industries and government projects, such as Digital India, Make in India, and so on

EXPAND SALES GLOBALLY

At Tejas, we have already made inroads in SAARC nations, South-East Asia, Africa and Central America and will continue to invest in growth opportunities in these geographies. Besides, we benefit from reduced intensity of competition in developed markets of the US and Europe. We will continue to expand our existing OEM partnerships with leading global optical and integrated systems vendors to sell 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.

Moving ahead, we intend to enlarge our global sales network in emerging and developed markets, by engaging our customers in long-term relationships and

- Add more sales and customer support personnel;
- Leverage our existing customer base and market position to obtain a larger proportion of customer spend;
- Increase direct sales focus on unexplored geographies in the emerging and developing world;
- Replicate our domestic business model for those emerging markets that have similar market conditions and customer needs;
- Expand our existing OEM relationships with Tier-I global equipment vendors and explore other potential partnerships

FORAY INTO NEWER AND ADJACENT PRODUCT AREAS

We intend to expand our product portfolio into new and adjacent product areas, which serve the requirements of our existing and targeted customer base. Thus, we produce add-on solutions in our existing products that provides us an opportunity to sell this solution to a large deployed base at an incremental cost. We aim to leverage our incumbency and relationships in the Indian market as well as with customers in other international markets to sell from our expanded product portfolio. Additionally, our focus is also on reaching new customers with our new products. Currently, we are investing in new products in the following adjacent areas:

- **LTE (eNodeB and EPC):** Wireless access product on 4G/LTE to provide fixed wireless services to enterprises, residential customers and for mobile backhaul.
- **Next-generation PON:** Higher-speed fibre broadband products, based on new and emerging PON standards. Further, it supports multiplexing of multiple wavelengths with tuneable optics to enhance capacity and deliver faster service restoration in the case of enterprise applications. Besides, we are developing a next-generation Optical Network Terminal (ONT).
- **L2/L3 Ethernet Switches:** We are targeting this product initially for use in large enterprise campus networks such as those being built by defence, state-wide area networks and smart cities.

CONTINUE INVESTMENTS IN HIGH-GROWTH OPTICAL NETWORKING SEGMENTS

Globally, we foresee high growth prospects in various optical networking segments. 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 will leverage our re-usable hardware and software building blocks to shorten our product development cycles.

We have an end-to-end portfolio of networking products for access, metro and long-haul networks. We expect high growth in segments such as 100 Gbps, greater-than 100 Gbps, Optical Transport Network ("OTN"), Converged Packet Optical ("CPO") and Reconfigurable Optical Add-drop Multiplexer ("ROADM") in the near future. 100 Gbps and greater-than 100 Gbps technologies are displacing both 10 Gbps and 40 Gbps in metro and core networks. We will continue our investments in developing new products such as CPO, PTN and DWDM products with 100 Gbps/200 Gbps/400 Gbps interfaces, CPO and DWDM products with ROADM functionalities and OTN switches, to strengthen our solutions in these segments.

Sharpening our Innovation Focus

We have a strong focus on innovation, with over 50% of our total talent pool engaged in research and development. This is primarily aimed at expanding high growth segment product portfolios. We also have a growing intellectual property portfolio, which helps us sustain our competitive advantage globally.

At Tejas Networks, we provide our customers with best-in-class technology products. Our products are used to carry voice, data and video traffic from fixed line, mobile and broadband networks over optical fibre in India and globally.

Members of our R&D team have diverse skills in semiconductor IP design, CAD, industrial design, high-speed board design, embedded software, network protocols, product verification/validation/testing, integration and reliability engineering, regulatory and product life-cycle management.

As a DSIR certified R&D unit we receive a weighted tax deduction benefit on R&D expenses incurred. We are also approved under Government of India's M-SIPS scheme for electronic systems design and manufacturing (ESDM) sector, which entitles us to a 25% reimbursement on eligible R&D and manufacturing investments from Fiscal Year 2015 to 2020. We also receive R&D grants under the Karnataka ESDM Policy 2013.

3 Mn+
Software Lines of Code

40+
Carrier-Grade Systems Designed

250+
FPGA Design IPs

300+
High-Speed Boards Designed

INNOVATION FOCUS

- Steady R&D investments to keep pace across technology cycles
- 40+ carrier-grade products, 300+ PCBs and over 3 million lines of software code
- 70% of our R&D engineers have graduated from IITs or NITs or IISc
- Technical architects have 20+ years of industry experience
- Tracking and driving emerging international standards in 5G and optical networking through India's telecom standards body TSDSI in which Tejas is an active contributor

GLOBAL TECHNOLOGY STANDARDS

At Tejas, we have kept pace across technology cycles (from 2G to 3G to 4G) and demonstrated an ability to consistently upgrade or launch new products in anticipation of evolving technologies. We have adopted faster speed networks and transformation from legacy to new technologies. For instance, we anticipated the adoption of Multiprotocol Label Switching – Transport Profile (MPLS-TP) technology for packet transport networks and implemented it on our products.

We strive to design future-ready products by using programmable software-defined hardware architecture that enables easy adaptation to technology changes, new standards, and customer requirements. We have recently added new high-speed fiber broadband access technologies to our optical product portfolio to address broadband access requirements on optical fibre. The Gigabit Capable Passive Optical Network (GPON) technology for Fibre to the X (FTTX) applications supports Fibre to the Home/Premise/Building/Node/Curb applications. GPON expands our addressable market to include the residential and enterprise broadband access over optical fibre. Moreover, we are investing in products for wireless broadband access using fourth generation long-term Evolution (4G/LTE) technology.

Moreover, we are tracking and driving emerging international standards in 5G and optical networking through our leadership in the Telecommunications Standards Development Society, India (TSDSI). We are an active member of TSDSI and regularly contribute by participating and leading technical working groups in the wireless and optical domains.

SOFTWARE DEFINED HARDWARE THAT IS FLEXIBLY CONFIGURABLE AND ENABLING FUTURE-READY PRODUCTS

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.

Benefits to customers	Benefits for us
Lower Lifecycle Cost	Time-to-market advantage
Upgrade for new features and capacity	Ability to sell the same product globally
Seamless evolution to next-generation communication architectures	Reduced R&D costs – design re-use
Customized to meet market-specific requirements	Ability to sell upgrades on installed base

INTELLECTUAL PROPERTY RIGHTS

Our strategy for the development of intellectual property includes identifying in-house inventions in optical and wireless technology that are appropriate for patent protection. We file patent applications both in India and internationally for our product inventions. Although we are not materially dependent upon any one patent, our patent rights and the products made and sold under our patents, taken as a whole, are a significant driver of our business. We also rely on trade secret protection of our networking equipment and software.

We create a range of intellectual property rights, which we attempt to protect through a combination of patents, copyrights, trade secrets, and trademarks, as well as customary contractual protections.

Staying ahead of the Efficiency Curve

Our business model is focused on providing cost and capital efficiency. It aims to derive high return on investment from research and development, while leveraging our long-standing partnerships and asset-light manufacturing model.

Besides, most of our R&D investments are in manpower instead of factories or manufacturing assets; hence, they are quasi-fixed.

Moreover, we are aggressively driving the Government of India's Make in India initiative by providing indigenous expertise to customers around the world at a cost that is lower that of global peers.

MAKING IN INDIA
Our core operations are in India. Consequently, we can operate at significantly lower costs vis-à-vis our global competitors. Our research and development is also based in India, which enables us to develop state-of-the-art products at less costs vis-à-vis global peers. Thus, we can generate significantly better returns on our research and development investments, by capitalising on India's qualified and cost-effective engineering talent.

ASSET-LIGHT PRODUCTION
We follow an asset-light production model through partnerships with reputed Electronics Manufacturing Services (EMS) companies - Sanmina Corporation and Cyient. We manufacture our products in India through outsourcing to contract manufacturers. This helps us to stay asset-light and cost-efficient in production. Additionally, we have an in-house manufacturing facility focused on final integration, testing and quality control. It helps us to ensure that only high-quality products are delivered to our customers.

HIGHLY SCALABLE AND CAPITAL EFFICIENT EMS MODEL
Our turnkey EMS model is highly scalable and capital efficient. It enhances our manufacturing capacity by catering to changes in consumer demand. Moreover, it optimises our working capital because the EMS is responsible for sourcing and managing long-lead components. However, we foster direct relationships with our strategic component suppliers to get prompt technical support, favourable pricing and short delivery times.

LEVERAGED INTERNATIONAL SALES MODEL
For our international sales, we leverage our partnerships with leading global optical and integrated systems vendors as OEMs to sell in the advanced markets. This allows us to keep our sales costs low while also selling to the OEMs' customers who may otherwise not be accessible to us.

We believe that we have introduced a new India-based business model in the telecom industry that gives us a significant advantage over our global peers in terms of manufacturing costs, R&D expenditure and selling costs. As a result, even though our gross margins are in the same range as those of our peers, we are able to deliver superior EBITDA and PAT performance.

FIELD UPTIME EXCEEDING 99.999%
We are the only India-based optical transport systems company that is TL9000 certified and our products have delivered a field uptime exceeding 99.999% since 2008.

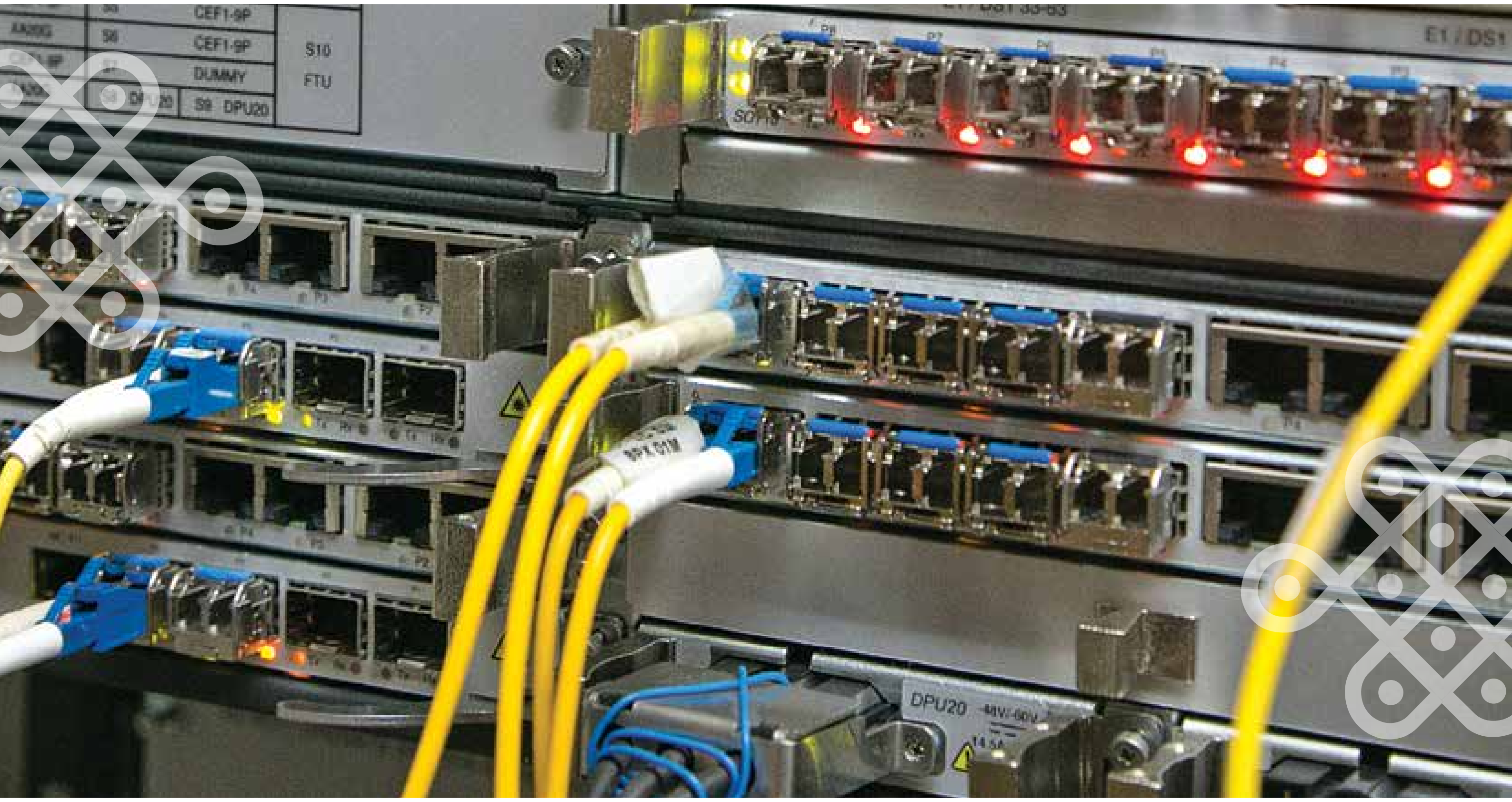
GROSS PROFIT MARGIN (%)	OPERATING EXPENSE (%)	EBITDA MARGIN (%)
35.6	15.2	19.8
38.0	16.3	21.2

As a % of net revenues in FY 2017 (first row)

As a % of net revenues in FY 2017 (excluding component sales) (second row)

Growing Prominence

Our bespoke product portfolio addresses most of the transport needs of our telecommunications customers and helps us forge strong relationships with them and gain a larger proportion of their telecommunications spending.



CUSTOMER CENTRICITY

Our end-to-end product portfolio has helped us foster 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 strong 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.

We engage our clients by having a collaborative sales and marketing model where our sales and technology teams participate in the sales process. While our sales and account managers assist our clients in day-to-day account management, members of our technology team also help manage strategic client accounts. These relationships have helped us better understand our clients' business needs and have enabled us to provide right-sized solutions that fully meet their needs.

GLOBAL BUSINESS

Globally, we have grown prominent as an optical transmission solutions provider. Our products find resonance beyond India in the emerging markets of South East Asia, the Middle East, Africa and Latin America. Besides, we are a growing OEM supplier in North America. Our end-to-end product portfolio has helped us forge strong relationships with our major clients. We leverage our partnerships with leading global optical and integrated systems vendors as original equipment manufacturer (OEMs) to sell in the global markets. This allows us to keep our sales costs low while selling to OEM customers that may otherwise not be accessible to us.

CUSTOMER SUPPORT

Our 120-member customer support team in 15 support centres in India and five globally, enable us to provide high quality customer support. We operate an around-the-clock 24x7x365 advanced technical assistance centre from Bengaluru to support our customers globally. We have a state-of-the-art customer training centre in Bengaluru, with fully-operational laboratory facilities and courses designed to give hands-on experience for our products to our customers. We are also a member of the Telecom Sector Skills Council of the Government of India which offers certification courses on telecom operation and maintenance.

88%

Revenue from repeat business 1

58%

Revenue from top 5 customers 1 2

3

Of top 5 customers – clients for over a decade

22

Customers using products for the last 10-years

33

Customers using products for the last for 6-9 years

114

Customers using products for the last for 1-5 years

1 For FY17 (excludes sales to EMS vendors on a pass-through basis)

2 Contribution to consolidated net revenue from operations.

TEJAS' GPON-BASED EQUIPMENT STRENGTHENING BHARATNET

The objective of Government of India's BharatNet or National Optical Fibre Network (NOFN) is to deliver broadband services on optical fibre 2.5 lakhs Gram Panchayats across India. The project is aimed at transforming rural India by providing high-speed internet to rural households, enhancing their access to telemedicine, e-education, and online banking services, among others.

We are among the leading suppliers of GPON-based optical access equipment for BharatNet. Our state-of-the-art GPON solution for the Bharatnet project includes optical line terminal (OLT) and optical network terminal (ONT) platforms.

The GPON network can be centrally managed and monitored through a network management system, wherein a network operator supervises daily operations, configurations and services remotely without having to visit the gram panchayats. Moreover, Tejas GPON solution can be used to launch a 'wi-fi hotspot' in the neighbourhood, thus significantly improving mobile coverage in rural India.

***Tejas equipment is being used to deliver high-speed broadband services to tens of thousands of gram panchayats in the country**

TIER-I TELCO OFFERS PREMIUM ENTERPRISE SERVICES ON TEJAS PRODUCTS

Tejas is an optical networking products supplier to a global communications provider operating in India. The customer serves 66% of the Fortune 500 companies with state-of-the-art solutions, which include communication, collaboration, cloud, mobility, network and data centre services. The company offers both public and private network connectivity solutions in several countries across five continents.

The customer uses our products to deliver certified and inter-operable MEF (Metro Ethernet Forum), point-to-point and multi-point Ethernet services over optical fibre to enterprises operating in India. With our products, the customer offers both TDM and dedicated packet services for a range of speeds allowing them to provide more granular and 'right-sized' leased capacities to meet changing business needs.

Our products offer superior congestion management features on the network, support advanced packet inspection capabilities, and come with multi-level quality of service features for prioritised treatment of mission-critical traffic.

Thanks to these features, Tejas products have enabled the customer to cost-effectively manage traffic growth. And grow revenues through a wider choice of premium SLA-backed Ethernet services, while delivering excellent quality of service to its enterprise customers.

Human Face of Tejas

At Tejas, we consider our people as our biggest asset. It is their drive, determination, dynamism, diversity and dependability that have propelled us to achieve our objectives. We promote a conducive work culture, where every individual gets opportunities to grow.

MANAGING TALENT

We recruit talented individuals and organize them into a cohesive force. At Tejas, we believe in nurturing talent and thus, have developed several reward and recognition programmes that motivate and engage talent. This approach has helped us in achieving low attrition rates over the years on a consistent basis. In fact, over 100 of our employees have been working with the company for over a decade.

EMPLOYEE STRENGTH

At Tejas, 78% of our people are professionally qualified with engineering, CA, CS and MBA degrees. In FY17, we grew our employee strength by adding 68 people to the Tejas team, increasing our total employee count to 600. Our team includes a highly resourceful and results-oriented sales and pre-sales team with deep customer relationships in respective accounts. Our senior sales and business development personnel typically have more than 20 years of industry experience.

R&D-FOCUSED TEAM

As we are an R&D-driven company, over 50% of our team is engaged in research-related initiatives. We facilitate research and development at Tejas by hiring top-notch engineers from Tier-I institutes in India. Over 40% of them have advanced Masters and PhD degrees. Members of our R&D team have diverse skillsets in semiconductor IP design, CAD, industrial design, high-speed board design, embedded software, network protocols, product verification/validation/testing, integration and reliability engineering, regulatory and product life-cycle management.

105

Employees are working with the company for more than 10 years

68

Employees added (net) in FY17

40%

of our R&D employees have Masters/ PHD degrees

CSR Initiatives

At Tejas, we are promoting education and helping reduce social evils like hunger and malnutrition in India. We support the Akshaya Patra Foundation that provides mid-day meals in government schools. The Foundation aims to combat hunger and malnutrition and help bring children to schools.

Wide Recognition

Won the National Technology award for indigenous technology from Honorable President of India in May, 2016

Won the Most Innovative Product award from IESA in February, 2017

Won the Indian National Intellectual Property (IP) award from DIPP, Government of India in April, 2017

Corporate Information

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 Director

Amb. Leela K Ponappa
Non-Executive Independent Director

Mr. Shirish Saraf
Non-Executive, Additional Director

BOARD COMMITTEE

AUDIT COMMITTEE

Mr. Balakrishnan V
Chairman

Dr. Gururaj Deshpande
Member

Amb. Leela K Ponappa
Member

NOMINATION AND REMUNERATION COMMITTEE

Amb. Leela K Ponappa
Chairman

Mr. Balakrishnan V
Member

Dr. Gururaj Deshpande
Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Balakrishnan V
Chairman

Mr. Sanjay Nayak
Member

Amb. Leela K Ponappa
Member

CSR COMMITTEE

Amb. Leela K Ponappa
Chairman

Mr Shirsh Saraf
Member

Mr. Balakrishnan V
Member

RISK MANAGEMENT COMMITTEE

Mr. Shirish Saraf
Chairman

Mr. Sanjay Nayak
Member

Amb. Leela K Ponappa
Member

The Constitution of the Board and Committees is as on August 26, 2017

MANAGEMENT TEAM

Sanjay Nayak
Managing Director and Chief Executive Officer

Kumar N Sivarajan
Chief Technology Officer

Arnob Roy
President – Optical Products

Venkatesh Gadiyar
Chief Financial Officer

Sukhvinder Kumar
President – Global Manufacturing Operations

Krishnakanth G. V.
Company Secretary and Compliance Officer

STATUTORY AUDITORS

Deloitte Haskins & Sells (Retiring)
Price Waterhouse Chartered Accountants LLP

REGISTERED OFFICE

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Konnapana Agrahara Village, Begur Hobli,
Bengaluru-560100, Kartnataka, India.
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CIN: U72900KA2000PLC026980
Website: www.tejasnetwoks.com
email: corporate@tejasnetworks.com

REGISTRAR AND SHARE TRANSFER AGENTS

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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

Corporate Milestone

TEJAS LISTS ON INDIAN STOCK EXCHANGES

Tejas Networks successfully concluded a ₹ 777 crore initial public offering (IPO) in the month of June. The company listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) on 27th June, 2017. Mr. Balakrishnan V., Chairman of Board of Directors and Mr. Sanjay Nayak, CEO and Managing Director rang the opening bell at the BSE to mark the listing milestone.

Management Discussion and Analysis

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, 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 demandfor opticaltransmission 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. In India, less than 20% of cell sites are currently fiberized compared to 70-80% in developed countries which drives larger fiber-centric capex investments. India has less than 1 million 4G/ LTE subscribers today and less than 100 million 3G subscribers, compared to a 2G subscription base of over 1 billion (source: TRAI statistics, April 2016) 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 access 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, over 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, multi-billion 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), National Knowledge Networks and upcoming Smart City projects also have a large optical capex component.

ACHIEVEMENT

Tejas demonstrated significant success from a commercial, technology R&D, technology, R&D, branding and corporate governance perspectives.

Awards

- Tejas received the National Award for "Successful Commercialization of a product based on Indigenous Technology" from the Technology Development Board (TDB), Government of India. This prestigious award was presented by Hon'ble President Shri Pranab Mukherjee during the celebration of National Technology Day in New Delhi.

- Tejas Networks received the "Most Innovative Product Award" from India Electronics and Semiconductor Association (IESA) at the IESA Vision Summit 2017. The IESA award recognizes the most innovative products developed in India for Electronics and Semiconductor Industry.

Commercial Success:

- Tejas is one of the three GPON equipment suppliers for Government of India's BharatNet project tendered by BBNL and BSNL.

- Tejas was selected as the only India-based optical equipment supplier in one of country's largest 4G networks

- Tejas won and executed a large order from BTCL to supply DWDM equipment for a nation-wide optical network in Bangladesh

- Tejas won a large international order for 100G DWDM equipment from a leading Carrier of Carrier in Malaysia.

- Tejas registered a major win in North Africa when its optical networking products were selected by a Tier-I telecom operator in Morocco.

Industry Leadership:

- Sanjay Nayak, CEO and MD, has been elected as the Co-Chairman of India's Telecom Export Promotion Council (TEPC)

- Tejas was recertified as a Department of Scientific and Industrial Research (DSIR) recognized in-house R&D unit till 2019

Corporate Governance:

- Mr. Shirish Saraf, founder and vice-chairman of Samena Capital, was appointed as Non-executive Additional Director to the Tejas Board of Directors.

- Tejas augmented its senior management team by adding Mr. Sukhvinder Singh as the President of Global Manufacturing Operations and Mr. Joydeep Bose as Executive VP, Corporate Strategy.

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principle (GAAP), under historical cost conversion on accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of companies Act 2013 read with Rule 7 of the Companies Accounts Rule 2014, the provision of the act to the extent it is notified.

SOURCES OF FUNDS

Share Capital

During the year 56,15,068 shares of ₹10 each were issued on private placement at a premium of ₹110 per share and 18,68,122 shares of ₹10 each were allotted pursuant exercise of options by the employees at strike price of ₹65 per option. In addition, on 27 July 2016, the Company forfeited ₹1 partly paid shares of 3,27,27,930.

Reserves and Surplus:

1. **Share premium**

   The share premium account increased from ₹415.71 crore to ₹485.41 crore as at 31, March 2017 as compared to 31, March 2016. The increase in share premium was on account of premium on issue of equity shares (net of issue related expenses) during the year.

2. **Foreign currency translation reserve**
The balance as at 31, March 2017 amounted to ₹(0.34) crore as against previous year ₹(0.07) crore.

3. **Surplus / (Deficit)**
The deficit as of 31, March 2017 was ₹58.42 crore (previous year ₹121.64 crore) after adding the profit for the year ending 31, March 2017 of ₹63.22 crore (previous year profit of ₹28.53 crore.)

4. **Shareholders fund**
Shareholders fund increased from ₹360.52 crore to ₹500.66 crore as at 31, March 2017 when compared to 31, March 2016.

Book value per share has been increased to ₹70.78 as against ₹54.19 as at 31, March 2017 and 31, March 2016 respectively having a year on year growth of 30.61%.

APPLICATION OF FUNDS

Fixed Assets

1. **Addition to gross block**
During the year ending 31, March 2017 we capitalized our gross block comprising tangible asset amounting to ₹8.11 crore (previous year ₹9.69 crore). Tangible fixed assets addition primarily consists of ₹4.81 crore (previous year ₹2.66 crore) in Laboratory equipment and ₹1.01 crore (previous year ₹1.16 crore) in computing equipment.

During the year ending 31, March 2017 we capitalized our gross block comprising intangible asset amounting to ₹46.10 crore (previous year ₹71.98 crore). Intangible fixed assets addition consists of ₹42.80 crore (previous year ₹70.55 crore) in product development, and ₹3.30 crore (previous year ₹1.43 crore) in software.

2. **Deductions to gross block**
During the year (as well as previous year) there were no deductions from the gross block of fixed assets.

3. **Capital expenditure and commitments**
We have tangible capital expenditure commitment of ₹1.39 crore as at 31, March 2017 as against ₹1.51 crore as at 31, March 2016.

4. **Intangible assets under development**
The balance in Intangible assets under development as at 31, March 2017 stood at ₹18.62 crore (previous year ₹51.80 crore).

During the year ended March 31, 2017, the Company has reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, has written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹30.47 crore.

Long Term Loans and Advances

The balance in long term loans and advances as of 31, March 2017 stood at ₹29.08 crore (previous year ₹56.04 crore).

Long term loans and advances primarily consists of Advance Income Tax of ₹22.80 (previous year ₹17.66 crore) and security deposits of ₹5.48 (previous year ₹4.44 crore) primarily rental deposits given for buildings taken on lease by us across the world. During the year ended 31, March, 2017 Tejas welfare Trust has repaid the entire loan amount outstanding. Advance income tax represents the domestic and overseas corporate tax. The disputed income tax demand where the dispute is pending with tribunal and high court amounting to ₹46.78 crore and ₹38.04 crore respectively for the year ending 31, March 2017 and 31, March 2016.

Long term loans and advances

(₹ in Crore)

	Y 2017	Y 2016
Security deposits	5.48	4.44
Advance income tax and taxes deducted at sources	22.80	17.66
Advance to Tejas Welfare Trust	-	33.41
Prepaid Expenses	0.80	0.53
Total	**29.08**	**56.04**

Short term loans and advances

(₹ in Crore)

	Y 2017	Y 2016
Security deposits	0.52	0.63
Loans and advances to employees	15.51	1.57
Prepaid Expenses	8.86	2.53
Balances with government authorities	10.62	10.15
Advance to Suppliers	5.50	17.98
Others	0.65	1.34
Total	**41.66**	**34.20**

We have provided salary advance to certain employees who are not executive officers or directors. The outstanding loan amount given to employees has gone up to ₹15.51 crore as at 31, March 2017 from ₹1.57 crore as at 31, March 2016 respectively

Balances with government authorities represent the transaction taxes paid invarious domestic jurisdictions which are recoverable.

Other non-current assets

(₹ in Crore)

	Y 2017	Y 2016
Long term trade receivable	17.80	6.62
Fixed deposit held as margin money	14.11	-
Fixed deposit with banks	85.10	25.00
Accruals, Interest accrued on deposits	0.01	-
Total	**117.02**	**31.62**

Long term trade receivables represent the amount which becomes due after 12 months from the date of Balance sheet. Outstanding amount in Long-term trade receivables amounted to ₹17.80 crore as of 31, March 2017 (previous year ₹6.62 crore).

As at 31, March 2017, an amount of ₹14.11 crore with the bank as fixed deposit as a cash collateral against the borrowings. Fixed deposit with banks as of 31, March 2017 amounted to ₹85.10 crore (previous year ₹25.00 crore). Accruals, Interest accrued on deposits as of 31, March 2017 was 0.01 crore.

Other current assets

(₹ in Crore)

	Y 2017	Y 2016
Accruals, Interest accrued on deposits	0.27	0.12
KESDM incentive claims	1.00	9.07
Patent claimable	-	0.99
Focus Product Scheme Receivable	5.79	4.86
Total	**7.06**	**15.04**

Interest accrued on the fixed deposits kept with various banks which was outstanding as of 31, March 2017 amounted to ₹0.27 crore (previous year ₹0.12 crore).

As per Government of India, Company is eligible for the export incentives against the Focus Product Scheme (FPS). The amount outstanding as of 31, March 2017 was amounting to ₹5.79 crore (previous year ₹4.86 crore).

Patent claimable amounted to ₹0.99 crore as of 31, March 2016.

Inventory

Inventory was in the form of the raw materials and components (including assemblies and sub-assemblies). Inventory as at March 31, 2017 amounted to ₹181.72 crore (previous year ₹231.69 crore). Inventory as a percentage of gross sales reduced to 19.4% as at 31, March 2017 from 34.4% as at 31, March 2016.

Trade Receivables

Trade receivable net of bills discounting amounted to ₹358.00 crore (net of provision for doubtful trade receivable of ₹5.78 crore) as at 31, March 2017 compared to ₹254.24 (net of provision for doubtful trade receivable of ₹7.62 crore) crore as at 31, March 2016.

The bills discounting outstanding as of 31, March 2017 was ₹26.38 crore as against ₹114.90 crore as of 31, March 2016.

Days sales outstanding (including long term receivables) for 2017 was 157 days as compared to 203 days for 2016, a reduction of 46 days.

We continually assess the need for the provision, based on various factors, including collectability of specific dues, days overdue and the customer's financial situation that could result in their inability to settle.

Cash and Cash equivalents

(₹ in Crore)

	Y 2017	Y 2016
Cash on hand	-	-
Balances with banks:		
in current accounts	17.42	46.99
in EEFC accounts	2.80	0.63
in deposit accounts	10.76	1.51
in other deposit accounts	6.17	-
In earmarked deposit account	33.79	20.25
Total	**70.94**	**69.38**

The bank balances in current accounts was ₹17.42 crore as of 31, March 2017 (₹46.99 crore as of 31, March 2016).

The bank balances in India include both rupee accounts and foreign currency amounts. The balances in EEFC account was ₹2.80 crore as of 31, March 2017 (₹0.63 crore as of 31, March 2016).

Total amount kept in deposit account is ₹16.93 crore as at 31, March 2017 (₹1.51 crore as at 31, March 2016). An amount of ₹33.79 crore as at 31, March 2017 was held as margin money or security against borrowings, guarantees and other commitments (₹20.25 crore as at 31, March 2016)

Borrowing

(₹ in Crore)

	Y 2017	Y 2016
Long term loan from TDDP	2.00	4.00
Loan against fixed deposit	-	25.00
Total	2.00	29.00

Loan from Technology development and Demonstration Programme of DSIR is repayable in the form of annual royalties @ 26% of total grant received for a period of 5 years from the date of commercialization. If the project is abandoned then the total grant received to be repaid with interest rate of 12% p.a.

The loan against fixed deposit was secured against the fixed deposit maintained with bank at an interest rate of 8.85% and repayable on 10 March 2018. As the loan amount was due within 12 months as of 31, March 2017, it was grouped under Other current liabilities

Short-term borrowing

(₹ in Crore)

	Y 2017	Y 2016
Loans repay able on demand from banks –	-	-
Cash credit	99.52	78.69
Working capital demand loan	88.10	41.40
Packing credit	38.30	21.05
Buyers credit	-	37.39
Loan against fixed deposits	-	6.44
from foreign banks –		
Foreign currency non residential – bank account	-	29.07
from other parties		
Factoring facility	-	10.00
Total	**225.92**	**224.04**

The cash credit, working capital demand loan, packing credit, buyers credit are secured by hypothecation of inventory, book debts, fixed assets and current assets and carry interest rate ranging from 3% to 14.75% p.a.

Current Liability Trade payable

(₹ in Crore)

	Y 2017	Y 2016
Acceptances	7.10	19.67
Other than acceptances	132.85	179.98
Total	**139.95**	**199.65**

Total trade payable as of 31, March 2017 stood at ₹139.95 crore as against ₹199.65 crore as of 31, March 2016.

Other current liabilities

(₹ in Crore)

	Y 2017	Y 2016
Current maturities of long-term debt	27.00	5.97
Interest accrued but not due on borrowings	0.49	0.57
Income received in advance	4.09	1.29
Advance from Customer	3.40	-
Other payables	5.26	12.43
Total	**40.24**	**20.26**

Other payable include statutory local taxes payable amounting to ₹5.07 crore as of 31, March 2017 (₹10.81 crore as of 31, March 2016).

PROVISIONS

Provisions were made for compensated absences and warranties and income tax.

Results of operations

(₹ in Crore)

	Y 2017	%	Y 2016	%
Revenue from operations (gross)	936.14		674.49	
Less: Excise duty	57.95		47.04	
Revenue from operations (net of Excise duty)	878.19	100.0	627.45	100.0
Expenses				
Cost of materials consumed	514.05	58.5	350.65	55.9
Employee benefits expense	76.32	8.7	66.53	10.6
Other expenses	113.59	12.9	97.69	15.6
Total expenses	703.96	80.2	514.87	82.1
EBIDTA	174.23	19.8	112.58	17.9
Finance costs	(31.52)	-3.6	(49.32)	-7.9
Depreciation and amortisation expense	(56.42)	-6.4	(38.25)	-6.1
Other income	8.68	1.0	3.52	0.6
Profit / (Loss) before tax & exceptional items	94.97	10.8	28.53	4.5
Exceptional item	(30.47)	-3.5	-	-
Profit / (Loss) before tax	64.50	7.3	28.53	4.5
Tax expense	1.28	0.1	-	0.0
Profit / (Loss) after tax	63.22	7.2	28.53	4.5
Earnings per share (par value ₹10/- each):				
Basic – ₹	9.40		4.63	
Diluted – ₹	9.40		4.29	

Income

(₹ in Crore)

	Y 2017	Y 2016
Sale of products	895.88	642.33
Sale of services	36.22	32.14
Other operating revenues	4.04	0.02
	936.14	674.49
Less: Excise duty	57.95	47.04
Total	**878.19**	**627.45**
(i) Sale of product comprises :		
Manufactured goods – Optical and Data Networking products including Multiplexers	840.14	630.01
Component sales	55.74	12.32
Total – Sale of products	**895.88**	**642.33**
(ii) Sale of services comprises :Sale of services comprises :		
Installation & commissioning revenue	4.51	1.79
Annual maintenance revenue	28.47	25.46
Other service revenue	3.24	4.89
Total – Sale of services	**36.22**	**32.14**
(iii) Other operating revenues comprise :		
Export Incentives	4.04	0.02
Total	**936.14**	**674.49**

Our revenue from operations (net of taxes and component sales) increased by 33.7% from ₹615.13 crore for FY 2016 to ₹ 822.45 crore for FY 2017. This was primarily as a result of the increase by 33.4% in the sales of our manufactured goods, which increased from ₹ 630.01 crore in FY 2016 to ₹ 840.14 crore for FY 2017 and an increase by 12.7% in the sale of services from ₹32.14 crore for FY 2016 to ₹ 36.22 crore in FY 2017. In addition, we had an increase in component sales (to our contract manufacturers) from ₹12.32 crore in the FY 2016 to ₹55.74 crore in the FY 2017.

We had changed our supply chain strategy in December 2015 from a consignee model to a turnkey model. Under the consignee model, we used to buy components and consign them to our contract manufacturers for use in the manufacturing of products supplied by them to us, while under the turnkey model that we followed during the last three months of FY 2016 and FY 2017, we sold components that were in our inventory to our contract manufacturers at our cost.

Sale of products

Our revenue from the sale of products increased by 39.5% from ₹642.33 crore for FY 2016 to ₹895.88 crore for FY 2017. Our revenue from the sale of manufactured goods increased by 33.4% from ₹630.01 crore for FY 2016 to ₹840.14 crore for FY 2017. This was attributable to higher sale of products across all our geographic segments, as discussed below. Our revenue from component sales increased by ₹43.42 crore from ₹12.32 crore for FY 2016 to ₹55.74 crore for FY 2017 primarily due to change in our supply chain strategy from consignee model to turnkey model in December 2016.

Sale of services

Our revenue from the sale of services increased by 12.7% from ₹32.14 crore for FY 2016 to ₹36.22 crore for FY 2017. This was attributable primarily to increases in our installation and commissioning revenues which are related to higher sales of our products, as well as increase in annual maintenance revenues which was as a result of the increase in our installed base of products which were beyond the original warranty period.

Geographic Segments

(₹ in Crore)

	Y 2017	Y 2016
Geographic revenue segment		
India	551.80	439.08
Americas	122.26	116.22
Others	204.13	72.15
Total	**878.19**	**627.45**

Domestic sales

Our domestic sales increased by 25.7% from ₹439.08 crore for FY 2016 to ₹551.80 crore for FY 2017. This was primarily due to increase in sales of our newly launched GPON products to two PSU customers in India and due to larger repeat orders for optical transmission products from two private customers. During the FY 2017 and FY 2016 we generated 43.7% and 42.1% (respectively) of our consolidated revenue from operations (net) from our PSU customers and 19.2% and 27.8% of our consolidated revenue from operations (net) from our private customers in India.

International sales

Our sales in Americas increased by 5.2% from ₹116.22 crore for FY 2016 to ₹122.26 crore for FY 2017. This was primarily due to the increase in sales to one of our OEM customers in Americas. Our sales in the rest of the world increased by 182.9% from ₹72.15 crore for FY 2016 to ₹204.13 crore for FY 2017. This was primarily due to increase in sales from our customers in Africa and South East Asia, in particular from a telecommunication infrastructure company in Malaysia. As we report our revenues in Indian Rupees, the greater depreciation in the Indian Rupee (primarily against the US dollar) for FY 2017 compared to the FY 2016 also contributed to the increase in our revenues from international sales for FY 2017 compared to the FY 2016.

Cost of materials consumed

Our cost of materials consumed increased by 46.6% from ₹350.65 crore for FY 2016 to ₹514.05 crore for FY 2017, in line with the increase in our revenues, which led to greater manufacturing expenses paid to our contract manufacturers and greater purchases of raw materials and components in the FY 2017, as compared to the FY 2016. Cost of materials consumed also includes components sold to our contract manufacturers which increased from ₹12.32 crore for FY 2016 to ₹55.74 crore for FY 2017, due to change in our supply chain strategy from consignee model for FY 2016 to turnkey model for FY 2017, resulting in higher cost of components sold to our contract manufacturers. Sales of such components were made by us on a pass through basis. Our cost of materials consumed, after adjusting sale of components on a pass through basis, increased by 35.5% from ₹338.33 crore in FY 2016 to ₹458.31 crore in FY 2017.

Function-wise profit and loss account

(₹ in Crore)

	FY 2017	%	FY 2016	%
Gross Revenues (net of component sales)	880.40		662.17	
Less: Taxes	57.95		47.04	
Net Revenue (NR)	822.45	100.0	615.13	100.0
- Material Costs	463.58	56.4	345.35	56.1
- Manufacturing Costs	16.10	2.0	13.51	2.2
- Service Costs	30.12	3.7	23.60	3.8
Gross Profit	312.65	38.0	232.67	37.8
R&D Expeneses (Gross)	73.02	8.9	64.42	10.5
Less: Capitalized	40.09	4.9	34.68	5.6
R&D Expenses	32.93	4.0	29.74	4.8
Sales & Marketing	71.36	8.7	65.94	10.7
General & Administration	29.44	3.6	22.94	3.7
EBITDA	178.92	21.8	114.05	18.5
- Other Income	8.68	1.1	3.52	0.6
- Finance Charges	29.51	3.6	46.41	7.5
- FX Loss on revalution	6.70	0.8	4.39	0.7
- Depreciation & Amortisation	56.42	6.9	38.24	6.2
Net Income	94.97	11.5	28.53	4.6
Exceptional items	30.47	3.7	-	0.0
Net Income (After extraordinary items)	64.50	7.8	28.53	4.6
Less: Income tax	1.28	0.2	-	0.0
Income after Tax	**63.22**	**7.7**	**28.53**	**4.6**

In addition to reporting our total expenses in our statement of profits and losses, we also report our total expenses in terms of function wise expenses.

Our manufacturing expenses increased by 19.2% from ₹13.51 crore for FY 2016 to ₹16.10 crore for FY 2017 due to an increase in our employee headcount relating to our manufacturing functions.

Our service expenses increased by 27.6% from ₹3.60 crore for FY 2016 to ₹30.12 crore for FY 2017 due to an increase in our employee headcount providing services, an increase in installation charges due to higher number of installations, as well as due to higher travel expenses related to installation.

As a result of the foregoing, our gross profit increased by 34.4% from ₹232.67 crore for FY 2016 to ₹312.65 crore for FY 2017. Our gross profit margin increased from 37.8% for FY 2016 to 38.0% for FY 2017.

Our gross research and development expenses increased by 13.3% from ₹64.42 crore for FY 2016 to ₹73.02 crore for FY 2017 attributable to an increase in manpower costs for our research and development functions due to an increase in our research and development employee headcount. We capitalized a portion of the gross research and development expenses. Our net research and development expenses increased by 10.7% from ₹29.74 crore for FY 2016 to ₹32.93 crore for FY 2017.

Our selling and marketing expenses increased by 8.2% from ₹65.94 crore for FY 2016 to ₹71.36 crore for FY 2017 due to an increase in employee cost on account of annual salary increases for our sales and marketing employees and an increase in travel expenses related to sales and marketing. Our general and administrative expenses increased by 28.3% from ₹22.94 crore for FY 2016 to ₹29.44 crore for FY 2017 due to an increase in write-offs of the incentive receivables relating to the Karnataka electronic System Design Manufacturing ("KESDM") Scheme amounting to ₹7.07 crore as per our accounting policy, and increase in employee cost on account of our increase in head count.

Employee benefits expense

Our employee benefits expense increased by 14.7% from ₹66.53 crore for FY 2016 to ₹76.32 crore for FY 2017. This was primarily due to an increase in salaries and wages by ₹14.09 crore or 15.3% from ₹91.97 crore for FY 2016 to ₹106.06 crore for FY 2017 due to increase in employee headcount (we added a net of 68 employees during FY 2017) as well as annual increase in salaries. The increase in salaries and wages was partially offset by an increase in capitalized employee benefit expenses by ₹5.43 crore or 16.1% from ₹33.73 crore for FY 2016 to ₹39.16 crore for FY 2017.

Other Expenses

Our other expenses increased by 16.3% from ₹97.69 crore for FY 2016 to ₹113.59 crore for FY 2017. These were primarily due to (i) an increase in sales commissions from ₹2.49 crore in FY 2016 to ₹18.72 crore in FY 2017, which was due to the increase in sale of our products (ii) increase in travel and conveyance from ₹8.01 crore in FY 2016 to ₹11.88 crore in FY2017 which was due to increased investment in international sales and marketing and (iii) write-off of KESDM incentive receivables of ₹7.07 crore as per our accounting policy as this was overdue for more than two years.

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

As a result of the foregoing, our earnings before exceptional items, interest, tax, depreciation and amortization ("EBITDA") increased by 54.8% from ₹112.58 crore for FY 2016 to ₹174.23 crore for FY 2017.

Finance Costs

Our finance costs decreased by 36.1% from ₹49.32 crore for FY 2016 to ₹31.52 crore for FY 2017. This was primarily due to a decrease in interest expense on borrowings by 35.5% from ₹36.64 crore to ₹23.65 crore due to the decrease in our long term borrowing by ₹27.00 crore, decrease in our cost of borrowing and decrease in loss on foreign currency transactions and translation by 42.1% from ₹3.44 crore to ₹1.99 crore due to foreign exchange transaction and foreign exchange translation as of the respective balance sheet dates.

Depreciation and amortization

Our depreciation and amortization costs increased by 47.5% from ₹38.25 crore for FY 2016 to ₹56.42 crore for FY 2017. This was attributable to increase in depreciation on intangible assets on account of product development.

Other income

Other income increased by 146.6% from ₹3.52 crore for FY 2016 to ₹8.68 crore for FY 2017. This was primarily due to an increase in miscellaneous income, on account of creditor write-offs as our component vendors and other suppliers who sell their products to us on credit failed to claim amounts due to them during the last three years. This resulted in a reversal of the costs initially incurred by us for purchasing the products and such costs were converted into miscellaneous income.

Profit before exceptional items and tax

As a result of the foregoing, our profit before exceptional items and tax increased by 232.9% from ₹28.53 crore for FY 2016 to ₹94.97 crore 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 126.1% from ₹28.53 crore for FY 2016 to ₹64.50 crore for FY 2017.

Tax expense

We incurred minimum alternate tax expense of ₹1.28 crore for FY 2017. We did not incur any tax expense for FY 2016 due to brought forward losses which are in the nature of business loss, unabsorbed depreciation and unabsorbed scientific research expenditure of previous years, as permissible under the applicable tax laws and regulations. Such business losses may be carried forward up to December 31, 2024 (unless set off earlier) and such unabsorbed depreciation and loss on scientific research may be carried forward indefinitely.

Profit after tax

As a result of the foregoing, our profit increased by 121.6% from ₹28.53 crore for FY 2016 to ₹63.22 crore for FY 2017.

Earnings Per Share

The Basic earning per share for the year ending 31, March 2017 was ₹9.40 as against ₹4.63 in the previous year ending 31, March 2016.

The Diluted earning per share for the year ending 31, March 2017 was ₹9.40 as against ₹4.29 in the previous year ending 31, March 2016.

Human Resource Management:

We added 68 employees (net) during the year taking the total strength to 600 from 532 at the end of previous year.

Government Support

The government 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 Government of India (e.g., National Telecom Policy 2012, National Electronics Policy 2012) 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 under this policy. The company is a Government- recognized exporter and is eligible for various export incentives.

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 2017, 56 Patents were granted (12 were granted by IPO, 38 by USPTO and 6 by EPO) and 242 patent applications were filed with the patent authorities (191 with IPO and 51 with USPTO) and pending for approval.

COMPETITION AND STRENGTHS

Tejas has been successfully competing against many of the world's leading telecom equipment vendors from China, USA and Europe. 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, Tejas core competitive strengths are the following:

Software-Defined Hardware™ Architecture:
Our products are characterized by 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 Communication Service Providers 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 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 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, we leverage our partnerships with leading global optical and integrated systems vendors as OEMs to sell 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 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 strong 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, 88.47% of our net revenues from operations were from existing clients. In addition, our top three revenue generating customers in fiscal year 2017 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. We have built our leadership team to include personnel with 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 the National Optical Fibre Network ("NOFN"), the National Knowledge Network ("NKN") 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 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, 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.

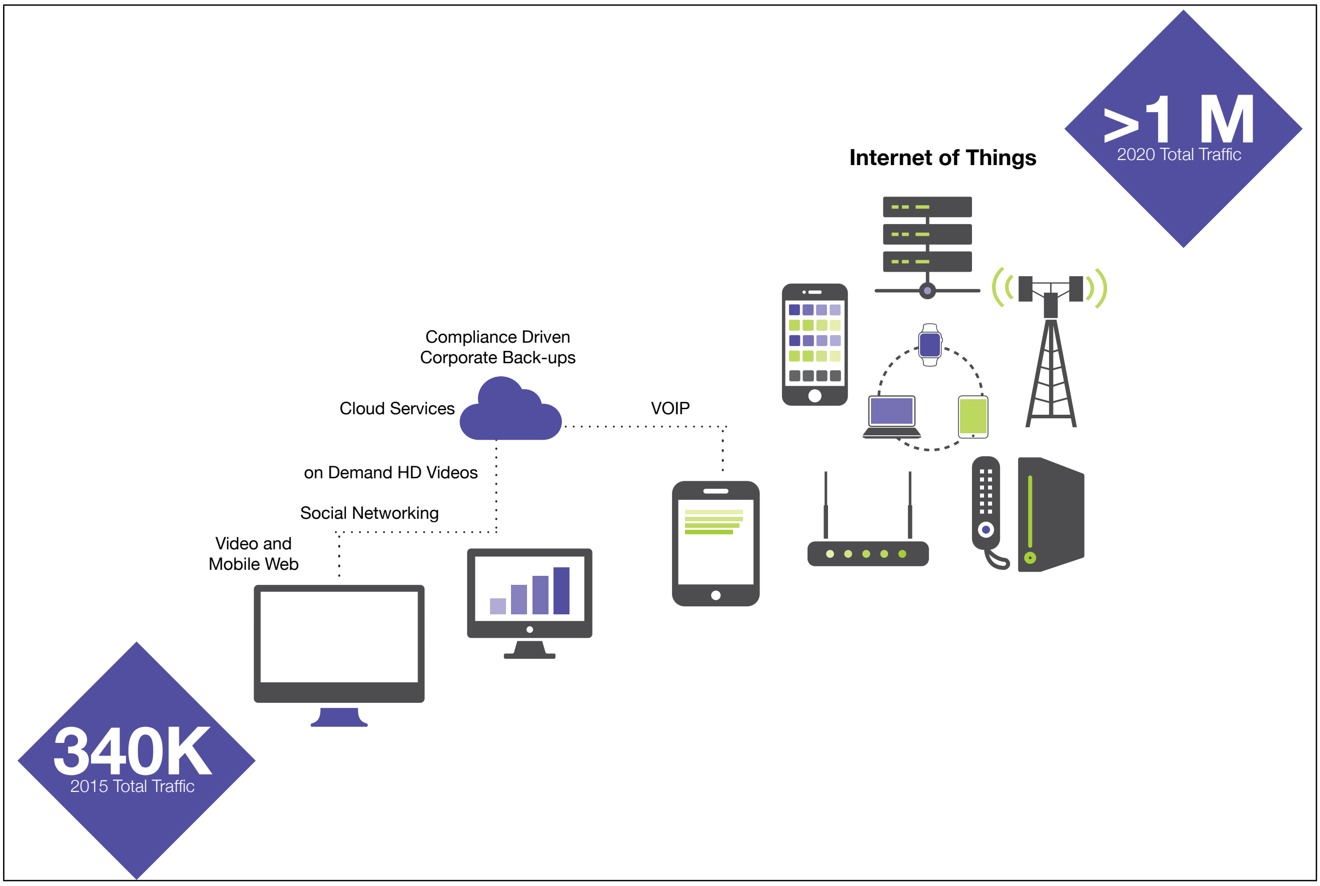
Scalable Model for International Markets:
Globally, we already have made inroads with customer wins in SAARC, South-East Asia, Africa and Central America and will continue to expand our sales investments in these geographies. 2 of our 5 largest customers in fiscal year 2017 were international companies. Tejas has established original equipment manufacturer (OEM) relationships with three Tier-I 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 the 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. 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 delivered a field uptime exceeding 99.999% since 2008.

OPPORTUNITIES

The global optical networking market includes four market segments, namely, Aggregation, WDM, Bandwidth Management and Submarine Line Terminal Equipment (SLTE). From a network positioning perspective, an opticalnetwork 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 its current portfolio of products, Tejas is 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, Access and Metro DWDM segments. Products in all of these categories are being designed and manufactured by us today.

Evolution of High-Speed Access and Devices:
The telecom industry is witnessing an increasing adoption of high-speed mobile and fixed broadband technologies. Mobile networks are moving from 2G/3G to 4G/LTE and 4.5G/ LTE-advanced and even pre-standard 5G technologies, which are capable of offering gigabits of bandwidth to an end user. 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 Fiber-to-the-Home/Curb/Premises (FTTx), next-generation PON technologies can deliver up to ten gigabits of access speed to a fixed residence or a business location. Similarly, emerging technologies such as G.fast and supervector technologies are now able to squeeze multi-gigabit speeds on copper wires as well. There is an increasing proliferation of powerful networking devices such as smart phones, tablets, laptops which can process large bandwidth applications. 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 in the next few 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 data centres operated by ICPs is resulting in a significant growth in data traffic. ICPs have significant bandwidth requirements for interconnectivity and are among the first to deploy advanced modulation formats for 200G and 400G transmission. 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 data-oriented services such as instant messaging, social networking and e-mails. This in turn is driving data consumption as shown below.

For our currently addressable market segments in the Optical Networking market, we believe there are several factors which will drive growth within our target geographic markets. Within the broader worldwide Optical Networking market, significant differences in market size and growth rate by geography exist. India is currently rated as one of the fastest growing markets due to renewed investments in optical network infrastructure as discussed below.

Growth in Fiberization:
Compared to other developed countries and many emerging economies, India is significantly underserved in terms of fiber connectivity to cell-sites. Hence, going forward, a larger proportion of Indian operator's capex will go into metro-optical networks for which we have a complete set of products today. With the growing need for higher bandwidth in the metro networks, metro optical capex is forming an increasing percentage of overall optical networking capex worldwide. This trend is likely to replicate in India as well, and the Operators are expected to increase metro optical capex significantly year-on-year.

Increasing broadband penetration in India and Emerging Markets.
Demand for mobile broadband is driving the need for operators to increase backhaul capacities. 4G/LTE in particular requires 10x the bandwidth of 3G and LTE-Advanced bandwidth requirements are 6x that of LTE (60x higher than 3G). As a result, globally microwave-based mobile backhaul technology is trending down in favor of optical fiber based wired backhaul. This is particularly true for India, where the LTE deployment cycle is just beginning.

Data Center Interconnections:
Emergence of web-scale companies building captive optical networks to interconnect their data centers has opened up new opportunities for suppliers of optical networking products. Data Centre Interconnects ("DCIs") require high-capacity optical fiber inter- connections between data centers that may be geographically spreadout across hundreds of facilities in a given city. Global DCI market is estimated to be growing much faster than the traditional telco-driven optical networking market. The traffic generated by a metro DCI network is typically very high and calls for provisioning of numerous high-bandwidth (100G or higher) wavelengths to carry this traffic. 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.

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.

Board's Report

Dear Shareholders,

The Board of Directors has great pleasure in presenting the Seventeenth Annual Report together with the audited financial statements of the Company for the year ended March 31, 2017.

The Company is one of the leading providers of optical telecommunication equipment that enables telecom service providers to build converged networks that can seamlessly deliver voice and data services.

1. FINANCIAL RESULTS AND STATE OF COMPANY'S AFFAIRS:

The company's revenue, expenditure and results of operations are presented through the financial statements and the details given below.

₹ in crore

	STANDALONE		CONSOLIDATED	
	2016-17	2015-16	2016-17	2015-16
Revenues	923.29	672.57	936.14	674.49
Less: Excise duty, taxes	57.95	47.04	57.95	47.04
Net revenues	865.34	625.53	878.19	627.45
Less: Operating expenses	700.31	515.17	703.96	514.87
Operating Profit before Interest, Depreciation & Other Income	165.03	110.36	174.23	112.58
Depreciation and Amortization Expense	(56.42)	(38.25)	(56.42)	(38.25)
Finance Cost	(30.80)	(48.57)	(31.52)	(49.32)
Operating profit before Tax and Other Income	77.81	23.54	86.29	25.01
Other income	7.15	3.48	8.68	3.52
Net profit before tax	84.96	27.02	94.97	28.53
Less: Exceptional Items	(30.47)	-	(30.47)	-
Net Profit before Tax	54.49	27.02	64.50	28.53
Less: Provision for taxation	1.28	-	1.28	-
Net profit after tax	53.21	27.02	63.22	28.53
Profit / (Loss) brought forward	(112.62)	(139.64)	(121.64)	(150.17)
Profit / (Loss) carried to Balance Sheet	(59.41)	(112.62)	(58.42)	(121.64)
Earnings per Share				
Basic	7.92	4.39	9.40	4.63
Diluted	7.92	4.06	9.40	4.29

The highlights of the Company's performance are as under:

I. Standalone:

During the year under review the Company achieved a turnover (net) of ₹865.34 crore as against ₹625.53 crore in the previous year and other income of ₹7.15 crore as compared to ₹3.48 crore in the previous year.

The operations resulted in a profit of ₹53.21 crore (after one time write-off of ₹30.47 crore) as compared to previous year profit of ₹27.02 crore primarily due to:

1. Reduction in the gross R&D cost which was at 8.44% of the total revenue in the FY 2017 when compared to 10.30% in the FY 2016; The net R&D cost was at 3.80% of the total revenue in the FY 2017 when compared to 4.75% in the FY 2016;
2. Reduction in the finance cost from ₹48.57 crore to ₹30.80 crore consequent to reduction in working capital;

Out of the total revenue ₹546.93 crore were from sales in India, ₹122.26 crore were from sales to Americas and ₹197.15 crore were from sales to Rest of the world.

II. Consolidated:

In compliance with the applicable provisions of the Companies Act, 2013 ("Act") and regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company has prepared consolidated financial statements and as per the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.

The audited consolidated financial statements along with the Auditors' Report have been annexed to the Annual Report. The total consolidated revenue (net) for the year ended March 31, 2017 amounted to ₹878.19 crore as against ₹627.45 crore in the previous year and the other income of ₹8.68 crore, as compared to ₹3.52 crore in the previous year.

The profit after tax is ₹63.22 crore (after one time write-off of ₹30.47 crore) as compared to previous year's profit of ₹28.53 crore.

Out of the total revenue ₹551.80 crore were from sales in India, ₹122.26 crore were from sales to Americas and ₹204.13 crore were from sales to Rest of the world.

Exceptional item

During the year ended March 31, 2017, the Company has reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, has written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹30.47 crore.

The audited standalone and consolidated Balance Sheet as at 31st March, 2017, Statement of Profit and Loss account for the year ended as on that date, Cash flow Statements together with the Notes and Reports of Auditors thereon forms part of the Annual Report.

2. 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 do not recommend any dividend for the current financial year.

3. AMOUNT PROPOSED TO BE CARRIED TO RESERVES:

The Company has not proposed to transfer any amount to reserves.

4. NATURE OF BUSINESS:

There has been no change in the nature of business of the Company.

5. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

A) Initial Public Offer:

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 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.

B) Listing of Shares on National Stock Exchange of India Ltd and BSE Limited:

The Company listed its Equity Shares at Bombay Stock Exchange Limited and National Stock Exchange of India Ltd on June 27, 2017.

C) Other Event:

During the month of July 2017, the Income Tax Department initiated proceedings under section 132 of Income Tax Act, 1961. Company and its officials fully co-operated with Income Tax Department. As on date there is no demand raised and Company is of the view that the outcome of the proceedings will not have any material impact on the tax liability.

6. DEPOSITS:

The Company has not accepted any deposits as defined in the Act and rules framed thereunder, during the year under review. Further, there is no deposit which is remaining unclaimed or unpaid as at the end of the year.

7. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186 OF THE ACT:

Loans, guarantees and investments covered under Section 186 of the Act, forms part of the notes to financials provided in the Annual Report. The item number 12 and 27.4.b of the notes to the standalone financials are incorporated by reference herein.

8. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The following were the subsidiaries of the Company as on March 31, 2017:

(i) Tejas Communication Pte. Limited;
(ii) Tejas Communications (Nigeria) Limited;
(iii) Tejas Israel Limited; and
(iv) vSave Energy Private Limited.

Other than the ones stated above, there were no companies which have become/ceased to be subsidiaries/ associates/joint ventures of the Company during the year under review.

The statement containing the salient features of the financial statements of the subsidiaries are furnished in Form AOC-1 is attached as **"Annexure – I"** which forms part of this report. This statement provides the details of performance and the financial position of each of the subsidiaries of the Company.

The highlights of the performance of the subsidiaries are mentioned below:

Tejas Communication Pte. Limited

1. Revenue from operations was ₹38.74 crore in FY 2017 as compared to ₹27.37 crore in FY 2016.
2. The total expenses amounted to ₹40.86 crore in FY 2017 as compared to ₹38.26 crore in FY 2016.
3. The other income amounted to ₹11.21 crore in FY 2017 as compared to ₹11.14 crore in FY 2016.
4. Tejas Communications Pte Limited made a profit after tax of ₹5.92 crore in FY 2017 as compared to a loss of ₹0.50 crore in FY 2016.

Tejas Israel Limited

Tejas Israel Limited made a profit after tax of ₹1.21 crore in FY 2017 as compared to a loss of ₹0.77 crore in FY 2016 mainly on account of incomisation of the Kreos loan.

vSave Energy Private Limited

There were no operation during the previous two years. However vSave Energy Private Limited has incurred an expense of ₹44,335 and ₹45,317 in FY 2017 and FY 2016 respectively.

Tejas Communications (Nigeria) Limited;

Tejas Communications (Nigeria) Limited is yet to commence its business.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Composition and size of the Board:

The Board has an optimum combination of executive, non-executive and independent directors. The total strength of the Board as on the date of reporting is five Directors, of which two are Independent Directors.

B) Director retiring by rotation:

Mr. Sanjay Nayak, Managing Director, is liable to retire by rotation in terms of provisions of the Act at the ensuing Annual General Meeting of the Company and being eligible, offers himself for re-appointment. The Board recommends his re-appointment.

As stipulated under Regulation 36(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, brief resume of the director proposed to be re-appointed is given in the Notice of the Annual General Meeting.

C) Change in Composition of the Board:

Name	Date of Change	Remarks
Amb. Leela K Ponappa	July 25, 2016	Change in designation from Additional Director to Non-Executive, Independent Director
Mr. Shirish Saraf	August 2, 2016	Appointed as an Additional Director
Dr. Gururaj Deshpande	September 23, 2016	Change in designation from Chairman and Non-Executive Director to Non-Executive Director
Mr. Balakrishnan V	September 23, 2016	Elected as Chairman of the Company as well as the Board.
Mr. Shirish Saraf	October 26, 2016	Change in designation from Additional Director to Non-Executive, Additional Director
Dr. Ashok Jhunjhunwala	January 20, 2017	Resignation as director

Dr. Ashok Jhunjhuwala resigned as Director with effect from January 20, 2017. The Board places on record its appreciation for the services rendered by Dr. Ashok Jhunhunwala during his tenure with the Company.

D) Declaration by Independent Director(s):

The Company has received necessary declarations from the Independent Directors stating that they meet the criteria of independence as specified in Section 149 (6) of the Act and Regulation 25 of the Listing Regulations.

E) Key Managerial Personnel:

Mr. Sanjay Nayak was re-appointed as the Managing Director of the Company with effect from January 01, 2017 for a period of 3 years at the Board Meeting held on June 27, 2016 and subsequently approved by shareholders at the Annual General Meeting held on July 25, 2016.

Further, Mr. Murali R resigned as Chief Financial Officer with effect from October 26, 2016 and Mr. Venkatesh Gadiyar, the then Deputy Chief Financial Officer, was appointed as Chief Financial Officer of the Company with effect from October 26, 2016

F) Familiarization programme for Independent Directors:

As required under Regulation 25(7) of the Listing Regulations, training and familiarization programme has been imparted on the Independent Directors appointed by the Company and the details of which are provided in the Corporate Governance Report. On appointment of an Independent Director, the Company issues a letter of appointment detailing the role, function, duties, responsibilities of such Independent Director. The letters of appointment so issued are available on our website at http://www.tejasnetworks.com/disclosures/

G) Annual Evaluation:

The formal Annual evaluation has been done by the Board of its own performance and that of its committee and individual directors on the basis of evaluation criteria specified in the Nomination and Remuneration policy of the Company. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings, preparedness on the agenda, constructive contribution and inputs at meetings.

The performance evaluation of the Chairman and non-independent Directors was also carried out by the Independent Directors at their separate meeting held as on March 06, 2017 inter alia to:

i. Evaluate the performance of non-independent directors and the board as a whole;

ii. Evaluate the performance of the Chairman of the company;

iii. Evaluate the quality, quantity and timeliness of flow of information.

The suggestions made at the said meeting of the Independent Directors were communicated to the Chairman and other Directors for taking appropriate steps. The same was discussed at the Board meeting that followed the meeting of the Independent Directors. In addition, the Chairman was also evaluated on the key aspects of his role. Performance evaluation of the Independent Directors was done by the entire Board, excluding the independent director being evaluated.

10. AUDIT COMMITTEE

The Board has constituted an Audit Committee comprising the following members:

Mr Balakrishnan V, Independent Director and Chairman

Dr. Gururaj Deshpande, Non-executive Director

Amb. Leela K Ponappa, Independent Director

The details of the Audit Committee have been provided in the Corporate Governance Report forming part of the Annual Report.

11. NUMBER OF BOARD AND COMMITTEE MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW

During the year, 10 (Ten) Board meetings, 7 (Seven) Nomination and Remuneration Committee meetings, 5 (Five) Audit Committee Meetings, 1 (One) CSR Committee Meeting and 1 (One) Independent Directors' meeting were convened and held. The intervening gap between the Board meetings did not exceed 120 days as prescribed under the Act.

The details of the meetings are provided in the Corporate Governance Report.

12. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act the Board confirms that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) 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;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) 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; and

(f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

13. AUDITORS

i. Statutory Auditor:

The Audit Committee, at its meeting held on August 02, 2017 proposed and the Board thereafter at its meeting held on August 03, 2017 recommended the appointment of M/s Price Waterhouse Chartered Accountants LLP-, (Firm Reg. No. 012754N/N500016), Chartered Accountants ("Auditors"), as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of this Annual General Meeting until the conclusion of the 22nd Annual General Meeting of the Company subject to the ratification by the Shareholders of the Company at every annual general meeting.

The Auditors have confirmed their eligibility under Section 141 of the Act and the Rules framed there under for appointment as Statutory Auditors of the Company.

Accordingly, consent of the members is being sought for their appointment as the statutory auditors of the Company.

ii. Secretarial Auditor:

Mr. Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847) was appointed as the Secretarial Auditor of the Company to conduct Secretarial Audit for the Financial Year 2016-17 as required under Section 204 of the Act and the Rules made there under.

14. AUDIT REPORTS

i. Statutory Auditor's report

The Auditors' Report to the Shareholders for the year under review does not contain any reservation, qualification or adverse remark. The comments in the Auditors report to the shareholders for the year under review are self-explanatory and does not need further explanation.

ii. Secretarial Auditor's Report

The Secretarial Auditor's Report **("SA Report")** for the year under review is enclosed as **"Annexure – II"** to the Annual Report.

The SA Report has certain observations. The responses of the Board to each of these observations are given below:

1. With reference to the observation in point 1 of the SA Report, the Directors state that the omissions and inaccuracies stated thereunder were being made inadvertently and currently the Company has taken adequate measures and implemented requisite controls in order to ensure a robust compliance system.

2. With reference to the observation in point 2, 3 and 4 of the SA Report, the Directors state that the Company has addressed the irregularities in respect of allotments made to non-residents by making the necessary representations and filings with the RBI and application for compounding such non-compliance. The RBI has, through letters dated April 18, 2017, acknowledged the filings made by the Company and provided the registration numbers to be used for future correspondence, subject to compounding by the Company, which application has already been made on April 10, 2017.

3. With reference to the observation in point 5 of the SA Report, the Directors state that there was a procedural delay in filing the return with the State Pollution Control Board. The Company has taken appropriate measures

to ensure that the filings are made within the prescribed time

15. TRANSACTION WITH RELATED PARTIES

All transactions with related parties were entered into in the ordinary course of business and on arm's length basis. In terms of the provisions of section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, a summary of the related party transactions in the ordinary course of business and on arm's length basis is given in Form AOC-2, attached to this Report marked as **"Annexure-III"**. The Policy on determining related party transaction is available at http://www.tejasnetworks.com/policies/

The information with respect to related party transactions as required under Para A of Schedule V of the Listing Regulations, has been set out in the notes to accounts 27.4.b to the standalone financial statements of the Company in this Annual Report and are incorporated by reference herein. The maximum amount of loan/advances to the subsidiaries outstanding during the year is the same as the amount of loans/advances to the subsidiaries as of March 31, 2017.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pertaining to conservation of energy, technology absorption, Foreign exchange Earnings and outgo as required under Section 134 (3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are set out in **"Annexure –IV"** to this report.

17. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

In terms of regulation 17(9)(b) of the Listing Regulations, the Board of Directors adopted a Risk Management Policy of the Company on October 26, 2016 and further amended the same on August 26, 2017. The focus of the Policy is to identify and assess the areas of risks that the Company may face from time to time and to deploy mitigation measures. This is done through periodic review meetings of the Risk Management Committee of the Board of Directors.

The main objective of the Risk Management Policy is to ensure that all current, future material risk exposures of the Company are identified, assessed, quantified and appropriately mitigated and managed. Accordingly, the Company has established a framework and process to monitor the exposures and to implement appropriate measures in a timely and effective manner.

The Risk Management Policy is available on the Company's website at http://www.tejasnetworks.com/policies/

18. SHARE CAPITAL

The authorized capital is ₹176,45,20,000/- divided into Equity Shares of 17,64,52,000 of ₹10/- each and paid-up capital of the Company is ₹70,73,34,110/- divided into Equity Shares of 7,07,33,411 of ₹10/- each as on March 31, 2017.

The paid up share capital of the Company increased from ₹63,25,02,210 to ₹70,73,34,110 /- pursuant to allotment of 56,15,068 shares of ₹10 through private placement at a premium of ₹110 per share and 18,68,122 shares of ₹10 each were allotted pursuant exercise of options by the employees at strike price of ₹65 per option.

Also, 32,727,930 partly paid-up Equity Shares issued by the Company to the Tejas Employees Welfare Trust on June 11, 2010, were forfeited on July 25, 2016.

19. CHANGES IN ARTICLES OF ASSOCIATION:

The Shareholders at the Extraordinary General Meeting held on August 29, 2016, approved by way of a special resolution, the alteration of the Company's Articles of Association as per the provisions and rules prescribed under the Act to incorporate the terms of the Investment Agreement dated August 02, 2016 entered into by and amongst the Company, Samena Spectrum Co, Cascade Capital Management Mauritius, Mayfield XII, Osher L P, Balakrishnan V ("Participating Investors"), Sanjay Nayak, Kumar N Sivarajan and Arnob Roy (" Management Group")

The Shareholders at the Extraordinary General Meeting held on November 19, 2016, approved by way of a special resolution, the alteration of the Company's Articles of Association as per the provisions and rules prescribed under the Act to incorporate the terms of the "Amendment I" dated September 16, 2016 and "Amendment II" dated October 25, 2016 to Investment Agreement dated August 02, 2016 entered into by and among the Company, Management Group and Participating Investors.

20. ANNUAL RETURN

The extract of Annual Return in Form No. MGT-9 as required under Section 92 of the Act for the financial year ending March 31, 2017 is annexed hereto as **"Annexure –V"** and forms part of this report.

21. CORPORATE SOCIAL RESPONSIBILITY

In terms of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Board, at its meeting held on January 13, 2015, constituted the Corporate Social Responsibility Committee ("CSR Committee"). The CSR Committee was reconstituted by the Board at its meeting held on September 23, 2016. The composition of the CSR Committee as on the date of this report is detailed below:

Sl No.	Name	Designation
1	Amb. Leela K Ponappa	Chairman
2	Mr. Balakrishnan V	Member
3	Mr. Shirish Saraf	Member

The CSR Committee met once on March 06, 2017 during the financial year 2016-17.

The CSR Committee, at its meeting held on February 02, 2015, formulated and recommended the Corporate Social Responsibility Policy ("CSR Policy") of the Company to the Board of Directors for its adoption. The Board of Directors of the Company approved and adopted the CSR Policy of the Company in its Board meeting held on February 02, 2015. Details of the CSR Policy are available on the Company's website at http://www.tejasnetworks.com/policies/.

In terms of Section 135 of the Act and relevant rules thereto and in pursuance of the CSR Policy, the Company is required to spend at least 2% of the average net profits before tax made during the three immediately preceding financial years towards the corporate social responsibility activities ("CSR activities"). Accordingly, the Company spent ₹11 lakhs on the CSR activities.

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-VI"** to this Report.

22. INTERNAL FINANCIAL CONTROLS

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.

The Company has in place adequate financial controls 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.

23. NOMINATION AND REMUNERATION POLICY:

Based on the recommendation of the Nomination and Remuneration Committee, the Board, at its meeting held on June 30, 2000 approved the policy for remuneration of directors, key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a director ("Remuneration Policy"). The Remuneration Policy is available on the Company's website at http://www.tejasnetworks.com/policies/. The Board affirms that the remuneration paid to the directors is as per the terms laid out in the Remuneration Policy.

The Nomination and Remuneration Committee lays down the criteria for performance evaluation of directors. In accordance with the provision of the Listing Regulations and the Act the performance evaluation of the individual directors shall be done by the entire Board of Directors, subject to the condition that the director who is subject to evaluation shall not participate. The criteria for performance evaluation covers parameters such as decision taken in the interest of organization objectively, assisting the company in implementing the corporate governance, monitoring performance of the organization based on agreed goals and financial performance and active participation in the affairs of the Company as Board / Committee members.

24. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a vigil mechanism policy that encourages its directors and employees to report instances about unethical behavior, actual or suspected fraud or violation of the code of conduct/business ethics. The Company provides adequate safeguards against victimization of the director(s) and employee(s) who report any grievances through this mechanism. None of the directors/employees of the Company have been denied access to the Chairman of the Audit Committee. No complaint has been received during the financial year 2016-17.

The Vigil Mechanism Policy is available on the website of the Company at http://www.tejasnetworks.com/policies/

25. CORPORATE GOVERNANCE

The report on Corporate Governance and a certificate from M/s. Deloitte Haskins & Sells, Statutory Auditors affirming the compliance with the various provisions of the Corporate Governance in terms of Regulation 27 read with Schedule V of the Listing Regulations forms part of the Annual Report.

The requirements of the Listing Regulations as referred in the certificate from M/s. Deloitte Haskins & Sells, Statutory Auditors did not apply to the Company as on March 31, 2017. However, the Company has significantly complied with the requirements of the constitution of the Board and its committees as well as structuring the Charter for the Board and its committees.

26. 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 Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **"Annexure-VII"** which forms part of the Board's Report.

Additionally, the details as per Section 197(12) of the Act read with Rule 5(2) and (3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in Annexure VII which forms part of the Board's Report.

27. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of the Listing Regulations the Management Discussion and Analysis Report is presented in a separate section of the Corporate Governance Report forming part of the Annual Report.

28. SHARES

A. Reclassification in authorized share capital

The Company at the extraordinary general meeting held on November 19, 2016, reclassified the authorized share capital of the Company of ₹176,45,20,000 (Rupees One Hundred and Seventy Six Crore Forty Five Lakh twenty thousand only) comprising:

a) 10,99,00,000 (Ten Crore Ninety Nine Lakhs Only) Equity shares of ₹10/- (Rupees Ten) each aggregating to ₹109,90,00,000/- (Rupees One Hundred Nine Crore and Ninety Lakhs Only) and

b) 6,65,520 (Six Lakhs Sixty Five Thousand five hundred and twenty Only) Preference shares of ₹1,000/- (One Thousand Only) each aggregating to ₹66,55,20,000 (Rupees Sixty Six Crore Fifty Five Lakhs and Twenty Thousand only)

to ₹176,45,20,000 (Rupees One Hundred and Seventy Six Crore Forty Five Lakh twenty thousand only) comprising ₹17,64,52,000 (Rupees Seventeen Crore Sixty Four Lakhs Fifty Two Thousand Only) Equity Shares of ₹10/- each.

The Memorandum of Association of the Company was altered with the shareholders' approval to incorporate the reclassification in the authorized share capital of the Company.

B. Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

C. Details of issue of Sweat Equity Shares

The Company has not issued any Sweat Equity Shares during the year under review.

D. Disclosure in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates

No such cases were reported during the year under review.

E. Details of Issue of Equity Shares with Differential Rights.

The Company has not issued any Equity Shares with differential rights during the year under review.

F. Bonus Shares.

No Bonus Shares were issued during the year under review.

G. Employees Stock Option Plan (ESOP)

The Company has the following ESOP Schemes in force:

i. Tejas Networks Limited Employees Stock Option Plan – 2014 (**"ESOP Plan 2014"**);

ii. Tejas Networks Limited Employees Stock Option Plan – 2014-A (**"ESOP Plan 2014 - A"**); and

iii. Tejas Networks Limited Employees Stock Option Plan – 2016 (**"ESOP Plan 2016"**)

ESOP Plan 2014, ESOP Plan 2014-A and ESOP Plan 2016 are together referred to as **'ESOP Plans'**.

The details of the ESOP 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-VIII"**, which forms part of the Board's Report.

In terms of the Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), the Company is required to obtain shareholders' approval for ratification of the ESOP Plans prior to grant of new options under the ESOP Plans. Accordingly, the proposal for ratification of the ESOP Plans has been included in the Notice convening the ensuing Annual General Meeting of the Company.

The details of the ESOP Plans and the disclosure as required under Regulation 14 of the SEBI Regulations, is available on the Company's website at http://www.tejasnetworks.com/disclosures/.

29. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

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

30. 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.

31. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of sexual harassment at workplace.

During the year under review, no sexual harassment complaints were filed with the Company.

32. APPRECIATION

The Company has been able to operate efficiently because of the culture of professionalism, creativity, integrity and continuous improvement in all functions and areas as well as the efficient utilization of the Company's resources for sustainable and profitable growth.

We are pleased to place on record a sincere appreciation of the valuable assistance and co-operation extended to the Company by our customers, bankers, financial institutions, and government authorities, service providers, contractors and the shareholders.

The Directors also wish to place on record their appreciation of the efficient and loyal services rendered by each and every employee, without whose whole-hearted efforts, the overall satisfactory performance would not have been possible.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Balakrishnan V	**Sanjay Nayak**
Chairman	CEO & Managing Director
DIN No: 02825465	DIN No: 01049871

Date: August 26, 2017
Place: Bengaluru

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 except % of shareholding)

Sl. No	Name of the Subsidiary	Reporting Period	Reporting currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover[1]	Profit / (loss) before Taxation[1]	Provision for Taxation[1]	Profit / (loss) after Taxation[1]	Proposed Dividend1	% of share holding
1	Tejas Communication Pte Ltd.	April 01, 2016 to March 31, 2017	USD	6.85	(0.85)	26.50	20.50	0.21	38.74	5.92	-	5.92	-	100%
2	Tejas Israel Limited	April 01, 2016 to March 31, 2017	USD	63.25	(65.66)	0.07	2.48	-	-	1.21	-	1.21	-	100%
3	vSave Energy Private Limited*	April 01, 2016 to March 31, 2017	INR	0.14	(0.14)	0.01	0.01	-	-	(0.00)#	-	(0.00)#	-	100%

[1]Average rate of 1 USD = 67.02 INR applied for conversion

*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 a loss of ₹ 44,335.

Notes

1. The annual accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the Company and the subsidiary companies seeking such information at any point of time.

   The annual accounts of the subsidiary companies will also be kept for inspection by any member in the registered office and that of the subsidiary companies concerned.

2. 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	67.02	64.85
Tejas Israel Limited	USD	67.02	64.85

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

4. Names of subsidiaries which have been liquidated or sold during the year: NIL

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,

	Sanjay Nayak	**Balakrishnan V**	**Venkatesh Gadiyar**	**Krishnakanth G V**
Date: August 26, 2017	CEO & Managing Director	Chairman	CFO	Company Secretary
Place: Bengaluru	DIN: 01049871	DIN: 02825465		

ANNEXURE – II TO BOARD'S REPORT

Secretarial Audit Report

For the financial year ended 31st March 2017

[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 U72900KA2000PLC026980)
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 2017 (**"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 - Not Applicable;

(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"**) to the extent applicable to the Company:-

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - *Not Applicable*;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 - *Not Applicable*;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - *Not Applicable*;

d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - *Not Applicable*;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - *Not Applicable*;

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 - *Not Applicable*;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not Applicable*;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - *Not Applicable*; 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.

ii. The Listing Agreements entered into by the Company with Stock Exchange(s) - *Not Applicable*

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

- Due to inadequate controls in managing the secretarial records there were certain inaccuracies, omissions and errors in the reports and filings made under the Act, during Audit Period

- The Company has allotted 5,368 equity shares of ₹10/- each at an issue price of ₹120/- per share, aggregating ₹6,44,160/- to Osher Family Limited Partnership ("Osher") on 2nd August 2016. There was a shortfall of ₹4,986/- in the consideration amount received from Osher at the time of allotment. However, the Board resolution and the Form PAS-3 filed indicate that the shares have been fully paid up at the time of allotment. This shortfall, however, has been subsequently received on 9th December 2016.

- The Company has registered share transfers involving transfer of shares from resident to non-resident and vice-versa without obtaining the certificate of the Authorized Dealer Bank on the Form FC-TRS.

- There have been delays in filing the Advance Reporting Forms for the foreign inward remittances received and also Form FC-GPR / Form ESOP for the shares allotted / options granted to non-residents, with the Reserve Bank of India.

- The Company has obtained the consent under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and is required to submit an environmental audit report for the financial year ending 31st March in Form V to the State Pollution Control Board on or before 30th September every year. However, the Company has filed the report for the financial year ending 31st March 2016 on 13th June 2017.

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.

- 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. However, these systems and processes require further strengthening to ensure timely and orderly compliances of the applicable laws, rules, regulations and guidelines.

I further report that:

- During the Audit Period, the Company has obtained the approval of its shareholders for making an Initial Public Offering of its shares, subject to approval of the Registrar of Companies, Securities and Exchange Board of India and other authorities; and necessary steps have been initiated towards this, including alignment of the Company's processes, procedures and formation of necessary committees and complying with the other requirements of the Act and the regulations and guidelines prescribed under the SEBI Act. 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. referred to above. Subsequent to the Audit Period, the shares of the Company have been listed on BSE Limited and National Stock Exchange of India Limited on 27th June 2017.

- The Company has made an application with the jurisdictional office of the Reserve Bank of India after the end of the financial year on 31st March 2017, for compounding the offences committed under FEMA relating to delay in reporting of foreign inward remittances and allotment of shares to non-residents. The application is pending for disposal.

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

Place: Bengaluru
Date: August 16, 2017

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.

ANNEXURE-1

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

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

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

Place: Bengaluru
Date: August 16, 2017

ANNEXURE-2

To
The Members
Tejas Networks Limited
(CIN U72900KA2000PLC026980)
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.

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

Place: Bengaluru
Date: August 16, 2017

ANNEXURE – III TO BOARD'S REPORT

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: NIL

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	
b)	Nature of contracts/arrangements/transactions	
c)	Duration of the contracts/arrangements/transactions	
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
e)	Justification for entering into such contracts or arrangements or transactions	NIL
f)	Date(s) of approval by the Board	
g)	Amount paid as advances, if any	
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

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, 2017 are as given in the table below

(₹ in Crore)

SL. No.	Name (s) of the related party & nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts /arrangements /transactions	Salient terms of the contract or /arrangements /transactions	Transactions during the year ended March 31, 2017	Date(s) of approval by the Board, if any	Amount paid as advances if any
1	Tejas Communication Pte. Limited Subsidiary	Purchase of goods	Ongoing	Transfer Pricing arrangement	6.58	NA	6.98
2	Tejas Communication Pte. Limited Subsidiary	Sale of Goods	Ongoing	Transfer Pricing arrangement	18.32	NA	Nil
3	Tejas Communication Pte. Limited Subsidiary	Rendering of Services	Ongoing	Transfer Pricing arrangement	0.22	NA	Nil
4	Tejas Communication Pte. Limited Subsidiary	Sales Commission	Ongoing	Transfer Pricing arrangement	4.86	NA	Nil
5	Tejas Communication Pte. Limited Subsidiary	Reimbursement of expenses	Ongoing	Transfer Pricing arrangement	6.15	NA	Nil
6	vSave Energy Private Limited Subsidiary	Advances Given	Ongoing	Reimbursement of expenses	0.00	NA	0.00*
7	Sanjay Nayak KMP[1]	Remuneration	Ongoing	Employment Contract	1.51	27 June, 2016	Nil

* Advance given to vSave Energy Private Limited ₹ 2,200

(1) Based on accrual basis, excluding the perquisite on Stock incentives disclosures included in other sections of the Financials

For and on behalf of Board of Directors

Sanjay Nayak
CEO & Managing Director
DIN No: 01049871

Balakrishnan V
Chairman
DIN No: 02825465

Date: August 26, 2017
Place: Bengaluru

ANNEXURE - IV TO BOARD'S REPORT

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

i	The steps taken or impact on conservation of energy;	• Upgrading CFL lights to LED lights which will reduce in the consumption of energy. • Plan of upgrading AC system which is of quite old technology and currently consuming more energy than the newer system. Currently the energy consumption is 2.2 – 2.8 KW per unit per hour for 1 TR capacity of AC. Changing of AC with inverter technology will consume only 0.4 – 0.8 KW per unit per hour for 1 TR capacity of AC.
ii	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.
iii	The capital investment on energy conservation equipment's;	During year under review, the Company had not made any investment on the energy conservation equipment as the same were not warranted.

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:

- innovative design methods and product architecture for realizing high-capacity PTN/OTN switching systems which support a pay-as-you-grow model, without limitations to power, thermal and backplane capacity considerations.
- Design for high-density circuit emulation with TDM-like protection features on cost-effective FPGAs, while meeting timing, latency and jitter constraints
- Design of Management software architecture for supporting multiple SDN controllers for managing Tejas network elements

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

The following new products were developed during the year:

- Compact, high-density OTN switching systems for metro bandwidth expansion
- High-density GPON OLT switching platform
- High-capacity MPLS-TP based PTN switching system which reused all 1400 line cards

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, 2017 and March 31, 2016 towards development of the Company's products is as follows:

	As at March 31, 2017 (₹ in Cr.)	As at March 31, 2016 (₹ in Cr.)
Capital Expenditure	45.16	38.06
Revenue Expenditure	29.99	29.74
Total R&D Expenditure	75.15	67.80
Total R&D Expenditure/Consolidated Revenue net of taxes and components(%)	9.1	11.0

D) Foreign Exchange earnings & outgo

	Standalone	
	As at March 31, 2017 (₹ in Cr.)	As at March 31, 2016 (₹ in Cr.)
Foreign exchange Earnings	315.37	188.78
Foreign Exchange Outgo (including import of goods)	317.91	269.65

ANNEXURE – V BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURNAS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[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	U72900KA2000PLC026980
ii.	Registration Date	24/04/2000
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, India. Tel: 080 41794600 Fax: 080 2852 0201
vi.	Whether listed company	*Yes / ~~No~~
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai, Mumbai City -400083 Tel: +91 22 4918 6200 Fax: +91 22 4918 6195 Website: www.linkintime.co.in E-mail: rnt.helpdesk@linkintime.co.in

*As on March 31, 2017, the company was an unlisted public company. Effective from June 27, 2017, the company listed its shares on Bombay Stock Exchange and National Stock Exchange of India Ltd.

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	95.22%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	Tejas Communication Pte Ltd. (TCPL) 77, Robinson Road, #13-00 Robinson 77 Singapore-068896	NA	Subsidiary	100%	2(87)
2.	Tejas Israel Limited C/o Top Finance Ltd. 10 Shfaya St.Tel – Aviv 69012	NA	Subsidiary	100%	2(87)
3.	vSave Energy Private Limited 2nd Floor, J P Software Park, Plot no. 25, Electronic City-1, Bangalore-560100	U32201KA2013PTC071695	Subsidiary	100%*	2(87)
4.	Tejas Communications (Nigeria) Limited 5th Floor, Mulliner Towers, 39 Alfred Rewane Road, Ikoyi, Lagos, Nigeria	NA	Subsidiary of TCPL	100%#	2(87)

*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.

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

IV. SHARE HOLDING 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	-	-	-	-	-	-	-	-	-
b)	Banks / FI	-	-	-	-	-	-	-	-	-
c)	Central Govt	-	-	-	-	-	-	-	-	-
d)	State Govt(s)	-	-	-	-	-	-	-	-	-
e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f)	Insurance Companies	-	-	-	-	-	-	-	-	-
g)	Foreign Companies/ Body Corporates	88,32,298	2,60,89,345	3,49,21,643	36.38	2,09,35,145	2,19,72,999	4,29,08,144	60.66	24.28
h)	Foreign Venture Capital Funds	7,43,550	1,20,00,732	1,27,44,282	13.28	1,27,14,369	29,913	1,27,44,282	18.02	4.74
i)	Others (specify) (Foreign PE and Trusts)	-	3,55,03,078	3,55,99,457	37.09	-	7,44,944	8,41,323	1.19	-35.90
Sub-total (B)(1)		95,75,848	7,35,93,155	8,32,65,382	86.75	3,36,49,514	2,27,47,856	5,64,93,749	79.87	-6.89
2.	*Non Institutions*									-
a)	Bodies Corp.									
(i)	Indian	-	-	-	-	-	-	-	-	-
(ii)	Overseas	-	-	-	-	-	-	-	-	-
b)	Individuals									
(i)	Individual shareholders holding nominal share capital upto ₹1 lakh	24,815	9,88,455	10,13,270	1.06	2,60,246	5,33,260	7,93,506	1.12	0.07
(ii)	Individual shareholders holding nominal share capital in excess of ₹1 lakh	1,11,855	1,15,87,644	1,16,99,499	12.19	1,05,09,936	29,36,220	1,34,46,156	19.01	6.82
c)	Others(Specify) (Indian Companies and Trusts)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)		1,36,670	1,25,76,099	1,27,12,769	13.25	1,07,70,182	34,69,480	1,42,39,662	20.13	6.89
Total Public Shareholding (B)=(B)(1)+ (B)(2)		97,12,518	8,61,69,254	9,59,78,151	100.00	4,44,19,696	2,62,17,336	7,07,33,411	100.00	-
C.	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		97,12,518	8,61,69,254	9,59,78,151	100.00	4,44,19,696	2,62,17,336	7,07,33,411	100.00	-*

*Note: Pursuant to the approval granted at the shareholder's meeting dated July 25, 2016 the Company has forfeited 3,27,27,930 equity shares having face value of ₹ 10 each, with ₹ 1/- paid up, resulting in a reduction in the overall shares outstanding.

ii. Shareholding of Promoters: Not Applicable

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in shareholding during the year

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

Sr. No.		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
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
1	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Cascade Capital Management Mauritius					
	At the beginning of the year	2,18,43,184		22.76	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	2,18,43,184		30.88	2,18,43,184	30.88
2	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Samena Spectrum Co.,					
	At the beginning of the year	Nil		Nil	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	02 Aug, 2016	Allotment of 55,91,667 shares	11.86	55,91,667	11.86
		24 Aug, 2016	Transfer of 83,89,981 shares	7.91	1,39,81,648	19.77
	At the end of the year	1,39,81,648		19.77	1,39,81,648	19.77
3	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Mayfield XII, Mauritius					
	At the beginning of the year	71,06,628		7.40	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	71,06,628		10.05	71,06,628	10.05

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
4	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Sandstone Private Investments					
	At the beginning of the year	44,87,250		4.68	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	44,87,250		6.34	44,87,250	6.34
5	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Intel Capital (Cayman) Corporation					
	At the beginning of the year	41,81,400		4.36	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	41,81,400		5.91	41,81,400	5.91
6	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Kartik Kilachand					
	At the beginning of the year	5,70,000		0.59	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	5,70,000		0.81	5,70,000	0.81
7	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	India Industrial Growth Fund Limited					
	At the beginning of the year	25,14,147		2.62	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	25,14,147		3.55	25,14,147	3.55
8	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Kumar N Sivarajan					
	At the beginning of the year	14,10,450		1.47	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	27 June, 2016	Transfer of 3,63,500 shares*	0.51	17,73,950	2.51
		24 Aug, 2016	Transfer of 3,63,500 shares	(0.51)	14,10,450	1.99

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
		14 Nov, 2016	Transfer of 2,24,000 shares	0.32	16,34,450	2.31
		25 Nov, 2016	Transfer of 87,250 shares*	0.12	17,21,700	2.43
	At the end of the year	17,21,700		2.43	17,21,700	2.43
*Shares held by Kumar N Sivarajan jointly with Tejas Employees Welfare Trust transferred to Kumar N Sivarajan						
9	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Arnob Roy					
	At the beginning of the year	9,60,450		1.00	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	27 June, 2016	Transfer of 5,10,750 shares*	0.72	14,71,200	2.08
		24 Aug, 2016	Transfer of 3,07,000 shares	(0.43)	11,64,200	1.65
	At the end of the year	11,64,200		1.65	11,64,200	1.65
*Shares held by Arnob Roy jointly with Tejas Employees Welfare Trust transferred to Arnob Roy						
10	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Intel Capital Corporation					
	At the beginning of the year	11,50,404		1.20	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	11,50,404		1.63	11,50,404	1.63

v) Shareholding of Directors and Key Managerial Personnel

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
1	Name of The Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Sanjay Nayak					
	At the beginning of the year	20,40,900		2.13	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	27 Jun, 2016	Transfer of 6,98,500 shares*	0.99	27,39,400	3.87
		24 Aug, 2016	Sale of 5,40,100 shares	(0.76)	21,99,300	3.11
		14 Nov, 2016	Transfer of 3,64,667 shares	0.52	25,63,967	3.62
		31 Mar, 2017	Allotment of 6,06,406 shares	0.86	37,10,373	4.48
	At the end of the year	31,70,373		4.48	31,70,373	4.48
*Shares held by Sanjay Nayak jointly with Tejas Employees Welfare Trust transferred to Sanjay Nayak						

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
2	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Dr. Gururaj Deshpande					
	At the beginning of the year	--		--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	--		--		
3	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Balakrishnan V					
	At the beginning of the year	--		--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	02 Aug, 2016	Transfer of 58,100 shares	0.08	58,100	0.08
		02 Aug, 2016	Allotment of 18,033 shares	0.03	76,133	0.11
	At the end of the year	76,133		0.11	76,133	0.11
4	Name of the Shareholder					
	Leela K Ponappa					
	At the beginning of the year	--		--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	--		--	--	--
5	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Shirish Saraf					
	At the beginning of the year	--		--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		--	--	--
	At the end of the year	--		--	--	--
6	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Murali R					
	At the beginning of the year					
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	27 Jun, 2016	Transfer of 74,300 shares*	0.11	74,300	0.11
		24 Aug, 2016	Sale of 74,300 shares	(0.11)	0	0
		25 Nov, 2016	Transfer of 75,900 shares*	0.11	75,900	0.11
		31 Dec, 2016	Sale of 39,000 shares	(0.06)	36,900	0.05
	At the end of the year	36,900		0.05	36,900	0.05

*Shares held by Murali R jointly with Tejas Employees Welfare Trust transferred to Murali R

Sr. No	Particulars	Shareholding at the beginning of the year			Cumulative Shareholding during the year	
7	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Venkatesh Gadiyar					
	At the beginning of the year					
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	31 March, 2017	Allotment of 40,000 shares	0.06	40,000	0.06
	At the end of the year	40,000		0.06	40,000	0.06
8	Name of the Shareholder	No. of shares		% of total shares of the company	No. of shares	% of total shares of the company
	Krishnakanth G V					
	At the beginning of the year	--		--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg allotment / transfer / bonus / sweat equity etc)	--		---	--	--
	At the end of the year	--		--	--	--

V. INDEBTEDNESS

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

(₹ In crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	357.34	5.00	-	362.34
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not	0.57	-	-	0.57
Total (i+ii+iii)	357.91	5.00	-	362.91
Change in Indebtedness during the financial year				
- Addition	8.47	-	-	8.47
- Reduction	88.60	1.00	-	89.60
Net Change	(80.13)	(1.00)	-	(81.13)
Indebtedness at the end 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	0.49	-	-	0.49
Total (i+ii+iii)	277.78	4.00	-	281.78

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

			Managing Director Remuneration Details Name: Mr. Sanjay Nayak
1.	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹1,92,72,651
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961*	₹68,19,111
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	
2.	Stock Option#		9,28,140
3.	Sweat Equity		
4.	Commission		
	-	as % of profit	
	-	others, specify…	
5.	Others, please specify		
6.	Total		₹2,60,91,762

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.

Outstanding as on date of this Report

B. Remuneration to other directors:

Amount in ₹

Sl. No.	Particulars of Remuneration	Name of the Directors			Total
		Mr. Balakrishnan V	Dr. Ashok Jhunjhunwala^	Amb. Leela K Ponappa	
	Independent Directors				
	Fee for attending board and committee meetings	7,00,000	2,50,000	3,50,000	13,00,000
	Commission		15,00,000		15,00,000
	Others, please specify				
	Total (1)	7,00,000	17,50,000	3,50,000	28,00,000
	Other Non-Executive Directors				
	Fee for attending board committee meetings				
	Commission				
	Others, please specify				
	Total (2)	-	-	-	-
	Total Managerial Remuneration (1) + (2)	7,00,000	17,50,000	3,50,000	28,00,000

^ Resigned from the Board with effect from January 20, 2017.

C. Remuneration to Key Managerial Personnel Other Than MD /Manager /WTD

Amount in ₹

Sl. No.	Particulars of Remuneration		Mr. Murali R CFO (till October 26, 2016)	Mr. Venkatesh Gadiyar CFO (from October 26, 2016)	Mr. Krishnakanth G V Company Secretary
1.	(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	76,13,936	25,27,750	23,54,912
	(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961*	16,800	280,000	21,600
	(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option#		4,43,996	1,60,000	23,716
3.	Sweat Equity				
4.	Commission				
	-	as % of profit			
	-	others, specify…			
5.	Others, please specify				
6.	Total		76,30,736	28,07,750	23,76,512

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.

Outstanding as on date of this Report

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	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Compounding under 621A of Companies Act, 1956 Non-compliance of Sec 149 of the Companies Act 2013	Compounding application was with NCLT on March 02, 2016 for the non-appointment of Women Director pursuant to the provisions of section 149 of the Companies Act, 2013.	NCLT, Bengaluru Bench disposed the case on December 07, 2016 by imposing compounding fee ₹1,00,000/- on the Company and ₹ 75,000/- each on Managing Director, Chief Financial Officer and Company Secretary	NCLT	NA
Compounding	Compounding under Section 441 of the Companies Act, 2013 for the violation made under Section 77 of the Companies Act, 1956	Compounding application was filed before the Regional Director, (South Eastern Region) Ministry of Corporate Affairs at Hyderabad on December 12, 2016 for violation made under clause (b) to the proviso sub-section (2) of Section 77 of the Companies Act, 1956 for allotting partly paid up shares against the loan provided by the Company	Regional Director, (South Eastern Region) Ministry of Corporate Affairs at Hyderabad disposed the case on March 31, 2017, by imposing a compounding fee of ₹7,000/- on applicant.	RD	NA
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Compounding under 621A of Companies Act,1956 Non-compliance of Sec 149 of the Companies Act 2013	Compounding application was with NCLT on March 02, 2016 for the non-appointment of Women Director pursuant to the provisions of section 149 of the Companies Act, 2013	NCLT, Bengaluru Bench disposed the case on December 07, 2016 by imposing compounding fee ₹1,00,000/- on the Company and ₹ 75,000/- each on Managing Director, Chief Financial Officer and Company Secretary	NCLT	NA
Compounding	Compounding under Section 441 of the Companies Act, 2013 for the violation made under Section 77 of the Companies Act, 1956	Compounding application was filed before the Regional Director, (South Eastern Region) Ministry of Corporate Affairs at Hyderabad on December 12, 2016 for violation made under clause (b) to the proviso sub-section (2) of Section 77 of the Companies Act, 1956 for allotting partly paid up shares against the loan provided by the Company	Regional Director, (South Eastern Region) Ministry of Corporate Affairs at Hyderabad disposed the case on March 31, 2017, by imposing a compounding fee of ₹7,000/- on applicant.	RD	NA
C. Other Officers In Default					
Penalty					
Punishment					
Compounding	Compounding under 621A of Companies Act,1956 Non-compliance of Sec 149 of the Companies Act 2013	Compounding application was filed with NCLT on March 02, 2016 for the non-appointment of Women Director pursuant to the provisions of section 149 of the Companies Act, 2013	NCLT, Bengaluru Bench disposed the case on December 07, 2016 by imposing compounding fee ₹1,00,000/- on the Company and ₹ 75,000/- each on Managing Director, Chief Financial Officer and Company Secretary	NCLT	NA

ANNEXURE – VI TO BOARD'S REPORT

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	:	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. Tejas CSR activities will focus on: - Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water; - Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects; - Ensuring environmental sustainability, ecological balance, and conservation of natural resources and maintaining the quality of soil, air and water; - Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art. In pursuance of the CSR Policy, the Company aims to support projects that promote education and therefore contributes to The Akshaya Patra Foundation 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. The CSR Policy of the Company is available on its website at http://www.tejasnetworks.com/policies/.
2	The Composition of the CSR Committee	:	Amb Leela K Ponappa - Chairman Mr. Balakrishnan V - Member Mr. Shirish Saraf - Member
3	Average net profit of the company for last three financial years	:	₹5.4 Crore
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	:	₹10.80/- lakhs
5	Details of CSR spent during the financial year	:	₹11.00/- lakhs
	a Total amount to be spent for the financial year	:	₹10.80/- lakhs
	b Amount unspent, if any	:	Nil
	c Manner in which the amount spent during the financial year is detailed below:		

Sl No	Particulars	(1)
1	CSR project or activity identified	The Akshaya Patra Foundation,
2	Sector in which the project is covered	This project is the largest NGO-run school meal programme which facilitates education of underprivileged children in India.
3	Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Towards feeding 1158 children to Government and Government Aided schools in Bangalore under Mid-Day-Meal Scheme. Branch: Bengaluru Cost per Annum: ₹ 950 No of Children: 1158 No of school working days: 232
4	Amount outlay (budget project or programme wise)	Onetime
5	Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	₹11 Lakhs
6	Cumulative expenditure up to the reporting period	₹11 Lakhs
7	Amount Spent direct or through implementing agency	Amount spent through The Akshaya Patra Foundation

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 Board of Directors

Date: August 26, 2017
Place: Bengaluru

Sanjay Nayak
CEO & Managing Director
DIN No: 01049871

Balakrishnan V
Chairman
DIN No: 02825465

ANNEXURE – VII TO BOARD'S REPORT

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.

I.

	Particulars	Disclosures
1	The ratio of the remuneration of Managing Director to the median remuneration of the employees of the company for the financial year	18.68
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	CEO- 12.01% CFO- 12.03% CS- 14.04%
3	The percentage increase in the median remuneration of employees in the financial year	4.69%
4	The number of permanent employees on the rolls of company as of March 31, 2017	600
5	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 KMP's is 11.44% over the previous year is with respect to annual salary increments. The average salary increase of the KMPs was 12.69% over the previous year. The salary increase for KMPs is with respect to annual salary increment and as per industry benchmarking.
6	Affirmation that the remuneration is as per the remuneration policy of the company	Remuneration paid during the year 2016-17 is as per the remuneration policy of the Company

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	Remuneration during FY 2016-17 (In ₹)	Previous Employment
Sanjay Nayak	CEO & Managing Director	53	MS (USA)	30	06-May-00	2,60,91,762	Synopsys India, Managing Director
Harmeet Singh	Senior Vice President – International Business Development	49	PhD, (USA)	21	01-Jan-07	2,58,38,695	Optovia Corporation, CEO
Kumar N Sivarajan	Chief Technology Officer	51	MS , PhD (USA)	26	01-May-00	1,56,72,313	Indian Institute of Science, Associate Professor.
Arnob Roy	President - Optical Products	54	MS (USA)	28	10-May-00	1,44,87,198	Synopsys India, Senior Manager.
Allan Phillips	Group Director– International Business Development	51	BE (USA)	31	12-Apr-10	1,42,05,669	Yokogawa, (USA), Product Manager
Shirish Purohit	Head – Sales	54	MTech, IIT Madras	30	01-Mar-12	1,40,44,630	Midas Communication Technologies Pvt Ltd, CEO
Murali R	Group Advisor - Business Planning	68	CA	33	28-Aug-06	1,30,81,262	Sundaram Clayton Ltd, Senior Vice President
Satyesh B N	Senior Vice President	55	MBA, BTech	31	06-Oct-05	99,72,829	Tellabs India Ltd, Director Sales
Vivek Shenoy	Vice President	46	MTech, IIT Delhi	23	10-Jan-11	98,98,692	Elina Networks Pvt Ltd, CTO
Sarath Kumar	Vice President	50	MTech, PhD IIT Delhi	24	30-Jun-00	98,24,721	Lucent Technologies, Member of Technical Staff

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	Remuneration during FY 2016-17 (In ₹)	Previous Employment
Sanjay Nayak	CEO & Managing Director	53	MS (USA)	30	06-May-00	2,60,91,762	Synopsys India, Managing Director
Kumar N Sivarajan	Chief Technology Officer	51	MS , PhD (USA)	26	01-May-00	1,56,72,313	Indian Instituite of Science, Associate Professor
Arnob Roy	President - Optical Products	54	MS (USA)	28	10-May-00	1,44,87,198	Synopsys India, Senior Manager
Shirish Purohit	Head - Sales	54	MTech, IIT Madras	30	01-Mar-12	1,40,44,630	Midas Communication Technologies Pvt Ltd, CEO
Murali R	Group Advisor - Business Planning	68	CA	33	28-Aug-06	1,30,81,262	Sundaram Clayton Ltd, Senior Vice President

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.

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: NIL

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

ANNEXURE – VIII TO BOARD'S REPORT

DETAILS OF ESOP PLANS

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, 2017 are given below:

	ESOP Plan 2014		
Options granted	69,26,635		
Options vested	50,72,863		
Options exercised	18,68,122		
Total number of shares arising as a result of exercise of option	18,68,122		
Options lapsed	11,297		
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	₹12,14,27,930		
Total number of options in force	50,47,216		
Employee wise details of options granted to: (i) Key managerial personnel	Name	No. of Options	Percentage of total options granted
	Sanjay Nayak	10,33,207	14.92
	Venkatesh Gadiyar(*)	69,000	1.00
	Murali R(#)	3,60,940	5.21
	Krishnakanth G.V.	25,250	0.36
	Total	14,88,397	21.49
	(*) Venkatesh Gadiyar, CFO from 26th Oct 2016 (#) Murali R, CFO till 26th Oct 2016		
(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, 2017 are given below:

	ESOP Plan 2014-A		
Options granted	19,78,215		
Options vested	Nil		
Options exercised	Nil		
Total number of shares arising as a result of exercise of option	Nil		
Options lapsed	7,200		
Exercise price	₹85/-		
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 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	Not applicable		
Total number of options in force	19,71,015		
Employee wise details of options granted to: (i) key managerial personnel	Name	No. of Options	Percentage of total options granted
	Sanjay Nayak	3,01,957	15.26
	Venkatesh Gadiyar(*)	30,000	1.52
	Murali R(#)	81,930	4.14
	Krishnakanth G.V.	11,000	0.56
	Total	4,24,887	21.48
	(*) Venkatesh Gadiyar, CFO from 26th Oct 2016 (#) Murali R, CFO till 26th Oct 2016		
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Name	No. of Options	Percentage of total options granted
	Arnob Roy	2,51,304	12.70
	Kumar N. Sivarajan	1,96,304	9.92
	Sukhvinder Kumar	1,25,000	6.32
	Total	5,72,608	28.94
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 2016 is compliant with the SEBI Regulations and the Companies Act, 2013.

The details of the ESOP Plan 2016 as on March 31, 2017 as required under the applicable provisions of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, are given below:

	ESOP Plan 2016		
Options granted	24,91,215		
Options vested	Nil		
Options exercised	Nil		
Total number of shares arising as a result of exercise of option	Nil		
Options lapsed	13,600		
Exercise price	₹85/-		
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	Not applicable		
Total number of options in force	24,77,615		
Employee wise details of options granted to: (i) key managerial personnel	Name	No. of Options	Percentage of total options granted
	Sanjay Nayak	3,02,000	12.12
	Venkatesh Gadiyar(*)	90,000	3.61
	Murali R(#)	1,34,315	5.39
	Krishnakanth G.V.	6,000	0.24
	Total	5,32,315	21.36
	(*) Venkatesh Gadiyar, CFO from 26th Oct 2016 (#) Murali R, CFO till 26th Oct 2016		
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Name	No. of Options	Percentage of total options granted
	Arnob Roy	2,50,000	10.04
	Kumar N. Sivarajan	1,80,000	7.23
	Total	4,30,000	17.27
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		

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best available practices at all times.

The Company's philosophy on Corporate Governance is sustained growth, increase in stakeholders' value, total transparency, accounting fidelity and service quality; all with a view to achieve business excellence. The Company places high emphasis on business ethics. The Company follows the Code of Business Conduct and Ethics.

The Corporate Governance framework of the Company is based on an effective Board with majority being non-executive directors, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

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").

As on March 31, 2017, the Company was an unlisted public limited company and therefore, the Listing Regulations were not applicable to the Company as on the said date. Effective June 27, 2017, pursuant to the Company listing its shares on Bombay Stock Exchange Limited and National Stock Exchange of India Ltd, the Company has complied inter-alia with the requirements of corporate governance as per the Listing Regulations, including the provisions stipulated in regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations. Accordingly, the Company has disclosed information as on March 31, 2017 and as on the date of the Board's Report, i.e., August 26, 2017.

2. BOARD OF DIRECTORS (THE "BOARD")

a) **Composition**

The Company's policy is to maintain an optimum combination of executive and non-executive directors.

The Board presently comprises 05 (Five) Directors, including 02 (Two) Non-executive and Non-independent, 01 (One) Executive and Non-independent and 02 (Two) Non-executive and Independent Directors. The Directors are professionals, have expertise in their respective functional areas and bring a wide range of skills and experience to the Board. The composition of board of directors is given below:

Sr. No.	Name of the Director	Executive/ Non-executive	Independent / Non-independent
1	Dr. Gururaj Deshpande	Non-executive	Non-independent
2	Mr. Sanjay Nayak	Executive	Non-independent
3	Mr. Balakrishnan V	Non-executive	Independent
4	Amb Leela K Ponappa	Non-executive	Independent
5	Mr. Shirish Sharaf	Non-executive	Non-independent

b) Of the five directors, the Company has four non-executive directors and two independent directors, which is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Act.

c) Independent Directors are non-executive directors as defined in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act. The maximum tenure of independent directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned in Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act.

d) None of the Directors on the Board hold directorships in more than ten public companies and none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a Director. 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 Act and the Listing Regulations.

e) **Number of Board meetings held during the year and attendance thereat of each Director and at the last Annual General Meeting**

Ten Board meetings were held during the year ended March 31, 2017 and the gap between two meetings did not exceed 120 days. These were held on May 20, 2016; June 27, 2016; July 25, 2016; August 02, 2016; September 23, 2016; October 26, 2016; November 25, 2016; December 23, 2016; February 09, 2017 and March 06, 2017. The necessary quorum was present for all the meetings.

The information as required under Schedule II Part A has been placed in the Board Meeting dated August 03, 2017.

Name	Board meetings held during the year	Board meetings attended during the year	Whether attended last AGM	Other Directorships held in Public Companies as at March 31, 2017*		Number of Chairmanship/ Committee membership as at March 31, 2017**	
				Chairman	Director	Chairman	Member
Mr. Balakrishnan V	10	9	Yes	-	-	-	1
Mr. Sanjay Nayak	10	10	Yes	-	-	-	-
Dr. Gururaj Deshpande	10	9	Yes	-	-	-	
Amb. Leela K Ponappa	10	6	Yes	-	-	-	-
Mr. Shirish Saraf	6	2	NA	-	2	-	-
Dr. Ashok Jhunjhunwala[1]	8	5	Yes	NA	NA	NA	NA

[1] Resigned as director effective 20 January, 2017

Note:

Directorship, Chairmanship/Committee membership mentioned above excluding Tejas Networks Limited

* Directorships in private limited companies, foreign companies, associations and government bodies are excluded.

** Only the audit committee and/or the stakeholders' relationship committee has been considered for the committee positions.

f) The terms and conditions of the appointment of the Independent Directors have been disclosed on the website of the Company at http://www.tejasnetworks.com/disclosures/.

g) Company has in place a familiarization programme for Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of industry in which the company operates and business model of the Company. A copy of the familiarization programme for Independent Directors and details of the familiarization programme imparted to Independent Directors during FY 2016-17 is available on the website of the Company at http://www.tejasnetworks.com/disclosures/.

h) Shareholding of non-executive directors: Mr. Balakrishnan V holds 76,133 Equity Shares of face value ₹ 10/- each in the Company.

3. COMMITTEES OF THE BOARD

a) Audit Committee

i. The Board, at its meeting held on June 27, 2002 constituted an Audit Committee The Committee was reconstituted on February 02, 2015 with revised terms of reference in compliance with section 177 of the Act. The terms of reference of the Audit Committee were further revised by the Board at its meeting held on September 23, 2016.The Committee was last reconstituted on November 25, 2016 with following as members. The Audit Committee is now in line with the provisions of Regulation 18 of the Listing Regulations, read with section 177 of the Act.

ii. The Audit Committee invites such of the executives, as it considers appropriate, representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

iii. The Composition of the Audit Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1	Mr. Balakrishnan V (Chairman)	Non-executive	Independent
2	Dr. Gururaj Deshpande (Member)	Non-executive	Non-independent
3	Amb. Leela K Ponappa (Member)	Non-executive	Independent

iv. Meetings of Audit Committee:

The Audit Committee held five meetings during the year ended March 31, 2017. These were held on May 20, 2016; July 25, 2016; October 26, 2016; December 23, 2016 and March 06, 2017.

Attendance of directors during the year 2016-17:

Name of Director	Audit Committee Meeting Number					Held during tenure	Attended
	1	2	3	4	5		
Mr. Balakrishnan V	P	P	P	P	P	5	5
Dr. Gururaj Deshpande	VC	VC	P	P	VC	5	5
Amb. Leela K Ponappa	NA	NA	NA	LOA	P	2	1
Dr. Ashok Jhunjhunwala[1]	P	VC	LOA	NA	NA	3	2

[1] Reconstitution of Committee on November 25, 2016

P: Physical
VC: Video Conference
LOA: Leave of Absence

i. The terms of reference of the Audit Committee are:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
- Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- To review the functioning of the Whistle Blower mechanism;

- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.

b) Stakeholders Relationship Committee

i. The Company has constituted the Stakeholders' Relationship Committee vide board resolution dated September 23, 2016 in accordance with Section 178 of the Act and Regulation 20 of the Listing Regulations. The Stakeholders Relationship Committee was reconstituted on November 25, 2016.

ii. The Composition of the Stakeholders Relationship Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1.	Mr. Balakrishnan V (Chairman)	Non-Executive	Independent
2.	Mr. Sanjay Nayak (Member)	Executive	Non-independent
3	Amb.Leela K Ponappa (Member)	Non-executive	Independent

iii. There were no complaints received and no meeting of the Stakeholders Relationship Committee was held during financial year 2016-17 as the Company was unlisted as on March 31, 2017.

iv. The terms of reference of the Stakeholders Relationship Committee are:

- Redressal of shareholders'/investors' grievances;

- Allotment of Shares, approval of transfer or transmission of Shares, debentures, or any other securities;

- Issue of Duplicate Certificates and new certificates on split/consolidation/renewal;

- Non receipt of declared dividends, balance sheets of the Company or any other documents or information to be sent by the Company to its shareholders; and

- Carry out any other function as prescribed under the Listing Regulations.

v. The details of the Compliance Officer has been provided in the "General Shareholder Information" section of this report.

c) Nomination and Remuneration Committee

i. The Compensation Committee was constituted vide board resolution dated June 30, 2000. The Compensation Committee was re-designated as Nomination and Remuneration Committee and new terms of reference was adopted vide board resolution dated February 2, 2015. The scope and functions of the Nomination and Remuneration Committee is in accordance with the provisions of Regulation 19 of the Listing Regulations and Section 178 of the Act. The terms of reference of the Nomination and Remuneration Committee was revised vide board resolution dated September 23, 2016. The Nomination and Remuneration Committee was reconstituted and the terms of reference were revised on November 25, 2016 in accordance with Section 178 of the Act and Regulation 19 of the SEBI Listing Regulations.

ii. The composition of the Nomination and Remuneration Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1.	Amb. Leela K Poanappa (Chairman)	Non-executive	Independent
2.	Dr. Gururaj Deshpande (Member)	Non-executive	Non-Independent
3.	Mr. Balakrishnan V (Member)	Non-executive	Independent

iii. Meetings of Nomination Remuneration Committee:

The Nomination and Remuneration Committee held seven meetings during the year ended March 31, 2017. These were held on June 27, 2016; July 25, 2016; August 02, 2016; September 23, 2016; October 26, 2016; November 25, 2016 and March 06, 2017.

Attendance of directors during the year 2016-17:

Name of Director	Nomination and Remuneration Meeting Number							Held during tenure	Attended
	1	2	3	4	5	6	7		
Mr. Balakrishnan V	P	P	P	P	P	P	P	7	7
Dr. Gururaj Deshpande	VC	P	AC	VC	P	VC	VC	7	6
Amb. Leela K Ponappa	NA	NA	NA	NA	NA	P	P	2	2
Dr. Ashok Jhunjhunwala[1]	P	P	AC	VC	LOA	NA	NA	5	3

[1] Reconstitution of Committee on November 25, 2016

P: Present in person

VC: Video Conference

AC: Audio Conference (not counted for quorum)

LOA: Leave of Absence

iv. The terms of reference of the Nomination Remuneration Committee are:

- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal and carrying out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;
- Analysing, monitoring and reviewing various human resource and compensation matters including monitoring of ESOP Schemes on behalf of the Board;
- Determining our Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
- Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

  (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

  (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003;
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

- Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

v. The Company has three (3) ESOP Plans in place, viz., ESOP Plan – 2014, ESOP Plan – 2014 – A, and ESOP Plan 2016.

vi. Performance evaluation criteria for Independent Directors:

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 judgement), 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.

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

a) 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.

b) Does not hold directorships in more than 20 companies (including private and public companies) or 10 public limited companies incorporated in India.

c) While 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 Nomination and Remuneration Committee shall ensure that the proposed appointee satisfies the following additional criteria:

i) Meet the definition and criteria of "independence" as set out in Section 149 of the Act, the Listing Regulations and other applicable laws.

ii) Should not hold the position of Independent Director in more than seven listed companies.

iii) Should not hold any board / employment position with a competitor in the locations where the company is operating.

d) Corporate Social Responsibility (CSR) Committee

The Company has constituted a Corporate Social Responsibility Committee vide board resolution dated January 13, 2015 in accordance with Section 135 of the Act and Committee has been reconstituted vide board resolution dated September 23, 2016.

i. Composition of the CSR Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1.	Amb. Leela K Ponappa (Chairman)	Non-executive	Independent
2.	Mr. Shirish Saraf (Member)	Non-executive	Non-independent
3.	Mr. Balakrishnan V (Member)	Non-executive	Independent

ii. The Corporate Social Responsibility Committee held one meeting on 06 March 2017 during the year ended March 31, 2017.

Attendance of directors during the year 2016-17:

Name of Director	Corporate Social Responsibility Committee Meeting Number	Held during tenure	Attended
	1		
Mr. Balakrishnan V	P	1	1
Amb. Leela K Ponappa	P	1	1
Mr. Shirish Saraf	LOA	1	0

P: Physical
LOA: Leave of Absence

iii. The terms of reference of the CSR Committee are:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy
- Recommend the amount of expenditure to be incurred in CSR activities
- Monitor the CSR Policy of the Company from time to time
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

e) Risk Management Committee

As on March 31, 2017, the Company was an unlisted public limited company and therefore, the Listing Regulations were not applicable to the Company as on the said date. Nevertheless the Company constituted a Risk Management Committee vide board resolution dated September 23, 2016 which is in accordance with Regulation 21 and other applicable regulations of the Listing Regulations. The Risk Management Committee was reconstituted and the terms of reference were revised by the Board at its meeting held on November 25, 2016.

i. The composition of the Risk Management Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1.	Mr. Shirish Saraf (Chairman)	Non-executive	Non-independent
2.	Mr. Sanjay Nayak (Member)	Executive	Non-independent
3.	Amb. Leela K Ponappa (Member)	Non-executive	Independent

ii. The terms of reference of the Risk Management Committee are:

- Review and recommend changes as needed to ensure that the Company has in place at all times a Risk Management policy which addresses the strategic, operational, financial and compliance risks;
- Oversee and recommend the risk management policies and procedures of the Company;
- Implement and maintain a sound risk management framework which identifies, assesses, manages and monitors the Company's business risks;
- Set reporting guidelines for management to report to the Committee on the effectiveness of the Group's management of its business risks;
- Review the Group and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks.

f) IPO Committee

i. The IPO Committee was constituted vide board resolution dated March 28, 2016. The IPO Committee was reconstituted and the terms of reference were revised vide board resolution dated on November 25, 2016.

ii. The composition of the IPO Committee is given below:

Sr. No.	Name of the Director (and designation in relation to membership of the committee)	Executive / Non-executive	Independent / Non-independent
1.	Mr. Balakrishnan V (Chairman)	Non-executive	Independent
2.	Mr. Sanjay Nayak (Member)	Executive	Non-independent
3.	Dr. Gururaj Deshpande (Member)	Non-executive	Non-independent

iii. The terms of reference of the IPO Committee are:

- To decide on the timing, pricing and all the terms and conditions of the issue of the shares to the Public Issue, including the number of Shares to be issued, including price, and to accept any amendments, modifications, variations or alterations thereto; to finalize Offer Price based on demand and approve the basis of allotment as finalized in consultation with Designated Stock Exchange and allot shares; to finalize price band prior to filing the RHP with ROC;

- To appoint and enter into arrangements with the book running lead managers, underwriters to the Public Issue, syndicate members to the Public Issue, brokers to the Public Issue, escrow collection bankers to the Public Issue, Registrars, Legal advisors, Grading agency, Public relations & advertisement agencies, Printers, Monitoring agency and any other agencies or persons or intermediaries to the Public Issue and to negotiate and finalize the terms of their appointment, including but not limited to execution of the Book Running Lead Managers (BRLM's) mandate letter, negotiation, finalization and execution of the Memorandum of Understanding (MoU) with the BRLMs, Registrars, Legal advisors, Grading agency or any other agencies ;

- To finalize and settle and to execute and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the final prospectus, syndicate agreement, underwriting agreement, escrow agreement and all other documents, deeds, agreements and instruments as may be required or desirable in relation to the Public Issue;

- To take decisions on road shows;

- To open with the bankers to the Public Issue such accounts as are required by the regulations issued by SEBI;

- To do all such acts, deeds, matters and things and execute all such other documents, as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, finalize the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

- Do all such acts, deeds and things as may be required to dematerialize the equity shares of the Company and to sign agreements and / or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) limited and such other agencies, authorities or bodies as may be required in this connection;

- To make applications for listing of the shares in one or more stock exchange (s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);

- To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment as it may, in its absolute discretion deem fit; and

- To co-opt an additional members/representatives from the Investor Group or otherwise.

The composition of various committees of Board are disclosed on the website of the Company at http://www.tejasnetworks.com/disclosures/.

4. GENERAL MEETINGS

a) Date, time and location of the last three Annual General Meetings:

Year	Date	Time	Location	Special Resolution passed
2016	25 July, 2016	10:00 AM	Registered Office of the Company	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 2. Approval for appointment of and remuneration to Mr. Sanjay Nayak, Managing Director 3. Approval of Employee Stock Option Plan 2014-A 4. Grant of stock options to the employees of the holding company and/or subsidiary companies under ESOP Plan 2014-A 5. Approval of issue of Options equal to or exceeding 1% of the issued capital of the Company 6. Issue of Equity Shares on private placement basis
2015	30 September, 2015	10:00 AM	Registered Office of the Company	NIL
2014	24 September, 2014	10:00 AM	Registered Office of the Company	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 2. Approval of Employee Stock Option Plan 2014 3. Grant of stock options to the employees of the holding company and/or subsidiary companies under ESOP Plan 2014 4. Approval of issue of Options equal to or exceeding 1% of the issued capital of the Company

b) Extraordinary General Meeting (EGM):

The Company held four Extraordinary General Meetings during the year on 29 August, 2016, 26 October 2016, 19 November, 2016 and 21 November, 2016.

c) No special resolution was passed through postal ballot during the year.

5. MEANS OF COMMUNICATION

The Company's equity shares were not listed as on March 31, 2017 and hence the Listing Regulations pertaining to equity shares were not applicable. However, the Company always had an operational website wherein all the required details were placed.

The quarterly, half-yearly and annual results of the Company will be published in leading newspapers in India which include Financial Express and Vishwavani. The results are also displayed on the Company's website "http://www.tejasnetworks.com/financials/". 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. A Management Discussion and Analysis Report is a part of the Company's Annual Report.

The above information is also disclosed/communicated to the Stock Exchanges in compliance with the applicable provisions of the Listing Regulations.

6. REMUNERATION TO DIRECTORS

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive / Non-Executive Directors. Their remuneration is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards. The remuneration payable to the Managing Director and Executive Director is subject to the approval of the Board of Directors, and the Members.

The criteria of making payments to the non-executive directors is disclosed on the website of the Company at http://www.tejasnetworks.com/disclosures/

The sitting fees/other remuneration paid to the Directors in Financial Year 2017 are as follows:

1. Remuneration to Executive Directors:

Remuneration details of Mr. Sanjay Nayak for FY 2017, a sum of ₹ 1.51 crore (on accrual basis, excluding the perquisite on Stock incentives disclosures included in other sections of the Financials)

2. Remuneration to Non-Executive Directors:

The Company has, pursuant to a Board resolution dated August 7, 2015, fixed the sitting fees payable to the non-executive Directors, including Independent Directors at ₹ 50,000 per meeting for attending the meetings of the Board and committees thereof with effect from September 5, 2015.

In addition to the sitting fees, pursuant to the shareholders' resolution dated August 29, 2016, a commission of up to 1% of the net profits of the Company is payable to the non-executive Directors (including Independent Directors), subject to availability of profit.

The travel expenses for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by the Company, from time to time.

The details of the sitting fees and other remuneration payable to the Non-Executive Directors during Financial Year 2017 are as follows:

Sr. No.	Name of the Director	Sitting fees and other remuneration payable (₹ in crore)
1.	Dr. Ashok Jhunjhunwala^	0.175*
2.	Mr. Balakrishnan V	0.07
3.	Amb. Leela K Ponappa	0.035

^Resigned from the Board on January 20, 2017

*includes commission of ₹ 0.15 crore paid during the year

7. CODE OF CONDUCT

In terms of Regulation 34 read with Schedule V of the Listing Regulations, 2015, a declaration signed by Mr. Sanjay Nayak, the Managing Director of the Company affirming compliance with the Code of Conduct by the Directors and Senior Management Personnel of the Company for the financial year 2016-17 forms part of the Corporate Governance Report. The Code of Conduct of the Board and senior management personnel are disclosed on the website at http://www.tejasnetworks.com/policies/.

8. GENERAL SHAREHOLDER INFORMATION

I. Annual General Meeting

Date: September 27, 2017

Time: 3:00 p.m

Venue: 6th Floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bangalore, Karnataka-560100

II. Financial Calendar

Financial Year: April 1 to March 31

III. Date of Book Closure

The Companies Register of Members, Register of Security holders and Securities Transfer Books will remain closed from from **September 21, 2017 to September 27, 2017** (both days inclusive) for the purpose of AGM.

IV. Dividend payments

No dividends were declared for the Financial Year 2016-17.

V. Listing Information

The Company's shares are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited with effect from June 27, 2017. It is hereby confirmed the Company has paid the listing fee as stipulated by the respective stock exchanges.

Name of the Stock Exchanges	Scrip Code
Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai 400 001	540595
National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	TEJASNET

The ISIN Number of the Company's Equity share is INE 010J01012.

VI. Stock Data

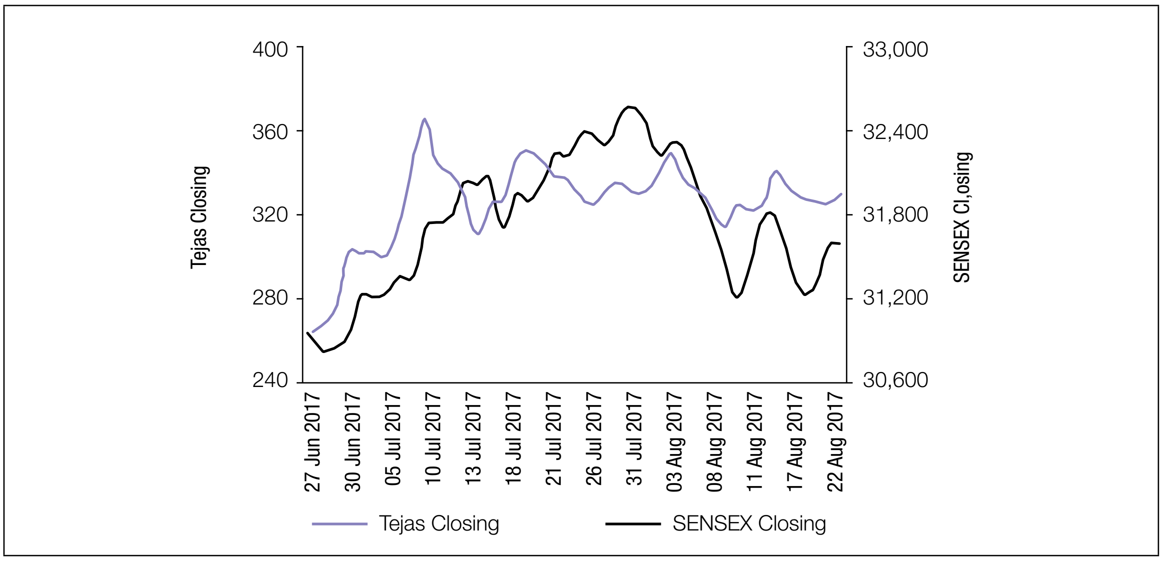
The Company's equity shares were not listed as on March 31, 2017 and hence the details given hereunder are from the date of listing till the date of this report, i.e., June 27, 2017 to August 26, 2017.

a) Monthly High & Low prices at BSE & NSE (in ₹)

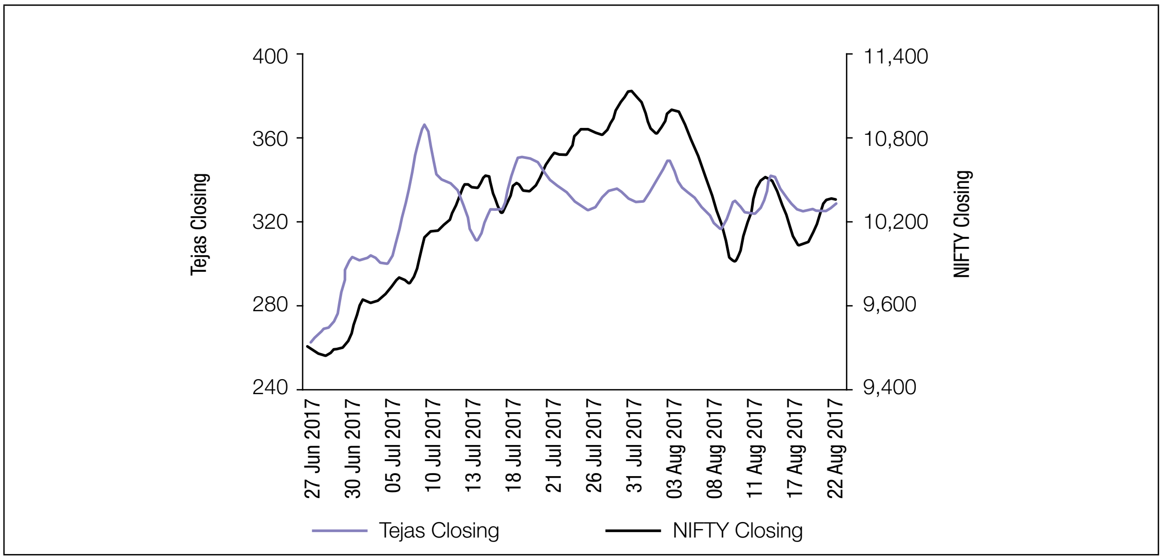
Month	NSE		BSE	
	High	Low	High	Low
August - 2017	359.50	299.00	359.40	299.90
July - 2017	377.00	291.50	377.00	293.60
June - 2017	312.00	257.00	311.00	257.00

b) The Company's share performance

Compared to BSE SENSEX



Compared to NSE NIFTY



c) Distribution of shareholding as on the date of this report

Shareholding of Shares From	To	Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
1	500	17,512	94.5113	11,22,993	1.2529
501	1000	305	1.6461	2,40,078	0.2678
1001	2000	209	1.1280	3,04,132	0.3393
2001	3000	96	0.5181	2,42,676	0.2707
3001	4000	45	0.2429	1,59,017	0.1774
4001	5000	38	0.2051	1,78,019	0.1986
5001	10000	92	0.4965	6,62,075	0.7387
10001 and above		232	1.2521	8,67,23,449	96.7545
Total		18,529	100	8,96,32,439	100

d) Shareholding pattern as on the date of this report

Category	No of Shareholders	Total Shares	% Shareholding
Alternate Investment Funds	4	34,25,711	3.8220
Clearing Members	195	1,15,981	0.1294
Financial Institutions	2	4,05,313	0.4522
Foreign Company	11	3,07,72,122	34.3315
Foreign Inst. Investor	1	71,700	0.0800
Foreign Portfolio Investors (Corporate)	27	1,68,91,216	18.8450
Hindu Undivided Family	552	60,249	0.0672
Mutual Funds	7	58,80,481	6.5607
Non Nationalized Banks	1	1,267	0.0014
Non Resident (Non- Repatriable)	62	8,302	0.0093
Non Resident Indians	147	33,902	0.0378
Office Bearers	437	96,39,593	10.7546
Other Bodies Corporate	182	32,85,049	3.6650
Overseas Corporate Bodies	1	1,39,81,648	15.5989
Public	16897	48,84,211	5.4492
Trusts	3	1,75,694	0.1960
Total	18,529	8,96,32,439	100

e) Shares held in physical and dematerialized form as on date of this report

Description	No. of Holders	No. of Shares	% to Equity
Physical	303	22,12,169	2.47
Dematerialized	18,226	8,74,20,270	97.53
Total	18,529	8,96,32,439	100.00

f) Share Transfer system

Share transfers are registered and returned in the normal course within a period of 30 days from the date of receipt. Requests for dematerialisation 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.

g) Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2017, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.

h) Commodity price risk or foreign exchange risk and hedging activities:

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

i) Equity shares in the suspense account
The company does not have equity shares in the suspense account

VII. 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
Email: rnt.helpdesk@linkintime.co.in

VIII. Compliance Officer
Mr. Krishnakanth G V
Company Secretary & Chief Compliance Officer
J.P. Software Park, Plot No. 25,
Sy. No. 13, 14, 17 and 18,
Konnapana Agrahara Village, Begur Hobli,
Bengaluru 560 100. Karnataka, India.
Tel: +91 80 4179 4600
Fax: +91 80 2852 0201
Email: corporate@tejasnetworks.com

9. MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

As required under Regulation 17 read with Part B of Schedule II of the Listing Regulations, the CEO and CFO certification on the Financial Statements, the Cash Flow Statements and the internal financial reporting has been obtained from Mr. Sanjay Nayak, Managing Director and Mr. Venkatesh Gadiyar, Chief Financial Officer. The said certificate is a part of this Annual Report.

10. OTHER DISCLOSURES

Particulars	Regulations	Details	Website link for details/policy
Related party transactions	Regulation 23 of Listing Regulations	The Company has not entered into any material related party transactions. Other related party transactions were approved by the Audit Committee and the Board. The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on the website of the Company	http://www.tejasnetworks.com/policies/
Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets	Schedule V (c) 10(b) to the Listing Regulations	The Company was listed on the Stock Exchange on June 27, 2017 and there were no cases of non-compliance from the date of listing till the date of this report	

Particulars	Regulations	Details	Website link for details/policy
Whistle Blower Policy and Vigil Mechanism	Regulation 22 of Listing Regulations	The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company	http://www.tejasnetworks.com/policies
Policy on Archival and Preservation of Documents	Regulation 9 of Listing Regulations	The Company has adopted a Policy on Archival and Preservation of Documents	http://www.tejasnetworks.com/policies
Discretionary requirements	Schedule II Part E of the Listing Regulations	The Company has complied with all the mandatory requirements under the Listing Regulations and has voluntary complied with the following discretionary requirements: Appointment of separate persons to the post 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.	
Reconciliation of share capital audit		A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services (India) Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.	http://www.tejasnetworks.com/disclosures/

Particulars	Regulations	Details	Website link for details/policy
Code of Conduct	Regulation 17 of Listing Regulations	The members of the board and senior management personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2017. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, non-executive directors and senior management.	http://www.tejasnetworks.com/policies
Subsidiary Companies	Regulation 24 of Listing Regulations	The Audit Committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company. The Company does not have any material non-listed Indian subsidiary company.	The Company has a policy for determining 'material subsidiaries' which is disclosed on its website at the following link http://www.tejasnetworks.com/policies

DECLARATION REGARDING 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.

I confirm that the Company has in respect of the year ended March 31, 2017, 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.

Sanjay Nayak
CEO & Managing Director
DIN: 01049871

Date: August 26, 2017
Place: Bengaluru

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

TEJAS NETWORKS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated September 30, 2016.

2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of TEJAS NETWORKS LIMITED ("the Company"), have examined the compliance of conditions of Corporate Governance, for the year ended on March 31, 2017, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

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

Auditor's Responsibility

4. Our 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.

5. We have examined the books of account and other 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.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards of Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, considering that the Initial Public Offer of the Company was concluded on June 22, 2017 and the Company's Equity Shares were listed on National Stock Exchange of India Ltd. and the Bombay Stock Exchange Limited on June 27, 2017 and we certify that the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations, Regulation 47 on publication of quarterly results in Newspapers, were not applicable to the Company during the year ended March 31, 2017. However, the Company has complied with the conditions of the Corporate Governance provisions relating to composition of Board of Directors and constitution of the Board Committees, including the constitution of the Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee as stipulated in Regulations 17 to 21 of the Listing Regulations as at March 31, 2017

9. We 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.

For DELOITTE HASKINS & SELLS
Chartered Accountants
Firm's Registration No. 008072S

Monisha Parikh
Partner
(Membership No. 47840)

BENGALURU, August 26, 2017

CEO / CFO CERTIFICATION

To,
The Board of Directors
Tejas Networks Limited

Subject: Compliance Certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2016-17 and that to the best of our knowledge and belief:

(1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility 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.

D. We have indicated to the auditors and the Audit committee

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) 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.

Date: April 17, 2017
Place: Bengaluru

Sanjay Nayak
CEO & Managing Director
DIN No: 01049871

Venkatesh Gadiyar
Chief Financial Officer


TEJAS NETWORKS
TEJAS NETWORKS LIMITED
BSE


TEJAS NETWORKS
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BSE

Independent Auditor's Report

To The Members Of
TEJAS NETWORKS LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of TEJAS NETWORKS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE.FINANCIAL STATEMENTS

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provlsions of the Act, 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.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 Directors, as well as evaluating the overall presentation of the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2017, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143 (3) of the Act, based on our audit, we report, to the extent applicable 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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 over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

g) With respect to the other matters to-be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were reqUired to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.0. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: April 17, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **TEJAS NETWORKS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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. 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 Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

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

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

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

In our opinion, to the best of our information and according to the explanations given to us, 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, 2017, 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 **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: April 17, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 (three) years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(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 Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have any unclaimed deposits.

(vi) Having regard to the nature of the Company's business /activities, reporting under clause (vi) of the Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ crore)*
Income-Tax Act, 1961	IncomeTax	High Court	2003-04	0.12
		Income Tax Appellate Tribunal	2006-07	0.13
			2007-08	8.14
			2009-10	6.42
		Income Tax Appellate Tribunal & High Court	2008-09	17.87
		Commissioner of Income Tax (Appeals)	2013-14	13.67
Central Excise Act, 1944	Excise duty and penalty	CESTAT	2002-06	11.87
			2009-10	1.92
Central Sales Tax Act, 1956	Central Sales Tax and interest	Deputy Commissioner of Commercial Tax	2013-14	1.38
		Assistant Commissioner of Commercial tax	2010-11	0.15

*Net of ₹ 1.09 crore paid under Protest

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us, the Company has made private placement of shares during the year under review.

In respect of the above issue, we further report that:

a) The requirement of section 42 of the Companies Act, 2013, as applicable, have been complied with; and,

b) The amount raised have been applied by the Company during the year for the purposes for which the fund were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934..

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: April 17, 2017

Balance Sheet

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	74.01	66.52
Reserves and surplus	4	426.00	303.09
		500.01	**369.61**
Non-current liabilities			
Long-term borrowings	5	2.00	29.00
Long-term provisions	6	3.57	1.96
		5.57	**30.96**
Current liabilities			
Short-term borrowings	7	225.91	217.44
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	26.3	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	8	135.78	199.80
Other current liabilities	9	37.07	15.22
Short-term provisions	10	3.83	2.87
		402.59	**435.33**
TOTAL		**908.17**	**835.90**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11A	27.99	29.10
Intangible assets	11B	64.09	65.19
Intangible assets under development		19.29	52.47
Non-current investments	12	4.59	4.59
Long-term loans and advances	13	29.01	55.81
Other non-current assets	14	117.02	31.62
		261.99	**238.78**
Current assets			
Inventories	15	182.33	231.59
Trade receivables	16	342.07	249.14
Cash and Bank balances	17	69.74	69.04
Short-term loans and advances	18	44.98	32.31
Other current assets	19	7.06	15.04
		646.18	**597.12**
TOTAL		**908.17**	**835.90**

Note: See accompanying notes to the financial statements

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Place: Bangalore
Date: April 17, 2017

Statement of Profit and Loss

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations (gross)	20	923.29	672.57
Less: Excise duty		57.95	47.04
Revenue from operations (net) (A)		**865.34**	**625.53**
EXPENSES			
Cost of materials consumed	21	515.39	354.84
Employee benefits expense	22	73.30	63.42
Other expenses	23	111.62	96.91
Total expenses (B)		**700.31**	**515.17**
Earnings before interest, tax, depreciation and amortisation and exceptional items (EBITDA) (A - B)		**165.03**	**110.36**
Finance Cost	24	(30.80)	(48.57)
Depreciation and amortisation expense	11C	(56.42)	(38.25)
Other Income	25	7.15	3.48
Profit before tax and exceptional items		**84.96**	**27.02**
Exceptional Items			
Intangible assets in progress written off	28.5.d	30.47	-
Profit before tax		**54.49**	**27.02**
Tax expense			
Current tax expense for the year		1.28	-
Deferred tax	28.4.b	-	-
Profit for the year		**53.21**	**27.02**
Earning per share (Par Value ₹ 10 each)			
(a) Basic - ₹	28.1.a	**7.92**	**4.39**
(b) Diluted - ₹	28.1.b	**7.92**	**4.06**

Note: See accompanying notes to the financial statements

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

Place: Bangalore
Date: April 17, 2017

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
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Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Cash Flow Statement

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	54.49	27.02
Adjustments For		
Depreciation and amortization	56.42	38.25
Provision for receivables	1.44	3.35
Bad trade and other receivables, loans and advances written off	5.26	50.34
Provision for doubtful trade and other receivables, loans and advances released	(3.35)	(40.20)
KESDM receivable written off	7.07	-
Interest income	(4.11)	(3.45)
Finance costs	30.80	48.57
Unrealised exchange difference on translation of foreign currency - cash & cash equivalents	0.07	(0.11)
Unrealised exchange difference (net)	(3.93)	(2.32)
Intangible assets in progress written off	30.47	-
Liabilities no longer required written back	(1.51)	-
Operating profit before working capital changes	**173.11**	**121.45**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	49.26	(9.40)
Trade receivables	(99.40)	(66.73)
Short-term loans and advances	(12.68)	(7.36)
Long-term loans and advances	32.00	0.79
Other current assets	1.06	6.23
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(65.74)	75.13
Other current liabilities	(4.06)	8.56
Short-term provisions	0.96	0.92
Long-term provisions	1.60	0.54
Cash generated from operations	**76.11**	**130.13**
Less: Income tax paid	6.48	2.22
NET CASH GENERATED BY OPERATING ACTIVITIES (A)	**69.63**	**127.91**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in CWIP	(51.50)	(45.67)
Placed in bank deposits not considered as cash and cash equivalents	(93.92)	(8.43)
Interest income	3.95	3.72
NET CASH USED IN INVESTING ACTIVITIES (B)	**(141.47)**	**(50.38)**
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs	(30.88)	(48.30)
Working capital borrowings - net	7.59	8.39
Repayment of long term borrowings	(1.00)	-
Proceeds from issue of shares	77.19	-
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES (C)	**52.90**	**(39.91)**
Net decrease in cash and cash equivalents (A+B+C)	(18.94)	37.62
Cash & cash equivalents at the beginning of the year	48.68	10.46
Add: Unrealised exchange gain	0.11	0.60
	48.79	**11.06**
Cash & cash equivalents at the end of the year	29.85	48.68
Add: Unrealised exchange gain	(0.07)	0.11
	29.78	**48.79**

Cash Flow Statement

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Notes:		
Components of Cash & Cash Equivalents:		
Cash on hand	-	-
Balances with banks		
In current accounts	16.22	46.65
In EEFC accounts	2.80	0.63
In deposit accounts	10.76	1.51
Total Cash and Cash Equivalents	**29.78**	**48.79**

Note: See accompanying notes to the financial statements

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

Place: Bangalore
Date: April 17, 2017

For and on behalf of the Board of Directors

Sanjay Nayak
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Company Secretary

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

1 CORPORATE INFORMATION

Tejas Networks Limited ('Tejas') is an optical and data networking products company that designs, develops, 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.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of standalone financial statements

The standalone financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.3 Inventory

Inventory (raw material - components including assemblies and sub assemblies) is valued at lower of cost (weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Individual assets costing less than ₹ 25,000 : depreciated in full in the year of purchase.

R&D Cards: 4 Years

Intangible assets are amortised over their estimated useful life, as follows:

Computer Software	:	Over the license period
Product development costs	:	24 months

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.7 Revenue Recognition:

Sale of Goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Revenue from software sale along with the products is recognized on delivery as per the terms of agreement with the customers.

Income from Services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Income from royalty and commission are accrued based on the terms of agreement entered into with the respective parties.

2.8 Other Income

Income from dividend is recognized when the right to receive the dividend is established. Interest income and yield on investments are recognized on an accrual basis. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment.

2.9 Fixed Assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible Assets under development

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Intangible Assets

Intangible assets are carried at cost less accumulated amortisation 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 recognised 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.

Product development costs are capitalised in cases where the technical feasibility of the products are established and are amortised over a period of 24 months on pro-rata basis from the date the products are commercially available for sale. Other product

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

development costs are expensed in the year in which they are incurred.

2.10 Foreign Currency Transactions

Initial recognition

Transactions in foreign currency entered into by the Company are recorded on the basis of the exchange rate prevailing as on the date of transaction or at rates that closely approximate the rate at the date of transaction.

Measurement at the balance sheet date

Monetary assets and liabilities (other than derivative contracts) of the Company, denominated in foreign currency, outstanding at the balance sheet date are restated at rates prevailing at the year-end.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

2.11 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is a reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidies will be received. Government grants whose primary conditions is that the Company should purchase or construct otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.12 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

a) **Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive/ bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non-accumulating compensated absences, when the absences occur.

b) **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

c) **Defined Contribution Plan:**

The Company's contribution to provident fund (including pension) and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

d) **Defined Benefit Plan:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

2.14 Accounting for Employee Stock Option Plans

The Company has constituted employee stock option plans - 'Tejas Employee Stock Option Plan' 2014 and 'Tejas Employee Stock Option Plan 2014 - A' and 'Tejas Employees Stock Option Plan 2016' ("the Plans"), for the benefit of its employees. Employee Stock Options granted in terms of these Plans are accounted under the "Intrinsic Value Method" stated in the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India.

In case the grant price is lower than the intrinsic value of the underlying equity share stock option then the difference is expensed as "employee compensation" over the period of vesting.

2.15 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.17 Lease

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.18 Earning per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.19 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

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 recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.20 Research and development expenses

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

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

been established, in which case such expenditure is capitalised. The amount capitalised 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.21 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.22 Provisions, Contingent liabilities and contingent assets

"A provision is recognised when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. All known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent liabilities and are disclosed by of Notes to the financial statement. Contingent assets are not recognised in the financial statements."

2.23 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.

2.24 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

2.25 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation 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.

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 3 SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
AUTHORISED		
Equity shares of face value of ₹	10	10
Equity shares (No.)	176,452,000	109,900,000
Authorised Equity shares of (₹ in crore) (A)	176.45	109.90
Compulsorily Convertible preference shares of ₹	-	1,000
Compulsorily Convertible preference shares (No.)	-	665,520
Authorised compulsorily convertible preference shares of (₹ in crore) (B)	-	66.55
Total authorised share capital (A+B)	**176.45**	**176.45**
ISSUED		
Equity shares of face value of ₹	10	10
Equity shares (No.)	103,461,341	95,978,151
Equity shares of (₹ in crore)	103.46	95.98
Compulsorily Convertible preference shares of ₹	-	-
Compulsorily Convertible preference shares (No.)	-	-
Compulsorily Convertible preference shares of (₹ in crore)	-	-
Total issued share capital	**103.46**	**95.98**
SUBSCRIBED AND FULLY PAID UP		
Equity shares of face value of ₹	10	10
Equity shares (No.)	70,733,411	63,250,221
Equity shares of (₹ in crore)	70.74	63.25
Compulsorily Convertible preference shares of ₹	-	-
Compulsorily Convertible preference shares (No.)	-	-
Compulsorily Convertible preference shares of (₹ in crore)	-	-
Total subscribed and fully paid up share capital	**70.74**	**63.25**
SUBSCRIBED BUT NOT FULLY PAID UP		
Equity shares of face value of ₹	10	10
Unpaid amount (₹ per share)	-	9
Equity shares (No.)*	32,727,930	32,727,930
Equity shares of (₹ in crore)	-	3.27
Total subscribed but not fully paid up share capital	**-**	**3.27**
Forfeited shares (₹ in crore) (to the extent of amount paid up)*	3.27	-
	3.27	**-**
Total share capital	**74.01**	**66.52**

Notes: * 32,727,930 partly paid-up Equity Shares issued by the Company to the Tejas Employee Welfare Trust on June 11, 2010, were forfeited on July 25, 2016.

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights (fully paid up)		
At the beginning of the year	63,250,221	58,273,447
Issued during the year	7,483,190	-
Allotted on conversion of preference shares during the year (Refer note (e) below)	-	4,976,774
Outstanding at the endw of the year	**70,733,411**	**63,250,221**
Equity shares with voting rights (partly paid up)		
At the beginning of the year	32,727,930	32,727,930
Issued during the year	-	-
Conversion during the year	-	-
Forfeited during the year	(32,727,930)	-
Outstanding at the end of the year	**-**	**32,727,930**

Notes

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(All amounts in Rupees Crore except for share data or as otherwise stated

Particulars	As at March 31, 2017	As at March 31, 2016
Compulsory convertible preference shares (fully paid up)		
At the beginning of the year	-	639,849
Issued during the year	-	-
Cancelled on conversion to equity shares during the year (Refer note (e) below)	-	(639,849)
Outstanding at the end of the year	**-**	-

b) Reconciliation of the amount outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights (fully paid up)		
At the beginning of the year	63.25	58.27
Issued during the year	7.48	-
Allotted on conversion of preference shares during the year (Refer note (e) below)	-	4.98
Outstanding at the end of the year	**70.73**	**63.25**
Equity shares with voting rights (partly paid up)		
At the beginning of the year	3.27	3.27
Issued during the year	-	-
Conversion during the year	-	-
Forfeited during the year	(3.27)	-
Outstanding at the end of the year	**-**	**3.27**
Compulsory convertible preference shares (fully paid up)		
At the beginning of the year	-	63.98
Issued during the year	-	-
Cancelled on conversion to equity shares during the year (Refer note (e) below)	-	(63.98)
Outstanding at the end of the year	**-**	**-**

c) Details of equity shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights including partly paid up shares		
Tejas Employee Welfare Trust		
Number of shares held	-	39,777,769
% holding in that class of shares	-	41.44%
Cascade Capital Management, Mauritius		
Number of shares held	21,843,184	21,843,184
% holding in that class of shares	30.88%	22.76%
Samena Spectrum Co.		
Number of shares held	13,981,648	-
% holding in that class of shares	19.77%	-
Mayfield XII, Mauritius		
Number of shares held	7,106,628	7,106,628
% holding in that class of shares	10.05%	7.40%
Sandstone Private Investments		
Number of shares held	4,487,250	4,487,250
% holding in that class of shares	6.34%	4.68%
Intel Capital (Cayman) Corporation		
Number of shares held	4,181,400	4,181,400
% holding in that class of shares	5.91%	4.36%

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d) Shares reserved for issuance towards outstanding employee stock options granted / available for grant (Refer Note 28.3)

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares of ₹ 10/- each	12,201,548	7,101,767

e) Rights, Preferences and Restrictions attached to shares

Equity Shares :

The Company has issued only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Directors is subject to approval by the Shareholders at the ensuring Annual General meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only residual assets of the Company.

Convertible instruments:

The Company has issued Compulsorily convertible preference shares ("CCPS") which would be converted to equity shares at any time within a period of 19 years, beginning from June 21, 2012 in terms of the agreement. The CCPS are convertible at a price and in the manner as described in the investment agreement.

The Company has issued Compulsorily Convertible Preference Shares - II("CCPS - II") which would be converted to equity shares at any time within a period of 19 years, beginning from January 13, 2015 in terms of the Addendum to the Investment Agreement. The CCPS are convertible at a price and in the manner as described in the Addendum to the Investment Agreement.

Conversion of Compulsorily Convertible Preference Shares to Equity Shares :

On March 28, 2016, the Company has converted 394,330 Compulsorily Convertible Preference Shares (CCPS) issued pursuant to Investment Agreement dated May 30, 2012 to 2,878,321 Equity Shares of ₹ 10/- per share with a premium of ₹ 127/- per share.

On March 28, 2016, the Company has converted 245,519 Compulsory Convertible Preference Shares-II (CCPS-II) issued pursuant to Addendum to Investment Agreement dated December 29, 2014 to 2,098,453 Equity Shares of ₹ 10/- per share with a premium of ₹ 107/- per share.

(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 4 RESERVES AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Opening balance	415.71	356.70
Add : Premium on issue of equity shares and equity shares allotted on conversion of preference shares	72.04	59.01
Less: Issue related expense	2.34	-
Closing balance	485.41	415.71
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(112.62)	(139.64)
Add: Profit for the year	53.21	27.02
Closing balance	**(59.41)**	**(112.62)**
	426.00	**303.09**

Notes
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(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 5 LONG-TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR	4.00	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. If project is abandoned then total grant received to be repaid with interest @ 12% p.a.)		
Less: Current maturities of long term debt (Refer Note 9)	2.00	1.00
	2.00	**4.00**
Loans against Fixed Deposits	25.00	25.00
(Secured against fixed deposit maintained with the Bank, at an interest rate of 8.85% and repayable on 10 March 2018)		
Less: Current maturities of long term debt (Refer Note 9)	25.00	-
	-	**25.00**
	2.00	**29.00**

NOTE 6 LONG-TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits:		
Provision for compensated absences	1.12	0.72
Provision for warranty (Refer Note 28.2)	2.45	1.24
	3.57	**1.96**

NOTE 7 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
Loans repayable on demand		
from banks - secured	225.91	178.37
from foreign bank - secured	-	29.07
from other parties - secured	-	10.00
	225.91	**217.44**

Notes: 1) Details of security for the short-term borrowings:

Particulars	Nature of security	As at March 31, 2017	As at March 31, 2016
Loans repayable on demand:			
from banks			
Cash credit	Secured by hypothecation of inventory, book debts, fixed assets and current assets and carry interest rate ranging from 3% to 14.75% per annum.	99.51	72.09
Working capital demand loan		88.10	41.40
Packing credit		38.30	21.05
Buyers credit		-	37.39
Loan against fixed deposits	Secured against fixed deposit maintained with the Bank, at an interest rate of 11% per annum.	-	6.44
Total - from banks		**225.91**	**178.37**
from foreign bank			

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(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Nature of security	As at March 31, 2017	As at March 31, 2016
Foreign currency non residential - bank account	Secured against Pari-passu first charge on the present and future current assets and movable fixed assets of the Company, at an interest rate of LIBOR + 2% per annum.	-	29.07
Total - from foreign bank		**-**	**29.07**
from other parties			
Factoring facility	Secured by assignment of underlying receivables with recourse and carry interest rates ranging from 14% to 14.5% per annum	-	10.00
Total - from other parties		**-**	**10.00**

NOTE 8 TRADE PAYABLES

Particulars	As at March 31, 2017	As at March 31, 2016
Other than micro enterprises and small enterprises		
Acceptances	7.10	19.67
Other than acceptances	128.68	180.13
	135.78	**199.80**

Notes: 1)Following are the amounts due to Subsidiary/Associate/ Directors/Relatives of Directors/ Entities having significant influence/ Key Managerial personnel (KMP): (Refer Note 27.4.b)

Particulars	As at March 31, 2017	As at March 31, 2016
Tejas Communication Pte Limited, Singapore	-	8.86
Tejas Israel	0.12	4.96
Salary Payable to KMP	0.30	0.78
	0.42	**14.60**

NOTE 9 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long-term debt (Refer Note 5)	27.00	1.00
Interest accrued but not due on borrowings	0.49	0.57
Income received in advance	4.09	1.29
Advance from Customer	0.23	-
Gratuity (net) (Refer Note 27.1.c)	-	0.09
Other payables		
Statutory remittances	5.07	10.73
Payables on foreign currency forward (net)	-	1.24
Others	0.19	0.30
	37.07	**15.22**

NOTE 10 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Provision for compensated absences	0.25	0.19
Provision - Others:		
Provision for income tax (net of advance tax)	0.18	0.18
Provision for warranty (Refer Note 28.2)	3.40	2.50
	3.83	**2.87**

Notes
forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 11 A FIXED ASSETS (OWNED BY THE COMPANY)

Tangible Assets

Particulars	Gross block			Accumulated depreciation			Closing net block as on March 31
	Opening balance as on April 1	Additions	Closing balance as on March 31	Opening balance as on April 1	Depreciation expense for the year	Closing balance as on March 31	
As at March 31, 2017							
Electrical Installations	8.12	0.96	9.08	3.25	0.79	4.04	5.04
Furniture and Fixtures	7.07	0.59	7.66	2.93	1.41	4.34	3.32
Networking Equipment	0.85	0.08	0.93	0.54	0.12	0.66	0.27
Computing Equipment	6.23	1.01	7.24	5.18	0.63	5.81	1.43
Servers	1.43	0.48	1.91	1.26	0.11	1.37	0.54
Laboratory Equipment	19.97	4.81	24.78	13.64	1.14	14.78	10.00
Office Equipment	1.26	0.18	1.44	1.02	0.14	1.16	0.28
Vehicles	0.09	-	0.09	0.05	0.01	0.06	0.03
R&D Cards	19.47	-	19.47	7.52	4.87	12.39	7.08
	64.49	**8.11**	**72.60**	**35.39**	**9.22**	**44.61**	**27.99**
As at March 31, 2016							
Electrical Installations	7.60	0.52	8.12	2.58	0.67	3.25	4.87
Furniture and Fixtures	6.87	0.20	7.07	2.29	0.64	2.93	4.14
Networking Equipment	0.83	0.02	0.85	0.41	0.13	0.54	0.31
Computing Equipment	5.07	1.16	6.23	4.80	0.38	5.18	1.05
Servers	1.43	-	1.43	1.20	0.06	1.26	0.17
Laboratory Equipment	17.31	2.66	19.97	12.86	0.78	13.64	6.33
Office Equipment	1.20	0.06	1.26	0.93	0.09	1.02	0.24
Vehicles	0.09	-	0.09	0.04	0.01	0.05	0.04
R&D Cards	14.40	5.07	19.47	3.60	3.92	7.52	11.95
	54.80	**9.69**	**64.49**	**28.71**	**6.68**	**35.39**	**29.10**

(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 11 B FIXED ASSETS

Intangible Assets

Particulars	Gross block			Accumulated depreciation			Closing net block as on March 31
	Opening balance as on April 1	Additions	Closing balance as on March 31	Opening balance as on April 1	Amortisation expense for the year	Closing balance as on March 31	
As at March 31, 2017							
Computer software	7.65	3.30	10.95	7.15	2.06	9.21	1.74
Product development	283.96	42.80	326.76	219.27	45.14	264.41	62.35
	291.61	**46.10**	**337.71**	**226.42**	**47.20**	**273.62**	**64.09**
As at March 31, 2016							
Computer software	6.22	1.43	7.65	5.31	1.84	7.15	0.50
Product development	213.41	70.55	283.96	189.54	29.73	219.27	64.69
	219.63	71.98	291.61	194.85	31.57	226.42	65.19

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NOTE 11 C DEPRECIATION AND AMORTISATION EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation for the year on tangible assets as per Note 11 A	9.22	6.68
Amortisation for the year on intangible assets as per Note 11 B	47.20	31.57
Depreciation and amortisation expenses for the year	**56.42**	**38.25**

Note: For the year ended March 31, 2016, 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 5 December, 2014. Under the said scheme, the Company as on March 31, 2017, has submitted the claim for incentive amounting to ₹ 3.19 crore which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amounts of eligible claim.

NOTE 12 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2017	As at March 31, 2016
INVESTMENTS (AT COST):		
Trade		
a) Investment in equity instruments of subsidiaries		
Equity shares fully paid up in Tejas Communication Pte Ltd.		
Number of shares	100,000	100,000
Amount (₹ in crore)	0.27	0.27
Equity shares fully paid up in Tejas Israel Limited		
Number of shares	900,000	900,000
Amount (₹ in crore)	54.19	54.19
Equity shares fully paid up in vSave Energy Private Limited		
Number of shares	134,999	134,999
Amount (₹ in crore)	0.14	0.14
b) Investment in preference shares of subsidiaries		
Redeemable preference shares fully paid up in Tejas Communication Pte Limited		
Number of shares	1,368,400	1,368,400
Amount (₹ in crore)	4.18	4.18
c) Investment in ELCIA ESDM cluster		
Equity shares fully paid up in ELCIA ESDM cluster		
Number of shares	1,100	1,100
Amount (₹ in crore) (Refer note 28.9.a.1)	-	-
	58.78	**58.78**
Less: Provision for diminution, other than temporary, in value of investment	54.19	54.19
	4.59	**4.59**
Aggregate amount of unquoted investments	**4.59**	**4.59**

NOTE 13 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits, unsecured considered good	5.41	4.27
Advance income tax and taxes deducted at sources (Refer note 1 below)	22.80	17.60
Other loans and advances		
Tejas Employee Welfare Trust, unsecured, considered good	-	33.41
Prepaid Expenses	0.80	0.53
	29.01	**55.81**

Notes

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Notes: 1) Advance income tax and taxes deducted at sources are net of provisions :

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016
	March 31, 2017	March 31, 2016
Advance income tax and taxes deducted at sources	35.86	29.38
Less: Provision for tax	13.06	11.78
Net advance income tax and taxes deducted at sources	**22.80**	**17.60**

NOTE 14 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Long-term trade receivables, unsecured, considered good	17.80	6.62
Accruals, Interest accrued on deposits	0.01	-
Fixed deposits with banks	85.10	25.00
In earmarked deposit accounts		
Fixed deposits held as margin money or security against borrowings, guarantees and other commitments	14.11	-
	117.02	**31.62**

NOTE 15 INVENTORIES

Particulars	As at March 31, 2017	As at March 31, 2016
Raw materials, components including assemblies and sub assemblies	181.75	230.79
Goods-in-transit	0.58	0.80
	182.33	**231.59**

NOTE 16 TRADE RECEIVABLES (NET OF BILLS DISCOUNTED- REFER NOTE 26.1)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	36.05	31.09
Unsecured, considered doubtful	1.44	3.35
	37.49	**34.44**
Less: Provision for doubtful trade receivables	1.44	3.35
	36.05	**31.09**
Other Trade receivables		
Unsecured, considered good	332.40	332.95
Less: Bill Discounting	26.38	114.90
	342.07	**249.14**

Notes:

1) Following are the amounts due from Subsidiary/Associate/ Directors/Relatives of Directors/ Entities having significant influence/ Key Managerial personnel (KMP): (Refer Note 27.4.b)

Particulars	As at March 31, 2017	As at March 31, 2016
Tejas Communication Pte Limited, Singapore	8.48	8.18
Tejas Israel	-	1.69
	8.48	**9.87**

Notes

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(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 17 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017	As at March 31, 2016
Cash & cash equivalents		
Cash on hand (Refer note 28.9.a.2)	-	-
Balances with banks		
In current accounts	16.22	46.65
In EEFC accounts	2.80	0.63
In deposit accounts	10.76	1.51
	29.78	**48.79**
Other bank balances		
In other deposit accounts	6.17	-
In earmarked deposit accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	33.79	20.25
	69.74	**69.04**

NOTE 18 SHORT-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits, unsecured, considered good	0.52	0.63
Loans and advances to employees, unsecured		
Considered good	15.49	1.35
Prepaid expenses - Unsecured, considered good	8.76	2.47
Balances with government authorities, unsecured, considered good		
CENVAT credit receivable	7.82	6.46
Service Tax credit receivable	2.75	3.37
	10.57	**9.83**
Advance to Suppliers, unsecured		
Considered good	9.49	17.20
Others	0.15	0.83
	44.98	**32.31**

NOTE 19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Accruals, Interest accrued on deposits	0.27	0.12
Others		
KESDM Incentive claims	1.00	9.07
Patent expense reimbursable	-	0.99
Focus Product Scheme claim	5.79	4.86
	7.06	**15.04**

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NOTE 20 REVENUE FROM OPERATIONS

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sale of products		
Manufactured goods - Optical and Data Networking products including multiplexers	830.16	628.64
Component sales	52.89	11.83
	883.05	**640.47**
Sale of services		
Installation & commissioning revenue	4.51	1.79
Annual maintenance revenue	28.23	24.99
Other service revenue	3.46	5.30
	36.20	**32.08**
Other operating revenues		
Export incentives	4.04	0.02
	4.04	**0.02**
Revenue from operations (gross)	**923.29**	**672.57**
Less: Excise duty	57.95	47.04
Revenue from operations (net)	**865.34**	**625.53**

NOTE 21 COST OF MATERIALS CONSUMED

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening stock	230.79	220.72
Add: Purchases	466.35	369.98
Less: Capitalised during the year	-	5.07
	697.14	**585.63**
Less: Closing stock	181.75	230.79
Cost of material consumed	**515.39**	**354.84**

NOTE 22 EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and wages	103.27	88.93
Contributions to provident and other funds	4.67	4.48
Staff welfare expenses	4.52	3.74
Less: Capitalised during the year (Refer Note no. 28.5.c)	39.16	33.73
	73.30	**63.42**

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NOTE 23 OTHER EXPENSES

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Installation & Commissioning Expenses	7.74	6.34
Other Processing Charges	4.20	3.37
Power and fuel	3.60	3.41
Housekeeping & Security	2.16	1.33
Rent including lease rentals	7.20	6.86
Repairs and maintenance - Machinery	0.49	0.59
Repairs and maintenance - Others	5.38	4.28
Insurance	0.75	0.98
Rates and taxes	3.82	5.05
Communication	1.18	1.07
Royalty	0.99	0.08
Travelling and conveyance	11.42	7.53
Printing and stationery	0.50	0.28
Freight and forwarding	1.48	4.20
Sales Expenses	9.38	9.15
Sales commission	14.63	2.91
Business promotion	0.84	0.27
Donations	0.01	-
Director Sitting Fees	0.13	0.11
Director Commission	0.15	-
Legal and professional	7.97	7.95
Payments to auditors (Refer note (1) below)	0.64	0.91
Net loss on foreign currency transactions and translation (other than considered as finance cost)	4.58	0.96
Bad trade and other receivables, loans and advances written off	5.26	50.34
Less:- Provision for doubtful trade and other receivables, loans and advances released	3.35	40.20
	1.91	**10.14**
Provision for doubtful trade and other receivables	1.44	3.35
Provision for warranty	4.29	2.74
KESDM receivable write off	7.07	-
Expenditure on Corporate Social Responsibility (Refer Note 28.6)	0.11	-
Miscellaneous expenses	8.49	14.00
	112.55	**97.86**
Less: Capitalised during the year	0.93	0.95
	111.62	**96.91**

Note 1: Payments to the auditors comprises (net of service tax input credit, where applicable):

	For the year ended March 31, 2017	For the year ended March 31, 2016
Statutory auditors		
- Audit fee	0.40	0.40
- Tax matters	0.22	0.38
- Reimbursement of expenses	0.02	0.13
	0.64	**0.91**

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(All amounts in Rupees Crore except for share data or as otherwise stated)

NOTE 24 FINANCE COSTS

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense on:		
Borrowings	23.12	36.05
Delayed payment of taxes	0.13	2.57
Other borrowing costs	5.56	6.51
Net loss on foreign currency transactions and translation (considered as finance cost)	1.99	3.44
	30.80	**48.57**

NOTE 25 OTHER INCOME

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest income from bank on deposits	4.11	3.45
Other non-operating income		
Karnataka Electronic System Design & Manufacturing incentive	1.00	-
Liabilities no longer required written back	1.51	-
Bad Debts Recovered	0.29	-
Miscellaneous income	0.24	0.03
	7.15	**3.48**

26.1 Contingent liabilities and commitments (to the extent not provided for)

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent liabilities		
Bills Discounted	26.38	114.90
Guarantees issued	-	11.60
Disputed Central Excise Demands *	13.79	13.79
Disputed Income Tax Demands *	46.78	38.04
Disputed CST Demand *	**0.39**	-

* 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.

Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	**1.39**	1.51

Notes
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(All amounts in crore Rupees except for share data or as otherwise stated)

26.2 Details on foreign currency exposures

		Current Year			Previous Year		
I. Assets	Foreign Currency	Exchange Rate	Amount in Foreign Currency	Amount in ₹ (₹ in crore)	Exchange Rate	Amount in Foreign Currency	Amount in ₹ (₹ in crore)
Receivables (trade & other)	USD	64.85	7,711,438	50.01	66.26	6,807,371	45.10
	MYR	14.65	41,632,691	61.00	16.97	18,749,583	31.82
	EUR	69.29	21,700	0.15	75.40	21,700	0.16
Other Monetary assets				-			-
a. Advance to Suppliers	USD	64.85	64,205	0.42	66.26	344,020	2.28
b. Balance in EEFC Account	USD	64.85	432,111	2.80	66.26	72,481	0.48
c. Balance with non-scheduled banks	USD	64.85	76,299	0.49	66.26	39,073	0.26
	AED	17.66	90,190	0.16	18.04	82,590	0.15
	BDT	0.79	3,779,764	0.30	0.83	3,779,764	0.31
	KES	0.63	6,512,279	0.41	0.65	2,207,947	0.14
Total Receivables (A)				**115.74**			**80.70**
Hedged by derivative contracts (B)				**-**			**-**
Unhedged receivables (C=A-B)				**115.74**			**80.70**
II. Liabilities							
Payables (trade & other)	USD	64.85	3,837,005	24.88	66.26	11,618,635	76.99
	Euro	69.29	4,057	0.03	77.07	967	0.01
	SGD(Refer note 28.9.b.1)	46.41	390	-	49.27	390	-
	AED	17.66	4,828	0.01			-
	MYR	14.65	196,173	0.29			-
	KES	0.63	1,980,640	0.12			-
	GBP	-	-	-	95.35	3,125	0.03
							-
Royalty Payable					66.26	29,685	0.20
							-
Borrowings							-
a. Loan from Banks (Working capital loan)	USD	64.85	3,607,595	23.40	66.26	6,782,612	44.94
b. Loan from foreign banks	USD	-	-	-	66.26	4,386,927	29.07
Total payables (A)				**48.73**			**151.24**
Hedged by derivative contracts (B)				**-**			**29.07**
Unhedged payables (C=A-B)				**48.73**			**122.17**

26.3 Dues to Micro Enterprises and Small 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 is registered under the said Act and hence the disclosure requirements of the said Act are not applicable.

Notes
forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

26.4.a Value of imports calculated on CIF basis

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials	275.85	241.15
Capital goods	1.66	5.80

26.4.b Expenditure in foreign currency

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Employee Benefit expenses	10.25	5.57
Professional and consultation fees	1.27	1.41
Travel and Others	28.88	15.72

26.4.c Details of consumption of imported and indigenous items

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Raw materials			
Imported	INR	261.50	159.21
	%	51%	45%
Indigenous	INR	253.89	195.63
	%	49%	55%

26.4.d Earnings in foreign exchange

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Export of goods calculated on FOB basis	302.11	188.33
Export of services	13.26	0.45

27.1 Employee benefit plans

27.1.a 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 the following years:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Provident Fund Contributions	3.15	2.45
Employee Pension Scheme	0.74	0.67

27.1.b Long Term Employee Benefits

The Company offers the following employee benefit schemes to its employees:

(i) Compensated absence

Compensated absence expense (net) recorded in Statement of Profit & Loss are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Compensated absence expense (net)	0.51	0.32
Actuarial assumptions for long-term compensated absences		
Discount rate	7.31%	8.00%
Salary escalation	5.00%	5.00%
Attrition	1.00%	1.00%

Notes
forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

27.1.c Defined Benefit Plan

(ii) Gratuity

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Actuarial assumptions for defined benefit plan		
Discount rate	7.31%	7.80%
Expected return on plan assets	7.31%	7.80%
Salary escalation	5.00%	4.50%
Attrition rate	1.00%	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.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Components of employer expense		
Current service cost	1.19	0.80
Interest cost	0.49	0.44
Expected return on plan assets	(0.48)	(0.40)
Actuarial losses/(gains)	(0.41)	0.52
Total expense recognised in the Statement of Profit and Loss	**0.79**	**1.36**
Actual contribution and benefit payments for the year		
Actual benefit payments	(0.19)	0.89
Actual contributions	0.87	1.18
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(7.66)	(6.35)
Fair value of plan assets	7.66	6.26
Funded status [Surplus / (Deficit)]	-	(0.09)
Net asset / (liability) recognised in the Balance Sheet	**-**	**(0.09)**
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	6.35	5.49
Current service cost	1.19	0.80
Interest cost	0.49	0.44
Settlement cost / (credit)	-	(0.89)
Actuarial (gains) / losses	(0.18)	0.49
Benefits paid	(0.19)	-
Present value of DBO at the end of the year	**7.66**	**6.33**
Change in fair value of assets during the year		
Plan assets at beginning of the year	6.26	5.59
Expected return on plan assets	0.48	0.40
Actual company contributions	0.87	1.18
Actuarial gain / (loss)	0.24	(0.02)
Benefits paid	(0.19)	(0.89)
Plan assets at the end of the year	**7.66**	**6.26**
Actual return on plan assets	**0.72**	**(0.37)**
Composition of the plan assets is as follows:		
Equity mutual funds	7.66	6.26
Others		

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

Experience adjustments					
Gratuity	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of DBO	(7.66)	(6.33)	(5.50)	(3.98)	(4.35)
Fair value of plan assets	7.66	6.26	5.60	4.76	5.26
Funded status [Surplus / (Deficit)]	-	(0.07)	0.10	0.78	0.91
Experience gain / (loss) adjustments on plan liabilities	(0.38)	0.57	0.53	(0.14)	0.32
Experience gain / (loss) adjustments on plan assets	(0.24)	(0.03)	0.42	(0.24)	0.08

27.2 Segment information

Since the company prepares consolidated financial statements, segment information has not been provided in the standalone financial statements .

27.3 Details of leasing arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. Certain leases are cancellable at the option of the lessee and certain leases have a lock-in period of three (3) to five (5) years.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Lease payments recognised in the Statement of Profit and Loss	7.20	6.86
Future minimum lease payments		
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	-	-

27.4 Related party transactions

27.4.a Details of related parties:

Description of relationship	Names of related parties
Subsidiaries	Tejas Communication Pte Limited, Singapore ('Tejas, Singapore')
	Tejas Israel Limited, Israel ('Tejas Israel)
	vSave Energy Private Limited
	Tejas Communications (Nigeria) Limited
Key Management Personnel	Mr. Sanjay Nayak

There are no individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise. There have been no transactions with any relatives of Key Management Personnel or Companies in which such relative may be interested.

27.4.b Details of the related party transactions during the year ended March 31, 2017:

	For the year ended March 31, 2017	For the year ended March 31, 2016
Transaction during the year		
Purchases		
Tejas Singapore	6.58	21.11
Tejas Israel	-	-
Sale of goods		
Tejas Singapore	18.32	4.16
Tejas Israel	-	-
Rendering of Services		
Tejas Singapore	0.22	0.45

Notes
forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Sales Commission		
Tejas Singapore	4.86	2.56
Reimbursement of expenses		
Tejas Singapore	6.15	11.09
Remuneration		
Mr. Sanjay Nayak	1.51	1.49
Advances given during the year		
Tejas Singapore	6.98	-
Vsave Energy Private Limited (Refer note 28.9.b.2)	-	-

Balances outstanding at the end of the year

	For the year ended March 31, 2017	For the year ended March 31, 2016
Trade receivables		
Tejas Singapore	8.48	8.18
Tejas Israel	-	1.69
Trade payables		
Tejas Singapore	-	8.86
Tejas Israel	0.12	4.96
Advance		
Tejas Singapore	6.98	
Vsave (Refer note 28.9.b.2)	-	-
Guarantees given on behalf of		
Tejas Singapore	-	6.63
Tejas Israel	-	4.97
Payable to KMP		
Mr. Sanjay Nayak	0.30	0.78

28 EARNINGS PER SHARE

	Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
28.1.a	**Basic**		
	Net profit for the year from continuing operations attributable to the equity share holders	53.21	27.02
	Weighted average number of equity shares	67,223,628	61,587,033
	Par value per share	10.00	10.00
	Earnings per share from continuing operations - Basic	**7.92**	**4.39**
28.1.b	**Diluted**		
	Net profit for the year from continuing operations attributable to the equity share holders	53.21	27.02
	Weighted average number of equity shares for Basic EPS	67,223,628	61,587,033
	Add: Effect of Convertible Preference Shares*		4,935,981
	Weighted average number of equity shares - for diluted EPS	67,223,628	66,523,014
	Par value per share	10.00	10.00
	Earnings per share, from continuing operations - diluted	7.92	4.06

Note: There are potential equity shares in the form of stock options of 9,495,846 and 6,926,635 to employees for the year ended March 31, 2017 and March 31, 2016 respectively. As these options are neither dilutive nor anti-dilutive, they are ignored in the calculation of diluted earnings per share.

Notes
forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

28.2 Details of Provisions

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales

Particulars	March 31, 2017	March 31, 2016
Opening balance	3.74	2.54
Additions	4.29	2.73
Utilisation	2.19	1.53
Closing balance	5.84	3.74
Of the above, the following amounts are expected to be incurred within a year:		
Provision for warranty	3.40	2.50

28.3 Employee Stock Option Plan (disclosures made under the ICAI Guidance Note on Share Based Payments)

a) In the annual general meeting held on September 24, 2014, the shareholders approved the issue of 7,101,767 options under the Scheme titled "ESOP Plan -2014" (ESOP A). The ESOP A allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share (being the intrinsic value of the option) underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

Employee stock options details as on the Balance Sheet date are as follows:

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year:	6,926,635	6,833,264
Option granted during the year:	-	93,371
Weighted average exercise price per option	65.00	65.00
Options exercised during the year:	1,868,122	-
Options lapsed during the year:	11,297	-
Options outstanding at the end of the year:	5,047,216	6,926,635
- Vested	3,202,509	3,284,856
- Balance to be vested	1,844,707	3,641,779
Options available for grant:	175,132	175,132
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	14.50 years	15.50 years

b) In the annual general meeting held on July 25, 2016, the shareholders approved the issue of 2,000,000 options under the Scheme titled "ESOP Plan -2014 - A" (ESOP B). The ESOP B allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share (being the intrinsic value of the option) underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year:		
Option granted during the year:	1,978,215	-
Weighted average exercise price per option	85	-
Options exercised during the year:	-	-
Options lapsed during the year:	7,200	-
Options outstanding at the end of the year:	1,971,015	-
- Vested	-	-
- Balance to be vested	1,971,015	-
Options available for grant:	21,785	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	5.72 years	-

Notes
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(All amounts in Rupees Crore except for share data or as otherwise stated)

c) In the extraordinary general meeting held on August 29, 2016, the shareholders approved the issue of 5,000,000 options under the Scheme titled “ESOP Plan -2016” (ESOP C). The ESOP C allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share (being the intrinsic value of the option) underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year:		
Option granted during the year:	2,491,215	-
Weighted average exercise price per option	85	-
Options exercised during the year:	-	-
Options lapsed during the year:	13,600	-
Options outstanding at the end of the year:	2,477,615	-
- Vested	-	-
- Balance to be vested	2,477,615	-
Options available for grant:	2,508,785	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	5.99 years	-

d) The impact on Earnings per Share if the ‘fair value’ of the options (on the date of the grant) were considered instead of the ‘intrinsic value’ is as under:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit (as reported)	53.21	27.02
Add / (Less): stock based employee compensation (intrinsic value)	-	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note below)	(11.56)	(3.11)
Net Profit (proforma)	41.65	23.91
Basic earnings per share (as reported) - in ₹	7.92	4.39
Basic earnings per share (proforma) - in ₹	6.20	3.88
Diluted earnings per share (as reported) - in ₹	7.92	4.06
Diluted earnings per share (proforma) - in ₹	6.20	3.59

Note: The fair value impact is as adjusted for the change arising from estimated forfeiture and the actual forfeiture as well as changes made to the estimated future forfeitures of options granted.

e) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
ESOP 2014 Scheme		
Risk Free Interest Rate	Refer note below	7.75%
Option life (comprising the vesting period and the exercise period)	-	15-18 Years
Exercise period from the date of vesting	-	15 Years
Expected Annual Volatility of Shares	-	0%
Expected Dividend Yield	-	0%
ESOP 2014A Scheme		
Risk Free Interest Rate	7.61%	-
Option life (comprising the vesting period and the exercise period)	5 to 8 years	-
Exercise period from the date of vesting	4 years	-
Expected Annual Volatility of Shares	0%	-
Expected Dividend Yield	0%	-

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forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
ESOP 2016 Scheme		
Risk Free Interest Rate	7.61%	-
Option life (comprising the vesting period and the exercise period)	5 to 8 years	-
Exercise period from the date of vesting	4 years	-
Expected Annual Volatility of Shares	0%	-
Expected Dividend Yield	**0%**	-

Note: The assumptions are given for the period in which shares have been granted for the employees as per the respective ESOP Schemes.
The Company has not introduced any new employee share based payment plans to be administered through Trust during the year.

28.4 Provision for Taxation

28.4.a Current Income Tax

India

Since the company has significant carry forward tax losses being business loss, unabsorbed depreciation and research and development cost, avaliable for set off there is no tax liability arising under normal tax and the Company has accrued for Minimum Alternate Tax (MAT). In the absence of virtual certainity of future taxable profits the Company has not recognised any MAT credit.

28.4.b Deferred Taxes

The net Deferred tax as at 31 March, 2017 amounting to Nil (as at 31 March, 2016: Nil) has been arrived at as follows:

	Particulars	As at March 31, 2017	As at March 31, 2016
A	Deferred tax liabilities arising from:		
	Difference between carrying amount of fixed assets in the financial statements and the Income tax return	22.96	22.88
B	Deferred tax assets arising from:		
	Unabsorbed depreciation allowance *	22.96	22.88
C	Net deferred tax asset / (liability) (A-B)	-	-
D	Net deferred tax charge for the year	**-**	-

* Recognised to the extent that there are compensatory timing differences the reversal of which will result in sufficient future taxable income against which this can be realised.

28.5 Product Development Cost

28.5.a Product development costs capitalised with regard to the development of various modules of products are being amortised in accordance with the Company's policy.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Amount Capitalised	42.80	70.55
Capital WIP	19.29	52.47

28.5.b Research and development Expenses incurred by the company are as follows-

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Research and development expenses debited to statement of Profit and Loss (net)	32.93	29.74

Notes

forming part of the Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

28.5.c Details of Capital and Revenue expenditure incurred towards Research and Development (as per DSIR)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Tangible Assets	6.00	3.38
Intangible Assets	39.16	34.68
Total Capital Expenditure	**45.16**	**38.06**
Total Revenue Expenditure	29.99	29.74
	75.15	**67.80**

28.5.d Intangible assets in progress written off

During the year, the Company has reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, has written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹ 30.47 crore.

28.6 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 ₹ 0.11 crore (previous year Nil).

(b) Amount spent during the year: ₹ 0.11 crore (included under expenditure on corporate social responsibility note 23)

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2. On purposes other than (1) above	0.11	-	0.11
	(-)	(-)	(-)

* Previous year figures are in brackets

The above amount has been contributed to mid day meal scheme run by Akshaya Patra Foundation, Bengaluru

28.7 Disclosure in respesct of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

Particulars	SBNs (₹)	Other Denominations Notes (₹)	Total (₹)
Closing cash in hand as on 08-11-2016	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 30-12-2016	-	16,008	16,008

28.8 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

28.9 Details of rounded off amounts

28.9.a Balance sheet items

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Note 12 Non-current investments		
Investment in ELCIA ESDM Cluster	11,000	11,000
2. Note 17 Cash and cash equivalents		
Cash on hand	-	45,563

Notes

forming part of the Financial Statements for March 31, 2017

28.9.b Notes to accounts - Disclosure items

Particulars				As at March 31, 2017	As at March 31, 2016
1.	Trade Payable against import of goods and services	SGD	Foreign currency	390	390
			INR	18,101	19,213
2.	Advance to Vsave Energy Private Limited			5,456	3,256

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Place: Bangalore
Date: April 17, 2017

Independent Auditor's Report

To The Members Of
TEJAS NETWORKS LIMITED

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated 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") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 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 financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements / financial information of one subsidiary, whose financial statements / financial information reflect total assets of ₹ 0.28 Lakhs as at 31st March, 2017, total revenues of ₹ Nil and net cash inflow amounting to ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Holding Company and its subsidiary company, incorporated in India is disqualified as on 31st March, 2016 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 over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, and subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India, internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. The Group does not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. 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.

iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: April 17, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, 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 a company incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding company, and its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, and its subsidiary company, which is a company incorporated in India, 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 Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is a company incorporated in India, in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

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

In our opinion to the best of our information and according to the explanations given to us, the Holding Company, and its subsidiary company, which is a company 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, 2017, 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.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditors of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)

Monisha Parikh
Partner
(Membership No. 47840)

Place: Bengaluru
Date: April 17, 2017

Consolidated Balance Sheet

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	74.01	66.52
Reserves and surplus	4	426.65	294.00
		500.66	**360.52**
Non-current liabilities			
Long-term borrowings	5	2.00	29.00
Long-term provisions	6	3.57	1.96
		5.57	**30.96**
Current liabilities			
Short-term borrowings	7	225.92	224.04
Trade payables			
Total outstanding dues to micro enterprises and small enterprises	26.3	-	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	8	139.95	199.65
Other current liabilities	9	40.24	20.26
Short-term provisions	10	3.84	2.87
		409.95	**446.82**
TOTAL		**916.18**	**838.30**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11A	27.99	29.10
Intangible assets	11B	64.09	65.19
Intangible assets under development		18.62	51.80
Long-term loans and advances	13	29.08	56.04
Other non-current assets	14	117.02	31.62
		256.80	**233.75**
Current assets			
Inventories	15	181.72	231.69
Trade receivables	16	358.00	254.24
Cash and Bank balances	17	70.94	69.38
Short-term loans and advances	18	41.66	34.20
Other current assets	19	7.06	15.04
		659.38	**604.55**
TOTAL		**916.18**	**838.30**

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

Place: Bangalore
Date: April 17, 2017

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Consolidated Statement of Profit and Loss

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Note No.	Year ended March 31, 2017	Year ended March 31, 2016
INCOME			
Revenue from operations (gross)	20	936.14	674.49
Less: Excise duty		57.95	47.04
Revenue from operations (net) (A)		**878.19**	**627.45**
EXPENSES			
Cost of materials consumed	21	514.05	350.65
Employee benefits expense	22	76.32	66.53
Other expenses	23	113.59	97.69
Total expenses (B)		**703.96**	**514.87**
Earnings before interest, tax, depreciation and amortisation and exceptional items (EBITDA) (A - B)		174.23	112.58
Finance Cost	24	(31.52)	(49.32)
Depreciation and amortisation expense	11C	(56.42)	(38.25)
Other Income	25	8.68	3.52
Profit before tax and exceptional items		**94.97**	**28.53**
Exceptional items			
Intangible assets in progress written off	28.5.d	30.47	-
Profit before tax		**64.50**	**28.53**
Tax expense			
Current tax expense for the year		1.28	-
Deferred tax	28.4.b	-	-
Profit for the year		**63.22**	**28.53**
Earning per share (Par Value ₹ 10 each)			
(a) Basic - ₹	28.1.a	**9.40**	**4.63**
(b) Diluted - ₹	28.1.b	**9.40**	**4.29**

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

Place: Bangalore
Date: April 17, 2017

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Consolidated Cash Flow Statement

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	64.50	28.53
Adjustments For		
Depreciation and amortization	56.42	38.25
Provision for receivables	1.61	7.62
Bad trade and other receivables, loans and advances written off	5.26	50.30
Provision for doubtful trade and other receivables, loans and advances released	(3.35)	(40.20)
KESDM receivable written off	7.07	-
Interest income	(4.11)	(3.45)
Finance costs	31.52	49.32
Unrealised exchange difference on translation of foreign currency - cash & cash equivalents	0.07	(0.11)
Unrealised exchange difference (Net)	(3.87)	(2.73)
Liabilities no longer required written back	(1.51)	-
Intangible assets in progress written off	30.47	-
Operating profit before Working Capital Changes	**184.08**	**127.53**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	49.97	(10.78)
Trade receivables	(110.56)	(63.93)
Short-term loans and advances	(7.50)	(2.48)
Long-term loans and advances	32.10	0.80
Other current assets	1.06	6.22
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(61.44)	61.58
Other current liabilities	(0.96)	8.62
Short-term provisions	0.97	0.92
Long-term provisions	1.60	0.54
Cash generated from operations	**89.32**	**129.02**
Less: Income tax paid	6.42	2.21
NET CASH GENERATED BY OPERATING ACTIVITIES (A)	**82.90**	**126.81**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets and change in CWIP	(51.50)	(45.67)
Placed in bank deposits not considered as cash and cash equivalents	(93.92)	(8.43)
Interest income	3.96	3.72
NET CASH USED IN INVESTING ACTIVITIES (B)	**(141.46)**	**(50.38)**
CASH FLOW FROM FINANCING ACTIVITIES		
Finance costs	(31.60)	(49.05)
Working capital borrowings - net	0.86	8.85
Repayment of long term borrowings	(5.97)	(0.34)
Proceeds from issue of shares	77.19	-
NET CASH (USED)/GENERATED IN FINANCING ACTIVITIES (C)	**40.48**	**(40.54)**
Net decrease in cash and cash equivalents (A+B+C)	(18.08)	35.89
Cash & cash equivalents at the beginning of the year	49.02	12.51
Add: Unrealised exchange gain	0.11	0.62
	49.13	**13.13**
Cash & cash equivalents at the end of the year	31.05	49.02
Add: Unrealised exchange gain	(0.07)	0.11

Consolidated Cash Flow Statement

(All amounts in Rupees Crore except for share data or as otherwise stated)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	30.98	**49.13**
Notes:		
Components of Cash & Cash Equivalents:		
Cash on hand	-	-
Balances with banks		
In current accounts	17.42	46.99
In EEFC accounts	2.80	0.63
In deposit accounts	10.76	1.51
Total Cash and Cash Equivalents	**30.98**	**49.13**

As per our report of even date

For **DELOITTE HASKINS & SELLS**
Chartered Accountants

Monisha Parikh
Partner

Place: Bangalore
Date: April 17, 2017

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

1. CORPORATE INFORMATION

Tejas Networks Limited ('Tejas') is an optical and data networking products company that designs, develops, 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.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Consolidation and Significant Accounting policies

The significant accounting policies have been predominantly presented below in the order of the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013.

2.2 Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

2.3 Principles of consolidation

The consolidated financial statements relate to Tejas Networks Limited (the 'Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

I. The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company.i.e. March 31, 2017

II. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

III. The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

IV. Goodwill arising on consolidation is not amortised but tested for impairment.

V. Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Details of entities included in Consolidation:

Name of the Company	Relationship	Country of Incorporation	Ownership held by	"% of Holding and voting power either directly or indirectly through subsidiary as at "	
				March 31, 2017	March 31, 2016
"Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)"	Subsidiary	Singapore	Tejas Networks Limited	100%	100%
"Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010)"	Subsidiary	Israel	Tejas Networks Limited	100%	100%

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

Name of the Company	Relationship	Country of Incorporation	Ownership held by	"% of Holding and voting power either directly or indirectly through subsidiary as at "	
				March 31, 2017	March 31, 2016
"vSave Energy Pvt Limited (wholly owned subsidiary since incorporated on November 06, 2013)"	Subsidiary	Bangalore	Tejas Networks Limited	100%	100%
"Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, incorporated on September 07, 2015)"	Subsidiary	Nigeria	Tejas Communications Pte Limited	100%	100%

VI. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

2.4 Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.5 Inventory

Inventory (raw material - components including assemblies and sub assemblies) is valued at lower of cost (weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realizable value is calculated based on the estimated selling price less all estimated costs to be incurred in marketing, selling and distribution.

2.6 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.8 Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets of the Company and its India subsidiaries has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Individual assets costing less than ₹ 25,000 : depreciated in full in the year of purchase.

R&D Cards: 4 Years

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

Depreciation on the tangible fixed assets of the Company's foreign subsidiaries has been provided on straight-line method as per the estimated useful life of such assets as follows:

Furniture and Fixture –	3 years
Equipment's and software-	3 years

Intangible assets are amortised over their estimated useful life, as follows:

Computer Software	Over the license period
Product development costs	24 months

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.9 Revenue Recognition:

Sale of Goods

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

Income from Services

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from turnkey contracts, which are generally time bound fixed price contracts, are recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Income from royalty and commission are accrued based on the terms of agreement entered into with the respective parties.

2.10 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

2.11 Fixed Assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.

Capital work in progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible Assets under development

Expenditure on Research and development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

Intangible Assets

Intangible assets are carried at cost less accumulated amortisation 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/

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

completion is recognised 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.

Product development costs are capitalised in cases where the technical feasibility of the products are established and are amortised over a period of 24 months on pro-rata basis from the date the products are commercially available for sale. Other product development costs are expensed in the year in which they are incurred.

2.12 Foreign Currency Transactions

Initial recognition

Transactions in foreign currency entered into by the Company are recorded on the basis of the exchange rate prevailing as on the date of transaction or at rates that closely approximate the rate at the date of transaction.

Measurement at the balance sheet date

Monetary assets and liabilities (other than derivative contracts) of the Company, denominated in foreign currency, outstanding at the balance sheet date are restated at rates prevailing at the year-end.

Treatment of exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the year of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the year in which such cancellation or renewal is made.

Non Integral operations - Tejas Communication Pte Ltd, Singapore

On consolidation, all assets and liabilities of the overseas subsidiary are translated at the exchange rates at the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year. Exchange differences arising are accumulated under Foreign Currency Translation Reserve.

Integral operations – Tejas Israel Ltd, Israel

On consolidation, all assets and liabilities of the overseas subsidiary are translated at the exchange rates at the balance sheet date except for Fixed assets and equity. Income and expenditure items are translated at the average exchange rates for the year. Exchange differences arising are recognized in Statement of Profit & Loss.

2.13 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is a reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidies will be received. Government grants whose primary conditions is that the Company should purchase or construct otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of depreciable asset by way of a reduced depreciation charge.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

Government grants in the nature of promoters contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve. Government grants in the form of non-monetary assets, given at a concessional rate, are recorded on the basis of their acquisition cost. In case the non-monetary asset is given free of cost, the grant is recorded at a nominal value.

Other government grants and subsidies are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.14 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

(All amounts in Rupees Crore except for share data or as otherwise stated)

2.15 Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

a) **Short term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive/ bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

(i) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(ii) in case of non-accumulating compensated absences, when the absences occur.

b) **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

c) **Defined Contribution Plan:**

The Company's contribution to provident fund (including pension) and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

d) **Defined Benefit Plan:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

2.16 Accounting for Employee Stock Option Plans

The Company has constituted employee stock option plans - 'Tejas Employee Stock Option Plan' 2014 and 'Tejas Employee Stock Option Plan 2014 - A' and 'Tejas Employees Stock Option Plan 2016' ("the Plans"), for the benefit of its employees. Employee Stock Options granted in terms of these Plans are accounted under the "Intrinsic Value Method" stated in the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India.

In case the grant price is lower than the intrinsic value of the underlying equity share stock option then the difference is expensed as "employee compensation" over the period of vesting.

2.17 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

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2.18 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.19 Lease

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant yearic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.20 Earning per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.21 Taxes on Income

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.

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 recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient

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future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

2.22 Research and development expenses

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 capitalised. The amount capitalised 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. Fixed assets utilised for research and development are capitalised and depreciated in accordance with the policies stated for Fixed Assets.

2.23 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.24 Provisions, Contingent liabilities and contingent assets

"A provision is recognised when the Company has a present obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. All known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent liabilities and are disclosed by of Notes to the financial statement. Contingent assets are not recognised in the financial statements."

2.25 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.

2.26 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

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2.27 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation 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.

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NOTE 3 SHARE CAPITAL

Particulars	As at March 31, 2017	As at March 31, 2016
AUTHORISED		
Equity shares of face value of ₹	10	10
Equity shares (No.)	176,452,000	109,900,000
Authorised Equity shares of (₹ in crore)	176.45	109.90
Compulsorily Convertible preference shares of ₹	-	1,000
Compulsorily Convertible preference shares (No.)	-	665,520
Authorised compulsorily convertible preference shares of (₹ in crore)	-	66.55
Total authorised share capital	**176.45**	**176.45**
ISSUED		
Equity shares of face value of ₹	10	10
Equity shares (No.)	103,461,341	95,978,151
Equity shares of (₹ in crore)	103.46	95.98
Compulsorily Convertible preference shares of ₹	-	-
Compulsorily Convertible preference shares (No.)	-	-
Compulsorily Convertible preference shares of (₹ in crore)	-	-
Total issued share capital	**103.46**	**95.98**
SUBSCRIBED AND FULLY PAID UP		
Equity shares of face value of ₹	10	10
Equity shares (No.)	70,733,411	63,250,221
Equity shares of (₹ in crore)	70.74	63.25
Compulsorily Convertible preference shares of ₹		-
Compulsorily Convertible preference shares (No.)	-	-
Compulsorily Convertible preference shares of (₹ in crore)	-	-
Total subscribed and fully paid up share capital	**70.74**	**63.25**
Subscribed but not fully paid up		
Equity shares of face value of ₹	10	10
Unpaid amount (₹ per share)	-	9
Equity shares (No.)*	32,727,930	32,727,930
Equity shares of (₹ in crore)	-	3.27
Total subscribed but not fully paid up share capital	**-**	**3.27**
Forfeited shares (₹ in crore) (to the extent of amount paid up)*	3.27	-
	3.27	**-**
Total share capital	**74.01**	**66.52**

Notes: * 32,727,930 partly paid-up Equity Shares issued by the Company to the Tejas Employee Welfare Trust on June 11, 2010, were forfeited on July 25, 2016.

Notes

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a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights (fully paid up)		
At the beginning of the year	63,250,221	58,273,447
Issued during the year	7,483,190	-
Allotted on conversion of preference shares during the year (Refer note (e) below)		4,976,774
Outstanding at the end of the year	**70,733,411**	**63,250,221**
Equity shares with voting rights (partly paid up)		
At the beginning of the year	32,727,930	32,727,930
Issued during the year	-	-
Conversion during the year	-	-
Forfeited during the year	(32,727,930)	-
Outstanding at the end of the year	**-**	**32,727,930**
Compulsory convertible preference shares (fully paid up)		
At the beginning of the year	-	639,849
Issued during the year	-	-
Cancelled on conversion to equity shares during the year (Refer note (e) below)	-	(639,849)
Outstanding at the end of the year	**-**	**-**

b) Reconciliation of the amount of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights (fully paid up)		
At the beginning of the year	63.25	58.27
Issued during the year	7.48	-
Allotted on conversion of preference shares during the year (Refer note (e) below)	-	4.98
Outstanding at the end of the year	**70.73**	**63.25**
Equity shares with voting rights (partly paid up)		
At the beginning of the year	3.27	3.27
Issued during the year	-	-
Conversion during the year	-	-
Forfeited during the year	(3.27)	-
Outstanding at the end of the year	**-**	**3.27**
Compulsory convertible preference shares (fully paid up)		
At the beginning of the year	-	63.98
Issued during the year	-	-
Cancelled on conversion to equity shares during the year (Refer note (e) below)	-	(63.98)
Outstanding at the end of the year	**-**	**-**

Notes

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c) Details of equity shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares with voting rights including partly paid up shares		
Tejas Employee Welfare Trust		
Number of shares held	-	39,777,769
% holding in that class of shares	-	41.44%
Cascade Capital Management, Mauritius		
Number of shares held	21,843,184	21,843,184
% holding in that class of shares	30.88%	22.76%
Samena Spectrum Co.		
Number of shares held	13,981,648	-
% holding in that class of shares	19.77%	-
Mayfield XII, Mauritius		
Number of shares held	7,106,628	7,106,628
% holding in that class of shares	10.05%	7.40%
Sandstone Private Investments		
Number of shares held	4,487,250	4,487,250
% holding in that class of shares	6.34%	4.68%
Intel Capital (Cayman) Corporation		
Number of shares held	4,181,400	4,181,400
% holding in that class of shares	5.91%	4.36%

d) Shares reserved for issuance towards outstanding employee stock options granted / available for grant

(Refer Note 28.3)

Particulars	As at March 31, 2017	As at March 31, 2016
Equity shares of ₹ 10/- each	12,201,548	7,101,767

e) Rights, Preferences and Restrictions attached to shares

Equity Shares :

The Company has issued only one class of equity shares. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by Directors is subject to approval by the Shareholders at the ensuring Annual General meeting. In the event of liquidation of the Company, the equity shareholders are entitled to receive only residual assets of the Company.

Convertible instruments:

The Company has issued Compulsorily convertible preference shares ("CCPS") which would be converted to equity shares at any time within a period of 19 years, beginning from June 21, 2012 in terms of the agreement. The CCPS are convertible at a price and in the manner as described in the investment agreement.

The Company has issued Compulsorily Convertible Preference Shares - II("CCPS - II") which would be converted to equity shares at any time within a period of 19 years, beginning from January 13, 2015 in terms of the Addendum to the Investment Agreement. The CCPS are convertible at a price and in the manner as described in the Addendum to the Investment Agreement.

Conversion of Compulsorily Convertible Preference Shares to Equity Shares :

On March 28, 2016, the Company has converted 394,330 Compulsorily Convertible Preference Shares (CCPS) issued pursuant to Investment Agreement dated May 30, 2012 to 2,878,321 Equity Shares of ₹ 10/- per share with a premium of ₹ 127/- per share.

On March 28, 2016, the Company has converted 245,519 Compulsory Convertible Preference Shares-II (CCPS-II) issued pursuant to Addendum to Investment Agreement dated December 29, 2014 to 2,098,453 Equity Shares of ₹ 10/- per share with a premium of ₹ 107/- per share.

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NOTE 4 RESERVES AND SURPLUS

Particulars	As at March 31, 2017	As at March 31, 2016
Securities premium account		
Opening balance	415.71	356.70
Add : Premium on issue of equity shares and equity shares allotted on conversion of preference shares	72.04	59.01
Less: Issue related expense	2.34	-
Closing balance	**485.41**	**415.71**
Foreign currency translation reserve		
Opening balance	(0.07)	(0.44)
Add / (Less): Effect of foreign exchange rate variations during the year	(0.27)	0.37
Closing balance	**(0.34)**	**(0.07)**
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(121.64)	(150.17)
Add: Profit for the year	63.22	28.53
Closing balance	**(58.42)**	**(121.64)**
	426.65	**294.00**

NOTE 5 LONG-TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
Unsecured Loan from Kreos Capital III Limited	-	4.97
(Repayable in 22 monthly installments beginning December 21, 2012)		
Less: Current maturities of long term debt (Refer Note No. 9)	-	4.97
	-	**-**
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR	4.00	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. If project is abandoned then total grant received to be repaid with interest @ 12% p.a.)		
Less: Current maturities of long term debt (Refer Note No.9)	2.00	1.00
	2.00	**4.00**
Loans against Fixed Deposits	25.00	25.00
(Secured against fixed deposit maintained with the Bank, at an interest rate of 8.85% and repayable on March 10, 2018)		
Less: Current maturities of long term debt (Refer Note No.9)	25.00	-
	-	25.00
	2.00	**29.00**

NOTE 6 LONG-TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits:		
Provision for compensated absences	1.12	0.72
Provision for warranty (Refer Note 28.2)	2.45	1.24
	3.57	**1.96**

Notes

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NOTE 7 SHORT-TERM BORROWINGS

Particulars	As at March 31, 2017	As at March 31, 2016
Loans repayable on demand		
from banks - secured	225.92	184.97
from foreign bank - secured	-	29.07
from other parties - secured	-	10.00
	225.92	**224.04**

Notes: 1) Details of security for the short-term borrowings:

Particulars	Nature of security	As at March 31, 2017	As at March 31, 2016
Loans repayable on demand:			
from banks			
Cash credit	Secured by hypothecation of inventory, book debts, fixed assets and current assets and carry interest rate ranging from 3% to 14.75% per annum.	99.52	78.69
Working capital demand loan		88.10	41.40
Packing credit		38.30	21.05
Buyers credit		-	37.39
Loan against fixed deposits	Secured against fixed deposit maintained with the Bank, at an interest rate of 11% per annum.	-	6.44
Total - from banks		**225.92**	**184.97**
from foreign bank			
Foreign currency non residential - bank account	Secured against Pari-passu first charge on the present and future current assets and movable fixed assets of the Company, at an interest rate of LIBOR + 2% per annum.	-	29.07
Total - from foreign bank		**-**	**29.07**
from other parties			
Factoring facility	Secured by assignment of underlying receivables with recourse and carry interest rates ranging from 14% to 14.5% per annum.	-	10.00
Total - from other parties		**-**	**10.00**

NOTE 8 TRADE PAYABLES

Particulars	As at March 31, 2017	As at March 31, 2016
Other than micro enterprises and small enterprises		
Acceptances	7.10	19.67
Other than acceptances	132.85	179.98
	139.95	**199.65**

Notes:

1. Following are the amounts due to Subsidiary/Associate/ Directors/Relatives of Directors/ Entities having significant influence/ Key Managerial personnel (KMP): (Refer Note 27.3.b)

Particulars	As at March 31, 2017	As at March 31, 2016
Salary Payable to KMP	0.30	0.78

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NOTE 9 OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2017	As at March 31, 2016
Current maturities of long-term debt (Refer Note 5)	27.00	5.97
Interest accrued but not due on borrowings	0.49	0.57
Income received in advance	4.09	1.29
Advance from Customer	3.40	-
Gratuity (net) (Refer Note 27.1.c)	-	0.08
Other payables		
Statutory remittances	5.07	10.81
Payables on foreign currency forward (net)	-	1.24
Others	0.19	0.30
	40.24	**20.26**

NOTE 10 SHORT-TERM PROVISIONS

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for employee benefits		
Provision for compensated absences	0.25	0.19
Provision - Others:		
Provision for income tax (net of advance tax)	0.19	0.18
Provision for warranty (Refer Note 28.2)	3.40	2.50
	3.84	**2.87**

Notes

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NOTE 11 A FIXED ASSETS (OWNED BY THE COMPANY)

Tangible Assets

Particulars	Gross block			Accumulated depreciation			Closing net block as on March 31
	Opening balance as on April 1	Additions	Closing balance as on March 31	Opening balance as on April 1	Depreciation expense for the year	Closing balance as on March 31	
As at March 31, 2017							
Electrical Installations	8.12	0.96	9.08	3.25	0.79	4.04	5.04
Furniture and Fixtures	7.07	0.59	7.66	2.93	1.41	4.34	3.32
Networking Equipment	0.85	0.08	0.93	0.54	0.12	0.66	0.27
Computing Equipment	6.23	1.01	7.24	5.18	0.63	5.81	1.43
Servers	1.43	0.48	1.91	1.26	0.11	1.37	0.55
Laboratory Equipment	19.97	4.81	24.78	13.64	1.14	14.78	9.99
Office Equipment	1.26	0.18	1.44	1.02	0.14	1.16	0.28
Vehicles	0.09	-	0.09	0.05	0.01	0.06	0.03
R&D Cards	19.47	-	19.47	7.52	4.87	12.39	7.08
	64.49	**8.11**	**72.60**	**35.39**	**9.22**	**44.61**	**27.99**
As at March 31, 2016							
Electrical Installations	7.60	0.52	8.12	2.58	0.67	3.25	4.87
Furniture and Fixtures	6.87	0.20	7.07	2.29	0.64	2.93	4.14
Networking Equipment	0.83	0.02	0.85	0.41	0.13	0.54	0.31
Computing Equipment	5.07	1.16	6.23	4.80	0.38	5.18	1.05
Servers	1.43	-	1.43	1.20	0.06	1.26	0.17
Laboratory Equipment	17.31	2.66	19.97	12.86	0.78	13.64	6.33
Office Equipment	1.20	0.06	1.26	0.93	0.09	1.02	0.24
Vehicles	0.09	-	0.09	0.04	0.01	0.05	0.04
R&D Cards	14.40	5.07	19.47	3.60	3.92	7.52	11.95
	54.80	**9.69**	**64.49**	**28.71**	**6.68**	**35.39**	**29.10**

NOTE 11 B FIXED ASSETS

Intangible Assets

Particulars	Gross block			Accumulated depreciation			Closing net block as on March 31
	Opening balance as on April 1	Additions (Refer Note Below)	Closing balance as on March 31	Opening balance as on April 1	Amortisation expense for the year	Closing balance as on March 31	
As at March 31, 2017							
Computer software	7.65	3.30	10.95	7.15	2.06	9.21	1.74
Product development	283.96	42.80	326.76	219.27	45.14	264.41	62.35
	291.61	**46.10**	**337.71**	**226.42**	**47.20**	**273.62**	**64.09**
As at March 31, 2016							
Computer software	6.22	1.43	7.65	5.31	1.84	7.15	0.50
Product development	213.41	70.55	283.96	189.54	29.73	219.27	64.69
	219.63	**71.98**	**291.61**	**194.85**	**31.57**	**226.42**	**65.19**

Notes

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NOTE 11 C DEPRECIATION AND AMORTISATION EXPENSES

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Depreciation for the year on tangible assets as per Note 11 A	9.22	6.68
Amortisation for the year on intangible assets as per Note 11 B	47.20	31.57
Depreciation and amortisation expenses for the year	**56.42**	**38.25**

Note: For the year ended March 31, 2016, 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 5 December, 2014. Under the said scheme, the Company as on March 31, 2017, has submitted the claim for incentive amounting to ₹ 3.19 crore which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amounts of eligible claim.

NOTE 12 NON-CURRENT INVESTMENTS

Particulars	As at March 31, 2017	As at March 31, 2016
Investments (At cost):		
Trade		
Investment in equity instruments		
ELCIA ESDM Cluster		
Number of shares	1,100	1,100
Amount (Refer note 28.10.a.1)	-	-
	-	**-**
Aggregate amount of unquoted investments	**-**	**-**

NOTE 13 LONG-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits, unsecured considered good	5.48	4.44
Advance income tax and taxes deducted at sources (Refer note 1 below)	22.80	17.66
Other loans and advances		
Tejas Employee Welfare Trust, unsecured, considered good	-	33.41
Prepaid Expenses	0.80	0.53
	29.08	**56.04**

Notes:

1. Advance income tax and taxes deducted at sources are net of provisions :

Particulars	As at March 31, 2017	As at March 31, 2016
Advance income tax and taxes deducted at sources	35.86	29.44
Less: Provision for tax	13.06	11.78
Net advance income tax and taxes deducted at sources	22.80	17.66

NOTE 14 OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Long-term trade receivables, unsecured, considered good	17.80	6.62
Accruals, Interest accrued on deposits	0.01	-
Fixed deposits with banks	85.10	25.00
In earmarked deposit accounts		
Fixed deposits held as margin money or security against borrowings, guarantees and other commitments	14.11	-
	117.02	**31.62**

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NOTE 15 INVENTORIES

Particulars	As at March 31, 2017	As at March 31, 2016
Raw materials Components including assemblies and sub assemblies	181.72	230.89
Goods-in-transit	-	0.80
	181.72	**231.69**

NOTE 16 TRADE RECEIVABLES (NET OF BILLS DISCOUNTED - REFER NOTE 26.1)

Particulars	As at March 31, 2017	As at March 31, 2016
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	44.62	43.89
Unsecured, considered doubtful	5.78	7.62
	50.40	**51.51**
Less: Provision for doubtful trade receivables	5.78	7.62
	44.62	**43.89**
Other Trade receivables		
Unsecured, considered good	339.76	325.25
Less: Bill Discounting	26.38	114.90
	358.00	**254.24**

NOTE 17 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017	As at March 31, 2016
Cash & cash equivalents		
Cash on hand (Refer note 28.10.a.2)	-	-
Balances with banks		
In current accounts	17.42	46.99
In EEFC accounts	2.80	0.63
In deposit accounts	10.76	1.51
	30.98	**49.13**
Other bank balances		
In other deposit accounts	6.17	-
In earmarked deposit accounts		
Balances held as margin money or security against borrowings, guarantees and other commitments	33.79	20.25
	70.94	**69.38**

NOTE 18 SHORT-TERM LOANS AND ADVANCES

Particulars	As at March 31, 2017	As at March 31, 2016
Security deposits, unsecured, considered good	0.52	0.63
Loans and advances to employees, unsecured, considered good	15.51	1.57
Prepaid expenses - Unsecured, considered good	8.86	2.53
Balances with government authorities, unsecured, considered good		
CENVAT credit receivable	7.82	6.46
VAT credit receivable	0.05	0.32
Service Tax credit receivable	2.75	3.37
	10.62	**10.15**
Advance to Suppliers, unsecured		
Considered good	5.50	17.98
Others	0.65	1.34
	41.66	**34.20**

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NOTE 19 OTHER CURRENT ASSETS

Particulars	As at March 31, 2017	As at March 31, 2016
Accruals, Interest accrued on deposits	0.27	0.12
Others		
KESDM Incentive claims	1.00	9.07
Patent expense reimbursable	-	0.99
Focus Product Scheme claim	5.79	4.86
	7.06	**15.04**

NOTE 20 REVENUE FROM OPERATIONS

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Sale of products		
Manufactured goods - Optical and Data Networking products including multiplexers	840.14	630.01
Component sales	55.74	12.32
	895.88	**642.33**
Sale of services		
Installation & commissioning revenue	4.51	1.79
Annual maintenance revenue	28.47	25.46
Other service revenue	3.24	4.89
	36.22	**32.14**
Other operating revenues		
Export incentives	4.04	0.02
	4.04	**0.02**
Revenue from operations (gross)	**936.14**	**674.49**
Less: Excise duty	57.95	47.04
Revenue from operations (net)	**878.19**	**627.45**

NOTE 21 COST OF MATERIALS CONSUMED

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Opening stock	230.89	219.44
Add: Purchases	464.88	367.17
Less: Capitalised during the year	-	5.07
	695.77	**581.54**
Less: Closing stock	181.72	230.89
Cost of material consumed	**514.05**	**350.65**

NOTE 22 EMPLOYEE BENEFIT EXPENSE

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Salaries and wages	106.06	91.97
Contributions to provident and other funds	4.73	4.55
Staff welfare expenses	4.69	3.74
Less: Capitalised during the year (Refer Note no. 28.5.c)	39.16	33.73
	76.32	**66.53**

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NOTE 23 OTHER EXPENSES

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Installation & Commissioning Expenses	8.10	6.87
Other Processing Charges	4.71	4.22
Power and fuel	3.60	3.41
Housekeeping & Security	2.16	1.33
Rent including lease rentals	7.47	7.11
Repairs and maintenance - Machinery	0.49	0.95
Repairs and maintenance - Others	5.60	4.92
Insurance	0.76	1.07
Rates and taxes	3.92	5.09
Communication	1.28	1.18
Royalty	0.99	0.08
Travelling and conveyance	11.88	8.01
Printing and stationery	0.52	0.30
Freight and forwarding	1.48	4.20
Sales Expenses	9.46	9.31
Sales commission	18.72	2.49
Business promotion	0.84	0.27
Donations and contributions	0.01	-
Director Sitting Fees	0.14	0.12
Director Commission	0.15	
Legal and professional	9.18	8.87
Payments to auditors (refer note (1) below)	0.66	1.03
Net loss on foreign currency transactions and translation (other than considered as finance cost)	4.70	1.44
Bad trade and other receivables, loans and advances written off	5.26	50.30
Less:- Provision for doubtful trade and other receivables, loans and advances released	3.35	40.20
	1.91	**10.10**
Provision for doubtful trade and other receivables	1.61	7.62
Provision for warranty	4.29	2.74
KESDM receivable write off	7.07	-
Expenditure on Corporate Social Responsibility (Refer Note 28.7)	0.11	-
Miscellaneous expenses	2.71	5.91
	114.52	**98.64**
Less: Capitalised during the year	0.93	0.95
	113.59	**97.69**

Note 1: Payments to the auditors comprises (net of service tax input credit, where applicable):

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Statutory auditors		
- Audit fee	0.40	0.40
- Tax matters	0.22	0.38
- Reimbursement of expenses	0.02	0.13
Other auditors for the subsidiaries		
- Statutory Audit (Refer Note 28.10.b.1)	-	0.12
- Tax matters	0.02	-
-Reimbursement of expenses (Refer Note 28.10.b.2)	-	-
	0.66	**1.03**

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NOTE 24 FINANCE COST

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest expense on:		
Borrowings	23.65	36.64
Delayed payment of taxes	0.13	2.57
Other borrowing costs	5.75	6.67
Net (gain) / loss on foreign currency transactions and translation (considered as finance cost)	1.99	3.44
	31.52	**49.32**

NOTE 25 OTHER INCOME

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Interest income from bank on deposits	4.11	3.45
Other non-operating income		
Karnataka Electronic System Design & Manufacturing incentive	1.00	-
Liabilities no longer required written back	1.51	-
Bad Debts Recovered	0.30	-
Miscellaneous income	1.76	0.07
	8.68	**3.52**

NOTE 26 ADDITIONAL INFORMATION TO FINANCIAL STATEMENTS

26.1 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent liabilities		
Bills Discounted	26.38	114.90
Disputed Central Excise Demands *	13.79	13.79
Disputed Income Tax Demands *	46.78	38.04
Disputed CST Demand *	0.39	-

* 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.

Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible assets	1.39	1.51

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26.2 Details on foreign currency exposures

	Foreign Currency	Current Year			Previous Year		
		Exchange Rate	Amount in Foreign Currency	Amount in ₹ (₹ in crore)	Exchange Rate	Amount in Foreign Currency	Amount in ₹ (₹ in crore)
I. Assets							
Receivables (trade & other)	USD	64.85	7,711,438	50.01	66.26	6,807,371	45.10
	MYR	14.65	41,632,691	61.00	16.97	18,749,583	31.82
	EUR	69.29	21,700	0.15	75.40	21,700	0.16
Other Monetary assets							
a. Advance to Suppliers	USD	64.85	64,205	0.42	66.26	344,020	2.28
b. Balance in EEFC Account	USD	64.85	432,111	2.80	66.26	72,481	0.48
c. Balance with non-scheduled banks	USD	64.85	224,186	1.45	66.26	1,047,662	6.94
	AED	17.66	90,190	0.16	18.04	82,590	0.15
	BDT	0.79	3,779,764	0.30	0.83	3,779,764	0.31
	KES	0.63	6,512,279	0.41	0.65	2,207,947	0.14
	SGD (Refer note 28.10.c.2)	47.01	209	-	49.27	1,966	0.01
	MYR (Refer note 28.10.c.3)	14.65	3,112	-	16.97	16,541	0.03
	PHP	1.29	1,570,791	0.20	1.44	1,392,215	0.20
Total Receivables (A)				**116.90**			**87.62**
Hedged by derivative contracts (B)				**-**			**-**
Unhedged receivables (C = A - B)				**116.90**			**87.62**
II. Liabilities							
Payables (trade & other)	USD	64.85	3,837,005	24.88	66.26	11,618,635	76.99
	Euro	69.29	4,057	0.03	77.07	967	0.01
	SGD (Refer note 28.10.c.1)	46.41	390	-	49.27	390	-
	AED	17.66	4,828	0.01			
	MYR	14.65	196,173	0.29			
	KES	0.63	1,980,640	0.12			
	GBP	-	-	-	95.35	3,125	0.03
Royalty Payable		-	-	-	60.64	29,685	0.18
Borrowings							
a. Loan from Banks (Working capital loan)	USD	64.85	3,609,088	23.40	66.26	7,778,565	51.54
b. Loan from foreign banks	USD	-	-	-	66.26	4,386,927	29.07
Total payables (A)				**48.73**			**157.82**
Hedged by derivative contracts (B)				**-**			**29.07**
Unhedged payables (C = A - B)				**48.73**			**128.75**

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26.3 Dues to Micro Enterprises and Small 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 is registered under the said Act and hence the disclosure requirements of the said Act are not applicable.

27.1 Employee Benefit Plans

27.1.a 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 the following periods:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Provident Fund Contributions	3.15	2.45
Employee Pension Scheme	0.74	0.67
Employee contribution funds - Singapore	0.06	0.07

27.1.b Long Term Employee Benefits

The Company offers the following employee benefit schemes to its employees:

Compensated absence

Compensated absence expense (net) recorded in Statement of Profit & Loss are as follows:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Compensated absence expense (net)	0.51	0.32
Actuarial assumptions for long-term compensated absences		
Discount rate	7.31%	8.00%
Salary escalation	5.00%	5.00%
Attrition rate	1.00%	1.00%

27.1.c Defined Benefit Plan

Gratuity

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Actuarial assumptions for defined benefit plan		
Discount rate	7.31%	7.80%
Expected return on plan assets	7.31%	7.80%
Salary escalation	5.00%	4.50%
Attrition rate	1.00%	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.

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The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Components of employer expense		
Current service cost	1.19	0.80
Interest cost	0.49	0.44
Expected return on plan assets	(0.48)	(0.40)
Actuarial losses/(gains)	(0.41)	0.52
Total expense recognised in the Statement of Profit and Loss	**0.79**	**1.36**
Actual contribution and benefit payments for the year		
Actual benefit payments	(0.19)	0.89
Actual contributions	0.87	1.18
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	(7.66)	(6.35)
Fair value of plan assets	7.66	6.27
Funded status [Surplus / (Deficit)]	-	(0.08)
Net asset / (liability) recognised in the Balance Sheet	**-**	**(0.08)**
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	6.35	5.49
Current service cost	1.19	0.80
Interest cost	0.49	0.44
Settlement cost / (credit)	-	(0.89)
Actuarial (gains) / losses	(0.18)	0.49
Benefits paid	(0.19)	-
Present value of DBO at the end of the year	**7.66**	**6.33**
Change in fair value of assets during the year		
Plan assets at beginning of the year	6.26	5.59
Expected return on plan assets	0.48	0.40
Actual company contributions	0.87	1.18
Actuarial gain / (loss)	0.24	(0.02)
Benefits paid	(0.19)	(0.89)
Plan assets at the end of the year	**7.66**	**6.26**
Actual return on plan assets	0.72	(0.37)
Composition of the plan assets is as follows:		
Equity mutual funds	7.66	6.26
Others	-	-

Experience adjustments

Gratuity	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of DBO	(7.66)	(6.33)	(5.50)	(3.98)	(4.35)
Fair value of plan assets	7.66	6.26	5.60	4.76	5.26
Funded status [Surplus / (Deficit)]	-	(0.07)	0.10	0.78	0.91
Experience gain / (loss) adjustments on plan liabilities	(0.38)	0.57	0.53	(0.14)	0.32
Experience gain / (loss) adjustments on plan assets	(0.24)	(0.03)	0.42	(0.24)	0.08

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27.2 Segment Information

The Company has identified business segment as its primary segment. The management believes that the company's operations predominantly fall under the single business segment of Networking.

Secondary Segment Information

The secondary segment being geographical segment is identified based on location of customers, individually contributing 10 percent or more of the Company's revenues.

Geographic Segment	Year Ended March 31, 2017	Year Ended March 31, 2016
I. Revenues		
India	551.80	439.08
Americas	122.26	116.22
Others	204.13	72.15
	878.19	**627.45**
II. Total Carrying amount of Segment Assets, by geographical location		
India	879.67	808.03
Others	36.49	30.27
III. Cost incurred for purchase of tangible & intangible assets by geographical location		
India	54.21	81.67
Others	-	-

27.3 Related Party Transactions

27.3.a Details of related parties:

Description of relationship	Names of Related Parties
Key Management Personnel (KMP)	Mr. Sanjay Nayak

There are no individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise. There have been no transactions with any relatives of Key Management Personnel or Companies in which such relative may be interested.

27.3.b Details of the related party transactions during the year ended March 31, 2017:

Particulars		Year Ended March 31, 2017	Year Ended March 31, 2016
Transaction during the year			
Mr. Sanjay Nayak	KMP	1.51	1.50
Balances outstanding at the end of the year			
Mr. Sanjay Nayak	KMP	0.30	0.78

27.4 Details of leasing arrangements

The Company has entered into operating lease arrangements for certain facilities and office premises. Certain leases are cancellable at the option of the lessee and certain leases have a lock-in period of three (3) to five (5) years.

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Lease payments recognised in the Statement of Profit and Loss	7.47	7.11
Future minimum lease payments		
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	-	-

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28. EARNINGS PER SHARE

	Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
28.1.a	**Basic**		
	Net profit for the year from continuing operations attributable to the equity shareholders	63.22	28.53
	Weighted average number of equity shares	67,223,628	61,587,033
	Par value per share	10.00	10.00
	Earnings per share from continuing operations - Basic	**9.40**	**4.63**
28.1.b	**Diluted**		
	Net profit for the year attributable to the equity shareholders from continuing operations	63.22	28.53
	Weighted average number of equity shares for Basic EPS	67,223,628	61,587,033
	Add: Effect of Convertible Preference Shares		4,935,981
		67,223,628	**66,523,014**
	Par value per share	10.00	10.00
	Earnings per share, from continuing operations - diluted	**9.40**	**4.29**

Note: There are potential equity shares in the form of stock options of 94,95,846 and 6,926,635 to employees for the year ended March 31, 2017 and March 31, 2016 respectively. As these options are neither dilutive nor anti-dilutive, they are ignored in the calculation of diluted earnings per share.

28.2 Details of Provisions

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales

Particulars	March 31, 2017	March 31, 2016
Opening balance	3.74	2.54
Additions	4.29	2.73
Utilisation	2.19	1.53
Closing balance	5.84	3.74
Of the above, the following amounts are expected to be incurred within a year:		
Provision for warranty	3.40	2.50

28.3 Employee Stock Option Plan

a) In the annual general meeting held on September 24, 2014, the shareholders approved the issue of 7,101,767 options under the Scheme titled "ESOP Plan -2014" (ESOP A). The ESOP A allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share underlying the options granted on the date of grant of option and the exercise price of the option (being the intrinsic value of the option) representing Stock compensation expense is expensed over the vesting period.

Employee stock options details as on the Balance Sheet date are as follows:

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year:	6,926,635	6,833,264
Option granted during the year:	-	93,371
Weighted average exercise price per option	65.00	65.00
Options exercised during the year:	1,868,122	-
Options lapsed during the year:	11,297	-
Options outstanding at the end of the year	5,047,216	6,926,635
- Vested	3,202,509	3,284,856
- Balance to be vested	1,844,707	3,641,779
Options available for grant:	175,132	175,132
Weighted average remaining contractual life for options outstanding (comprising the vesting year and the exercise year)	14.50 years	15.50 years

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b) In the annual general meeting held on July 25, 2016, the shareholders approved the issue of 2,000,000 options under the Scheme titled "ESOP Plan -2014 - A" (ESOP B). The ESOP B allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share (being the intrinsic value of the option) underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year		
Option granted during the year :	1,978,215	-
Weighted average exercise price per option	85	-
Options exercised during the year :	-	-
Options lapsed during the year :	7,200	-
Options outstanding at the end of the year :	1,971,015	-
- Vested	-	-
- Balance to be vested	1,971,015	-
Options available for grant:	21,785	
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	5.72 years	-

c) In the extraordinary general meeting held on August 29, 2016, the shareholders approved the issue of 5,000,000 options under the Scheme titled "ESOP Plan -2016" (ESOP C). The ESOP C allows the issue of options to employees of the Company and its subsidiaries (whether in India or abroad). Each option comprises one underlying equity share. The difference between the fair price of the share (being the intrinsic value of the option) underlying the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

Particulars	March 31, 2017	March 31, 2016
Option outstanding at the beginning of the year:		
Option granted during the year:	2,491,215	-
Weighted average exercise price per option	85	-
Options exercised during the year:	-	-
Options lapsed during the year:	13,600	-
Options outstanding at the end of the year :	2,477,615	-
- Vested	-	-
- Balance to be vested	2,477,615	-
Options available for grant:	2,508,785	
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	5.99 years	-

d) The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as under:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Profit (as reported)	63.22	28.53
Add / (Less): stock based employee compensation (intrinsic value)	-	-
Add / (Less): stock based compensation expenses determined under fair value method for the grants issued (See note below)	(11.56)	(3.11)
Net Profit (proforma)	51.66	25.42
Basic earnings per share (as reported) - in ₹	9.40	4.63
Basic earnings per share (proforma) - in ₹	7.69	4.13
Diluted earnings per share (as reported) - in ₹	9.40	4.29
Diluted earnings per share (proforma) - in ₹	7.69	3.82

Note: The fair value impact is as adjusted for the change arising from estimated forfeiture and the actual forfeiture as well as changes made to the estimated future forfeitures of options granted.

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e) The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
ESOP 2014 Scheme		
Risk Free Interest Rate	Refer note below	7.75%
Option life (comprising the vesting period and the exercise period)	-	15-18 Years
Exercise period from the date of vesting	-	15 Years
Expected Annual Volatility of Shares	-	0%
Expected Dividend Yield	-	0%
ESOP 2014A Scheme		
Risk Free Interest Rate	7.61%	-
Option life (comprising the vesting period and the exercise period)	5 to 8 years	-
Exercise period from the date of vesting	4 years	-
Expected Annual Volatility of Shares	0%	-
Expected Dividend Yield	0%	-
ESOP 2016 Scheme		
Risk Free Interest Rate	7.61%	-
Option life (comprising the vesting period and the exercise period)	5 to 8 years	-
Exercise period from the date of vesting	4 years	-
Expected Annual Volatility of Shares	0%	-
Expected Dividend Yield	0%	-

Note: The assumptions are given for the period in which shares have been granted for the employees as per the respective ESOP Schemes. The Company has not introduced any new employee share based payment plans to be administered through the Trust during the year.

28.4 Provision for Tax

28.4.a Current Income Tax

India

Since the company has significant carry forward tax losses being business loss, unabsorbed depreciation and research and development cost, avaliable for set off there is no tax liability arising under normal tax and the company has accrued for Minimum Alternate Tax (MAT). In the absence of virtual certainity of future taxable profits the Company has not recognised any MAT credit.

28.4.b Deferred Taxes

The net Deferred tax as at 31 March, 2017 amounting to Nil (as at 31 March, 2016: Nil) has been arrived at as follows:

	Particulars	As at March 31, 2017	As at March 31, 2016
A	Deferred tax liabilities arising from:		
	Difference between carrying amount of fixed assets in the financial statements and the Income tax return	22.96	22.88
B	Deferred tax assets arising from:		
	Unabsorbed depreciation allowance *	22.96	22.88
C	Net deferred tax asset / (liability) (A-B)	-	-
D	Net deferred tax charge for the year	-	-

* Recognised to the extent that there are compensatory timing differences the reversal of which will result in sufficient future taxable income against which this can be realised.

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28.5 Product Development Cost

28.5.a Product development costs capitalised with regard to the development of various modules of products are being amortised in accordance with the Company's policy.

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Amount Capitalised	42.80	70.55
Capital WIP	18.62	51.80

28.5.b Research and development Expenses incurred by the company are as follows-

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Research and development expenses debited to statement of Profit and Loss (net)	32.93	29.74

28.5.c Details of Capital and Revenue expenditure incurred towards Research and Development (as per DSIR)

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Tangible Assets	6.00	3.38
Intangible Assets	39.16	34.68
Total Capital Expenditure	45.16	38.06
Total Revenue Expenditure	29.99	29.74
TOTAL	75.15	67.80

28.5.d Intangible assets in progress written off

During the year ended March 31, 2017, the Company has reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, has written off accumulated costs relating to past development activity not supporting the future design and development amounting to ₹ 30.47 crore.

28.6 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

Name of the entity	Net assets, i.e., total assets minus total liabilities	
	March 31, 2017	March 31, 2016
Parent Company		
As % of consolidated net assets	98.81%	100.94%
Amount (₹ in crore)	494.72	363.90
Subsidiaries		
Indian		
vSave Energy Private Limited.		
As % of consolidated net assets	0.00%	0.00%
Amount (₹ in crore)	-	-
Foreign		
Tejas Communication Pte. Ltd.		
As % of consolidated net assets	1.67%	0.08%
Amount (₹ in crore)	8.36	0.28
Tejas Israel Ltd.		
As % of consolidated net assets	-0.48%	-1.02%
Amount (₹ in crore)	(2.42)	(3.66)
Total		
As % of consolidated net assets	100.00%	100.00%
Amount (₹ in crore)	**500.66**	**360.52**

Notes

forming part of the Consolidated Financial Statements for March 31, 2017

Name of the entity	Share of profit or loss	
	March 31, 2017	March 31, 2016
Parent Company		
As % of consolidated profit or loss	84.52%	152.40%
Amount (₹ in crore)	53.43	43.48
Subsidiaries		
Indian		
vSave Energy Private Limited.		
As % of consolidated profit or loss	0.00%	0.00%
Amount (₹ in crore)	0	-
Foreign		
Tejas Communication Pte. Ltd.		
As % of consolidated profit or loss	13.52%	-49.70%
Amount (₹ in crore)	8.55	(14.18)
Tejas Israel Ltd.		
As % of consolidated profit or loss	1.96%	-2.70%
Amount (₹ in crore)	1.24	(0.77)
Total		
As % of consolidated profit or loss	100.00%	100.00%
Amount (₹ in crore)	**63.22**	**28.53**

Note : The above disclosures are net of eliminations, and all adjustments pertaining to unrealised profits or inter-company transfers and exchange translation reserve arising on consolidation has been considered in the share of the profits / (loss) and the net assets of the Parent Company.

28.7 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 ₹ 0.11 crore (previous year Nil).

(b) Amount spent during the year: ₹ 0.11 crore (included under expenditure on corporate social responsibility note 23)

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2 On purposes other than (1) above	0.11	-	0.11
	(-)	(-)	(-)

* Previous year figures are in brackets

The above amount has been contributed to mid day meal scheme run by Akshaya Patra Foundation, Bengaluru

28.8 Disclosure in respesct of Specified Bank Notes (SBN) held and transacted during the period from 8th November 2016 to 30th December 2016

Particulars	SBNs (₹)	Other Denominations Notes (₹)	Total (₹)
Closing cash in hand as on 08-11-2016	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 30-12-2016	-	16,008	16,008

28.9 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification / disclosure.

Notes
forming part of the Consolidated Financial Statements for March 31, 2017

28.10 Details of rounded off amounts

28.10. a Balance sheet items

(Amount in Rupees)

Particulars	As at March 31, 2017	As at March 31, 2016
1. Note 12 Non-current investments		
Investment in ELCIA ESDM Cluster	11,000	11,000
2. Note 17 Cash and cash equivalents		
Cash on hand	-	45,563

28.10. b Statement of Profit and Loss

Particulars	Year Ended March 31, 2017	Year Ended March 31, 2016
Note 23 Other Expenses		
1. Audit Fees to subsidiaries	56,099	1,047,080
2. Reimbursement of expenses	26,173	49,046

28.10. c Notes to accounts - Disclosure items

Particulars			As at March 31, 2017	As at March 31, 2016
1. Trade Payable against import of goods and services	SGD	Foreign currency	390	390
		INR	18,101	19,213
2. Balance with Non-schedule banks	SGD	Foreign currency	209	1966
		INR	9,818	96,855
3. Balance with Non-schedule banks	MYR	Foreign currency	3112	16,541
		INR	45,603	280,701

For and on behalf of the Board of Directors

Sanjay Nayak
Managing Director
(DIN: 01049871)

V. Balakrishnan
Director
(DIN: 02825465)

Venkatesh Gadiyar
Chief Financial Officer

Krishnakanth G. V.
Company Secretary

Place: Bangalore
Date: April 17, 2017

NOTES

From Left to Right
Kumar N Sivarajan - Chief Technology Officer, Arnob Roy – President – Optical Products,
Venkatesh Gadiyar – Chief Financial Officer, Balakrishnan V – Chairman, Sanjay Nayak – CEO & Managing Director.

TEJAS®
NETWORKS

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Hosur Road, Electronics City Phase 1,
Electronic City, Bengaluru,
Karnataka 560100
Tel : 080 4179 4600
Website: www.tejasnetworks.com

concept, content and design at aicl [info@aicl.in]

TEJAS NETWORKS LIMITED

CCIN: U72900KA2000PLC026980
Regd. Office: J P Software Park, Plot No 25, Sy. No 13, 14,17,18
Konnapana Agrahara Village, Begur Hobli, Bengaluru-560100, Kartnataka, India.
T: + 91 80 4179 4600 F:+91 80 2852 0201
Website: www.tejasnetwoks.com email: corporate@tejasnetworks.com

NOTICE

NOTICE is hereby given that the 17th Annual General Meeting ("AGM") of the Members of Tejas Networks Limited will be held on Wednesday, September 27, 2017 at 3:00 P.M. (IST) at the Registered Office of the Company at 6th floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli, Bengaluru-560100, Karnataka, India to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the audited standalone financial statements of the Company, and the consolidated financial statements for the year ended March 31, 2017 including reports of the Board of Directors and Auditors thereon

2. To appoint a Director in place of Mr. Sanjay Nayak (DIN: 01049871), who retires by rotation and, being eligible, offers himself for reappointment.

3. To appoint M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No.012754N/N500016) as the Statutory Auditors and to fix their remuneration by passing the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013, if any, read with the Companies (Audit & Auditors) Rules, 2014, including any statutory enactment or modification thereof, for the time being in force M/s. Price Waterhouse Chartered Accountants LLP, (Firm Registration No.012754N/N500016) be and is hereby appointed as the Statutory Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of 22nd Annual General Meeting of the Company, subject to ratification of the said appointment at every Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company ."

SPECIAL BUSINESS:

4. **Regularization of Additional Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "**RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions of the Companies Act, 2013, Mr. Shirish Saraf (DIN: 01918219) who was appointed as an Additional Director with effect from August 02, 2016 on the Board of the Company in terms of Section 161 of the Companies Act 2013 and as per Article of Association of the Company and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as director of the Company with immediate effect and the period of his office shall be liable to determination by retirement of directors by rotation."

5. **Ratification of Tejas Networks Limited Employee Stock Option plan – 2014.**

   To consider and, if thought fit, to pass, with or without modification, the following resolutions as an **Ordinary Resolution:-**

   RESOLVED THAT in furtherance of the special resolution passed by the shareholders at the Annual general meeting held on September 24, 2014 including subsequent amendments thereon, and pursuant to Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendments thereon) (**"SEBI SBEB Regulations**"), applicable provisions of the Companies Act, 2013 (including any amendments thereon) (**"Act**"), the Tejas Networks Limited Employee Stock Option Plan 2014 ("ESOP 2014"), which was formulated and approved prior to the initial public offering of the Company, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board and/or the Nomination and Remuneration Committee, be and is hereby authorized to do all such acts as it may in its absolute discretion deem necessary to give effect to the above resolution and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board and/or the Nomination and Remuneration Committee to secure any further consent or approval of the shareholders of the Company.

6. **Ratification of Tejas Networks Limited Employee Stock Option plan – 2014- A.**

   To consider and, if thought fit, to pass, with or without modification, the following resolutions as an **Ordinary Resolution:-**

   RESOLVED THAT in furtherance of the special resolution passed by the shareholders at the Annual general meeting held on July 25, 2016 including subsequent amendments thereon, and pursuant to Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendments thereon) ("**SEBI SBEB Regulations**"), applicable provisions of the Companies Act, 2013 (including any amendments thereon) (**"Act**"), the Tejas Networks Limited Employee Stock Option Plan -2014 - A ("ESOP 2014- A"), which was formulated and approved prior to the initial public offering of the Company, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board and/or the Nomination and Remuneration Committee, be and is hereby authorized to do all such acts as it may in its absolute discretion deem necessary to give effect to the above resolution and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board and/or the Nomination and Remuneration Committee to secure any further consent or approval of the shareholders of the Company."

7. Ratification of Tejas Networks Limited Employee Stock Option plan – 2016

To consider and, if thought fit, to pass, with or without modification, the following resolutions as an **Ordinary Resolution:-**

RESOLVED THAT in furtherance of the special resolution passed by the shareholders at the Extraordinary general meeting held on August 29, 2016 including subsequent amendments thereon, and pursuant to Regulation 12 of SEBI (Share Based Employee Benefits) Regulations, 2014 (including any amendments thereon) ("**SEBI SBEB Regulations**"), applicable provisions of the Companies Act, 2013 (including any amendments thereon) ("**Act"**), the Tejas Networks Limited Employee Stock Option Plan -2016 ("ESOP 2016"), which was formulated and approved prior to the initial public offering of the Company, be and is hereby ratified.

RESOLVED FURTHER THAT the Board and/or the Nomination and Remuneration Committee, be and is hereby authorized to do all such acts as it may in its absolute discretion deem necessary to give effect to the above resolution and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board and/or the Nomination and Remuneration Committee to secure any further consent or approval of the shareholders of the Company."

8. 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.

To consider and, if thought fit, to pass, with or without modification, the following resolutions as a **Special Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any amendment thereto or re-enactment thereof) and in accordance with the Memorandum and Articles of Association of the Company, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**"SEBI SBEB Regulations**"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of 'Tejas Restricted Stock Unit Plan 2017' ("**RSU 2017" or the "Plan**"), either directly or through a trust to be set up by the Company, authorizing the Board of Directors of the Company (hereinafter referred to as the "**Board**" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches, not exceeding 30,00,000 (Thirty Lakhs) restricted stock units (**"RSUs**") to such person(s) who are in permanent employment of the Company, whether working in India or out of India, and to the directors of the Company and to such other persons as may from time to time be allowed to be eligible for the benefits of the RSUs under applicable laws and regulations prevailing from time to time, exercisable into not more than 30,00,000 (Thirty Lakhs) equity shares of face value of Rs. 10 /- (Rupees ten only) each fully paid-up (as adjusted for any changes in the capital structure of the Company), at such price or prices and on such terms and conditions as may be fixed or determined by the Board in accordance with the RSU 2017."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot equity shares upon exercise of such RSUs from time to time in accordance with the Plan, and such equity shares shall rank pari passu in all respects with the existing equity shares of the Company."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the trust be and is hereby authorized to acquire, hold, transfer and deal in the equity shares of the Company and to do all such acts, deeds and things as may be incidental or ancillary to the implementation of the Plan."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the RSU 2017 subject to the compliance with the applicable laws and regulations without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the RSU 2017 and do all other things incidental and ancillary thereof."

"**RESOLVED FURTHER THAT** in case of any corporate actions, such as rights issue, bonus issue, merger, sale of division of the Company or other similar events, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the RSU 2017 are passed on the eligible employees."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the RSU 2017 on the stock exchanges as per the provisions of the LODR, SEBI SBEB Regulations and other applicable laws and regulations."

"**RESOLVED FURTHER THAT** for the purpose of bringing into effect and implementing the RSU 2017 and generally for giving effect to these resolutions, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and may delegate all or any powers conferred herein, to any committee of directors, with power to further delegate such powers to any executives/ officers of the Company to do all such acts, deeds, matters and things as also to execute such documents as may be necessary in this regard."

9. Approval of grant of Restricted Stock Units under Tejas Restricted Stock Unit Plan 2017 to the eligible employees of subsidiary companies

To consider and, if thought fit, to pass, with or without modification, the following resolutions as **Special Resolution:-**

"**RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any amendment thereto or re-enactment thereof) and in accordance with the Memorandum and Articles of Association of the Company, the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("LODR**"), the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("**SEBI SBEB Regulations**"), and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of 'Tejas Restricted Stock Unit Plan 2017' ("**RSU 2017**" or the **"Plan**"), either directly or through a trust to be set up by the Company, authorizing the Board of Directors of the Company (hereinafter referred to as the "**Board**" which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has constituted or may constitute to exercise its powers, including the powers, conferred by this resolution) to create and grant from time to time, in one or more tranches, not exceeding 30,00,000 (Thirty Lakhs) restricted stock units ("**RSUs**") to such person(s) who are in permanent employment, including directors, whether working in India or out of India, of any existing or future subsidiary companies of the Company whether in or outside India, and to such other persons as may from time to time be allowed to be eligible for the benefits of the RSUs under applicable laws and regulations prevailing from time to time, exercisable into not more than 30,00,000 (Thirty Lakhs) equity shares of face value of Rs. 10/- (Rupees ten only) each fully paid-up (as adjusted for any changes in the capital structure of the Company), at such price or prices and on such terms and conditions as may be fixed or determined by the Board in accordance with the RSU 2017."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot equity shares upon exercise of such RSUs from time to time in accordance with the Plan, and such equity shares shall rank pari passu in all respects with the existing equity shares of the Company."

"**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the trust be and is hereby authorized to acquire, hold, transfer and deal in the equity shares of the Company and to do all such acts, deeds and things as may be incidental or ancillary to the implementation of the Plan."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized at any time to modify, change, vary, alter, amend, suspend or terminate the RSU 2017 subject to the compliance with the applicable laws and regulations without requiring the Board to secure any further consent or approval of the members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the RSU 2017 and do all other things incidental and ancillary thereof."

"**RESOLVED FURTHER THAT** in case of any corporate actions, such as rights issue, bonus issue, merger, sale of division of the Company or other similar events, the Board be and is hereby authorized to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion and as permitted under applicable laws, so as to ensure that fair and equitable benefits under the RSU 2017 are passed on the eligible employees."

"**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take necessary steps for listing of the shares allotted under the RSU 2017 on the stock exchanges as per the provisions of the LODR, SEBI SBEB Regulations and other applicable laws and regulations."

"RESOLVED FURTHER THAT for the purpose of bringing into effect and implementing the RSU 2017 and generally for giving effect to these resolutions, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for such purpose and may delegate all or any powers conferred herein, to any committee of directors, with power to further delegate such powers to any executives/officers of the Company to do all such acts, deeds, matters and things as also to execute such documents as may be necessary in this regard."

10. Approval of payment of Commission to Non-Executive Directors/Independent Directors.

To consider and, if thought fit, to pass, with or without modification, the following resolutions as an **Ordinary Resolution:-**

RESOLVED THAT, pursuant to the provisions of Section 149(9), 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company be and is hereby authorized to pay remuneration, in addition to sitting fees and reimbursement of expenses for attending the meetings of the Board of Directors or Committees thereof, an amount, by way of commission, either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, to any one or more or all of the existing Non-Executive Directors (including Independent Directors) or Non-Executive Directors (including Independent Directors) to be appointed in future, as the Board of Directors may from time to time, determine, and that such remuneration shall not exceed 1% of the net profits of the Company in any financial year (computed in the manner provided in Section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof and subject to an individual limit of remuneration for each of the Non-Executive Directors (including Independent Directors)."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including Nomination and Remuneration Committee) be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to his resolution including payment of such remuneration for any period or period."

11. Approval for revision in remuneration of Managing Director and Chief Executive officer.

To consider and if thought fit, to pass the following resolution with or without modification as an **Ordinary Resolution:-**

"RESOLVED THAT pursuant to the provisions of Section 197 read with Part I and Section I of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), applicable clauses of the Articles of Association of the Company and recommendation of Nomination and Remuneration Committee (**"Committee**"), approval of the Company be and is hereby accorded for revision in the terms of the remuneration of Mr. Sanjay Nayak (DIN: 01049871), Managing Director and Chief Executive Officer of the Company, on the terms and conditions hereinafter mentioned."

"**RESOLVED FURTHER THAT** approval of the members of the Company be and is hereby accorded for payment of remuneration to Mr. Sanjay Nayak (DIN: 01049871), Managing Director and Chief Executive Officer of the Company upto Rs. 2 Crore per annum or 5% of the Net Profits, whichever is higher, (where 5% of Net Profits is not less than Rs.2 Crore) in the manner set out below, effective April 1, 2017 till the remaining period of his tenure and sanction the authority to the Board to alter and vary the terms and conditions of the said appointment without increasing the remuneration mentioned herein and in such manner as may be required:

1. Fixed salary: Annual fixed salary of Rs.99.09 Lakhs (comprising primarily of basic pay, house rent allowance, conveyance allowance, medical allowance, leave travel allowance, special allowance, company's contribution to Provident fund, gratuity and others) to be paid periodically in accordance with the Company's normal payroll practices and subject to tax withholding.

2. Variable pay: Base Annual variable compensation of Rs.81.08 lakhs on achievement of annual targets set by the Board or by the Committee less applicable tax withholdings to be paid, and payable at such intervals as may be decided by the Board or the Committee from time to time. The Actual variable compensation paid may be higher or lower than the annual base variable compensation as may be recommended by the Nomination and Remuneration Committee

3. Performance based stock compensation: Stock compensation by way of grant of Restricted Stock Units (RSU). The number of RSU granted and the terms shall be as approved from time to time by the Nomination and Remuneration committee.

4. Employee benefits: During the term of his employment, Mr. Sanjay Nayak will be entitled to participate in the employee benefit plans of the Company as approved from time to time.

5. Expenses: The Company will reimburse Mr. Sanjay Nayak for, or pay for, actual and reasonable travel, entertainment, driver, security, or other expenses incurred by him pursuant to or in connection with the performance of his duties.

6. Annual increments to components of Mr. Sanjay Nayak's compensation will be determined on an annual basis by the Board or the Committee at its sole discretion, taking into account factors such as the Company's prior years' financial performance, independent industry compensation benchmarks and future contribution potential.

"RESOLVED FURTHER THAT the overall remuneration payable every year to the Mr. Sanjay Nayak, Managing Director & Chief Executive Officer by way of fixed salary, variable pay, performance based incentives (including stock based compensation of all types) and employee benefits etc. (mentioned hereinabove) shall not exceed in aggregate five percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof."

"**RESOLVED FURTHER THAT** notwithstanding anything contained herein above, where, in any financial year during the currency of his appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Managing Director as salary, perquisites and any other allowances shall be governed by, and be subject to the ceilings provided under Section II of Part II of Schedule V to the Companies Act, 2013 unless approved by the Shareholders in their General Meeting or such other limit as may be prescribed by the Government from time to time as minimum remuneration."

"RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

By Order of the Board
For Tejas Networks Limited
Krishnakanth G.V.
Company Secretary
Membership Number A17291

Place: Bengaluru
Date: August 26, 2017

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM or the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself/ herself and the proxy need not be a Member of the Company. A person can act as proxy on behalf of Members upto and not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company. Further, a Member holding more than 10% of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than forty-eight hours before the commencement of the Meeting.

2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

3. The Explanatory Statement setting out the material facts in respect of the special business pursuant to Section 102(1) of the Companies Act, 2013, is annexed hereto as **Annexure I.**

4. Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slips enclosed herewith along with their copy of the Annual Report to the Meeting.

5. The Register of Directors' and key managerial personnel shareholding will be available for inspection by the members at the AGM.

6. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2017 to September 27, 2017.

7. The details of attendance of each Director with respect to the Board meeting held during the year is set as under;

8. Shareholders desiring any information as regards the financial statements are requested to write to the Company at least 48 hours before the commencement of the meeting so as to enable the Management to keep the information ready.

9. All documents referred to in the notice and the explanatory statement are open for inspection at the Registered Office of the Company between 10.00 a.m. to 1.00 p.m. on any working day up to the date of Annual General Meeting and also at the Meeting.

10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar and Share Transfer Agent of the Company.

11. We request you to update your email address with your depository participant to ensure that the annual report and other documents reach you on your preferred email account.

    The Notice of the 17th AGM and instructions for e-voting, along with the Attendance Slip and Proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not register their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

12. Members may also note that the Notice of the 17th AGM and the Annual Report 2017 will be available on the Company's website: www.tejasnetworks.com. The physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours on working days. Members who require communication in physical form in addition to e-communication, or have any other queries, may write to us at: corporate@tejasnetworks.com

13. Brief profile and other required information about the Director proposed to be re-appointed, as required under Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice as **Annexure II.**

14. The businesses as set out in the Notice will be transacted through remote electronic voting system and the Company will provide a facility for voting by remote electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is pleased to offer the facility of Remote e-voting means, to all its Members to enable them to cast their votes electronically. **Please note that the remote voting through electronic means is optional.**

15. The remote voting through electronic means will commence on Friday, September 22, 2017 at 9.00 A.M. and will end on Tuesday, September 26, 2017 at 5.00 P.M. The Members will not be able to cast their vote electronically beyond the date and time mentioned here. Once the vote on a resolution is cast by a shareholder via remote e-voting, it cannot be changed subsequently or cast the vote again. However, a member may participate in the meeting even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the meeting.

16. During the period when the facility for remote e-voting is provided, the Members of the Company holding the shares either in physical or in dematerialized form as on the relevant date ie September 20, 2017 may opt to vote via remote electronic voting process.

17. The Company has engaged the services of NSDL as the agency to provide remote e-voting facility.

18. The Board of Directors has appointed Mr. Dwarakanath C, Practicing company Secretary, as a Scrutinizer to scrutinize the voting through remote e-voting and voting process at AGM in a fair and transparent manner.

19. The results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.

20. The results of voting declared along with Scrutinizer's Report(s) will be published on the website of the Company (www.tejasnetworks.com) and on Service Provider's website NSDL within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.

21. Details of the process and manner of remote e-voting along with the User ID and Password is being sent to all the Members along with this Notice. In case of any queries / grievances relating to voting by electronic means, the Members / beneficial owners or in case any person, acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 20, 2017 may obtain the login ID and password by sending a request to evoting@nsdl.co.in

By Order of the Board
For Tejas Networks Limited
Krishnakanth G.V.
Company Secretary
Membership Number A17291

Place: Bengaluru
Date: August 26, 2017

ANNEXURE I TO THE NOTICE

Explanatory statement under section 102(1) of the Companies Act, 2013.

Item No. 4

Mr. Shirish Saraf was appointed as an Additional Director by the Board of Directors with effect from August 02, 2016 in accordance with the provisions of Section 161(1) of the Companies Act, 2013. Mr. Shirish Saraf is Founder and Vice Chairman of Samena Capital, which is the parent entity of Samena Spectrum Co, a shareholder of the Company. Pursuant to the said section the above director holds office up to the date of the ensuing Annual General Meeting.

Mr. Shirish Saraf brings rich and varied experience to the board. The Board feels that the presence of Mr. Shirish Saraf on the Board is desirable and would be beneficial to the company.

Mr. Shirish Saraf attended 2 (two) out of 6 (six) Board meetings held during his tenure.

Brief profile of Mr. Shirish Saraf is given in Annexure II to this Notice.

The Board recommends the resolution set out at Item No. 4 of this Notice to the Members for their consideration and approval by way of Ordinary Resolution

Save and except Mr. Shirish Saraf and his relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives is, are in any way, concerned or interested in the resolution set out at Item No 4 of the Notice.

Item No. 5, 6 &7

Equity based compensation plans are an effective tool to reward the employees of the Company and its subsidiaries for their contribution to the growth of the Company, to create employee ownership in the Company, to attract new talents and to retain key resources and knowledge in the organization. Pursuant to this the Company had established the following ESOP Schemes.

Tejas Networks Limited Employees Stock Option Scheme – 2014 - ("ESOP 2014")

Pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, the Company adopted ESOP 2014. ESOP 2014 was subsequently modified pursuant to the Board resolutions dated March 2, 2016 and September 23, 2016 and Shareholders' resolutions dated March 28, 2016 and November 19, 2016.

Tejas Networks Limited Employees Stock Option Scheme – 2014 A ("ESOP 2014-A")

Pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively, the Company adopted ESOP 2014A. ESOP 2014A was subsequently modified pursuant to the Board resolution dated September 23, 2016 and Shareholders resolution dated November 19, 2016.

Tejas Networks Limited Employees Stock Option Scheme – 2016 – ("ESOP 2016")

Pursuant to resolutions passed by the Board and the Shareholders, dated August 2, 2016 and August 29, 2016, respectively, the Company adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Board resolution dated September 23, 2016 and Shareholders resolution dated November 19, 2016.

ESOP 2014, ESOP 2014A and ESOP 2016 are hereinafter collectively referred to as "ESOP Schemes".

The aggregate number of options which can be granted under each ESOP Scheme are as follows:

Sl. No	ESOP Plan	No of Options
1	ESOP 2014	71,01,767
2	ESOP 2014- A	20,00,000
3	ESOP 2016	50,00,000

As on August 26, 2017 , the Company has granted the following number of options under each of the ESOP Schemes.

Sl. No	ESOP Plan	No of Options Granted
1	ESOP 2014	69,26,635
2	ESOP 2014- A	19,78,215
3	ESOP 2016	26,26,415

As per Regulation 12 of SEBI SBEB Regulations, no company shall make any fresh grant which involves allotment or transfer of shares to its employees under any schemes formulated prior to its initial public offering (**"IPO**") and prior to the listing of its equity shares ('**pre-IPO scheme**') unless such pre-IPO scheme is in conformity with these regulations and such pre-IPO scheme is ratified by its shareholders subsequent to the IPO.

As on August 26, 2017, options aggregating to 25,70,502 from current ESOP Schemes were not granted to any employee as shown below.

Sl. No	ESOP Plan	No of Options (Not Granted)
1	ESOP 2014	1,75,132
2	ESOP 2014- A	21,785
3	ESOP 2016	23,73,585

However, since the Company is proposing to implement a RSU plan, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes.

The ESOP Schemes are in compliance with the SEBI SBEB Regulations, the Act, and is implemented in accordance with guidance note issued by ICAI and the relevant accounting standards.

Accordingly, the Board recommends the resolution set forth in Item no. 5 & 6 and 7, of this Notice to the Members for their consideration and approval by way of Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives is, are concerned or interested in the resolution stated in Item No. 5 & 6 and 7 of the Notice except to the extent of the Key Managerial Personnel of the Company being eligible, as employees, to participate in the ESOP Schemes.

Item No. 8 and 9

Equity based compensation plans are an effective tool to reward the employees of the Company and its subsidiaries for their contribution to the growth of the Company, to create employee ownership in the Company, to attract new talents and to retain key resources and knowledge in the organization. With this objective in mind, the Company intends to implement 'Tejas Restricted Stock Unit Plan 2017' ("RSU 2017" or "Plan") for the employees including directors of the Company and its subsidiaries.

Pursuant to Regulation 6 of the SEBI SBEB Regulations, the details of the RSU 2017 are set out below:

a) Brief description of the Plan

With a view to reward and retain the best talent and to promote increased participation by the employees in the growth of the Company, the Board has recommended that the Company implements a restricted stock unit plan granting share based benefits to eligible employees of the Company and its subsidiary companies **("Eligible Employees").**

This Plan provides alternatives to grant stock incentives such as RSUs and subject to applicable laws and conditions for exercise, the Eligible Employees shall be entitled to receive equity shares or equivalent monetary value of such equity shares in lieu of the shares underlying the RSU on exercise of such RSUs. This Plan shall be administered by the Board which includes any committee of the Board, that administers the RSU 2017 either through itself or through a trust constituted for this purpose ("Administrator"). The Administrators decisions, determinations and interpretations will be final and binding on all Eligible Employees and participants under the Plan. Each RSU shall be evidenced by an agreement that will specify the terms and conditions as the Administrator in its sole discretion will determine.

b) Total number of RSUs to be granted

The total number of RSUs to be granted to the Eligible Employees under RSU 2017 shall not exceed 30,00,000 (Thirty Lakhs). To the extent permitted by applicable laws and the award agreement, the Eligible Employees who have been granted RSUs may be given the vested RSUs through issuance of Shares or paid an equivalent amount. In respect of settlements of vested RSUs for shares, the Company shall issue the underlying quantum of shares corresponding to the number of RSUs exercised in accordance with the award agreement.

Vested RSUs lapsed due to non-exercise and/or unvested RSUs that get cancelled due to resignation/ termination of the employees or otherwise, would be available for being re-granted at a future date. The Administrator is authorized to re-grant such lapsed / cancelled RSUs as per the provisions of RSU 2017, within overall ceiling. The SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division, and others, a fair and reasonable adjustment needs to be made to the RSUs granted. Accordingly, if any additional equity shares are required to be issued pursuant to any corporate action, the above ceiling of equity shares shall be deemed to increase in proportion of such additional equity shares issued subject to compliance of the SEBI SBEB Regulations.

c) Identification of classes of employees entitled to participate in RSU 2017

Employees of the Company and its subsidiary companies, whether working in India or abroad as defined in the Plan and as allowed under the SEBI SBEB Regulations, will be entitled to participate in the Plan, subject to the fulfilment of eligibility criteria as determined by the Administrator from time to time.

d) Requirements of vesting and period of vesting

All the RSUs granted on any date shall vest not earlier than 1 (one) year from the date of grant of RSUs as may be determined by the Administrator. The Administrator will, in its discretion, set the vesting criteria which may be based on the Participant's period of service and/or the attainment of specified performance objectives. The Administrator may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable law. The vesting dates in respect of the RSUs granted under the Plan shall be determined by the Administrator and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of RSUs granted to an employee. RSUs shall vest essentially based on continuation of employment as per requirement of SEBI SBEB Regulations. Apart from that the Administrator may prescribe achievement of any performance conditions for vesting.

e) Maximum period within which the RSUs shall be vested

The Administrator will, in its discretion, set the Vesting criteria which may be based on the Participant's period of service and/or the attainment of specified performance objectives. All the RSUs granted on any date shall vest not later than a maximum period of 4 years from the date of grant of RSUs or such other period as decided in the sole discretion of the Board from time to time.

f) Exercise price or pricing formula

Exercise price per restricted stock unit will be equal to the par value of Rs. 10/- each in accordance with the SEBI SBEB Regulations.

g) Exercise period and the process of exercise

The Board shall decide the exercise period and the process of exercise and the same shall be detailed in the agreement with the employees. The RSUs shall be deemed exercised when the Company receives written or electronic notice of the exercise from the persons entitled to exercise the RSUs.

h) Appraisal process for determining the eligibility of employees under the Plan

The appraisal process for determining the eligibility shall be decided from time to time by the Board. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company or its subsidiary company, performance during the previous years, position and responsibilities of the concerned employee, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance and other factors that may be deemed relevant for accomplishing the purpose of the Plan.

i) Maximum number of RSUs to be issued per employee and in aggregate

Unless approved by the Shareholders, the number of RSUs that may be granted to any specific Eligible Employee under the Plan, in any financial year and in aggregate under the RSU 2017 shall not exceed such number of RSUs representing 1 % of the paid-up share capital of the Company.

j) Maximum quantum of benefits to be provided per employee

Unless approved by the Shareholders, the maximum RSU per employee under RSU 2017 shall not exceed such number of RSUs representing 1 % of the paid-up share capital of the Company.

k) Route of Plan implementation

The Plan shall be implemented and administered by the Board either through itself or through a trust or both as it deems fit.

l) Source of acquisition of shares under the Plan

The Plan involves new issue of shares by the Company.

m) Amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc

Nil.

n) Maximum percentage of secondary acquisition

Not applicable.

o) Accounting and Disclosure Policies

The Company shall follow the relevant Accounting Standard(s) as may be prescribed by Institute of Chartered Accountants of India or any other appropriate authorities from time to time, including the disclosure requirements prescribed therein.

p) Method to value RSUs

The Company shall adopt fair value for the valuation of the RSUs granted as prescribed under Guidance Note or under any relevant accounting standard notified by appropriate authorities from time to time.

Consent of the members is being sought by way of special resolution pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations.

A draft copy of the Plan is available for inspection at the Company's Registered Office on all working days (excluding Saturday, Sunday and holidays) till the date of the Annual General Meeting.

The Board recommends the resolution set out at Item No. 8 and 9 of this Notice to the Members for their consideration and approval by way of Special Resolution

The Directors and Key Managerial Personnel of the Company and their relatives may be deemed to be concerned or interested in these Special Resolutions only to the extent of any RSUs that may be granted to Directors and Key Managerial Personnel of the Company and the resultant equity shares issued, as applicable.

Item No. 10

In accordance with Sections 197, 198 and 149 and other relevant provisions of the Companies Act, 2013 ("**Act**"), remuneration by way of commission up to 1% of the net profits of the Company may be paid to the Directors other than the Managing Director subject to the approval of shareholders.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors including the Independent Directors, It is proposed that the Non-Executive

Directors (including Independent Directors) of the Company be paid a commission in addition to sitting fees and reimbursement of expenses for attending the meetings, at an aggregate amount not exceeding 1% per annum of the net profits of the Company as commission calculated in accordance with the provisions of Section 198 of the Companies Act, 2013 and the same be paid and distributed amongst the Non-Executive Directors (including Independent Directors) or Non-Executive Directors (including Independent Directors) to be appointed in future in such amounts or proportions and in all respects as may be decided by the Board of Directors Company based on the recommendation of the Nomination and Remuneration Committee, for each financial year commencing from April 1, 2017. Within the overall limit, the commission will be distributed amongst the Non-Executive Directors (including Independent Directors) of the Company in accordance with the decision of the Board of Directors Company based on the recommendation of the Nomination and Remuneration Committee in respect of each financial year.

Approval of the members is sought by way of an Ordinary Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of commission to the Non-Executive Directors (including Independent Directors).

The Board recommends the resolution set out at Item No. 10 of this Notice to the Members for their consideration and approval by way of Ordinary Resolution

The Managing Director or Key Managerial Personnel of the Company or their relatives are not concerned or interested financially or, otherwise, in the resolution set out at item No. 10 of the Notice. Non-Executive Directors (including Independent Directors) or their relatives may be deemed to be concerned or interested in the resolution set out at Item No.10 to the extent of remuneration or fees that may be received by them.

Item No. 11

Mr. Sanjay Nayak, was appointed as the Managing Director & Chief Executive Officer of the Company for a period of 3 years with effect from January 1, 2017 vide special resolution passed by the shareholders at the Annual general meeting held on August 26, 2016.

Brief profile of Mr. Sanjay Nayak is given in Annexure II to this Notice.

Based on the recommendation of the Nomination and Remuneration Committee and in view of the contribution made by him, it is proposed to revise the remuneration payable to Mr. Sanjay Nayak as set out below.

The terms and conditions and remuneration relating to Mr. Sanjay Nayak's re-appointment as Managing Director & Chief Executive Officer of the Company are as set out in the Employment Agreement, a copy whereof shall be open for inspection by the Members at the Registered & Corporate Office of the Company during normal business hours on all working days up to the date of the AGM and shall also be placed at the venue of the AGM.

Broad particulars of the terms of re-appointment of and remuneration are as under:

Mr. Sanjay Nayak, shall be paid a total remuneration upto Rs. 2 Crore per annum or 5% of the net profits whichever is higher (where 5% of Net Profits is not less than Rs.2 Crore) (computed as per section 198 of the Act), which will include the following :

1. Fixed salary: Annual fixed salary of Rs.99.09 Lakhs (comprising primarily of basic pay, house rent allowance, conveyance allowance, medical allowance, leave travel allowance, special allowance, company's contribution to Provident fund, gratuity and others) to be paid periodically in accordance with the Company's normal payroll practices and subject to tax withholding.

2. Variable pay: Base Annual variable compensation of Rs.81.08 lakhs on achievement of annual targets set by the Board or by the Committee less applicable tax withholdings to be paid, and payable at such intervals as may be decided by the Board or the Committee from time to time. The Actual compensation paid may be higher or lower than the base annual variable compensation, as may be recommended by the Nomination and Remuneration Committee

3. Performance based stock compensation: Stock compensation by way of grant of Restricted Stock Units (RSU). The number of RSU granted and the terms as approved from time to time.

4. Employee benefits: During the term of his employment, Mr. Sanjay Nayak will be entitled to participate in the employee benefit plans of the Company as approved from time to time.

5. Expenses: The Company will reimburse Mr. Sanjay Nayak for, or pay for, actual and reasonable travel, entertainment, driver, security, or other expenses incurred by him pursuant to or in connection with the performance of his duties.

6. Annual increments to components of Mr. Sanjay Nayak's compensation will be determined on an annual basis by the Board or the Committee at its sole discretion, taking into account factors such as the Company's prior years' financial performance, independent industry compensation benchmarks and potential future contribution.

The overall remuneration payable every year to the Managing Director & Chief Executive Officer by way of fixed salary, variable pay, performance based incentives (including stock based compensation of all types) and employee benefits etc. (mentioned hereinabove) shall not exceed in aggregate five percent of the net profits of the Company as computed in the manner laid down in Section 198 of the Act or any statutory modification(s) or re-enactment(s) thereof.

It is clarified that perquisites arising out of exercise of employees stock options that have been already granted to Mr. Sanjay Nayak, shall not be included as perquisites for the purpose of computation of his total remuneration under section 198 of the Companies Act 2013.

Mr. Sanjay Nayak attended all the Board meetings held during the year.

Members are requested to note that change in terms remuneration payable to him requires the approval of the shareholders of the Company.

The Board recommends the resolution set out at Item No. 11 of this Notice to the Members for their consideration and approval by way of Ordinary Resolution

Save and except Mr. Sanjay Nayak and his relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, in the Resolution set out at Item No.11 of the Notice.

By Order of the Board
For Tejas Networks Limited
Krishnakanth G.V.
Company Secretary
Membership Number A17291

Place: Bengaluru
Date: August 26, 2017

ANNEXURE II TO THE NOTICE

Brief particulars of the Director being reappointed pursuant to the applicable provisions of Companies Act, 2013 and Regulation 36 of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

Breif particulars of Mr. Shirish Saraf.

Name of Director	Shirish Saraf
Age	49 (October 12, 1967)
Date of Appointment	August 2, 2016
Brief resume of the director	He has obtained a Bachelor of Science degree in economics from the London School of Economics and Political Science. He has several years of experience in heading private equity investment groups. He is a director on various companies in different jurisdictions, including RAK Ceramics (PSC), RAK Logistics Holdings Pte Ltd, Dynamatic Technologies Limited and Mahindra Two Wheelers Limited. He is the founder and vice chairman of Samena Capital. He was also the co-founder and managing director of Abraaj Capital.
Expertise in specific Functional areas	Finance and Investment Banking.
Other Directorships held	**Indian Companies**
	• Dynamatic Technologies Limited
	• Mahindra Two Wheelers Limited
	• Pearl Cruises and Tours (Goa) Private Limited
	• RAK Ceramics India Private Limited
	Foreign Companies
	• 2S Holdings
	• RAK Ceramics (PSC)
	• RAK Logistics Holdings Pte Ltd
	• Samena Beats Holdings
	• Samena Capital*
	• Samena Capital Investments Limited
	• Samena Capital Investors Co
	• Samena Capital Japan Co
	• Samena Capital Limited
	• Samena Capital Management Co
	• Samena Capital Mauritius Management
	• Samena Connect Holding Co
	• Samena Foundation
	• Samena General Partner I Limited
	• Samena General Partner II Limited
	• Samena General Partner III Limited
	• Samena Limestone Co

	• Samena Limestone Holdings
	• Samena Phoenix Holdings Co
	• Samena Poseidon Holding Co
	• Samena Spark Holdings
	• Samena Special Situations Mauritius
	• Samena Special Situations Mauritius III
	• Samena SPV4
Membership of Committees#	Risk Management Committee – Chairman CSR Committee - Member
No. of shares held in the Company	Nil
Relationship between directors inter-se	Mr. Shirish Saraf is not related to any other Director of the Company.

* The names of listed entities in which he is a director/member of committee is mentioned

#Mr. Shirish Saraf is Founder and Vice Chairman of Samena Capital, which is the parent entity of Samena Spectrum Co, a shareholder of the Company.

By Order of the Board
For Tejas Networks Limited
Krishnakanth G.V.
Company Secretary
Membership Number A17291

Place: Bengaluru
Date: August 26, 2017

Brief particulars of Mr. Sanjay Nayak.

Name of Director	Sanjay Nayak
Age	53 (June 28, 1964)
Date of Appointment	May 06, 2000
Brief resume of the director	He has obtained a Bachelor of Science degree in engineering from the Birla Institute of Technology, where he was awarded the institute gold medal. He obtained a Master of Science degree from the North Carolina State University, where he has been inducted in ECE Hall of Fame. He has been a member of the Confederation of Indian Industry's National Committee on Information Communication Technology and Electronics Manufacturing for the years 2016-2017 and 2017-2018. He is a member of the FICCI Start up Committee. He is the co-chairman of the Telecom Equipment and Services Export Promotion Council. He received the Technovation Sarabhai award from the India Electronics and Semiconductor Association and the Electronics Man of the Year award from ELCINA. He has several years of experience in the field of telecommunication and networking.
Expertise in specific Functional areas	Telecommunications and Networking, General Administration.
Other Directorships held	-vSave Energy Private Limited -Tejas Communication Pte. Ltd, Singapore -Tejas Communications (Nigeria) Ltd, Nigeria
Membership of Committees*	Member in Risk Management Committee, Stakeholders Relationship Committee and IPO Committee in the Company
No. of shares held in the Company	32,61,991
Relationship between directors inter-se	Mr. Sanjay Nayak is not related to any other Director of the Company.

* The names of the listed entities in which he is a director/member of committees is mentioned

By Order of the Board
For Tejas Networks Limited
Krishnakanth G.V.
Company Secretary
Membership Number A17291

Place: Bengaluru
Date: August 26, 2017

TEJAS NETWORKS LIMITED

CCIN: U72900KA2000PLC026980
Regd. Office: J P Software Park, Plot No 25, Sy. No 13, 14,17,18
Konnapana Agrahara Village, Begur Hobli, Bengaluru-560100, Kartnataka, India.
T: + 91 80 4179 4600 F:+91 80 2852 0201
Website: www.tejasnetwoks.com email: corporate@tejasnetworks.com

ATTENDANCE SLIP

I hereby record my presence at the 17th Annual General Meeting of the Company held at the registered office of the company situated at J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru -560100, Karnataka, India on Wednesday, September 27, 2017 at 3:00 p.m IST.

Registered Folio no.	
Client ID no*.	
DP ID no*.	
Name and Address of Shareholders	
Joint shareholder 1	
Joint Shareholder 2	

*applicable for member holding shares in electronic form

……………………………… ………………………………
Name of the member / proxy Signature of member / proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall at the registration desk. Members are requested to bring their copies of the Annual Report to the AGM.

TEJAS NETWORKS LIMITED

CCIN: U72900KA2000PLC026980
Regd. Office: J P Software Park, Plot No 25, Sy. No 13, 14,17,18
Konnapana Agrahara Village, Begur Hobli, Bengaluru-560100, Kartnataka, India.
T: + 91 80 4179 4600 F:+91 80 2852 0201
Website: www.tejasnetwoks.com email: corporate@tejasnetworks.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s): ....E-mail Id: ....

Registered address: ....

Folio No/ Client Id: .... DP ID: ....

I/ We being the member(s) of .... Equity Shares of Tejas Networks Limited, hereby appoint

1. Name: .... E-mail Id:...

Address:..

....Signature:...or failing him / her

2. Name: ....E-mail Id:..

Address:...

....Signature:...or failing him / her

1. Name: ....E-mail Id:..

Address:..

....Signature:...or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 17th Annual General Meeting of members of the Company, to be held on Wednesday, September 27, 2017 at 3:00 p.m IST at the registered office of the Company at 6th floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli, Bengaluru -560100, Karnataka, India, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional, see Note 2)	
		For	Against
ORDINARY BUSINESS			
1	To receive, consider and adopt the audited standalone and consolidated financial statement for the year ended March 31, 2017 and the reports of the Board of Directors and the Auditors thereon		
2	To appoint a Director in place of Mr. Sanjay Nayak (DIN 01049871), who retires by rotation and, being eligible, offers himself for reappointment.		
3	To appoint M/s Price Waterhouse Chartered Accountants LLP, (Firm Registration No. 012754N/N500016) Chartered Accountants, as the Statutory Auditors and fix their remuneration.		
SPECIAL BUSINESS			
4	Regularization of Additional Director		
5	Ratification of Tejas Networks Limited Employee Stock Option Plan - 2014		
6	Ratification of Tejas Networks Limited Employee Stock Option Plan – 2014-A		
7	Ratification of Tejas Networks Limited Employee Stock Option Plan – 2016		
8	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.		
9	Approval of grant of RSUs under Tejas Restricted Stock Unit Plan 2017 to the eligible employees of subsidiary companies		
10	Approval of payment of Commission to Non-Executive Directors/Independent Directors.		
11	Approval for revision in remuneration of Managing Director and Chief Executive officer.		

Signed this ………...……........................... day of…… ……2017.

Affix Rs. 1
Revenue
Stamp

……………………………
Signature of the member

………………………………
Signature of Proxy holder(s)

Notes:

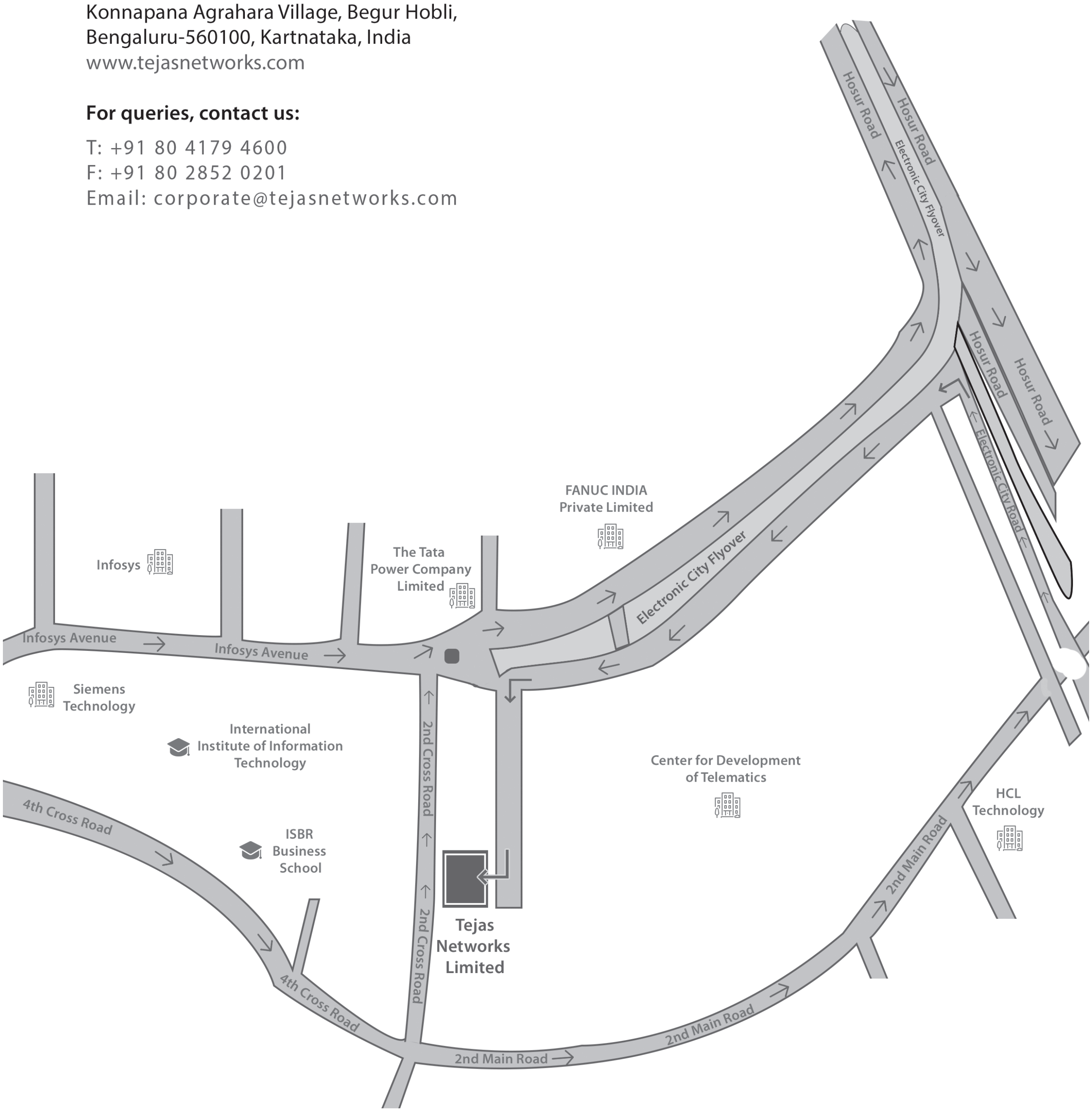
1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting(on or before September 25, 2017 at 3:00 p.m IST)
2. It is optional to indicate your preference. If you leave the ‘for’ or ‘against’ column blank against any of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.

Route Map

TEJAS NETWORKS LIMITED
CIN: U72900KA2000PLC026980
Regd. Office: J P Software Park,
Plot No 25, Sy. No 13, 14, 17, 18
Konnapana Agrahara Village, Begur Hobli,
Bengaluru-560100, Kartnataka, India
www.tejasnetworks.com

For queries, contact us:

T: +91 80 4179 4600
F: +91 80 2852 0201
Email: corporate@tejasnetworks.com



SHAREHOLDERS INSTRUCTIONS FOR E-VOTING

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 17th Annual General Meeting to be held on Wednesday, September 27, 2017 at 3:00 P.M (IST) at the registered office of the Company at 6th Floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru- 560100, Karnataka. The Company has engaged the services of the National Securities Depository Limited (NSDL) to provide the e-voting facility. The notice is displayed on the Company's website at www.tejasnetworks.com and on the website of NSDL at www.nsdl.co.in.

The e-voting facility is available at the link, https://www.evoting.nsdl.com

The e-voting facility will be available during the following voting period:

Commencement of e-voting	End of e-voting
September 22, 2017 at 9.00 A.M. (IST)	September 26, 2017 at 5.00 P.M. (IST)

The detailed list of instructions for e-voting is as follows:

1. Members whose email addresses are registered with the depository participants(s) will receive an email informing them of their user ID and password. On receiving the email, members will need to go through the following steps to complete the e-voting process:

   (i) Open email and open PDF file titled "Tejas Networks e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

   NOTE: Shareholders already registered with NSDL for e-voting will not receive the PDF file "Tejas Networks e-voting.pdf".

   (ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

   (iii) Click on Shareholder - Login

   (iv) Enter the user ID and password. Click Login.

   (v) Password change menu appears. Change the password with a new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   (vi) The home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

   (vii) Select "EVEN" of (E-Voting Event Number) of Tejas Networks Limited

   (viii) Now you are ready for remote e-voting as Cast Vote page opens.

   (ix) Cast your vote by selecting the option of your choice and click on "Submit" and also remember to "Confirm" when prompted.

   (x) On confirmation, the message "Vote cast successfully" will be displayed.

   (xi) After you have voted on the resolution once, you will not be allowed to modify your vote.

   (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is / are authorized to vote, to the Scrutinizer via e-mail to evoting@tejasnetworks.com with a copy marked to evoting@nsdl.co.in.

2. For members whose email IDs are not registered with depository participant(s), the following instructions may be noted:

   a. The initial user ID and password is provided at the bottom of the Attendance slip for the AGM

   b. Please follow the instructions from (ii) to (xii) as mentioned in step 1 to caste your vote

3. For queries, refer to the Frequently Asked Questions (FAQs) and e-voting user manual for members available in the 'Downloads' section of www.evoting.nsdl.com. Members can also contact Mr. Rajiv Ranjan, Assistant Manager, NSDL to resolve any grievances with regard to e-voting. Tel: + 91 22 24994738 / 7506682280; mail: RajivR@nsdl.co.in

4. If you have already registered with NSDL for e-voting, you can use your existing user ID and password for casting your vote.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

a. In case Shareholders are holding shares in demat mode, USER-ID is the combination of DPID+ClientID.

b. In case Shareholders are holding shares in physical mode, USER-ID is the combination of EVEN No+Folio No.

5. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

6. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of September 20, 2017.

7. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. September 20, 2017, may obtain the login ID and password by sending a request at evoting@ nsdl.co.in or Link Intime India Private Limited (R&T Agent).

8. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

9. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

10. Mr. Dwarakanath C, Practicing Company Secretary having membership no. FCS- 7723 and CP No: 4847 has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

11. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

12. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.tejasnetworks.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

13. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

14. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

15. The remote e-voting period commences on Friday, September 22, 2017 at 9.00 A.M. and ends on Tuesday, September 26, 2017 at 5.00 P.M. During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2017 , may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.