Tejas Networks Ltd.
Regd. Office: Plot No. 25, 5th Floor
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Fax: +91- 80- 2852 0201

TEJAS® NETWORKS

July 26, 2019

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

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

Dear Sir/Madam,

Re: 19th Annual General Meeting – Compliances under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015

In continuation to our letter dated June 28, 2019, we hereby inform you that the 19th Annual General Meeting of the Company was held on July 25, 2019. Towards this, please find enclosed Annual Report for the year ended March 31, 2019 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 and as duly approved and adopted by the Members of the Company at the 19th Annual General Meeting in accordance with the provisions of the Companies Act, 2013.

We request you to please take the same on record.

Yours sincerely

For Tejas Networks Limited

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

Enabling Global Data and Broadband Networks

TEJAS® NETWORKS

Annual Report 2018-19

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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

WHO WE ARE

We are India's largest R&D-driven telecom equipment company, founded by technocrats, having 750+ employees. We are India's first deep-technology product company to be publicly listed in the Indian Stock Exchanges in June, 2017.

WHAT WE DO

We design, develop and market high-performance optical and data networking products to telecommunications service providers, utilities, defence and government entities around the world. Today, we are ranked among the top-10 suppliers in the global optical aggregation segment and are #1 in India. Our products are deployed in 75+ countries.

OUR VISION

To build a pioneering innovation-driven, global networking product company.

OUR MISSION

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

REVENUES*
876.73
₹ CRORE

EBIT
130.33
₹ CRORE

PAT
147.24
₹ CRORE

BASIC EPS
(PAR VALUE ₹ 10 EACH)
₹16.13

**Revenues (net of taxes and component sales)*
Financial information are based on consolidated financials
EBIT: Earnings Before Interest and Tax

Snapshot of FY 2018-19

Based on Ind AS Consolidated Financial Statements

in ₹ crore

Particulars	2019	2018	Growth (%)
Financial Performance			
Revenue (net of taxes and component sale)	876.73	739.87	18
Gross Profit	366.06	299.74	22
Operating profit after depreciation	130.33	91.61	42
Profit before tax	150.02	106.04	41
Profit after tax	147.24	106.52	38
EPS (par value of ₹ 10 each) : Basic	16.13	12.41	30
Diluted	15.39	11.73	31
Financial Position			
Cash and cash equivalents [1]	369.56	512.70	(28)
Net current assets[2]	590.75	327.42	80
Fixed assets (including assets under development)	140.50	121.58	16
Total Assets	1,585.28	1,329.77	19
Borrowings [3]	1.19	2.27	(48)
Total Equity	1,320.24	1,152.08	15
Net cash generated flow from/(used in) operations	(81.59)	239.49	(134)
Free cash generated/(used)	(161.91)	171.39	(194)
DSO (days)	236.00	135.00	75
DPO (days)	132.00	99.00	33
Inventory (days)	64.00	83.00	(23)
Net Working Capital (days)	206.00	141.00	46

[1] *Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions, investment in mutual funds and excludes margin money deposits.*

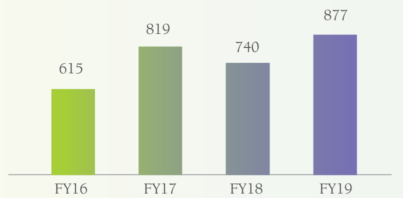
[2] *Excluding the current assets considered in cash and cash equivalents and current liabilities considered as borrowings in this section.*

[3] *Borrowings include long term borrowings, short term borrowings and current maturities of long term debt.*

Financial Trends

in ₹ crore

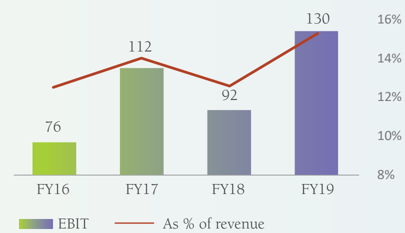
Revenue[1]



3 year CAGR 13%

in ₹ crore

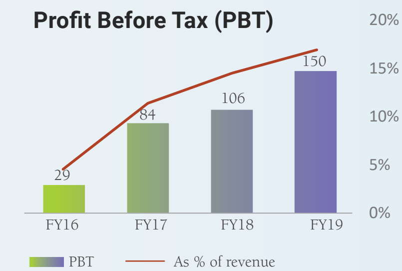
Operating Profit (EBIT)



3 year CAGR 20%

in ₹ crore

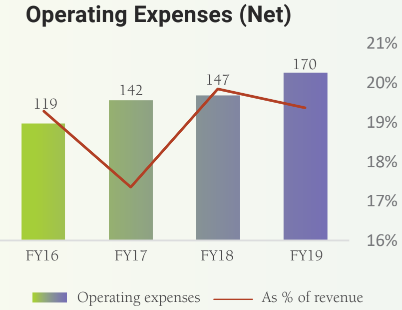
Profit Before Tax (PBT)



3 year CAGR 74%

in ₹ crore

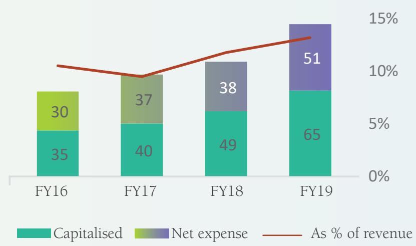
Operating Expenses (Net)



3 year CAGR 13%

in ₹ crore

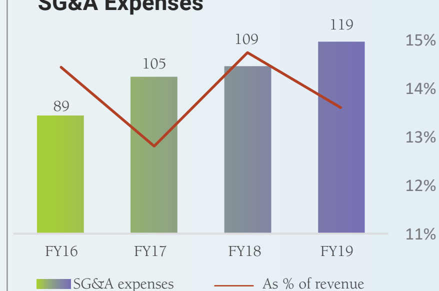
R&D Expenses



3 year CAGR 21%

in ₹ crore

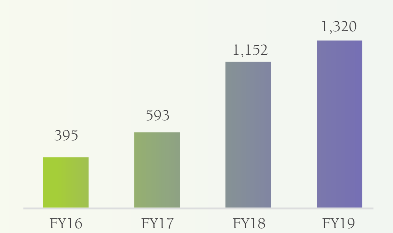
SG&A Expenses



3 year CAGR 10%

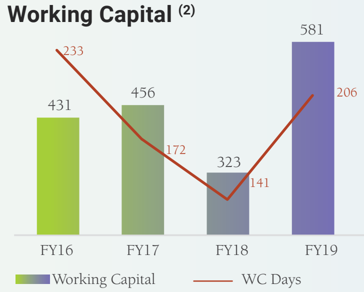
in ₹ crore

Networth



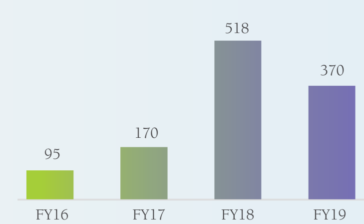
in ₹ crore

Working Capital [2]



in ₹ crore

Cash and Cash Equivalents [2][3]



[1] *Net of taxes and component sales*

[2] *Delays in payment from one large Indian Government customer resulted in reduction of Cash and Cash equivalents and increase in working capital days for FY 19*

[3] *Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions, investment in mutual funds and includes margin money deposits.*

Tejas at a Glance

Background

- Founded in the year 2000
- Headquartered in Bengaluru, India
- First deep-technology company to list in the Indian Stock Exchange (BSE/NSE)

Global Reach

- Offices in 10+ countries
- Customers in 75+ countries
- Focus on high-growth markets- India, SE Asia, Africa, Americas

Market Leadership

- #1 in Optical aggregation in India
- Top-10 globally*
- Increasing number of wins in Tier-1 operators

* *(Source: Ovum)*

Product Portfolio

- Optical: High-capacity optical transmission and broadband access for fiber
- Wireless: LTE-based wireless broadband access
- Switches: Ethernet switches used for building critical infrastructure

Technology Differentiation

- Innovative Software-defined Hardware™ providing time-to-market and cost advantage
- Award-winning products at international forums
- World-class talent with more than 50% team in R&D

Innovative Business Model

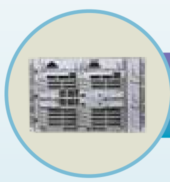
- Leveraging Indian R&D costs to have 4X R&D efficiency
- Focus on Innovation, Quality and Cost
- Debt-free and Profitable

Telecom Ecosystem: Where We Fit

Telecom industry is a key enabler of the digital transformation wave by providing a robust infrastructure for interconnectivity. Tejas Networks has a diverse range of optical networking products that enable transport and switching of voice, data and video traffic from fixed line, mobile and broadband networks. Our future ready optical and data networking products are sold to telecom service providers, web-scale internet companies, utilities, large enterprises, defence and government agencies.

Customers

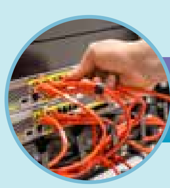
Telecom Service Provider	Internet Service Provider	Critical Infrastructure	Government
Mobile, Fixed Line, Wholesale	Fiber(Home/Biz), Cable	Rail, Power, Oil & Gas, Smart City	Public Sector Unit Telcos, USOF



Active Equipment

Wireless Access		Transmission		Switches & Routers	
Fixed(4G/LTE)	Mobile	Optical	Microwave	Switches	Routers

*Tejas Addressable



Deployment

Cell Towers	Exchanges	Businesses	Data Centers	Homes	Utility Sites

Enabling Data & Broadband Networks

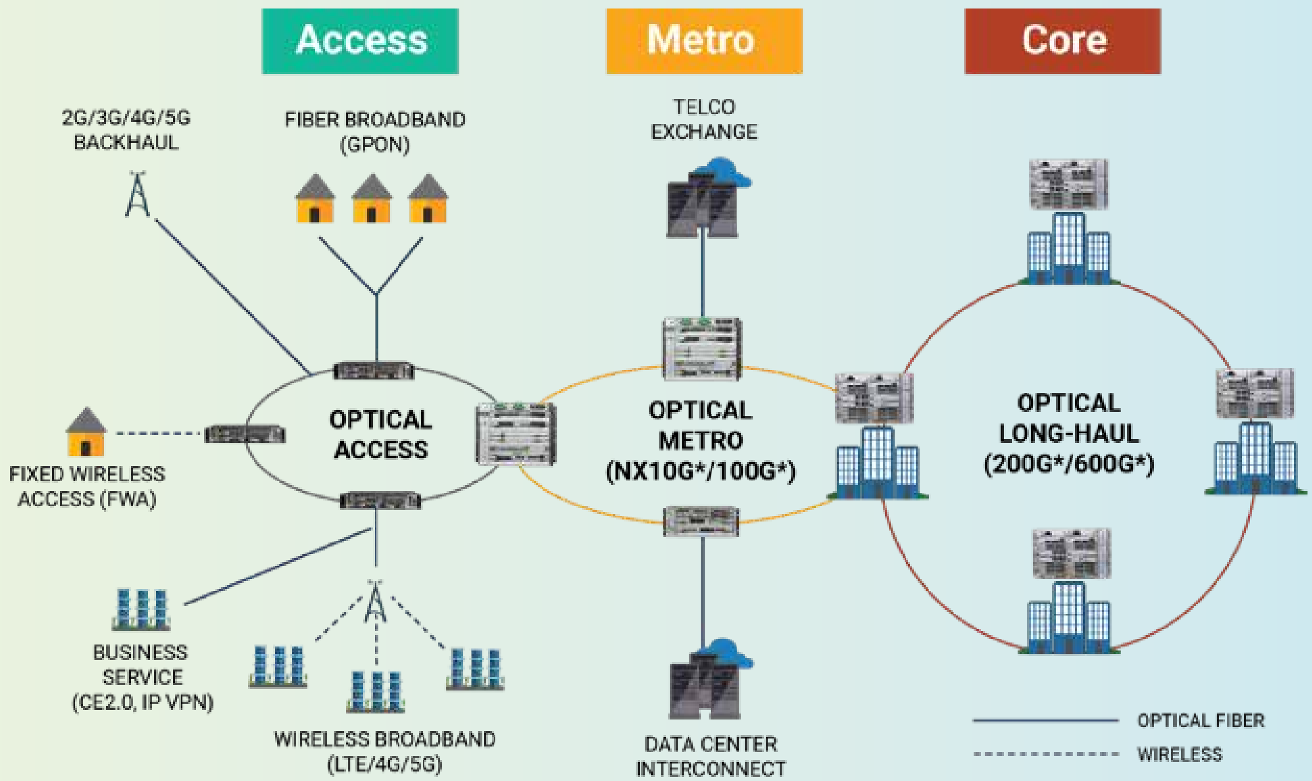
Tejas Networks is a pioneering R&D company from India, developing next-generation telecom products for the global markets. Tejas has leveraged the strength of its R&D team to create a portfolio of software-defined, carrier-grade solutions that enable telecom carriers to cost-effectively build converged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

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

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

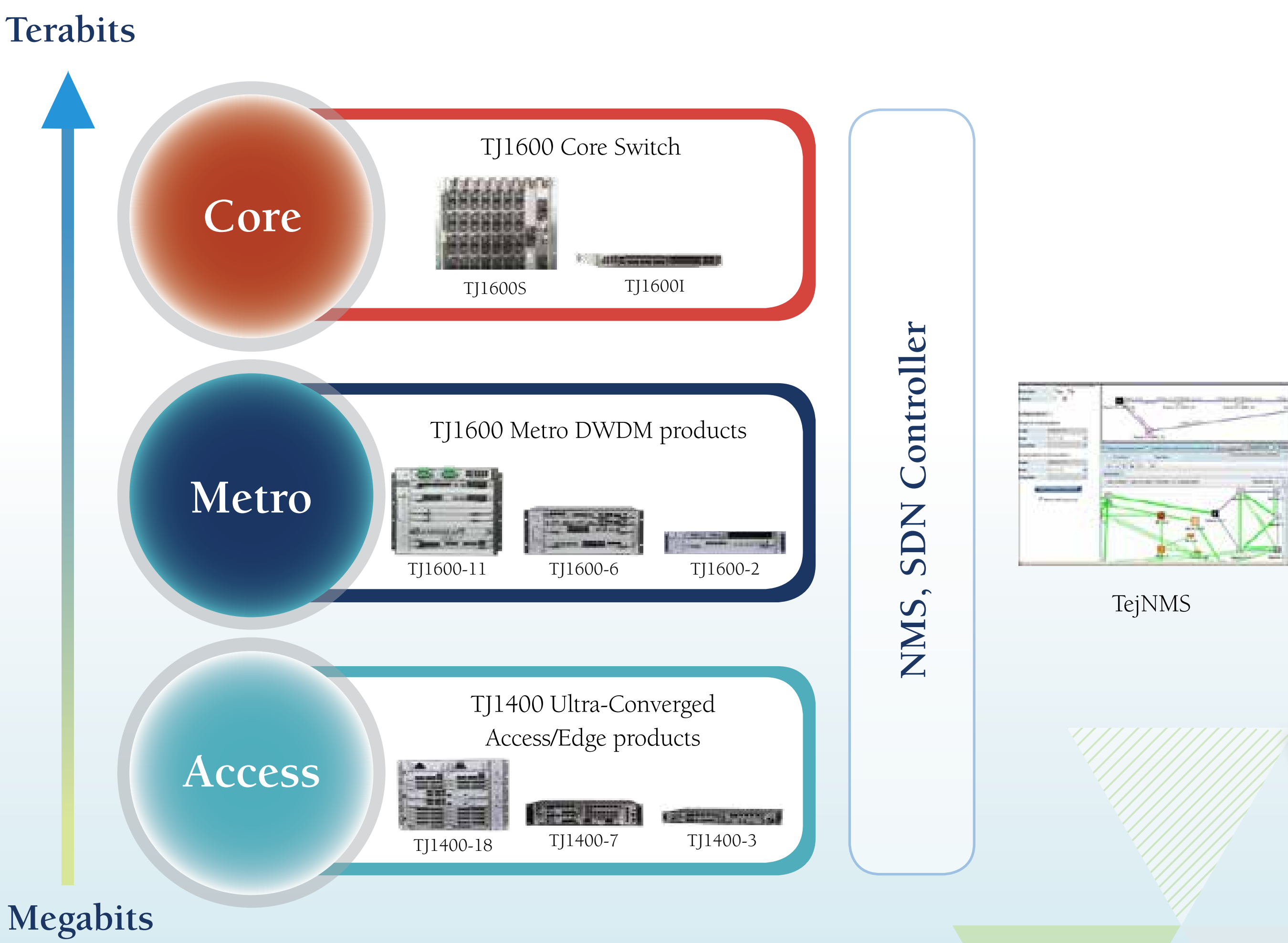
Tejas Network Management System (TejNMS) simplifies network deployments and service implementation across all our products. With a web-based graphical user interface for point-and-click provisioning of services, wizards to speed up operational tasks and profiles to automate repetitive parameter settings,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

Building Converged Services Networks



G- Gigabits per second*

Product Portfolio at Tejas



Product Highlights

- Single platform, Multiple technologies
- Multi-generation Support (2G to 5G)
- Converged Access and Transport Products
- Re-programmable Hardware and Common Software
- Caters to SDN/NFV-enabled Packet Optical Transport Networks
- Centralized Network Management

Competitive Advantage

- Ultra-Converged Access Technology
- Converged Infrastructure for 2G/3G -> 4G/5G backhaul
- Guaranteed Service Level Agreements – Latency, Quality, Reliability, Availability
- High-Capacity Circuit Emulation
- Versatile Alien Wavelength Solution
- Flexible Pay-as-you-grow Model

Applications

- 2G/3G/4G/5G Mobile and Fixed-line Backhaul
- Enterprise Leased Line/VPN Services
- Wholesale Bandwidth Services
- Next-generation Utility Networks
- Optical Network Modernization
- Fiber-to-the-Home and Wireless Broadband Access

Chairman's Message

Digital economy is core to India's journey towards a US$ 5 trillion economy and we have the right products to enable high-speed broadband networks, that will power that journey.

Dear Shareholders,

We are in the age of extreme technology disruptions that are transforming every industry. We have built a pioneering deep-technology product company from India with very strong foundation and sustainable moats around our business. The financial year 2019 had seen healthy revenue growth and improved profitability for your company. Our Board of Directors had recommended a maiden dividend to our shareholders which will be paid in July 2019, subject to approval of shareholders.

High-speed internet and digital connectivity are critical elements of the new digital economy. Thanks to the availability of powerful and affordable smartphones and tablets, over half of the world population is now on the Internet. In 2018-19, an average user spent more time on his mobile than watching TV and there is more data stored in the cloud today than on private enterprise servers. As the world's largest carrier of Internet traffic, India is clearly leading this trend and the total data usage in the country is doubling every year. We have built high-capacity optical transmission and next-generation broadband access products that are foundational to modern-day telecom networks that will play a critical role in enabling the digital highways of our future. Digital economy is core to India's journey towards a US$ 5 trillion economy and we have the right products to enable high-speed broadband networks, that will power that journey.

We continue to break new ground on the technology front, thanks to our pioneering use of field programmable chips (FPGAs) to design highly flexible software-defined hardware™ products. Today we own a rich portfolio of re-usable "building blocks" of hardware as well as software intellectual property (IP), which enable us to develop cost-effective and highly customisable products that optimally meet market requirements, in terms of features and performance. Our reprogrammable hardware approach provides a significant time-to-market advantage while incorporating new features and technology standards. During the year, we employed our software-defined hardware™ approach to commercialise a unique access product that combines fiber broadband, fixed wireless and optical transport functions in a single ultra-converged platform. This product attracted wide international attention from the global telecom industry and it was selected as a finalist for two of the world's most prestigious innovation awards, which is a testimony to our ability to design globally leading products. Our continued investments in R&D have created a strong technology moat in the industry.

We operate in a highly dynamic industry characterised by rapid technology advances, diverse customer requirements, evolving industry standards and competitive pressures. We have a highly differentiated approach whereby a substantial part of our operations including R&D, manufacturing and G&A are based in India. Also, we are able to tap into the best and brightest talent pool offered by India, which enables us to achieve significantly higher productivity on our R&D investments. This results in significantly lower operating expenses as compared to our global competitors and enables us to deliver superior returns on our investors.

In a highly competitive world, companies should focus on their core competencies and align with right outsourcing partners to create asset-light, scaleable and competitive business models. We partner with leading Electronics Manufacturing Services (EMS) companies in India and outsource a large part of our manufacturing. This allows us to significantly reduce capex costs as well as working capital needs, while providing virtually unlimited manufacturing capacity.

In India, large opportunities exist for us in both Private and Government segments. On the India Private front, the

Our continued investments in R&D have created a strong technology moat in the industry.

industry consolidation is almost over with three large telcos remaining. Providing reliable, high-speed connectivity will be the focus area for all these telcos. While we have over 50% of the population using mobile broadband, less than 2% of the homes have high-speed (at least 100 Mbps) connection. We are extremely well placed for this opportunity with our advanced and mature FTTx products that have been rigorously tested and proven in actual field conditions in India. In addition, the 5G adoption will open up larger opportunities for us, since networks will be required to carry a lot more data and also require faster response time.

On the India Government front, we are the largest supplier of communications equipment to several large critical infrastructure agencies in the power, rail, metro, oil and gas sectors. It is a segment that is seeing increasing demand for high-capacity fiber optic equipment on account of growing proliferation of data and high-bandwidth applications. Besides this, large Universal Service Organisation fund (USOF) projects such as next phase of BharatNet will continue for several years and offer opportunities for us. We are particularly enthused by Government of India's vision to make India a global telecom manufacturing hub and the several favourable policies they have enumerated over the last few years to achieve this. Policies like the new National Digital Communications Policy (NDCP 2018), Preference to Make in India (PMI) in telecom indicate a strong intent of the government to promote Indian companies, which are doing high value-addition in the country with significant R&D and IPR creation. We are one great example of the success of "Make in India" initiative by the Government of India.

The 5G adoption will open up larger opportunities for us, since networks will be required to carry a lot more data and also require faster response time

Our business model is predicated on predictable, sustainable, de-risked and profitable growth. Today, majority of our business comes from India with heavy focus on government business. Our medium to long-term plan focuses on de-risking our business model to achieve at least 50% of revenues from International markets.

Our international operations have grown significantly year-on-year, with strong showing across all regions. Going forward, growing direct sales in international geographies will be the cornerstone of our strategy. The global addressable market for our products today exceeds $18 billion and we are currently addressing ~50% of this opportunity. Our focus is primarily in South East Asia, Africa and Middle east, along with Mexico and USA.

The telecom markets in the developing countries that we are focusing on closely mirrors India, in terms of their sectoral characteristics such as user demographics, infrastructure constraints, and an accelerating demand for fiberization, broadband, mobile data services. As a result, the products we deploy in India are highly suitable for these markets and success in India is serving as a strong reference in these countries. The policymakers and regulators in many of these countries are formulating national broadband policies that are similar to India's and are seeking to build their national broadband networks to bridge the digital divide between their urban and rural areas. We can leverage our experience and success in India for winning such projects internationally.

The trade war between US and China is significantly positive for us. Most of the telecom players in advanced economies also perceive national security risks in dealing with Chinese equipment suppliers. This opens up significant opportunities for our products and we are investing heavily in Sales and Marketing in these geographies and hiring sales talent. We believe that US and other developed markets could provide meaningful revenue for us in the medium to long term.

During the year, we added two new members to our Board. Mr. C.B. Bhave, former SEBI Chairman and the first Chairman and Managing Director of NSDL, has joined us as an Independent Director while Mr. Arnob Roy, the Chief Operating Officer (COO) of Tejas Networks, is now a Whole-time Director on our Board.

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

We are grateful to our customers, employees, shareholders, suppliers and bankers, all of whom have played a major role in making this a landmark year for the company. We see a strong growth potential in our business and we are confident that we have a solid strategy to deliver outstanding success in the coming years.

Warm regards,

Bengaluru
April 22, 2019

Balakrishnan V.
Chairman

CEO and MD's Statement

The contribution of international business increased during the year by 320 bps to 21%, and we expect this increasing contribution trend to continue over the next few years.

Dear Shareholders,

During FY 2019 we delivered solid financial performance in terms of revenue growth, margin improvement and profitability. Summary of our FY 2019 financial performance is as follows:

- Consolidated revenue (net of taxes and component sales) were at ₹ 876.73 crore- YoY growth of 18.5%
- India revenues grew 12.7% YoY, while our international revenues grew by 38.6%
- Gross margins improved by 130 bps to 41.8% of our net revenues
- Profit After Tax improved by 240 bps to 16.8%
- Working capital increased by 65 days to 206 days, primarily due to delayed collections from one large customer. As a result, cash used in operations was ₹ 81.59 crore whereas during the previous year, we generated ₹ 239.49 crore cash from operations.

During the year we made significant progress on our business plan to create a more diversified customer base, which will enable us to deliver consistent revenue growth in future. The contribution of international business increased during the year by 320 bps to 21%, and we expect this increasing contribution trend to continue over the next few years. As a deep-technology product company we continued to invest in R&D (13.2% of net revenues on a fully expensed basis), which has resulted in expanding our addressable market and enabled us to enhance competitiveness of our products.

The continuing global trend of increased data consumption by consumers, enterprises and intelligent devices is a favourable driver for our business. With internet becoming more ubiquitous and adoption of high-bandwidth services such as video, social networking and e-commerce becoming commonplace, there is a dramatic increase in data traffic in telecom networks. Telecom service providers are therefore required to rapidly and cost-effectively scale-up the capacity of their fiber-optic networks to cater to the increased mobile-data usage, high-speed fixed-line home broadband demand and wider adoption of high-bandwidth connections by enterprises and web-scale companies. The advent of 5G and connected Internet of Things (IoT) will only accentuate these trends and are expected to further accelerate investments in optical networks.

India Business

Data demand is continuing to grow rapidly in India across all segments. India has the 2nd highest number of internet users in the world after China. Average mobile data consumption in India has increased to nearly 9 GB per month, up from 1.8 GB per month 2 years back. However, in terms of investments in fiber-optic infrastructure, India is still behind most countries, which in turn is adversely impacting quality of service and user experience. Currently, only 25% of cell towers in India are connected on fiber and less than 20 million homes have high-speed fixed-line broadband. It is expected that by 2022, 60% of cell towers will have fiber connectivity and over 100 million homes will have high-speed fixed-line broadband. To cater to this data growth, significant investments will be required both by the telecom service providers as well as the Government, and we are excited about the growth

We are excited about the growth opportunities in Indian telecom sector over the next few years

The vision of Digital India will require a robust pan-India network connectivity, including in rural areas, and we will continue to see large investments from the Government in the medium term.

opportunities in Indian telecom sector over the next few years. Indian customers contributed to 79% of our revenues for FY 2019 which was split across three segments: India-Private Telcos, India-Critical Infrastructure and India-PSU Telcos (including Government projects funded by Universal Services Obligation (USO) fund).

Our India-Private business showed a healthy 28% year-on-year revenue growth in FY 2019, primarily driven by large-scale 4G rollouts, increasing fiberization and capacity expansion by telcos to cater to an exponential growth in data usage. Operator consolidation is over and the remaining operators are seeing growth of data related services as their key business driver. To cater to this bandwidth growth, they are investing in building high-speed access, aggregation and metro networks. Going forward, we expect significant investments in capacity expansion in metro networks and also for FTTx deployment (based on GPON technology on fiber) to offer gigabit broadband services to homes and enterprises. With our field-proven, versatile suite of GPON products, we are well positioned for generating business on this application.

Our India-Government business comes from two segments: (a) the communication networks of Critical Infrastructure companies (power, railways, oil & gas, defence) and (b) telecom networks of PSU Telcos (BSNL, MTNL) and the projects funded by USO Fund. Telecom equipment import is one the largest item of India's trade deficit and the Government has clearly stated its intent to support and nurture domestic industry. As a result, procurement in all Government funded telecom projects is covered by policies such as Preference to Make in India (PMI). As the largest domestic telecom equipment provider, we are well positioned to benefit from these policies.

In FY 2019, the Critical Infrastructure segment contributed 19% of our total revenues versus 14% in FY18. This segment is growing at a healthy pace, as our utility customers upgrade their networks to automate their supervisory and control systems and also support bandwidth intensive applications such as video surveillance. Today, we are the largest suppliers of communication equipment to India's utility sector and with our proven track record we expect this trend to continue in future.

The other segment of our India-Government business is driven by capex spending by PSU Telcos (BSNL and MTNL) for increasing their network capacities and in addition, for rural connectivity projects funded by the USO. The vision of Digital India will require a robust pan-India network connectivity, including in rural areas, and we will continue to see large investments from the Government in the medium term. While this segment of our business is inherently lumpy in nature, we do see a strong pipeline of Government-funded projects such as BharatNet Phase-II (being executed centrally as well as at state-level), various broadband connectivity projects funded by USOF and secured-network projects of defence.

International Business

We made significant progress in our international business and saw a YoY growth of 38.6%. Our plan is to establish our direct-sales in the specific international regions, rather than rely on OEM sales channels. While our OEM business declined as was expected, our international-direct sales grew 70% YoY and we signed up 27 new customers, of which 6 were Tier-1 service providers. Our current international focus is primarily on three geographies—(a) South and South-East Asia (b) Africa and Middle East and (c) North America, which together offer us a US$9 billion addressable market for our products. In Asia and Africa, the requirements of telecom

In Asia and Africa, the requirements of telecom service providers are very similar to that in India and our success in India becomes a strong reference in these regions.

service providers are very similar to that in India and our success in India becomes a strong reference in these regions. Internationally, we are increasingly being viewed as a credible alternate vendor, in the context of various geo-political trade issues as well as security concerns in telecom networks.

South East Asia was the fastest growing international region for our business in FY 2019. We are focusing on Malaysia, Vietnam, Cambodia, Bangladesh, Sri Lanka, Myanmar, Indonesia, Philippines, Bhutan and Mongolia and have built a strong business pipeline. Since we already had a reference customer base in the region, we increased our sales investments and it has resulted in new customer wins and increased our wallet-share from existing customers.

Africa and Middle East region continued to be a strong contributor in FY 2019 with 15 new customer wins, including 4 Tier-1 service providers having a pan-Africa presence. We grew our sales investments in the region and are aggressively expanding our sales coverage with offices in South Africa (Johannesburg), East Africa (Nairobi), West Africa (Lagos), North Africa (Algeria) and Middle East (Dubai). Many African countries are making significant investments to build their broadband and data networks and we are well positioned to address this, with our optical transmission as well as broadband access products.

We also made good progress in Americas, led by success in Mexico. Our OEM business in the region continue to decline as expected, and is now only 2% of our total revenues. However, we were able to make up for this deficit through growth in direct sales in Mexico. USA is a large market for optical and broadband access equipment, with many large Tier-1 as well as Tier-2/Tier-3 customers. Since vendors from certain countries have been blocked on security grounds, we see significant growth potential, due to relatively lower competitive intensity. We are having several engagements with Tier-II and Tier-III customers in USA and we have been able to position our differentiated solutions for optical network modernization and ultra-converged broadband access. We will continue to make sales investments in the USA and Mexico and we expect strong revenues in the coming years.

Strategy

In FY 2019, we continued to successfully execute and make progress on our medium-term business strategy covering sales, R&D as well as financial performance.

We are focused on increasing our run-rate business from existing and new customers, and reduce our dependency on lumpy, tender and government accounts.

On the Sales front, we are focussed on increasing our run-rate business from existing and new customers, and reduce our dependency on lumpy, tender and government accounts. While we will continue to leverage the benefits of supportive Government policies, our goal is to deepen our presence in the India private networks through new application wins. On the international front, we will be increasing sales and marketing investments to expand our presence and become a strong global player in South East Asia, Africa and Americas. In the medium term, our goal is to have international contribute to more than 50% of our total revenues.

We stay committed to investing aggressively in R&D and IPR creation to create globally competitive products. Our unique software-defined hardware architecture gives a competitive edge to our products and enables us to win against global competitors. With our efficient development processes and R&D investments, we have expanded our product portfolio, starting from the edge of the network (fiber or wireless access) and going all the way to multi-terabit capacity optical metro core networks for our customers.

On the financial side, we will continue to leverage our India-based, low operating cost model to deliver sustainable growth with profitability in a challenging industry. Our asset-light, flexible manufacturing allows us to scale-up our revenues, without requiring corresponding investments in any large capex. We clearly see opportunities to improve our working capital efficiency and cash flows, and will be taking appropriate actions to accomplish this.

Innovation and Awards

During FY 2019 we launched TJ1400 UCB, the world's first ultra-converged broadband access/edge product at the Mobile World Congress (MWC), Barcelona. TJ1400 UCB is a unique product that integrates multiple access technologies such as fiber broadband (GPON/NG-PON), Ethernet as well as fixed wireless (LTE eNodeB) on a single platform, and in turn significantly lowers the capex and opex for operators, who can efficiently roll-out residential broadband, enterprise data and mobile backhaul services from the same product.

We launched TJ1400 UCB, the world's first ultra-converged broadband access/edge product at the Mobile World Congress (MWC), Barcelona that lowers the capex and opex for operators, who can efficiently roll-out residential broadband, enterprise data and mobile backhaul services from the same product.

Our attrition rates are well below industry levels, despite operating in an extremely competitive talent market, as our employees view us as a great place to build their careers and grow with the company

The TJ1400 product received global recognition for innovation and technological excellence and was a global finalist for industry awards at "Broadband World Forum" in Germany and "Leading Lights Award" in USA. Meanwhile we continue to strengthen our IPR portfolio and have filed 349 patent applications worldwide of which 106 have been granted.

Our People and Community

We are proud to have a deeply committed and a highly talented team that continues to innovate and deliver on our ambitious vision. Over the years, we have consistently scored high on employee engagement, we have been able to retain our talent and continue to attract great people. Our attrition rates are well below industry levels, despite operating in an extremely competitive talent market, as our employees view us as a great place to build their careers and grow with the company.

As a responsible business, we regard community service as an integral part of our corporate life and are associated with several programs that seek to enhance the quality of life of local communities in areas such as mid-day meals, healthcare and education. In FY 2019, we spent ₹ 0.98 crore towards Corporate Social Responsibility (CSR) projects.

Exciting Future

FY 2019 was an important year for the Company. We witnessed a healthy year-on-year growth in terms of revenues and profitability with an increase in the proportion of our run-rate as well as international business. The fundamental drivers of our business viz., data growth, increased broadband penetration and fiberization and advent of 5G continue to be robust. The recent global geo-political developments have also created an opportunity for us, since telecom operators globally are diversifying their supplier base to reduce their risks. We have a great opportunity to establish ourselves as a global, innovative, cost-effective player, who can become a trusted, long-term source for their optical and access equipment requirements. We are encouraged by the progress we made this year and look ahead to an exciting FY 2020.

I extend my sincere appreciation to the Board of Directors for their continued guidance and support. I also thank all our shareholders, our employees, our customers and all other stakeholders for their continuing faith and ongoing support to our company.

With Warm regards,
Sincerely,

Bengaluru
April 22, 2019

Sanjay Nayak
CEO and Managing Director

We have a great opportunity to establish ourselves as a global, innovative, cost-effective player, who can become a trusted, long-term source for their optical and access equipment requirements.

Board of Directors

Balakrishnan V

Non-Executive, Independent Director and Chairman

Founder and Chairman of Exfinity Venture Partners
Ex-Group CFO and Board member of Infosys

Sanjay Nayak

CEO and Managing Director

30+ years experience in telecom/ electronics
Ex-Managing Director at Synopsys
Fellow INAE, Former Member-FICCI Startup Council CII National Committee on ICTE; Ex Co-Chairman of TEPC. MS, Univ of North Carolina

Dr. Gururaj Deshpande

Non-Executive Director

President & Chairman of Sparta Group LLC
PhD, Queens University, Canada
Life-Member of the MIT Corporation
Founder of Deshpande Foundation

Leela Krishnamurthy Ponappa

Non-Executive and Independent Director

Ex-Dy. National Security Adviser
Ex-Ambassador to Thailand, UNESCAP, Netherlands, OPCW
Chairperson, CSCAP-India
Indian Foreign Service (Retd)

Arnob Roy

COO and Whole-time Director

30+ years experience in telecom/ electronics
Ex-Senior Manager, R&D, Synopsys
Master's Degree, University of Nebraska
Bachelor of Technology, IIT, Kharagpur

Chandrashekar Bhaskar Bhave

Non-Executive and Independent Director

Chairman, SEBI (2008 -2011)
Chairman and MD, NSDL (1996-2008)
IAS (1975 Batch)

Senior Management

Sanjay Nayak

Chief Executive Officer and Managing Director

Arnob Roy

Chief Operating Officer and Whole-time Director

Kumar N. Sivarajan

Chief Technology Officer

Venkatesh Gadiyar

Chief Financial Officer

Sukhvinder Kumar

President, Global Manufacturing Operations

N.R. Ravikrishnan

General Counsel, Chief Compliance Officer and Company Secretary

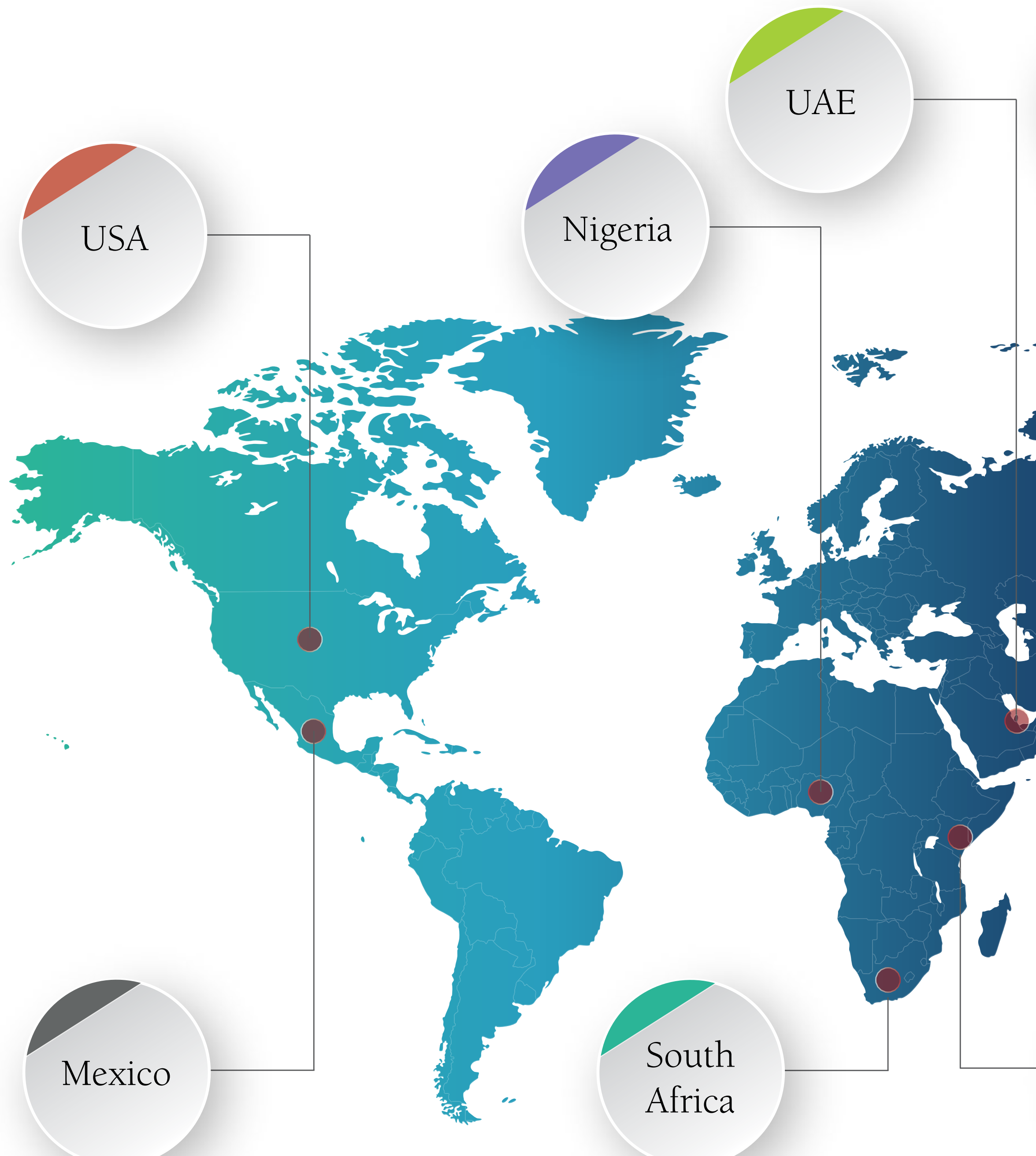
Shirish Purohit

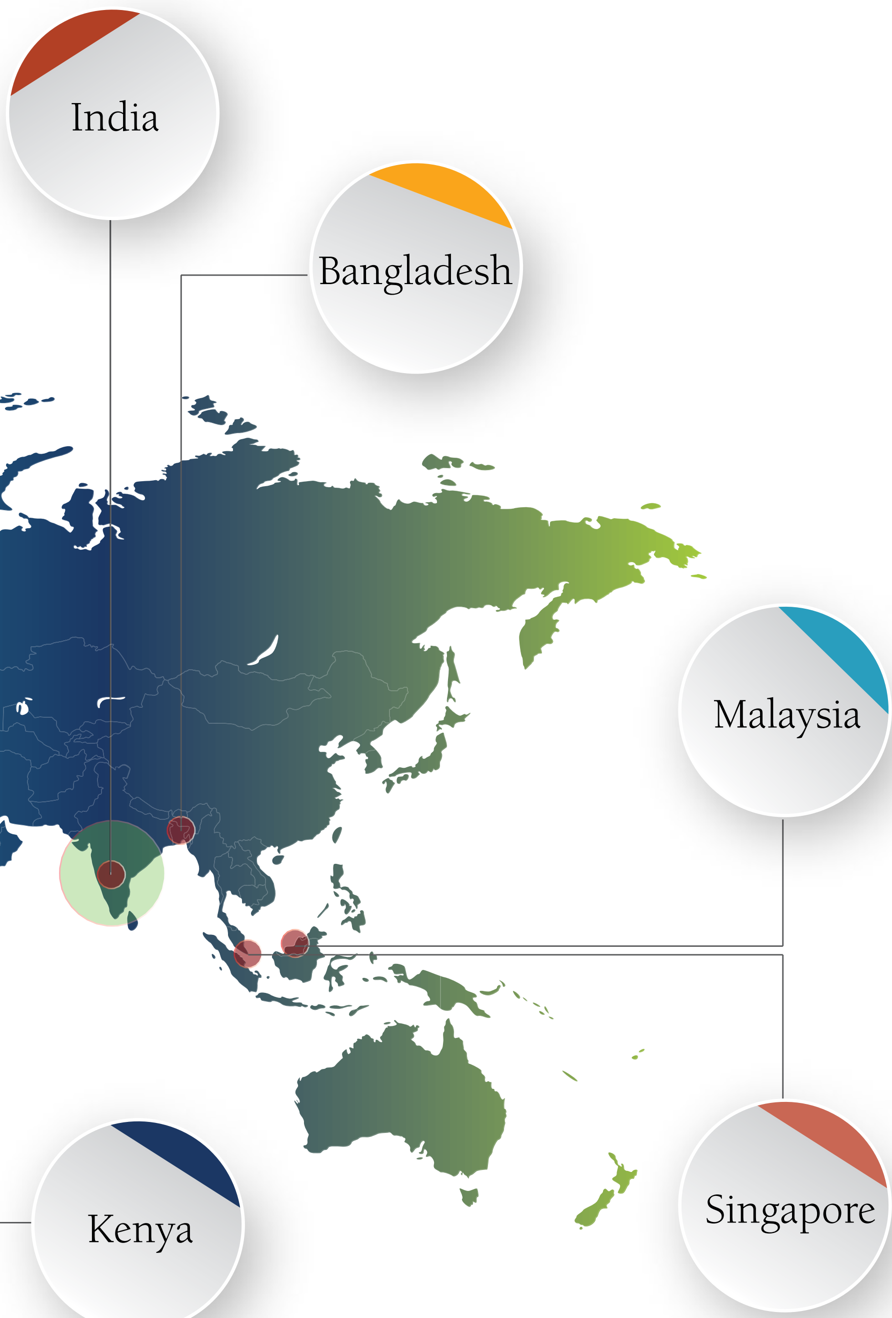
Head-Sales (India and Emerging Markets)

Abhijat Mitra

Chief Human Resources Officer

Expanding Global Footprint





1
Customers in **75+** Countries

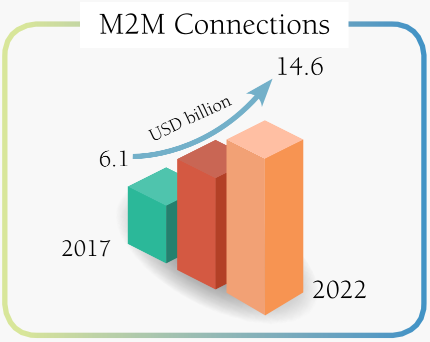
2
475,000+ Network Elements Deployed

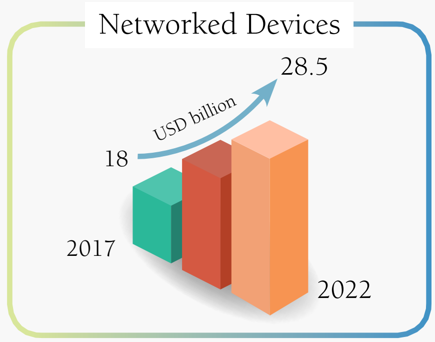
3
14 Offices Worldwide

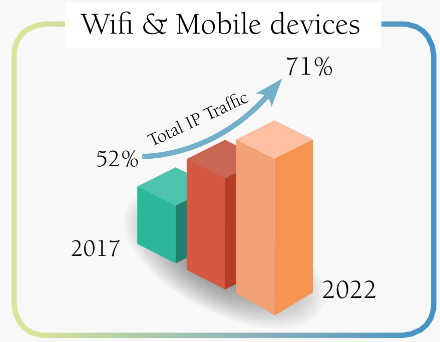
4
25+ Tier-1 Customers

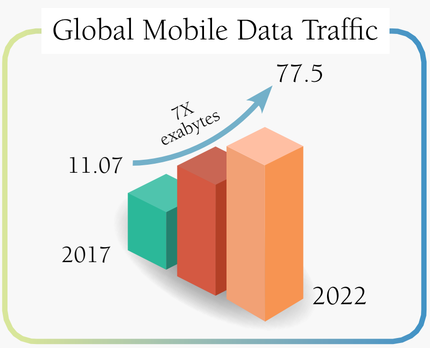
Long Term Growth Drivers

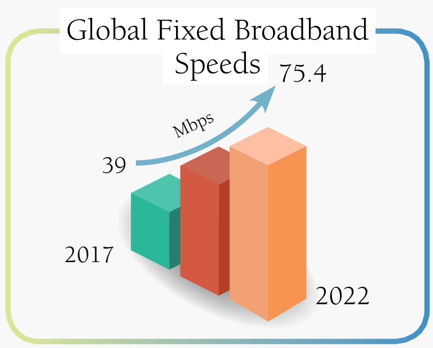
There is global surge in the data traffic across the world, with anticipation for the annual global IP traffic to reach 4.8 ZB per year by 2022. This is significantly expected to grow, owing to the upcoming 5G & IoT. This will be in addition to the existing proliferation of smartphones, home broadband, enterprise data services and cloud-based applications. With an advanced R&D infrastructure at place, Tejas Networks is well prepared to benefit from this upcoming progression.

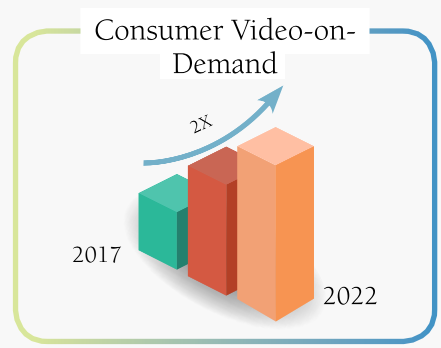




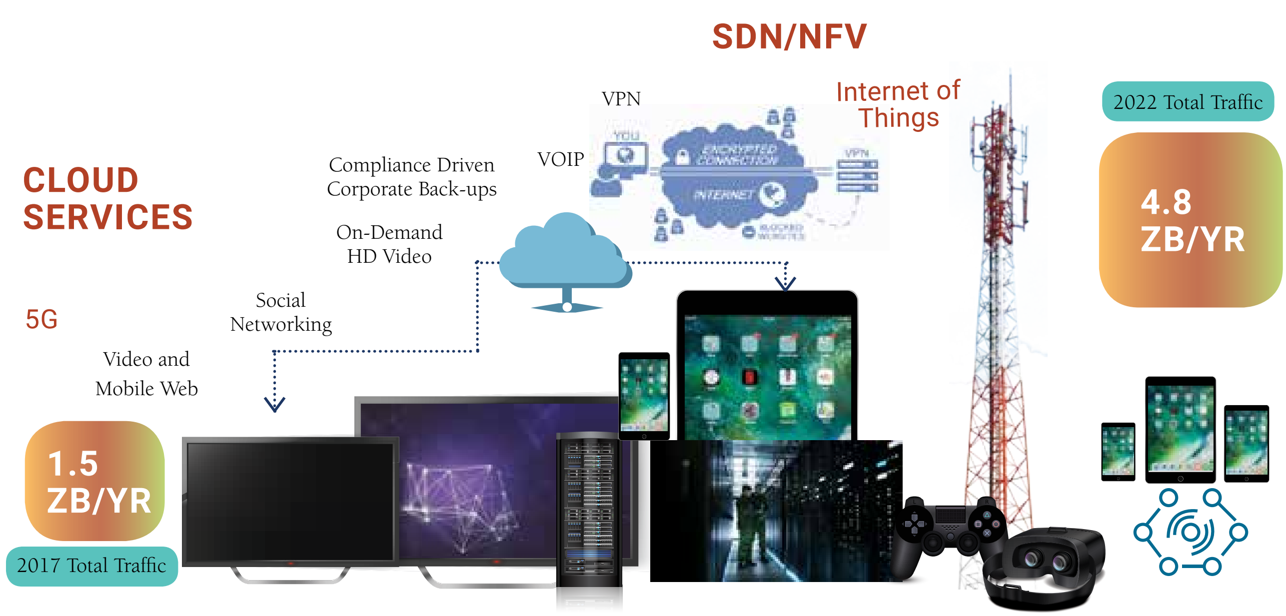








Macro Trends Driving Data Growth and Our Business



Leading to an Exponential Increase in Packet Traffic on Telecom Networks

Source: Cisco VNI Forecast 2017-2022

Emerging Technologies to Address Data Growth

FIXED BROADBAND

Multi-Gigabit Access on Optical Fiber (FTTX) and Broadband Wireless (WTTX)

4G, 5G & INTERNET OF THINGS

Network Densification and Fiberization driving growth in Metro Networks

CLOUD, DATA CENTER

Demand for Massively Scalable Networks with Multi-Terabit Switching

Innovative Business Model

Our success can be attributed to a differentiated business model with lower operating costs, compared to our global competitors, delivering sustainable financial performance, growth and higher profitability in a challenging industry.

Low S,G&A Operations Costs

S,G&A costs are half of our global peers creating a large growth potential. Tejas Gross Margins are close to those of global peers, despite lower economies of scale and large proportion of India revenues.

Achieving Profitability in a Challenging Global Industry

India-Based R&D 4X leverage

Achieved with a highly talented but relatively low-cost workforce based in India. Use of mass-market FPGA devices and ownership of silicon IPR aids in effective design re-use practices and efficient product development processes.

Asset-Light Manufacturing

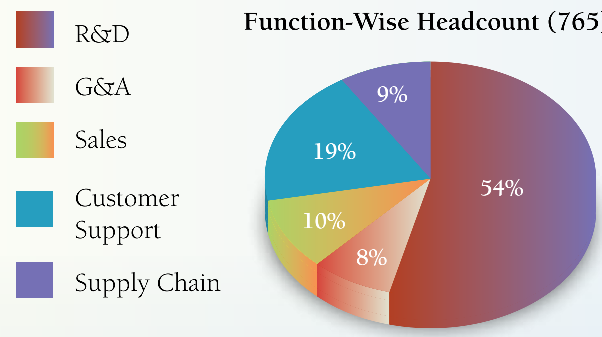
Outsourced certain parts of our manufacturing to a diversified set of electronic contract manufacturers giving us significant leverage to scale-up our manufacturing, while making only incremental investments.

World-Class Team

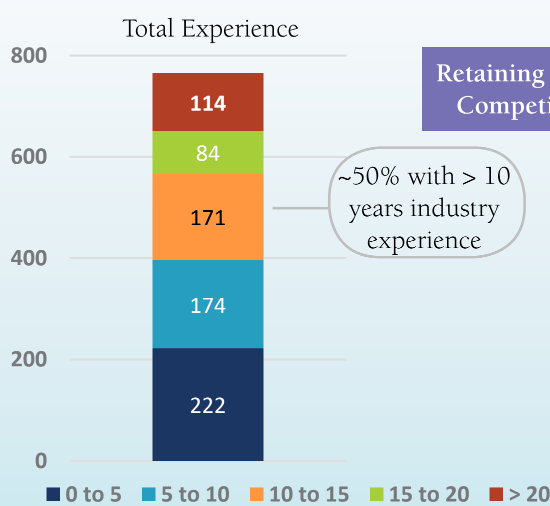
Our people practices are designed to attract and retain the most talented people from around the world. Since our inception in 2000, we have made significant investments in our talent management and developmental programs to ensure that we hire and nurture a strong and talented workforce. More than 50% of our employees are engaged in R&D and a majority of them are from top colleges and universities of India.

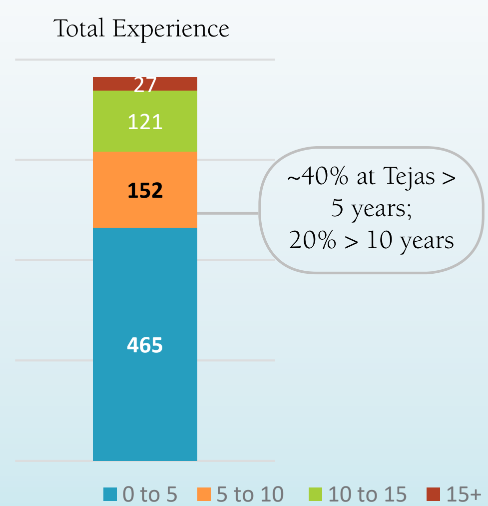
Highly Experienced Senior Sales Team
- Average industry experience: 22.5 years
- Average experience at Tejas: 8.7 years

Highly Experienced Senior R&D Team
- Average industry experience: 24 years
- Average experience at Tejas: 11.7 years

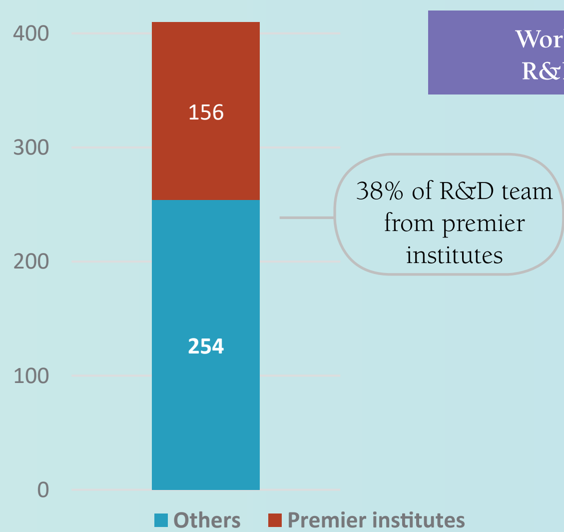


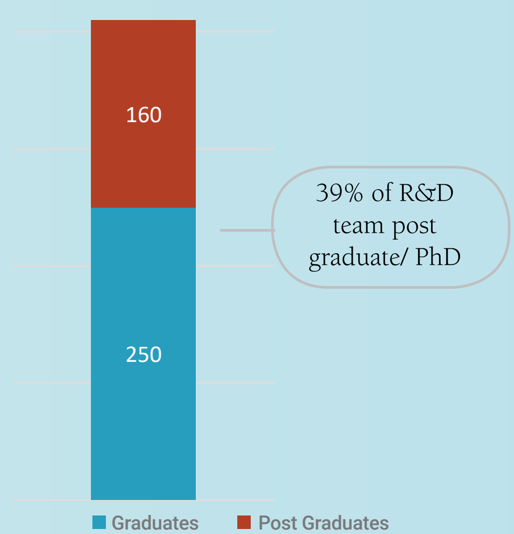
Retaining Top Talent in a Competitive Industry





World-Class R&D Team





Growth Strategy

LEVERAGE INCUMBENCY IN INDIA

Increase depth in India-private accounts so as to reduce dependence on lumpy, India Government business

INCREASE INTERNATIONAL SALES

In Africa, South-East Asia and America. Aim to reach 50% of overall revenues

CONTINUE TO INVEST IN R&D

To maintain our product differentiation and expand our portfolio to increase our addressable market

CONTINUE TO DELIVER STRONG FINANCIAL PERFORMANCE

Maintain profitable growth and improve working capital efficiency

Sales Focus on High-Growth Regions

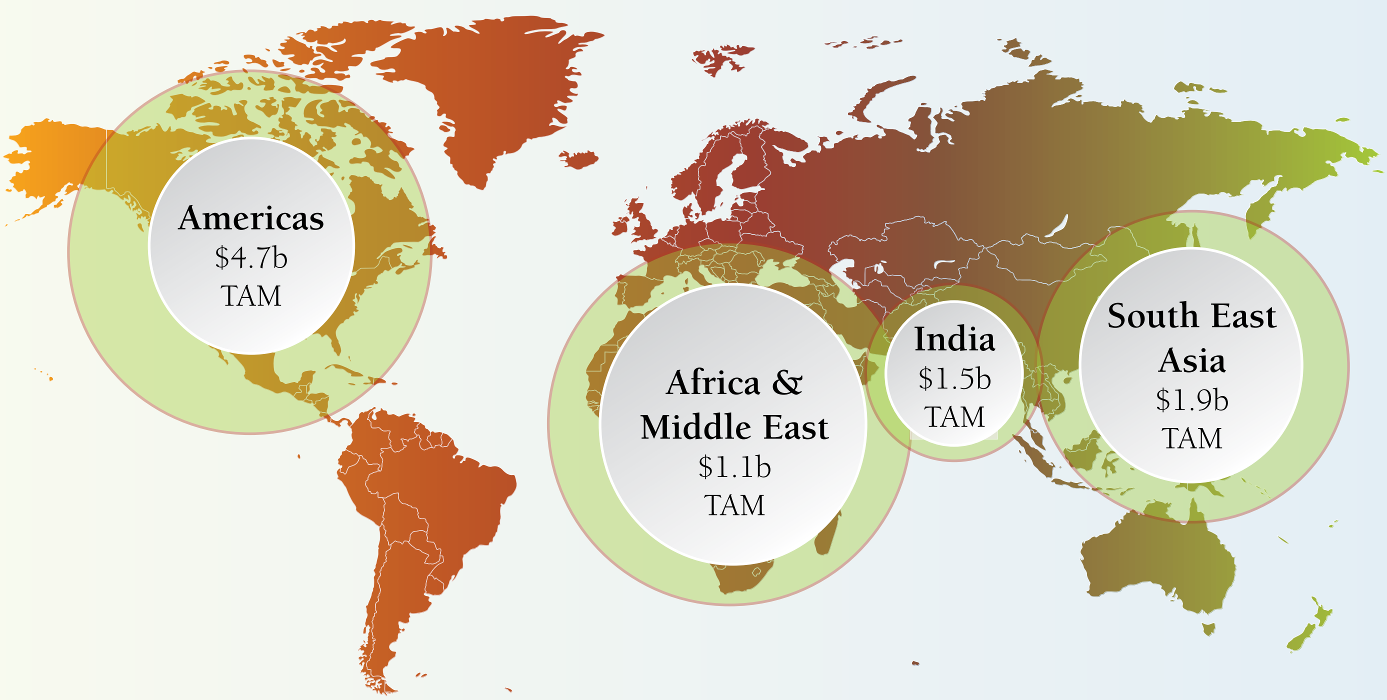
With a steadily widening global clientele that includes the world's largest mobile operators, wholesale carriers and utility companies spanning 75+ countries, our sales focus is to direct sales resources in alignment to high growth opportunities. Sustained R&D and sales investments enables us to expand our addressable market and competitiveness. Our successful implementation of the world's largest green field deployment of broadband access in India, can be replicated in the emerging markets of South/South-East Asia and Africa/Middle East; regions in North America with low tele-densities.

70%* Increased International Direct

28%* Continued Growth in India Private

7%* Reduced Dependency on India Government.

** YoY Growth*



Total Addressable Market (TAM) of ~$9 billion

India

With the explosion in broadband and mobile data services, India has emerged as the world's largest carrier of data traffic and the fastest growing optical equipment market with an annual spend expected to reach over $1 billion in FY20. We have a strong incumbent advantage in India and are present in almost all large pan-India telecom networks in the country. Our target customer segments in India include Private Telcos, India Government-Critical Infrastructure and India Government-PSU (Public Sector Unit) Telcos and USOF (Universal Service Obligation Fund) Projects.

Private Telcos: Growth opportunities in India-Private include new application wins for FTTx services, metro capacity expansion and proliferation of gigabit speed Enterprise data services for cloud and data center applications.

Critical Infrastructure: We are a leading communication equipment supplier for the Critical Infrastructure segment (Railways, Power, Oil & Gas) due to our product fit for ongoing network transformation projects. We have strong partnerships with large systems integrators who execute turnkey projects and are benefited by growing preference for domestic manufacturers for security sensitive projects.

PSU Telcos and USOF: Favorable government policy initiatives in telecom sector such as Preference to Make in India (PMI), National Digital Communications Policy (NDCP 2018) and recent TRAI recommendations promote design-led domestic manufacturing in India. India Government will continue to drive large revenue opportunities through multiple USOF projects such as BharatNet Phase-2 (Center and States), Wifi to villages and network roll-outs in North East and LWE (Left Wing Extremism) affected areas.

South Asia and South East Asia

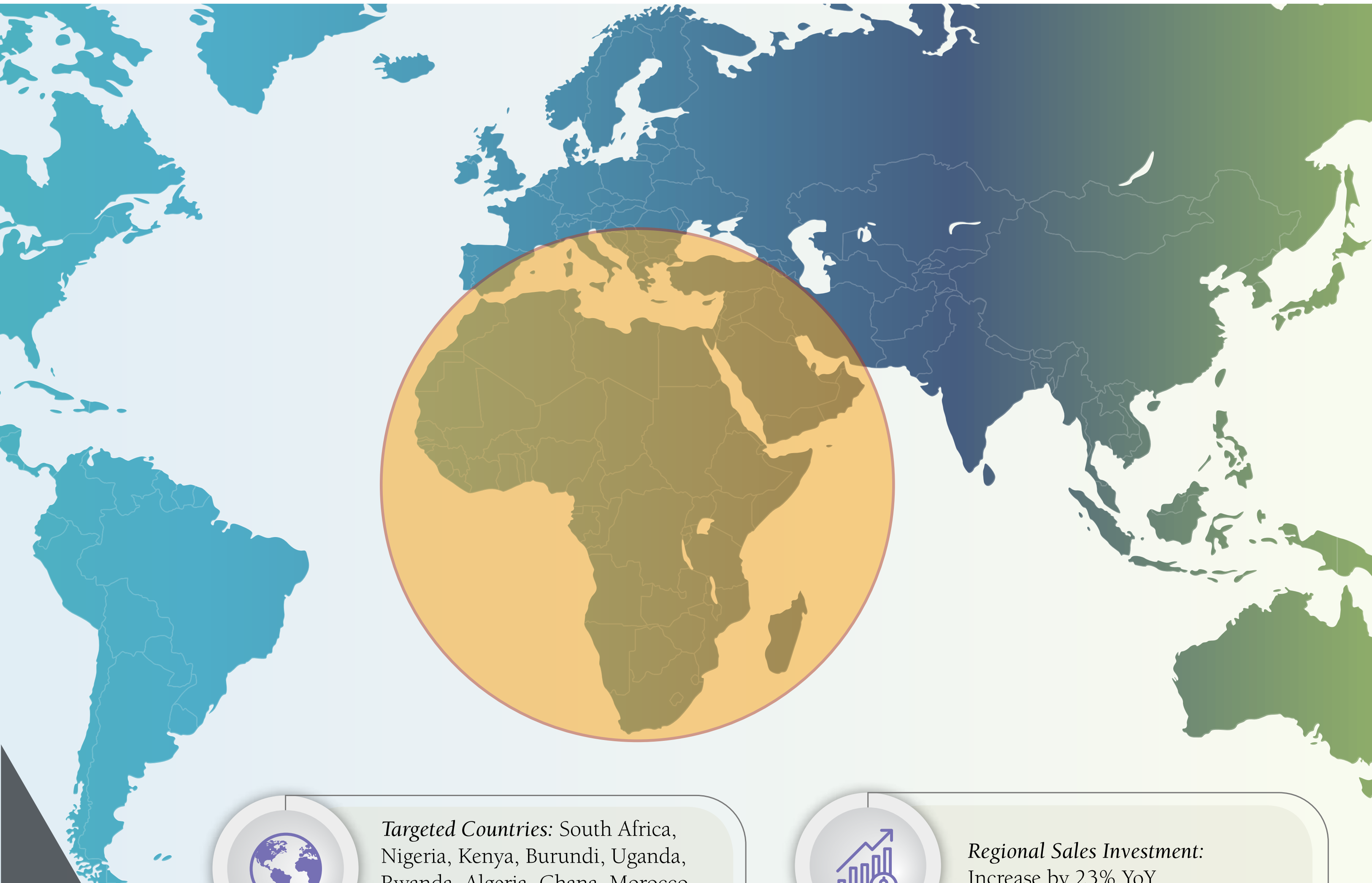
Targeted Countries: Bangladesh, Sri Lanka, Bhutan, Malaysia, Vietnam, Cambodia, Indonesia, Philippines, Myanmar, Mongolia

Regional Sales Investment: Increase by 16% YoY

Total Addressable Market: ~$1.9b

Number of Potential Service Providers: 100+

Africa and Middle East



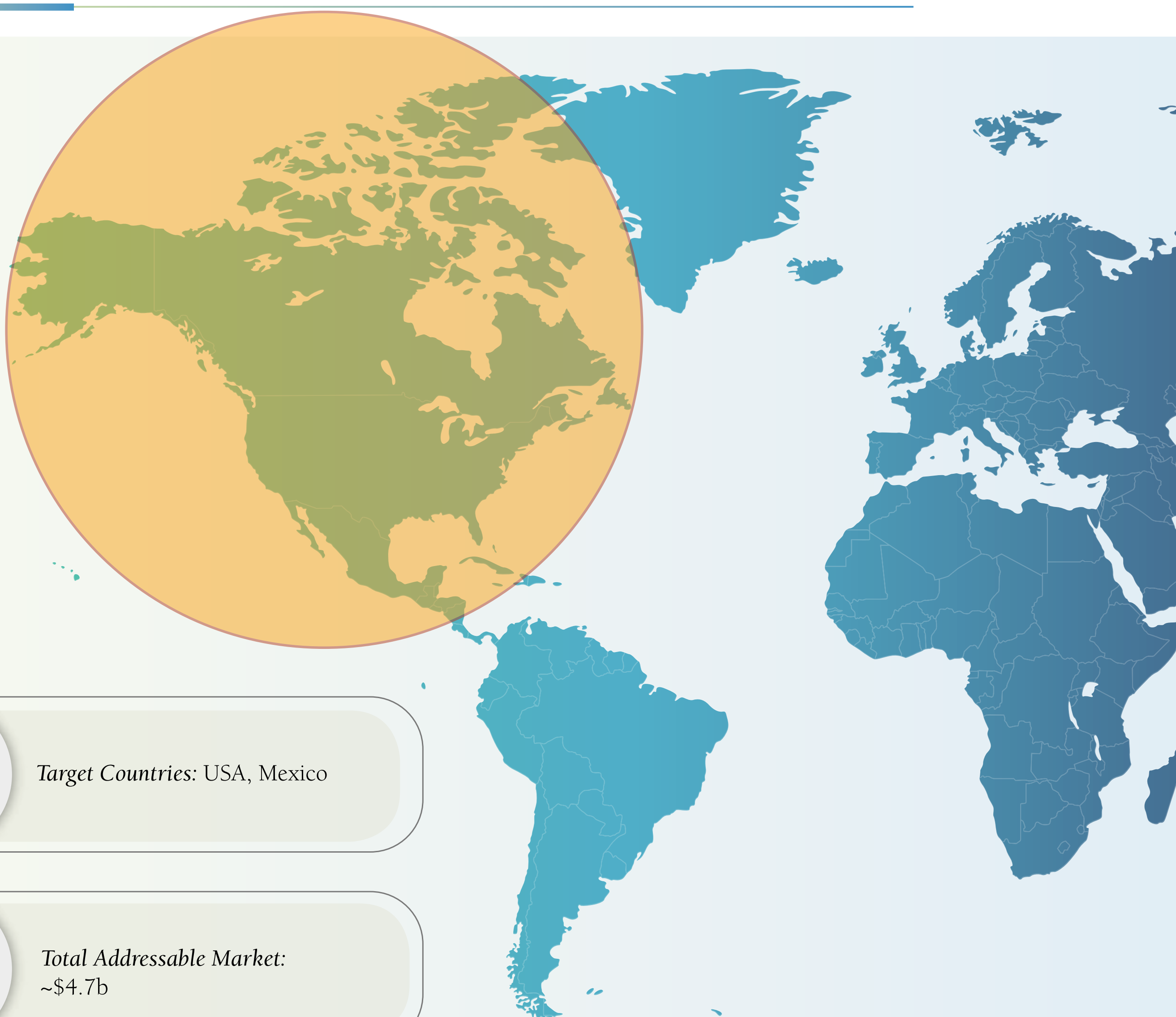
Targeted Countries: South Africa, Nigeria, Kenya, Burundi, Uganda, Rwanda, Algeria, Ghana, Morocco, Oman, Egypt

Regional Sales Investment: Increase by 23% YoY

Total Addressable Market: ~$1.1b

Number of Potential Service Providers: 200+

Americas



Target Countries: USA, Mexico

Total Addressable Market: ~$4.7b

Regional Sales Investment: Increase by 21% YoY

Number of Potential Service Providers: 450+

Our Success Stories

A telecom provider, providing services to residences and enterprises in Nebraska, USA was dealing with End-of-Life issues for its legacy equipment procured from a leading global network equipment provider. Customer selected Tejas product-TJ1400 family of Ultra-Converged broadband access/edge products for modernization to a high capacity packet network.

Tejas built an end-to-end packet transport network in Lagos for a leading enterprise service provider in West Africa. The customer was seeking to provide high quality and ultra-reliable connectivity services to businesses and institutions across the region while also expanding its residential broadband service offerings. Tejas product-TJ1400 family of access/edge products proved to be the ideal platform for this application since the same product can be used to deliver both Carrier Ethernet (CE2.0) and Fiber-to-the-Home (FTTH) services.

A leading telecom carrier in Mexico providing residential and enterprise services selected Tejas Networks for its innovative alien wavelength solution. The requirement was to upgrade the existing capacity of its DWDM network to address the growing bandwidth requirements. Tejas successfully deployed the end-to-end alien wavelength solution for the customer which helped in seamless 100G/100G+ integration on links up to 2000km.

A premium wholesale bandwidth provider in Cambodia, providing wholesale bandwidth to enterprise and mobile operators, wanted to transition from a 10G to 100G network with minimum turnaround time. Tejas product-TJ1600 family of products, ensured seamless transition from existing legacy to high capacity optical network. The customer leveraged Pay-as-you-grow model for effective monetization of existing network infrastructure.

A leading Indian private telecom carrier was looking to upgrade it's network for providing guaranteed bandwidth to it's enterprise customers. The customer wanted to transition from a 10G network to a 40G network with minimal network upgrades and future option of scalability to 100G. Tejas' TJ1600 product ensured seamless transition to a 40G network and helped address scalability requirements for the customer with minimal capital and operating expenditures.

Tejas was selected for building an end-to-end packet network in Malaysia for a leading internet service provider. The customer network is used by all tier-1 telcos in the region for 3G/4G backhaul who wanted high reliability. Tejas' TJ1400 and TJ1600 product families were used for next generation packet based transport networks. The same equipment can be used for planned residential broadband and LTE deployments in future.

Innovation-Driven R&D Leadership

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

340+	270+	3 Million+	40+	300+
Patents	Silicon IPs	Lines of Embedded Code	Carrier Grade Systems	High-Speed Boards Designed

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

Aligning Product Road Map with Evolving Technology and Market Requirements

- Active participation in national and international standards bodies
- Close collaboration with customers to understand their network requirements
- Generating and protecting in-house IPR by filing patent claims worldwide
- Leveraging latest advancements in semiconductor, optical and software

Software-Defined Hardware™ Architecture

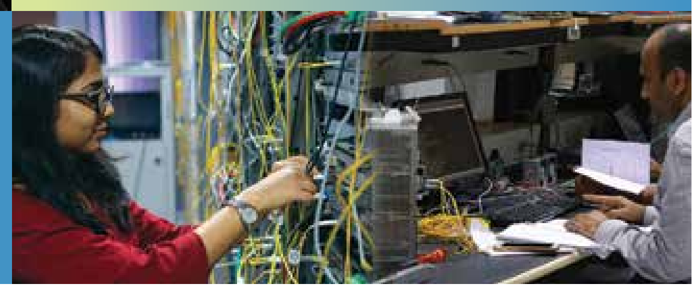
We design future-ready products by using programmable software-defined hardware™ architecture that enables easy and rapid adaptation to technology changes, evolving standards and new customer requirements. This enables our customers to adopt a 'pay as-you-grow' approach while adopting new services, and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

For Customers

- Lower Lifecycle Cost
- Upgrade for new features and capacity
- Seamless evolution to next-generation communication architectures
- Customized to meet market-specific requirements
- Pay-As-You-Grow

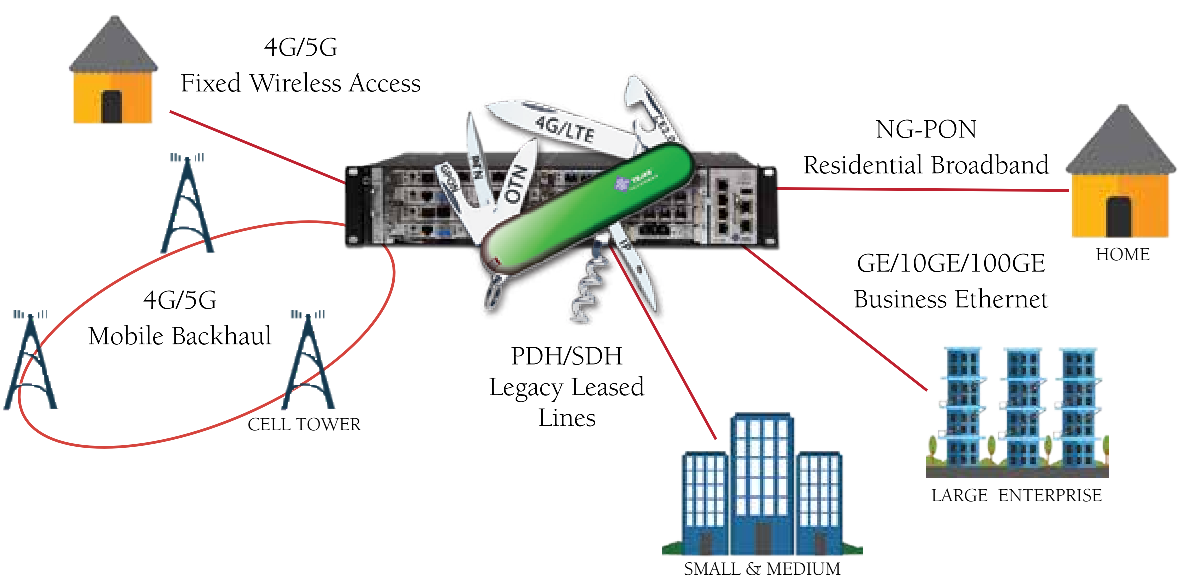
For Tejas Networks

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



TJ1400 : World's First Ultra-Converged Broadband Product

TJ1400 - the world's first Ultra-Converged Broadband product was launched at MWC, Barcelona in March, 2019. TJ1400 provides unparalleled integration of Access, Transport and IP Network technologies in one integrated box and introduces a revolutionary way of building modern-day telco infrastructure, bringing down the cost of network build-outs dramatically. TJ1400 Ultra-Converged Broadband platform is designed for cost-optimized delivery of Mobile Backhaul, Broadband Access and Enterprise Cloud Services migration infrastructure. It provides redundancy, low power consumption, and high service scale in a compact next-generation platform.



Our Sustainable Competitive Advantage

SOFTWARE-DEFINED HARDWARE™

Programmable silicon eases feature upgrades, incorporation of new standards and protocols

FUTURE READY PRODUCTS

Support multiple technology generations from same shelf (2G/3G to 4G/5G)

ULTRA-CONVERGED BROADBAND ACCESS/EDGE

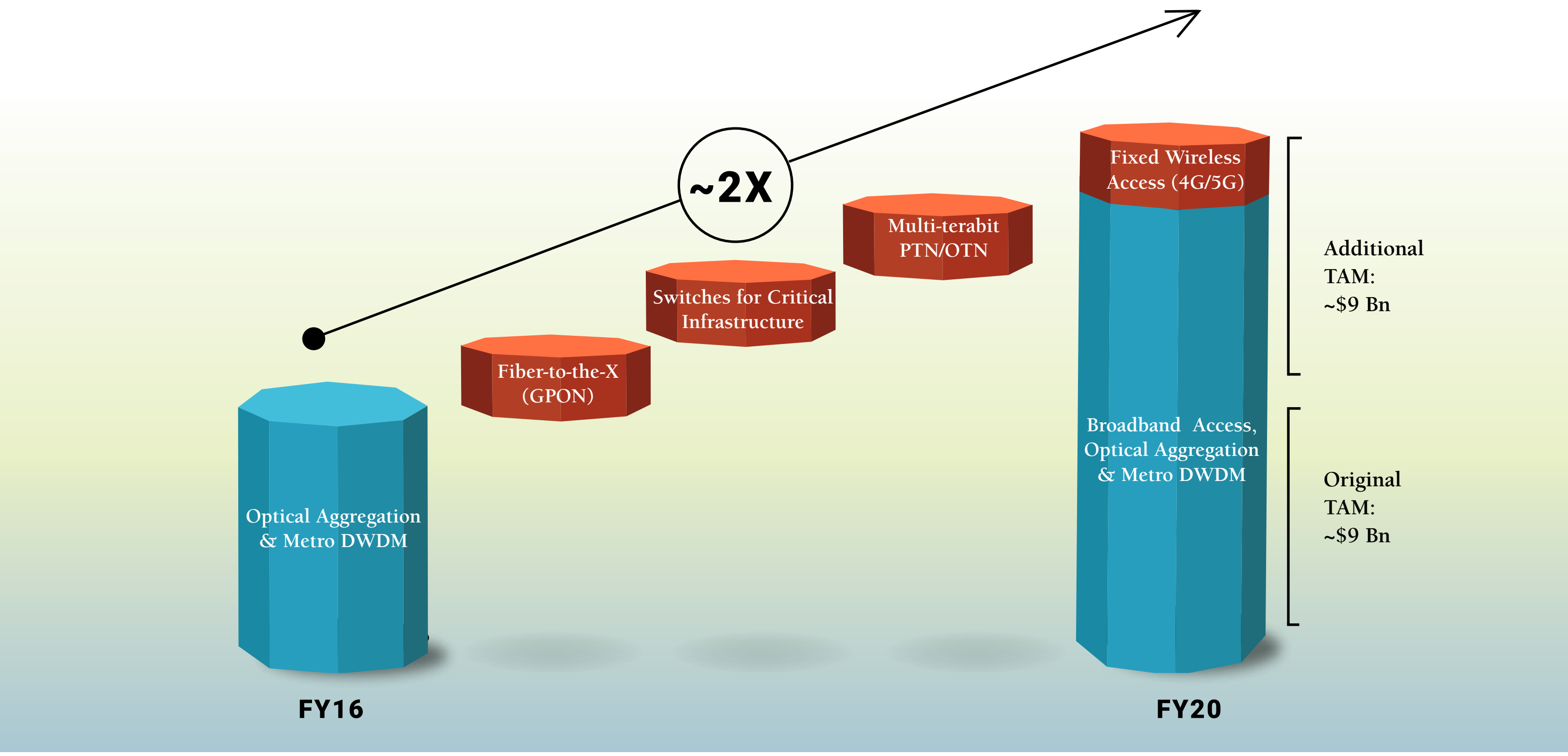
Flexibility to offer different services on fiber/copper/wireless using relevant technologies

INNOVATIVE BUSINESS MODEL

Cost-efficient India-based R&D and low operating costs and asset-light manufacturing delivers superior financial performance

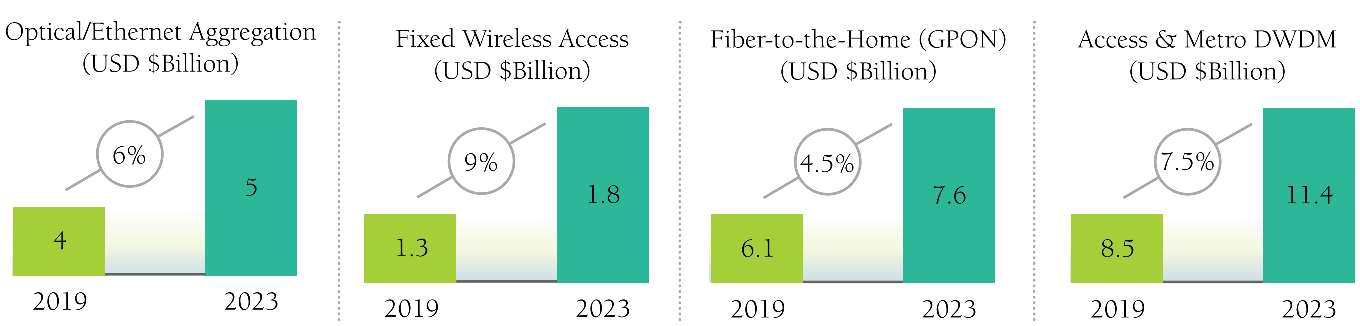
R&D Investments Growing Our Addressable Market

We have a strong focus on R&D and innovation and are investing in advanced carrier-grade products that can cater to the ever increasing demand for bandwidth. Over the last few years, Tejas has developed a diverse range of optical transmission, broadband access and data networking products, from megabit to multi-terabit capacity, based on the latest global standards and technologies, to address the needs of both domestic and international customers. As a result, the total addressable market (TAM) for our products at the global level has more than doubled since FY16.



**Note 1: chart depicts Global TAM for Tejas products. Actual will be lower, since we are not focusing on all geographies

Focusing on Growing Technology Segments



(Source: Ovum)

Network Applications

MOBILE BACKHAUL
Networks for transport of mobile voice, data and video over optical fiber

CARRIER OF CARRIERS
Bandwidth sale to other telcos or web-scale companies

ENTERPRISE
Leased line or VPN connectivity to businesses

BROADBAND ACCESS
High-speed Home Broadband, National Rural Broadband, Smart Cities

UTILITIES
Captive or commercial networks for power, rail/ metro or oil and gas companies

NETWORK MODERNIZATION
Phased transition from legacy to packet networks

MOBILE BACKHAUL

Converged Infrastructure for 2G/3G ->4G/5G Backhaul

WHOLESALE

OTN Cross-connects
Alien Wave Solution

ENTERPRISE

Guaranteed Quality of Service
Low Latency Services

Our Differentiators

BROADBAND ACCESS

Ultra-Converged Access Fiber (FTTX) and Wireless (WTTX)

UTILITIES

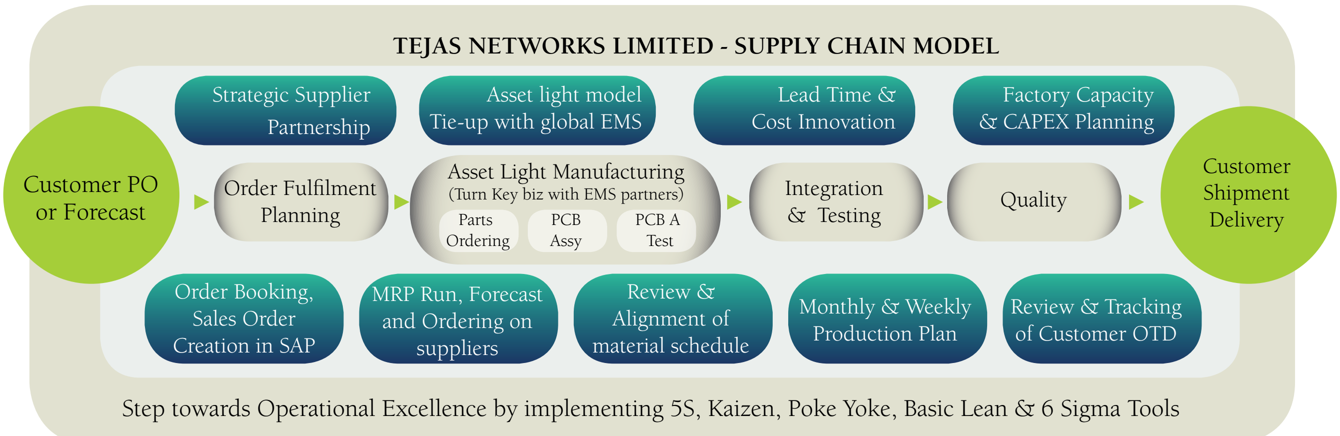
Seamless transition to packet; integrated solution for SCADA, Teleprotection

NETWORK MODERNIZATION

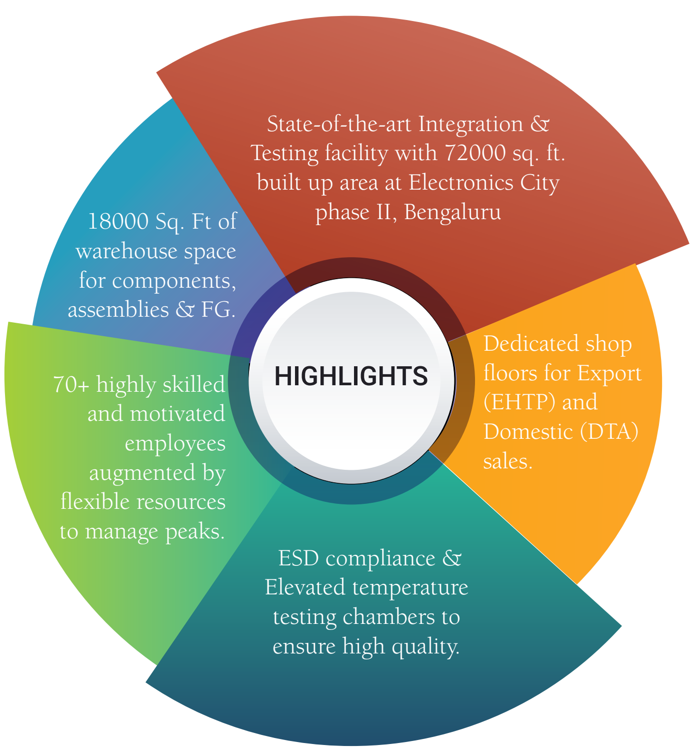
High-capacity circuit emulation

Supply Chain & Asset-Light Manufacturing

Tejas Supply Chain has an efficient and lean manufacturing model. Our objective is to create a best-in-class global supply chain, which exceeds customer expectations with timely deliveries and consistently high quality, while minimizing inventory levels and consistently reducing manufacturing costs.



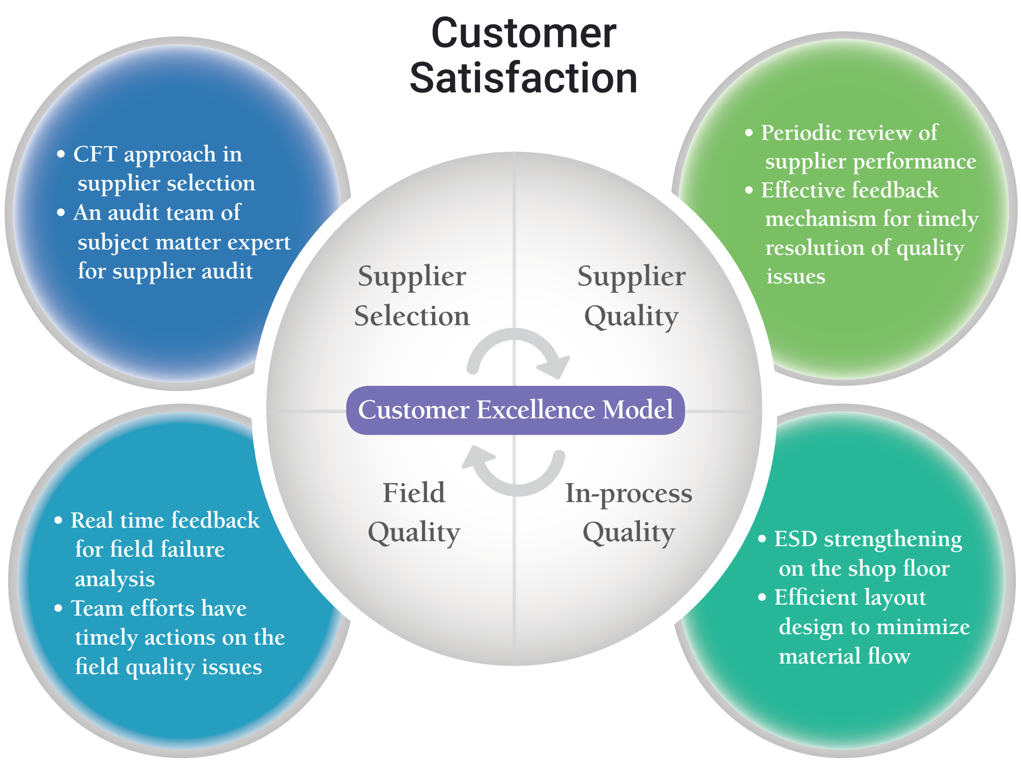
We manufacture our products in India through partnerships with reputed EMS companies which help us to stay asset-light and cost-efficient in production. We have an in-house manufacturing facility focused on final integration, testing and quality control in order to ensure only high-quality products are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

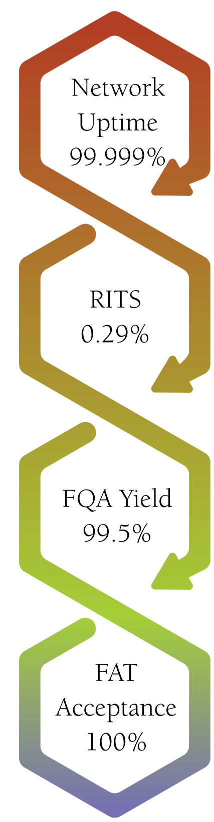


Quality Focus & Innovation Culture

Quality is an important element of our culture and the field performance of our products is more than 99.999% uptime. We have been certified for TL9000 & ISO9001 certification for our quality management system with reference to our supply chain, R&D and manufacturing processes. We have established sophisticated design, development and testing infrastructure in-house, which helps us monitor our quality management closely.

Our optical networking products have received type/interface approvals from the Telecommunication Engineering Centre (TEC) and have received Technical Specification Evaluation Certificate (TSEC) in India. We have also been approved under various international standards such as MEF CE2.0, CE marking, cTUVus mark, FCC, ICES, Safety standard IEC60950-1 in connection with our products. We also comply with European Union directives on electronics waste, Waste of Electrical and Electronics Equipment (WEEE) and Restriction on the use of Hazardous Substances (RoHS).





ISO 9001 & TL 9000 Certification

We strongly believe in continual improvement culture. To build and strengthen the operation excellence in our manufacturing facility; we have taken up initiatives like 5-S, Kaizen, Poke-Yoke and Basic Lean Implementation. These are the platforms available for all our employees to contribute towards the operational excellence.


bsi.
Certificate of Registration


bsi.
Certificate of Registration

Awards & Accolades

Launch of TJ1400 – World's first Ultra-Converged Broadband Access/Edge product family at Mobile World Congress, Barcelona.

Finalist at the Broadband World Forum (BBWF) in the "**Achievement in Network Convergence**" category for excellence in the broadband marketplace. Tejas was shortlisted for its innovative converged broadband Access and Edge product, TJ1400.

"**Company of the Year – Telecom Products**" award by ZEE Business in their first edition of "**Dare to Dream**" awards that celebrates the success of home-grown innovative businesses and top performers from India

"**Best Exporter Award**" in Special Category Gold for the year 2018 by FKCCI, Karnataka for the exemplary work and to recognize the outstanding initiatives being developed and delivered in the export business

Aegis Graham Bell Award 2019 in "**Innovative Telecom Product**" category nominating the TJ1400-18 product : World's Most Versatile Optical Network Transformation Product

SKOCH Order-of-Merit award by SKOCH group which recognize and honor outstanding SMEs in India

Customer Services

With global deployment experience for a blue-chip clientele spanning 75+ countries, our networking professionals and product experts have a deep understanding of what it takes to deliver a world-class and hassle-free customer service experience. We offer one of the most comprehensive professional services portfolios in the industry covering the entire network delivery lifecycle ranging from network definition and deployment to network operations and transformation. Our services support team has extensive experience in Packet Optical, DWDM, PTN, MPLS, OTN and other networking technologies. Our end to end services portfolio is designed to optimize Total Cost of Ownership (TCO) through well-researched transformation programs and technology enablers.

BUILD SERVICES

We handle both turn-key and staged deployments for TSPs, CSPs, cable MSOs and enterprises through a three staged approach – pre-staging, staging and post-staging.

MANAGED SERVICES

We offer flexible and comprehensive support and maintenance packages to closely align with the diverse planning and operational needs of our customers.

CONSULTANCY SERVICES

We analyze the existing network to come up with optimal network roll-out & migration plans and a network design customized to suit business needs of our customers.

NURTURE SERVICES

We train our customers on our products and the latest technologies around optical network and broadband access through remote and offline training modules.

Strengthening Our Brand Through Global Events & Trade Shows

Board and Committees

Board of Directors

Balakrishnan V
Non-Executive, Independent Director and Chairman

Sanjay Nayak
Managing Director and Chief Executive Officer

Arnob Roy
Whole-time Director and Chief Operating Officer

Amb. Leela K Ponappa
Non-Executive and Independent Director

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

Chandrashekhar Bhaskar Bhave
Non-Executive and Independent Director

Board committees

(As of April 22, 2019)

Audit committee

Chandrashekhar Bhaskar Bhave
Chairperson

Amb. Leela K Ponappa
Balakrishnan V

Nomination and remuneration committee

Amb. Leela K Ponappa
Chairperson
Balakrishnan V
Chandrashekhar Bhaskar Bhave
Dr. Gururaj Deshpande

Stakeholders relationship committee

Dr. Gururaj Deshpande
Chairperson
Balakrishnan V
Sanjay Nayak
Arnob Roy

Corporate social responsibility committee

Amb. Leela K Ponappa
Chairperson
Balakrishnan V
Sanjay Nayak
Arnob Roy

Risk management committee

Balakrishnan V
Chairman
Amb. Leela K Ponappa
Dr. Gururaj Deshpande
Chandrashekhar Bhaskar Bhave

Management team

Sanjay Nayak
Managing Director and Chief Executive Officer

Arnob Roy
Whole-time Director and Chief Operating Officer

Kumar N Sivarajan
Chief Technology Officer

Venkatesh Gadiyar
Chief Financial Officer

Sukhvinder Kumar
President, Global Manufacturing Operations

Shirish Purohit*
Head-Sales (India and Emerging Markets)

Abhijat Mitra*
Chief Human Resource Officer

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

*(*With effect from April 1, 2019)*

Board's Report

Dear Members,

Your Directors are pleased to present the 19th Annual Report together with the audited financial statements for the financial year ended March 31, 2019. The consolidated performance of the Company has been referred to wherever required.

1. Results of our operations and state of affairs

in ₹ crore except per share data

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Revenue from operations [1]	894.03	761.07	900.32	767.44
Other Income	36.64	27.22	36.69	27.83
Total income	930.67	788.29	937.01	795.27
Expenses				
Cost of materials consumed	463.70	382.30	463.70	382.42
Excise duty	-	17.64	-	17.64
Employee benefit expense	117.60	88.65	123.66	92.26
Finance costs	16.88	13.45	17.00	13.40
Depreciation and amortization expense	65.88	61.27	65.88	61.27
Other expenses	117.14	118.34	116.75	122.24
Total expenses	781.20	681.65	786.99	689.23
Profit before tax	149.47	106.64	150.02	106.04
Income tax expense				
Current tax	19.63	23.78	19.63	23.78
Deferred tax (benefit)	(16.85)	(24.26)	(16.85)	(24.26)
Total tax expense	2.78	(0.48)	2.78	(0.48)
Profit after tax	146.69	107.12	147.24	106.52
Other comprehensive income				
Items that will not be reclassified to profit or loss	(1.72)	(1.61)	(1.72)	(1.61)
Items that will be reclassified to profit or loss	-	-	0.77	(0.15)
Total comprehensive income for the period	144.97	105.51	146.29	104.76
Retained earnings- opening balance	120.59	14.88	120.97	15.86
Add: Transferred from other reserve	-	0.20	-	0.20
Less: Items that will be reclassified to profit or loss	-	-	0.77	(0.15)
Retained earnings- closing balance	265.56	120.59	266.49	120.97
Earnings per equity share				
Equity shares of par value ₹ 10 each				
Basic	16.07	12.48	16.13	12.41
Diluted	15.33	11.79	15.39	11.73

[1] *Revenue from operations for the year ended March 31, 2018 was inclusive of excise duty of ₹ 17.64 crore. Post introduction of Goods and Services Tax (GST), effective July 1, 2017 revenue from operations for the periods post June 30, 2017 is net of the related GST. Accordingly, the revenue for the year ended March 31, 2019 and the corresponding previous year are not strictly comparable.*

Financial Position

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Bank balances and deposits with maturity up to three months	16.41	213.48	16.90	214.19
Bank balances other than above				
Current[1]	106.15	21.76	106.15	21.76
Deposits with original maturity of more than twelve months	0.12	0.04	0.12	0.04
Investment in mutual funds	86.55	76.52	86.55	76.52
Deposits with financial institutions disclosed under other current financial assets	160.00	205.00	160.00	205.00
Cash and cash equivalents including margin money	369.23	516.80	369.72	517.51
less: Balances held as margin money	(0.16)	(4.81)	(0.16)	(4.81)
Cash and cash equivalents excluding margin money	369.07	511.99	369.56	512.70
Net current assets[2]	578.89	317.10	590.75	327.42
Property, plant and equipment	30.68	35.98	30.68	35.98
Intangible assets (including under development)	109.82	85.60	109.82	85.60
Other non-current assets[3]	233.22	204.64	222.37	193.79
Total assets	1,321.68	1,155.31	1,323.18	1,155.49
Borrowings[4]	1.19	2.27	1.19	2.27
Non-current provisions	1.75	1.14	1.75	1.14
Total equity	1,318.74	1,151.90	1,320.24	1,152.08
Total equity and borrowings	1,321.68	1,155.31	1,323.18	1,155.49

[1] *Deposits with original maturity of more than three months but less than twelve months & Balances held as margin money or security against borrowings or guarantees*

[2] *current assets net of current liabilities as disclosed in balance sheet excluding the bank balances considered as cash and cash equivalents*

[3] *excluding bank balances considered as cash and cash equivalents*

[4] *including current borrowings and current maturities of long-term debt*

Revenues

- Standalone

Our net revenues (net of taxes and component sales) from operations on a standalone basis grew by 18.7% to ₹ 870.44 crore in fiscal 2019. Our domestic and export revenues comprise of 80% and 20% respectively of total revenue. Out of total revenue, 80% (previous year 82%) came from India, 8% (previous year 6%) came from Americas and 12% (previous year 12%) came from Rest of the World.

- Consolidated

Our net revenues (net of taxes and component sales) from operations on a consolidated basis grew by 18.5% to ₹ 876.73 crore in fiscal

2019. Our domestic and export revenues comprise of 79% and 21% respectively of total revenue. Out of total revenue, 79% (previous year 82%) came from India, 8% (previous year 6%) came from Americas (previous year 6%) and 13% (previous year 12%) came from Rest of the World.

Profits

- Standalone

Our gross profit on a standalone basis amounted to ₹ 359.77 crore (41.3% of net revenue) as against ₹ 293.59 crore (40.0% of net revenue) in the previous year. The gross and net Research and development costs were 13.3% and 5.8% of our net revenue for the year ended March 31, 2019 as compared to 11.8% and 5.1% for the year ended March 31, 2018. Selling and marketing costs were 9.7% (previous year 10.6%) of our net revenue for the year ended March 31, 2019. The General and administrative expenses were 3.3% (previous year 3.3%) of our net revenue for the year ended March 31, 2019. The operating profit amounted to ₹ 129.71 crore (14.9% of net revenue) as against ₹ 92.87 crore (12.7% of net revenue) in the previous year. The profit before tax was ₹ 149.47 crore (17.2% of net revenue) as against ₹ 106.64 crore (14.5% of net revenue) in the previous year. The net profit was ₹ 146.69 crore (16.9% of net revenue) as against ₹ 107.12 crore (14.6% of net revenue) in the previous year.

- Consolidated

Our gross profit on a consolidated basis amounted to ₹ 366.06 crore (41.8% of net revenue) for the year ended March 31, 2019 as against ₹ 299.74 crore (40.5% of net revenue) in the previous year. The gross and net Research and development costs were 13.2% and 5.8% of our net revenue for the year ended March 31, 2019 as compared to 11.7% and 5.1% for the year ended March 31, 2018. Selling and marketing costs were 10.2% (previous year 11.4%) of our net revenue for the year ended March 31, 2019. The General and administrative expenses were 3.4% (previous year 3.4%) of our net revenue for the year ended March 31, 2019. The operating profit amounted to ₹ 130.33 crore (14.9% of net revenue) as against ₹ 91.61 crore (12.4% of net revenue) in the previous year. The profit before tax was ₹ 150.02 crore (17.1% of net revenue) as against ₹ 106.04 crore (14.3% of net revenue) in the previous year. The net profit was ₹ 147.24 crore (16.8% of net revenue) as against ₹ 106.52 crore (14.4% of net revenue) in the previous year.

Expenditure on property, plant and equipment – Standalone and Consolidated

On a standalone basis and consolidated basis, during the year, we incurred expenditure on property, plant and equipment of ₹ 13.40 crore (previous year ₹ 18.27 crore), comprising, ₹ 3.96 crore (previous year ₹ 5.67 crore) in Laboratory equipment, ₹ 0.14 crore (previous year ₹ 0.13 crore) in Networking equipment, ₹ 0.41 crore (previous year ₹ 0.46 crore) in Electrical Installation, ₹ 2.86 crore (previous year ₹ 0.89 crore) in Furniture and fixtures, ₹ 0.21 crore (previous year ₹ 0.31 crore) in Office Equipment, ₹ 1.68 crore (previous year ₹ 2.54 crore) in Computing Equipment, ₹ 2.54 crore (previous year ₹ 7.53 crore) in Cards/Prototypes, ₹ 1.60 crore (previous year ₹ 0.55 crore) in Servers and ₹ Nil (previous year ₹ 0.19 core) in Vehicles.

Capital Expenditure on intangible assets and intangible under development – Standalone and Consolidated

Our intangible assets comprises of computer software and product development expenditure. Additions of ₹ 6.58 crore made in computer software, as against ₹ 4.01 crore in the previous year. During the year, ₹ 70.39 crore (previous year ₹ 21.65 crore) was capitalised from intangible under development to product development. Capitalised product development gets amortised over a period of 24 months.

Additions to intangible under development for the year amounted to ₹ 64.92 crore (previous year ₹ 49.21 crore) on account of capitalisation of employee benefit expense and other expenses (refer note 23 and note 25 of standalone/consolidated financials).

Liquidity

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

We have liquid assets of ₹ 369.07 crore on standalone basis and ₹ 369.56 crore on a consolidated basis as of March 31, 2019 as compared to ₹ 511.99 crore and ₹ 512.70 crore on standalone and consolidated basis respectively as of March 31, 2018.

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

Earnings Per share

Basic earnings per share grew by 28.7% to ₹ 16.07 (previous year ₹ 12.48) at standalone level and by 29.9% to ₹ 16.13 (previous year ₹ 12.41) on consolidated basis.

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. The Board periodically reviews 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. The Board of Directors takes 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, in accordance with Clause 43A of the Listing regulations, adopted a Dividend distribution policy setting out the parameters and circumstances including external and internal factors and financial parameters that will be taken into account in determining the distribution of dividend and also the circumstances under which the Shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized. Subject to these parameters, the Board may distribute dividend upto 25 % of the free cash flow of the corresponding financial year or out of retained earnings of the previous years, subject to applicable laws and requisite approvals, if any. Free cash flow is defined as net cash generated by operating activities less capital expenditure as per the consolidated statement of cash flows prepared under Ind AS. Dividend payout includes Dividend Distribution Tax (DDT). The details of Dividend Distribution Policy is placed on the Company's website https://www.tejasnetworks.com/policies-codes.php

The Board of Directors are pleased to recommend a maiden final dividend of Re. 1/- per equity share on a face value of ₹ 10/- per share for year ended March 31, 2019 subject to the approval of the Shareholders in their 19th Annual General Meeting slated to be held on July 25, 2019. The dividend payout for the financial year ended March 31, 2019 will absorb ₹ 11.06 crore including Dividend Distribution tax of ₹ 1.89 crore. The exact amount of payout of dividend will depend upon the number of shares outstanding on the date of the book closure.

The Register of Shareholders and Share Transfer Books of the Company will remain closed from July 19, 2019 to July 25, 2019 (both days inclusive). Dividend for the financial year ended March 31, 2019, as recommended by the Board of Directors of the Company, if approved at the 19th Annual General Meeting by the Shareholders, will be paid within 30 days from the date of the 19th Annual General Meeting.

Share Capital

During the year under review, the Company has issued 9,00,819 shares consequent to the conversion of the 8,96,692 stock options and 4,127 Restricted Stock Units into equity shares of the Company by the eligible employees and hence the outstanding paid up equity share capital stands at ₹ 91,71,95,790 comprising of 9,17,19,579 equity shares of ₹ 10/ each fully paid up, as on March 31, 2019.

Particulars of loans, guarantees or investments

The Company makes investments or extends loans/ guarantees to its wholly owned subsidiaries for their business purposes as and when required by them for its emergent business requirements. The details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 along with the purpose for which such loan or guarantee was utilized by the recipient forms part of the Notes to standalone financial provided in the Annual Report. During the year ended March 31, 2019, there were no loans, guarantees or investments made by the Company to its wholly owned subsidiaries either for their business purposes or for its emergent business requirements.

Transfer to reserves

The Board of Directors has decided to retain the entire amount of profits for the financial year ended March 31, 2019 in the profit and loss account and does not propose to transfer amounts to the general reserve out of the amount available for appropriation. An amount of ₹ 145.52 crore on a consolidated basis and ₹ 144.97 crore on standalone basis for the year ended March 31, 2019 is retained in the profit and loss account.

Fixed deposits

The Company is a debt free Company and has not accepted any fixed deposit including from the public and, as such, no amount of principal or interest was outstanding as of March 31, 2019.

Micro, Small and Medium (MSME) Enterprises

With the objective of promotion and development and enhancing the competitiveness of small and micro enterprises, the Central Government vide notification dated 2nd November 2018 has directed that all Companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days from the date of acceptance or the date of deemed acceptance of the goods and services shall furnish details about the amounts due and the reasons for delay thereof.

Your Company as on March 31, 2019 has made payments to all MSME suppliers within 45 days from the date of acceptance and there are no outstandings as on March 31, 2019 which exceeds 45 days from the date of acceptance. Further the Company has registered with Trade Receivables Discounting System (TReDS) in compliance with Notification No. 5621 dated November 2, 2018 issued by Ministry of Micro, Small and Medium Enterprises which requires companies with a turnover of more than ₹ 500 crore to be registered on the platform.

Credit Rating

Rating committee of ICRA have reaffirmed the long term rating for the Line of Credit at [ICRA] A (pronounced as ICRA A) with the outlook on the long term rating as Positive. The rating Committee of ICRA has also reaffirmed the short term rating for the captioned LOC at [ICRA] A1 (pronounced ICRA A). The Positive outlook reflects ICRA's expectation that the Company will favorably benefit from the extensive experience and technical competence of its management, its strong capital structure and liquidity profile, along with increasing revenue contribution from segments which provide stability to the business. The credit rating letter is placed on the Company's website at https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php

Related parties transactions

In line with requirement of the Companies Act, 2013 and Listing Regulations, your Company has formulated a Policy on Related Party Transactions. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This policy specifically deals with the review and approval of Material Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for Related Party Transactions on a quarterly basis for transactions which are of repetitive nature and / or entered in the ordinary course of business and are at Arm's Length. No Material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered during the year by your Company.

The Company has not entered into any materially significant related party transactions with its Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. The Company has received disclosures from the senior managerial personnel confirming that they have not entered into any material, financial and commercial transactions in which they or their relatives may have a personal interest. Transactions with the related parties as per requirements of Indian Accounting Standard 24 are disclosed in Note 30.6 to the financial statements in the Annual Report and they are not in conflict with the interest of the Company at large.

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

Management's Discussion and Analysis

The Management Discussion and Analysis forms a part of the Board's Report. All matters pertaining to industry structure and developments, opportunities and threats, segment-wise performance, outlook, risks and concerns, internal control systems and adequacy, discussion on financial and operational performance and material developments in human resources are discussed in the said Report. The Management Discussion and Analysis report for the year under review and as stipulated in Regulation 34 under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") is presented in a separate section forming part of the Annual Report.

Business Integrity and Ethics

Integrity is one of the fundamental values of your Company. Your Company never compromises integrity in its decision making or during the pursuit of its business goals. In this complex and heavily regulated industry, it is the core responsibility to do everything to earn and keep the trust of all stakeholders. Your Company's deep legacy of integrity and ethical conduct engrains into compliance with the law and with the Company's policies. Your Company's management is fully engaged in establishing a strong culture and is actively involved to ensure that Company values and standards are prioritized at all levels of the organization.

Under the pillar of Business Integrity, your Company communicates its Code of Business Principles ("Code") internally and externally. All Company employees are required to undertake mandatory annual training on our Code and extend through our entire value chain including our employees, contractors and third parties. The Company also requires its third-party business partners to adhere to business principles consistent with its own. These expectations are set out in our Code of Conduct for Vendors/ Suppliers and is placed in the website at https://www.tejasnetworks.com/policies-codes.php

The Annual declaration from the Managing Director and CEO stating that the Company has adopted a code of conduct for its employees including Managing Director, Non Executive Directors and Independent Directors and has received the declaration of compliance with the Code of Conduct as applicable to them.

Indian Accounting Standards (Ind AS)

The Financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act. Significant accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy in use. Please refer note no. 2 of the standalone financials for significant accounting policies.

Risk management

The Company has a robust Risk management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework defines the risk management approach across the enterprise at various levels, including documentation and reporting. Robust and proactive compliance programs implemented at your Company includes monitoring, risk assessment, compliance education and coaching and active encouragement of whistle blower system. The policies, compliance training and resources put in place aimed at identifying and resolving potential issues in timely manner and making all efforts to make compliance systematic in all our operations. Further, Company's open door and anti-retaliation policies provides tremendous encouragement and offers a retaliation free environment to ask questions and raise concerns.

In line with the Listing Regulations, the Board of Directors of the Company has constituted a Risk Management Committee to frame, implement, and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Company has an elaborate Risk Charter and Risk policy defining risk management governance model, risk assessment and prioritisation process. The Risk Management Committee reviews and monitors the key risks and their mitigation measures periodically and provides an oversight to the Board on Company's risks outlined in the risk registers. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are addressed through mitigating actions. The Risk Management Charter and Policy as adopted by the Board is available on the Company's website at https://www.tejasnetworks.com/policies-codes.php

Board Charter / Policies

During the year under review, the Board has adopted the Charters of the Nomination and Remuneration Committee, Risk Management Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and revised the Audit Committee Charter. It has also adopted the Risk Management Policy and revised the Nomination and Remuneration Policy. The details of the charter/ policies/ codes as adopted by the Board are provided in Annexure 9 to the Board report.

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

- Reconstitution of the Committees of the Board - The Committees of the Board has been reconstituted with effect from April 22, 2019.
- Payment of Dividend –The Board of Directors recommended a maiden final dividend of Re. 1/- per equity share on a face value of ₹ 10/- per share for year ended March 31, 2019 subject to the approval of the Shareholders in their 19th Annual General Meeting slated to be held on July 25, 2019.
- Re-appointment of Sanjay Nayak as Managing Director (MD) and Chief Executive Officer (CEO) – The Board has recommended the re-appointment as MD and CEO for a further period of 5 years from January 1, 2020 till December 31, 2024 on terms and conditions including remuneration as set out in the Notice of the 19th Annual General Meeting.

2. Company Overview

Tejas Networks is an India-based optical and data networking products Company. Tejas designs, develops and sells high-performance and cost-competitive products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 75 countries. Tejas products utilize programmable software-defined hardware architecture with a common software code-base that delivers an app-like ease of development and upgrades of new features and technology standards. Tejas is ranked amongst top-10 suppliers in the global optical aggregation segment. A strong brand name coupled with long-standing client relationships help us be the employer of choice. Expertise in lean automation and continuous improvement help us increase productivity and being more for the client. Tejas seeks to differentiate in the market by delivering business value through deep domain expertise and technology prowess. We invest in offerings that help clients optimize their Cost of Revenues (CoR) instead of the traditional approach of optimizing just the SG & A expenses.

Subsidiaries

As on March 31, 2019 our Company has 2 subsidiaries:

- Tejas Communication Pte. Limited (wholly owned subsidiary)
- Tejas Communications (Nigeria) Limited (Stepdown subsidiary of Tejas Communication Pte. Ltd.)

Section 129(3) of the Companies Act, 2013 states that where the company has one or more subsidiaries, it shall, in addition to its financial statements, prepare a consolidated financial statement of the Company and of all subsidiaries in the same form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statements of its subsidiaries. Hence, the consolidated financial statements of the Company and all its subsidiaries are prepared in accordance with Ind AS 110 and Ind AS 111 as specified in the Companies (Indian Accounting Standards) Rules, 2015, which forms part of the annual report. Moreover, a statement containing the salient features of the financial statement of the Company's subsidiaries in the prescribed Form AOC-1, is attached as Annexure I to the Board's report. This statement also provides details of the performance and financial position of each subsidiary. In accordance with section 136 of the Companies Act, 2013, the audited financial statements and related information of the subsidiaries, wherever applicable, are available for inspection during regular business hours at our registered office in Bengaluru, India. The financial statement of the subsidiaries is also available on the Company's website and may be accessed at https://www.tejasnetworks.com/financial-information-subsidiaries.php.

In line with the requirements of the Listing Regulations, a policy to determine a material subsidiary has been framed and the same can be accessed on the Company's website at the link https://www.tejasnetworks.com/policies-codes.php. The audit committee reviews the financial statements of the Company subsidiaries. It also reviews the investments, if any, made by such subsidiaries, the statement of all significant transactions and arrangements entered into by subsidiaries, and the compliances of each materially significant subsidiary on a periodic basis. The minutes of Board meetings of the subsidiary companies are placed before the Board of your Company for review.

The Board of Directors hereby confirm that, no Company has become or ceased to be, joint venture or associate company other than striking off the name of vSave Energy Private Limited and Liquidation of Tejas (Israel) Limited (100% Wholly Owned Subsidiaries) during the year within the meaning of Section 2(6) of the Act. There has been no material change in the nature of the business of the subsidiaries.

- vSave Enenrgy Private Limited (vSave) *(CIN: U32201KA2013PTC071695)*

vSave made an application on December 6, 2017 under Section 248(2) of the Companies Act, 2013, for removal of name of vSave, since vSave has discontinued its operations for the last few years and does not intend to carry on any activity in future. The Registrar of Companies, Karnataka issued a Notice dated July 28, 2018 - Notice of striking off and dissolution [Pursuant to sub-section (5) of Section 248 of the Companies Act, 2013 and Rule 9 of the Companies - Removal of Names of Companies from the Register of Companies Rules, 2016} in FORM No. STK – 7 dated July 28, 2018 stating that pursuant to sub-section (5) of Section 248 of the Companies Act, 2013 the name of vSave Energy Private Limited has been struck off the Register of Companies and vSave was dissolved. The amount written off in this regard is ₹ 0.14 crore (provisioned during FY 2018).

- Tejas (Israel) Limited (Tejas Israel) – Company Registration Number – 514369016

The Company, taking into account the adverse impacted revenues and the loss occurred on account of impairment of Intellectual Property and further considering the facts that there is no visibility on revival of operation of Tejas Israel despite the best of efforts made by the Company, wound up the operations of Tejas Israel. Tejas Israel filed necessary application with the respective authorities to dissolve and liquidate Tejas Israel in accordance with Article 319(2) to the Companies Ordinance (New Version) 5743-1983 (the "Companies Ordinance"). The Ministry of Justice, Corporations Authority, Companies Registrar, the State of Israel issued a Confirmation of Liquidation dated November 25, 2018 confirming receipt of the Liquidator Notice according to Section 338(c) of the Companies Ordinance (New Version) 5743 – 1983, together with copy of the final financial report. On November 25, 2018 the Notice was registered and Tejas Israel status was changed to "Liquidated". The amount written off in this regard is ₹ 54.19 crore (provisioned during FY 2013).

3. Human Resource Management

Several key initiatives on the Human Resources (HR) front were initiated during the financial year through a three-pronged approach – Capacity, Capability and Culture.

The focus on Talent Acquisition from campuses of premier institutes was aimed at sustaining the relationships with them and attracting the best talent available. The company also revamped its training of campus talent by making it more experiential - which led to their faster deployment in productive roles. During the year under review, the Human Resource department has focused its efforts in exploring new avenues to attract talent. One of the key channels introduced this year has been 'hackathons' - which led to a wider talent pool being available for hiring throughout the year.

Focus on right staffing and skilling in identified international markets was given greater emphasis for the purposes of spreading the organization's global footprint. The Company has put in significant focus on Leadership Development by introducing and sustaining Leadership programs. The Prevention of Sexual Harassment (POSH) committee was reconstituted and a series of sensitization sessions were carried out for all to refresh awareness on this important topic.

The Company completed the implementation of HRIS application suite – Darwin Box for enabling efficient and cost effective HR systems. The objective was also to improve the quality of people analytics available, enhancing the quality of decision-making. As a part of this, almost all HR processes were e-enabled including onboarding, goal setting, performance review, competency assessment, leave and exit management.

Your Company is committed to developing employees' competencies continually. This year, as a part of the performance management process, the specific competencies of all job-roles were assessed which have become a vital input for employees' individual development plan. This will also be the key input which will strengthen the learning program portfolio - available to all employees for their growth and development..

Particulars of employees

The ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median of employees' remuneration and statement containing the names of top 10 employees in terms of remuneration drawn as per Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in 'Annexure 8' which forms part of the Board's Report.

The statement containing particulars of employees posted in India throughout the year and in receipt of a remuneration of ₹ 1.02 crore or more per annum, employees posted in India for part of the year and in receipt of ₹ 8.5 lakhs or more a month and employees posted outside India and in receipt of a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more a month is available on the Company's website at https://www.tejasnetworks.com/disclosures.php. The Annual Report are being sent to Shareholders excluding the aforesaid exhibit. Shareholders interested in obtaining this information may access the same from Company website or send a written request to the Company.

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

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

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

The details of the ESOP / RSU Plans as required under the applicable provisions of the Act read with Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014, are provided in 'Annexure 7', which forms part of the Board's Report. After implementation of the RSU plan, Company did not grant any new options from the pool available from the current ESOP Schemes. The details of the ESOP / RSU Plans and the disclosure as required under Regulation 14 of the SEBI Listing Regulations, is available on the Company's website at https://www.tejasnetworks.com/disclosures.php

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

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

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

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

- Orientation of new joinees on the Anti-Sexual Harassment Initiative (ASHI) and contractual staff.
- New Joiners / Trainees / Interns / Third-party business partners were trained on the subject of Prevention of Sexual Harassment of Women at Workplace.
- Inside offices, women employees are discouraged from working beyond 8.00 p.m. In circumstances where late working becomes unavoidable, women employees are required to (i) Take a drop home from the Company approved cab service provider only; (ii) Be escorted by a male colleague/ security back home; (iii) Inform their Managers upon reaching home that they have reached safely.

The details of ASHI cases for the financial year ended March 31, 2019:

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

Your Directors confirm that:

- The Company has constituted committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and complied with the provisions of the same.
- The Company is committed to provide a safe and conducive work environment to its employees during the financial year. Your Directors further state that during the financial year, there were no cases filed nor complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

4. Corporate Governance

Our Corporate Governance philosophy is about maximizing shareholder value legally, ethically and sustainably. At Tejas, the goal of corporate governance is to ensure fairness to every stakeholder. We believe sound corporate governance is critical to enhance and retain investor trust. We always seek to ensure that our performance is driven by integrity and ethically. Our Board exercises its fiduciary responsibilities in the widest sense of the term. Our disclosures seek to attain the best practices in corporate governance. We also endeavor to enhance long-term shareholder value and respect minority rights in all our business decisions. Our Corporate governance report for the financial year ended March 31, 2019 forms part of this Annual Report. We wish to state that your Company has complied with all norms of corporate governance applicable to the Company and as envisaged under the Companies Act, 2013 and in the SEBI Listing Regulations.

Board Diversity

The Company recognizes that a Board composed of appropriately qualified members with a broad range of experience relevant to the business is important for effective corporate governance and sustained commercial success. The Company believes that it has a truly diverse Board which leverages on the skills and knowledge, industry or related professional experience, age and gender, which helps the Company to retain its competitive advantage. The Board has adopted the Board Diversity Policy to recognize the benefits of a diverse Board and to further enhance the quality of participation and performance. The policy on Board diversity is available on the Company's website https://www.tejasnetworks.com/policies-codes.php

Board Governance Guidelines

The Company's governance guidelines on the effectiveness of the Board cover aspects relating to composition and role of the Board, Chairman and its Directors, Board diversity, definition of independence, term of Directors, retirement age and committees of the Board. The guidelines also cover key aspects relating to nomination, appointment, induction and development of Directors, Directors remuneration, oversight on subsidiary performances, code of conduct, Board effectiveness reviews and various mandates of Board committees.

Number of meetings of the Board

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

Policy on Directors' appointment and remuneration

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As on March 31, 2019, the Board consists of six members (One Non-Executive and Non-Independent Director, Two Executive and Whole-time Director, and Three Non-Executive and Independent Directors). The Board periodically evaluates the need for change in its composition and size.

The policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is available on the website of the Company at http://www.tejasnetworks.com/policies-codes.php.

The Company affirms that the remuneration paid to the Directors is as per the terms laid out in the nomination and remuneration policy of the Company. The Remuneration Policy and criteria for Board nominations are available on the Company's website at http://website.tejasnetworks.com/policies-codes.php

Declaration by Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 stating that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149 (6) and 'Regulation 16(1) (b) of the Listing Regulations.

Board and Committee Evaluation

In terms of the requirement of the Companies Act, 2013 and the Listing Regulations, an annual performance evaluation of the Board is undertaken where the Board formally assesses its own performance with an aim to improve the effectiveness of the Board and the Committees. During the year, Board evaluation cycle was completed by the Company internally which included the evaluation of the Board as a whole, Board Committees and Peer evaluation of the Directors. The exercise was led by the Non-Executive Chairman along with the Chairperson of the Nomination and Remuneration Committee of the Company. The evaluation process focused on various aspects of the functioning of the Board and Committees such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc. The guidance note issued by SEBI on Board evaluation was duly considered while conducting the evaluation exercise. Separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and independent judgement.

Familiarization programme for Independent Directors

To familiarize a new Independent Director with the Company, an information kit containing documents about the Company such as its annual reports, sustainability reports, annual presentations, recent press releases, research reports, code of business conduct and ethics and the memorandum and articles of association are provided. The new Independent Director individually meets with Board Member(s) and Senior Management. Visits to factory are organized for the Director to understand the Company's operations. The Company believes that the Board should be continuously empowered with knowledge of latest developments affecting the Company and the Industry. Apart from regular presentations on Company's business strategies and associated risks, expositions are made on various topics covering the telecom industry. Updates on relevant statutory changes and judicial pronouncements around industry related laws are regularly circulated to the Directors. Each Independent Director has complete and unfettered access to any of the Company's information and full freedom to interact with senior management. Details of the familiarization programs for Independent Directors are available on the Company's website https://www.tejasnetworks.com/policies-codes.php.

Directors/ Senior Management / Key Managerial Personnel Inductions/ Appointments

The following appointment were made

- Chetan Gupta appointed as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation by the Shareholders in their 18th Annual General Meeting held on July 24, 2018
- N R Ravikrishnan appointed as Company Secretary and Key Managerial Personnel and designated as General Counsel, Chief Compliance Officer and Company Secretary and a Key Managerial Personnel with effect from July 5, 2018.

- Chandrashekhar Bhaskar Bhave appointed as Independent (Additional/ Non-Executive) Director of the Company with effect from March 25, 2019. The Board recommends his appointment as Independent Director, not liable to retire by rotation, for a period of five (5) years with effect from March 25, 2019 till March 24, 2024, on terms and conditions which forms part of the Notice of the 19th Annual General Meeting.
- Arnob Roy appointed as Whole-time (Additional/ Executive) Director and designated as Chief Operating Officer of the Company with effect from March 25, 2019. The Board recommends his appointment as Whole-time and Executive Director liable to retire by rotation, under the designation of Chief Operating Officer for a period of five (5) years with effect from March 25, 2019 till March 24, 2024 on terms and conditions including remuneration which forms part of the Notice of the 19th Annual General Meeting.

Re-appointment

Sanjay Nayak, Managing Director and CEO, retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment as Non-Independent Director of the Company, liable to retire by rotation. Further, his tenure as Managing Director and CEO ends on December 31, 2019 and the Board has recommended his re-appointment as Managing Director and CEO for a further period of 5 years from January 1, 2020 till December 31, 2024 on terms and conditions including remuneration as set out in the Notice of the 19th Annual General Meeting.

Resignations

- Shirish Saraf vacated his office as Director of the Company by operation of law with effect from April 24, 2018.
- Chetan Gupta resigned as Non-Executive and Non-Independent Director of the Company on personal grounds with effect from October 23, 2018.
- G V Krishnakanth resigned as Company Secretary and Compliance Officer and Key Managerial Personnel with effect from closing of business hours of July 4, 2018.

Constitution of the Senior Management

In line with the Listing Regulations, Regulation 16(1) (d) and with effect from March 25, 2019, the following shall comprise the Senior Managerial Personnel of the Company (one level below CEO)

- Arnob Roy, Whole-time Director and Chief Operating Officer and Key Managerial Personnel.
- Kumar N Sivarajan, Chief Technology Officer.
- Venkatesh Gadiyar, Chief Financial Officer and Key Managerial Personnel.
- Sukhvinder Kumar, President, Global Manufacturing Operations.
- Shirish Purohit, Head-Sales (India and Emerging Markets).
- Abhijat Mitra, Chief Human Resource Officer.
- N R Ravikrishnan, General Counsel, Chief Compliance Officer and Company Secretary and Key Managerial Personnel.

Other than the above, there were no changes to the Directors/ Senior Management/ Key Management Personnel during the year ended March 31, 2019.

Committees of the Board

The Company has the constituted the following five committees namely: the Audit Committee, the Nomination and Remuneration Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee and Risk Management Committee. The composition, functions, scope, number of meetings held and attended by the members, etc., of each committee are furnished in the Corporate Governance Report which forms part of this Annual Report. There were no instances where the Board did not consider the recommendations made by the Audit Committee under Section 177(8) of Companies Act, 2013. Further the Company constituted the Risk Management Committee in its meeting held on January 23, 2019.

During the year under review, the Committee has amended and restated the Audit Committee Charter and the policy of the Nomination and Remuneration Committee and also adopted the Charters for the other committee of the Board. The Board has further amended and restated Code of Conduct under Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 and also amended and restated Code of Practices and Procedures for Fair Disclosures of Unpublished Price Sensitive Information in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018. The Board in its meeting held on April 22, 2019 reconstituted the Committees of the Board.

Internal Financial controls

The Board has adopted policies and procedures for governance of orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. The Company's internal control systems commensurate with the nature of its business, the size and complexity of its operations.

The Company has adequate Internal Controls with proper checks and balances to ensure that transactions are properly authorized, recorded and reported apart from safeguarding its assets. These systems are reviewed and improved on a regular basis. It has a comprehensive budgetary control system to monitor revenue and expenditure against approved budgets on an ongoing basis; internal control systems which is commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by Statutory Auditors as well as by the Internal Auditors and covers all offices, factories and key business areas. Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems. Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans.

The Company has robust systems for Internal Audit and Corporate risk assessment and mitigation. The Internal Audit covers all the factories, sales offices, warehouses and centrally controlled businesses and functions, as per the annual plan agreed with the Audit Committee. The audit coverage plan is approved by the Audit Committee at the beginning of every year. Every quarter, the

Audit Committee is presented with key control issues and actions taken on the issues highlighted in previous report.

The Company's has appointed an independent auditor M/s. Singhvi, Dev and Unni, Chartered Accountants as Internal Auditors to reviews the controls across the key processes and submits report periodically to the Management and significant observations are also presented to the Audit Committee for review. There is also a follow up mechanism to monitor implementation of the various recommendations.

The Company's internal financial control framework is commensurate with the size and operations of the business and is in line with requirements of the Companies Act, 2013. The Company's internal financial controls framework has laid down Standard Operating Procedures and policies to guide the operations of the business. Unit heads are responsible to ensure compliance with the policies and procedures laid down by the management. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The Management, Statutory and Internal Auditors undertake rigorous testing of the control environment of the Company. The Internal Auditors have submitted a summary report to the Audit Committee confirming the completeness and effectiveness of key controls tested on a quarterly and annual frequency. Further, significant processes were reviewed during the year and the process documentations have been accordingly updated, where necessary.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by the management and the relevant Board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and operating effectively during the FY 2018-19.

Vigil Mechanism / Whistle Blower Mechanism

In line with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 22 of the SEBI Listing Regulations, the Company has established a Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The said mechanism provides for adequate safeguards against victimization and also direct access to the higher levels of supervisors. No person has been denied access to the Audit Committee and in appropriate and exceptional cases, concerns may be raised directly to the Chairperson of the Audit Committee. The Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that no complaint has been received during the financial year 2018-19. The Vigil Mechanism Policy is available on the website of the Company at http://website.tejasnetworks.com/policies-codes.php

Initial Public Offer (IPO)

The Company made an initial public offer of 3,02,21,332 equity shares of ₹ 10/- each for a cash price of ₹ 257/- per share including a premium of ₹ 247/ per share aggregating to ₹ 776.69 crore, comprising of a fresh issue of 1,75,09,727 equity shares aggregating to ₹ 450 crore and an offer for sale of 1,27,11,605 equity by the selling Shareholders aggregating to ₹ 326.69 crore during FY 2018.

The Company has fully utilized the amount as stated in the offer document/ prospectus and the purpose for which these proceeds were raised have been achieved and that there is no pending utilization of amount as of March 31, 2019. Further, the Board hereby confirms that there has been no deviation in the use of IPO Proceeds from the objects stated in the offer document/ prospectus dated June 21, 2017. The details of the utilization of the IPO proceeds forms part of the Notes of Accounts (Refer Note No.35 of standalone financials).

Significant or Material Orders passed by Regulators or Courts or Tribunal

There are no significant orders passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

Investor Education and Protection Fund (IEPF)

In accordance with the provisions of Sections 124, 125 and other applicable provisions, if any, of the Companies Act,2013, read with the Investor Education Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (hereinafter referred to as "IEPF Rules") (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the IEPF, maintained by the Central Government. In accordance with Section 124(6) of the Act, read with the IEPF Rules, all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. Considering the fact that the Company has not declared any dividend till date, the matter of transferring the unpaid dividend nor the shares in respect of which the dividend were unclaimed by the respective allotees, to IEPF do not arise.

Auditors qualifications, reservations or adverse remarks or disclaimer made

During the year under review, there are no qualifications, reservations or adverse remarks made by the statutory auditors internal auditors or the secretarial auditors in their report. Further, no instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report are reported by the statutory auditors, internal auditors or the secretarial auditors. to the audit committee under Section 143(12) of the Companies Act, 2013.

Annual Return

The extract of Annual Return in Form No. MGT-9 as required under Section 134(3)(a) of the Companies Act, 2013 for the financial year ending March 31, 2019 is annexed hereto as 'Annexure 3' and forms part of this report. A copy of the Annual Return has also been placed on the website of the Company at https://www.tejasnetworks.com/disclosures.php

Secretarial Standards

Your Directors confirm that the Secretarial Standards issued by the Institute of Companies Secretaries of India, as applicable to the Company and which are mandatory in nature, have been duly complied with. The Secretarial Auditor's Report issued for the year ended March 31, 2019 also confirms the same.

Stock Exchanges / Depositories

The Company's equity shares are listed in the National Stock Exchange of India Limited (Scrip Code No: TEJASNET) and BSE Limited (Scrip Code No: 540595). The Listing Fees for the fiscal 2020 are already paid to the stock exchanges. During the year under review, the Company has listed its Tejas Restricted Stock Unit Plan 2017 in the NSE/BSE consequent to exercise of RSU units by the employees of the Company into equity shares. Further the custodial fees for the year ended March 31, 2019 are already paid to National Securities Depositories Limited (NSDL) and Central Depositories Securities Limited (CDSL).

Directors' Responsibility Statement

The financial statements are prepared in accordance with Ind AS under the historical cost convention on accrual basis except for certain financial instruments, which are measured at fair values, according to the provisions of the Act (to the extent notified). The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and Companies (Indian Accounting Standards) Amendment Rules, 2018.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with applicable transition guidance. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Pursuant to the provisions contained in Section 134(3) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and belief and according to information and explanations obtained from the management, confirm that:

- In the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable accounting standards had been followed and there are no material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis;
- The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

5. Auditors and Audit Reports

Auditors

a. Statutory Auditors

The Members in their 17th Annual General Meeting held on September 27, 2017 approved the appointment of M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 17th Annual General Meeting of the Company, till the conclusion of the 22nd Annual General Meeting, subject to ratification of the said appointment at every annual general meeting. However, the Ministry of Corporate Affairs (MCA) vide its notification dated 7 May 2018 has omitted the requirement under first proviso to Section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditors by Shareholders at every subsequent Annual General Meeting. Consequently, M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016), continues to be the Statutory Auditors of the Company till the conclusion of 22nd Annual General Meeting, as approved by Shareholders at 17th Annual General Meeting held on September 27, 2017.

M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) has furnished a certificate of their eligibility and consent under Section 139 and 141 of the Act and the Companies (Audit and Auditors) Rules 2014 for their continuance as the Auditors of the Company for the FY 2019-20. In terms of the Listing Regulations, the Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The remuneration in the form of fees paid for the year ended March 31, 2019 to M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) as the statutory auditors of the Company are as follows.

in ₹ crore

Engagement	Charged during the year
Statutory audit including limited reviews	0.45
Other audit related services	0.18
Total	0.63

Note : The above fees exclude GST and out of pocket expenses and do not include any element of contingent fees.

b. Internal Auditors

The Board based on the recommendations of the Audit Committee has appointed an Independent auditors M/s. Singhvi, Dev and Unni, Chartered Accountants as Internal Auditors of the Company for the fiscal 2020 to carry out the internal audit functions. The remuneration in the form of fees paid for the year ended March 31, 2019 to M/s. Singhvi, Dev and Unni, Chartered Accountants as Internal Auditors of the Company are as follows.

in ₹ crore

Engagement	Charged during the year
Audit fees	0.25
Other audit related services	0.02
Total	0.27

Note: The above fees exclude GST and out of pocket expenses.

c. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board based on the recommendations of the Audit Committee has appointed Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and

Certificate of Practice No. 4847) as the Secretarial Auditor of the Company to conduct Secretarial Audit for fiscal 2020. The remuneration in the form of fees paid for the year ended March 31, 2019 to Dwarakanath C, Practicing Company Secretary as the Secretarial Auditor of the Company are as follows.

in ₹ crore

Engagement	Charged during the year
Audit fees	0.04
Other audit related services	0.01
Total	0.04

Note: The above fees exclude GST.

d. Cost Auditors

The rules governing maintenance of cost accounting records and cost audit under section 148 of Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules 2014, amended till date are not applicable to the Company. Hence the Company has not appointed the Cost Auditor.

Auditor's reports

- The Audit Report of M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/ N500016 - Statutory Auditors') for the year ended March 31, 2019 does not contain any qualification, reservation or adverse remark. The Statutory Auditors' Report is enclosed with the financial statements in this Annual Report.
- The Secretarial Audit Report of Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847 - the Secretarial Auditors) for the year ended March 31, 2019 does not contain any qualification, reservation or adverse remark The Secretarial Auditor's Report for the year ended March 31, 2019 is enclosed as 'Annexure 5' to the Annual Report.
- The Corporate Governance Report of Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847) for the year ended March 31, 2019, is enclosed. The Corporate Governance report states that the Company has complied with the stipulations of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2019. The Corporate Governance certificate is enclosed in this Annual Report under Corporate Governance Report.
- The Certificate of Non-disqualification of Directors pursuant to Regulation 34(3) and Schedule V para C Clause (10)(i) of the Listing Regulation is enclosed in this Annual Report under Corporate Governance Report.
- The Auditors Certificate under SEBI (Share Based Employee Benefits) Regulations 2014 stating that the Company Employee share based benefit schemes has been implemented in accordance with the said regulations. The said certificate is hosted in the website https://www.tejasnetworks.com/disclosures.php.

Key Audit Matter

In accordance with recent amendments to the Auditing Standards SA 701, the Statutory Auditors of the Company are expected to include the Key Audit Matter in their Audit Report. The Key Audit Matters are those matters which in the opinion of the Statutory Auditors of the Company were of most significance in the Audit of the Standalone / Consolidated Ind AS financial statements for the year ended March 31, 2019 and these matters were addressed in the context of the audit of the Standalone / Consolidated Ind AS financial statements for the year ended March 31, 2019 as a whole. The Key Audit Matter forms part of the Audit report of Standalone / Consolidated Ind AS financial statements.

6. Corporate Social Responsibility

Tejas works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has always been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations. During the financial year ended March 31, 2019, the Company spent an amount of ₹ 0.98 crore towards CSR activities, which constitutes 2% of the average net profits of the Company for the preceding three financial years.

In pursuance of the CSR Policy, the Company aims to support projects that promote education and therefore contributed to

(i) The Akshaya Patra Foundation 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. During the year we have contributed ₹ 0.25 crore.

(ii) International Institute of Information Technology, Bengaluru, a Deemed University, popularly known as IIITB, established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation. The Institute is a registered not-for-profit society funded jointly by the Government of Karnataka and the IT industry. During the year we have contributed ₹ 0.25 crore.

(iii) Vinoba Sewa Ashram, Shahjahanpur, Uttar Pradesh. A Grass root Level Organization motivated by Sarvodaya thoughts by serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh. During the year we have contributed ₹ 0.18 crore.

(iv) The Aurobindo Society, Puducherry - "Project Inclusion" aims to bring children with hidden disability who are unable to cope-up with the world around by giving them equal and quality education and aims to bring such children in forefront and makes inclusive education a reality. Through Project Inclusion, regular school teachers are trained to identify such students and provide them with right kind of training and education. The "Project Inclusion" operates in states such as Uttar Pradesh, Jharkhand, Chhattisgarh, Uttarakhand, Puducherry, Bihar, Sikkim, Punjab. During the year we have contributed ₹ 0.30 crore.

The CSR policy and initiatives taken by the Company on Corporate Social Responsibility during the year are available on the Company's website http://www.tejasnetworks.com/policies-codes.php. The Annual Report on the CSR activities in the format prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is set out in 'Annexure 6' to this Report.

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

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

8. Business Responsibility Report (BRR)

Business Responsibility Report as stipulated under Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by your Company from an environmental, social and governance perspective, forms part of this Report and annexed herewith.

According to Regulation 34(2) of the Listing Regulations the disclosure on Business Responsibility Report shall be applicable to top 500 listed entities determined on the basis of market capitalization. As our Company is not in the top 500 listed entities for the year ended March 31, 2019, the disclosure on Business Responsibility Report is not applicable. However, the Company is voluntarily disclosing the same and the BRR forms part of the Annual Report. The BRR is hosted in the website https://www.tejasnetworks.com/disclosures.php.

9. Green initiatives

Electronic copies of the Annual report for the year 2019 and the Notice of the 19th Annual General Meeting are sent to all Shareholders whose email addresses are registered with the Company/ depository participant (s). For Members who have not registered their email addresses, physical copies are sent in the permitted mode. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.

10. Cautionary Note

Certain statements in respect to Management Discussion and Analysis may be forward looking and are stated as required by the applicable laws and regulations. The future results of the Company may be affected by many factors, which could be different from what the Directors envisage in terms of future performance and outlook.

11. Acknowledgement

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

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

For and on behalf of the Board of Directors

Sd/-	Sd/-
Balakrishnan V	Sanjay Nayak
Chairman	Managing Director and CEO
DIN No: 02825465	DIN No: 01049871

Bengaluru
April 22, 2019

Annexure – 1

FORM NO. AOC -1

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

Part "A": Subsidiaries

(in ₹ crore except % of shareholding)

Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (loss) before Taxation	Provision for Taxation	Profit / (loss) after Taxation	Proposed Dividend	% of share holding
Tejas Communication Pte Ltd. Singapore	March 31, 2019	USD	14.22	(0.14)	18.92	5.07	0.23	18.03	0.43	-	0.43	-	100%
Tejas Israel Limited (Refer Note 4a)	March 31, 2019	USD	NA	NA	NA	NA	-	-	0.25	-	0.25	-	100%
vSave Energy Private Limited (Refer Note 4b)	March 31, 2019	INR	NA	NA	-	-	-	-	-	-	-	-	100%

Notes:

1. The annual accounts of the Subsidiary Companies and the related detailed information is made available on the website at https://www.tejasnetworks.com/financial-information-subsidiaries.php
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	69.90	69.16
Tejas Israel Limited	USD	69.90	69.16

3. Names of subsidiaries which are yet to commence operations: Tejas Communications (Nigeria) Limited (a subsidiary of Tejas Communication Pte Ltd) is yet to commence its operations.
4. Names of subsidiaries which have been liquidated or sold during the year:

a) Tejas Israel Limited, a wholly owned non-operating foreign subsidiary has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

b) vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution, and striking off the name of this entity.

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

Sd/-
Balakrishnan V
Chairman
(DIN:02825465)

Sd/-
Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Bengaluru
April 22, 2019

Sd/-
Venkatesh Gadiyar
Chief Financial Officer

Sd/-
N R Ravikrishnan
General Counsel, Chief Compliance Officer and Company Secretary

Annexure – 2

FORM NO. AOC -2

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

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

1. **Details of contracts or arrangements or transactions not at arm's length basis**
   There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.
2. **Details of material contracts or arrangements or transactions at arm's length basis**
   The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2019 are as follows:

(in ₹ crore)

Name of related party	Nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts /arrangements /transactions	Salient terms[1]	Amount
Tejas Communication Pte. Limited	Wholly-owned subsidiary	Sale of Goods	Ongoing	Based on transfer pricing guidelines	9.39
		Rendering of Services	Ongoing	Based on transfer pricing guidelines	2.34
		Reimbursement of expenses	Ongoing	Based on transfer pricing guidelines	10.20
Clonect Solutions Private Limited	Entity where a Director is interested	Professional charges	Ongoing	Service Agreement	0.08
Darwinbox Digital Solutions Private Limited	Entity where a Director is interested	Professional charges	Ongoing	Service Agreement	0.06

[1]Appropriate approvals have been taken for related party transactions.

For and on behalf of the Board of Directors

Bengaluru
April 22, 2019

Sd/-
Balakrishnan V
Chairman
DIN No: 02825465

Sd/-
Sanjay Nayak.
Managing Director and CEO
DIN No: 01049871

Annexure – 3

Form No. MGT-9

Extract of annual return as on the financial year ended on March 31, 2019.

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

I. Registration and Other Details:

i	CIN	L72900KA2000PLC026980
ii	Registration Date	24 April, 2000
iii	Name of the Company	Tejas Networks Limited
iv	Category / Sub-Category of the Company	Company limited by Shares/Non-government company
v	Address of the Registered office and contact details	J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru- 560100, Karnataka Tel: 080 41794600 Fax: 080 2852 0201 Email id: corporate@tejasnetworks.com Website: www.tejasnetworks.com
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, 400083. Tel: +91 22 4918 6200 Fax: +91 22 4918 6195 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. Principal Business Activities of The Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

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

Name of the parties	Country	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held as at March 31, 2019
Tejas Communication Pte Ltd. ("TCPL")	Singapore	NA	Subsidiary	100%
Tejas Communications (Nigeria) Limited	Nigeria	NA	Subsidiary of TCPL	100%
vSave Energy Private Limited[1]	India	U32201KA2013PTC071695	Subsidiary	-
Tejas Israel Limited[2]	Israel	NA	Subsidiary	-

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

[1]vSave Energy Private Limited has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution and striking off the name of the Company under Section 248 of the Companies Act, 2013.

[2]Tejas Israel Limited has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

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

i. Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Company and Trust)	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-								-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A)=(A)(1)+ (A) (2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	69,58,379	-	69,58,379	7.66	1,09,00,590	-	1,09,00,590	11.88	4.22
b) Banks / FI	3,30,608	-	3,30,608	0.36	45,797	-	45,797	0.05	(0.31)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign institutional Investors/ Foreign Portfolio Investors	1,53,58,124	-	1,53,58,124	16.91	2,29,85,120	-	2,29,85,120	25.06	8.15

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds					-	-	-	-	
i) Others -specify									
• Foreign PE and Trusts	-				-	-	-	-	
• Alternate Investment Fund	23,38,579	-	23,38,579	2.57	4,32,613	-	4,32,613	0.47	(2.10)
Sub-total (B)(1)	**2,49,85,690**	**-**	**2,49,85,690**	**27.50**	**3,43,64,120**	**-**	**3,43,64,120**	**37.46**	
2. Non Institutions									
a) Bodies Corp.	1,79,55,721	-	1,79,55,721	19.78	34,37,180	-	34,37,180	3.75	(16.03)
b) Individuals									
(i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	34,85,268	3,44,894	38,30,162	4.22	36,73,977	1,87,153	38,61,130	4.21	(0.01)
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	21,53,713	1,38,900	22,92,613	2.52	24,55,937	78,299	25,34,236	2.76	0.24
c) Others(Specify)	-	-	-	-	-	-	-	-	-
• Trust	87,606	96,379	1,83,985	0.20	2	96,379	96,381	0.11	(0.09)
• HUF	1,36,380	-	1,36,380	0.15	1,55,219	-	1,55,219	0.17	0.02
• NRI	2,16,462	-	2,16,462	0.24	3,73,506	28,800	4,02,306	0.44	0.20
• Foreign Companies	3,03,24,651	8,01,021	3,11,25,672	34.27	3,66,51,261	3,53,550	3,70,04,811	40.35	6.08
• Clearing members	2,05,507	-	2,05,507	0.23	1,58,248	-	1,58,248	0.17	(0.06)
• Director or Director's Relatives	25,48,124	-	25,48,124	2.81	33,54,324	-	33,54,324	3.65	0.84
• Employees	71,58,100	1,80,344	73,38,444	8.08	63,07,862	585	63,08,447	6.88	(1.20)
• NBFC registered with RBI	-	-	-	-	41,972	-	41,972	0.05	0.05
• Foreign National	-	-	-	-	1,205	-	1,205	0.00	0.00
Sub-total (B)(2)	6,42,71,532	15,61,538	6,58,33,070	72.50	5,66,10,693	7,44,766	5,73,55,459	62.54	
B. Total Public Shareholding (B)=(B)(1)+ (B)(2)	8,92,57,222	15,61,538	9,08,18,760	100.00	9,09,74,813	7,44,766	9,17,19,579	100.00	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**8,92,57,222**	**15,61,538**	**9,08,18,760**	**100.00**	**9,09,74,813**	**7,44,766**	**9,17,19,579**	**100.00**	

ii. Shareholding of Promoters / Promoter group: Not Applicable since the Company is a professionally managed company and does not have an identifiable promoter either in terms of the SEBI ICDR Regulations or the Companies Act, 2013.

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

iv. Shareholding Pattern of top ten Shareholders as of March 31, 2019 (Other than Directors, Promoters and Holders of GDRs and ADRs)

SL No	Name of The Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company[(1)]	No. of shares	% of total shares of the Company[(2)]
1	**Cascade Capital Management Mauritius**				
	At the beginning of the year	1,65,13,184	18.18	1,65,13,184	18.00
	Purchase(s) during the year	-	-	1,65,13,184	18.00
	Sale(s) during the year	-	-	1,65,13,184	18.00
	At the end of the year	-	-	1,65,13,184	18.00
2	**Samena Spectrum Co**				
	At the beginning of the year	1,39,81,648	15.40	1,39,81,648	15.24
	Purchase(s) during the year	-	-	1,39,81,648	15.24
	Sale(s) during the year	(45,39,999)	5.00	94,41,649	10.29
	At the end of the year	-	-	94,41,649	10.29
3	**Mayfield XII, Mauritius**				
	At the beginning of the year	71,06,628	7.83	71,06,628	7.75
	Purchase(s) during the year	-	-	71,06,628	7.75
	Sale(s) during the year	-	-	71,06,628	7.75
	At the end of the year	-	-	71,06,628	7.75
4	**Reliance Capital Trustee Co. Ltd**				
	At the beginning of the year	49,63,187	5.46	49,63,187	5.41
	Purchase(s) during the year	8,54,567	0.94	58,17,754	6.34
	Sale(s) during the year	-	-	58,17,754	6.34
	At the end of the year	-	-	58,17,754	6.34
5	**Aditya Birla Sun Life Trustee Private Limited**				
	At the beginning of the year	4,17,939	0.46	4,17,939	0.46
	Purchase(s) during the year	35,45,582	3.90	39,63,521	4.32
	Sale(s) / Transfer(s) during the year	-	-	39,63,521	4.32
	At the end of the year	-	-	39,63,521	4.32
6	**East Bridge Capital Master Fund I Limited**				
	At the beginning of the year	-	-	-	-
	Purchase(s) during the year	37,93,508	4.18	37,93,508	4.14
	Sale(s) during the year	-	-	37,93,508	4.14
	At the end of the year	-	-	37,93,508	4.14
7	**East Bridge Capital Master Fund Limited**				
	At the beginning of the year	35,99,997	3.96	35,99,997	3.93
	Purchase(s) during the year	-	-	35,99,997	3.93
	Sale(s) during the year	-	-	35,99,997	3.93
	At the end of the year	-	-	35,99,997	3.93
8	**Sandstone Private Investments**				
	At the beginning of the year	35,89,800	3.95	35,89,800	3.91
	Purchase(s) during the year	-	-	35,89,800	3.91
	Sale(s) during the year	-	-	35,89,800	3.91
	At the end of the year	-	-	35,89,800	3.91
9	**Columbia Emerging Markets Fund**				
	At the beginning of the year	19,03,604	2.10	19,03,604	2.08
	Purchase(s) during the year	-	-	19,03,604	2.08
	Sale(s) during the year	-	-	19,03,604	2.08
	At the end of the year	-	-	19,03,604	2.08
10	**Abu Dhabi Investment Authority - Behave**				
	At the beginning of the year	18,66,855	2.06	18,66,855	2.04
	Purchase(s) during the year	-	-	18,66,855	2.04
	Sale(s) during the year	-	-	18,66,855	2.04
	At the end of the year	-	-	18,66,855	2.04

(1)Percentage calculated on the paid-up share capital (9,08,18,760 shares) as at the beginning of the year
(2)Percentage calculated on the paid-up share capital (9,17,19,579 shares) as at the end of the year

v. Shareholding of Directors and Key Managerial Personnel

SL No	Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company(1)	No. of shares	% of total shares of the Company(2)
1	**Sanjay Nayak**				
	At the beginning of the year	24,71,991	2.72	24,71,991	2.70
	ESOP's / RSU's exercised during the year	35,000	0.04	25,06,991	2.73
	Purchase(s) during the year	7,000	0.01	25,13,991	2.74
	Sale(s) during the year	-	-	25,13,991	2.74
	At the end of the year			25,13,991	2.74
2	**Balakrishnan V**				
	At the beginning of the year	76,133	0.08	76,133	0.08
	ESOP's / RSU's exercised during the year	-	-	76,133	0.08
	Purchase(s) during the year	1,00,000	0.11	1,76,133	0.19
	Sale(s) during the year	-	-	1,76,133	0.19
	At the end of the year			1,76,133	0.19
3	**Arnob Roy**				
	At the beginning of the year	6,64,200	0.73	6,64,200	0.72
	ESOP's / RSU's exercised during the year	-	-	6,64,200	0.72
	Purchase(s) during the year	-	-	6,64,200	0.72
	Sale(s) during the year	-	-	6,64,200	0.72
	At the end of the year			6,64,200	0.72
4	**Venkatesh Gadiyar**				
	At the beginning of the year	44,000	0.05	44,000	0.05
	ESOP's / RSU's exercised during the year	1,01,875	0.11	1,45,875	0.16
	Purchase(s) during the year	50,000	0.06	1,95,875	0.21
	Sale(s) during the year	-	-	1,95,875	0.21
	At the end of the year	-	-	1,95,875	0.21
5	**N R Ravikrishnan**				
	At the beginning of the year	-	-	-	-
	ESOP's / RSU's exercised during the year	3,000	0.003	3,000	0.003
	Purchase(s) during the year	-	-	3,000	0.003
	Sale(s) during the year	-	-	3,000	0.003
	At the end of the year	-	-	3,000	0.003

(1) Percentage calculated on the paid-up share capital (9,08,18,760 shares) as at the beginning of the year

(2) Percentage calculated on the paid-up share capital (9,17,19,579 shares) as at the end of the year

The following Directors did not hold any shares as of March 31, 2019:

a) Dr. Gururaj Deshpande b) Amb. Leela K Ponappa c) Mr.Chandrashekhar Bhaskar Bhave

V. Indebtedness

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

in ₹ crore

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	2.00	-	2.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.27	-	0.27
Total (i+ii+iii)	-	2.27	-	2.27
Change in Indebtedness during the financial year				
- Addition				
- Reduction	-	1.08	-	1.08
Net Change	-	(1.08)	-	(1.08)
Indebtedness at the end of the financial year				
i) Principal Amount	-	1.00	-	1.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.19	-	0.19
Total (i+ii+iii)	-	1.19	-	1.19

VI. Remuneration of Directors and Key Managerial Personnel

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

in ₹ crore

Sl. No.	Particulars	CEO & Managing Director	COO & Whole-time Director
		Sanjay Nayak	Arnob Roy#
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.67	1.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.43	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Restricted Stock Units^ (in No's)	55,000	48,000
3.	Sweat Equity		
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, please specify	-	
	Total	2.10	1.16

The above table is based on actual payments made during the year

Total Remuneration includes fixed pay, performance linked variable pay, retiral benefits and the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included..

 # ₹ 0.03 crore is the total remuneration paid to Arnob Roy as Executive Director for the period from March 25, 2019 till March 31, 2019

^ RSU granted during the year

B. Remuneration to other Directors:

in ₹ crore

Particulars of Remuneration	Name of the Directors		
	Chairman & Independent Director	Independent Director	Total
	Balakrishnan V	Amb. Leela K Ponappa	
Independent Directors			
Fee for attending Board / Committee meetings	0.06	0.05	0.11
Commission	0.25	0.13	0.38
Others, please specify	-	-	-
Total	0.31	0.18	0.49

- Dr. Gururaj Deshpande, Shirish Saraf and Chetan Gupta being Non-Independent and Non-Executive Director are not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2019.
- Chandrashekhar Bhaskar Bhave being an Independent Director joined the Board with effect from March 25, 2019 and hence he is not entitled for remuneration for the fiscal 2019.

Total Managerial Remuneration for the fiscal 2019 is ₹ 2.62 crore which is within the overall limit of 11% of net profits of the Company calculated as per section 198 of the Companies Act, 2013.

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

in ₹ crore

Sl. No.	Particulars of Remuneration	CFO	Company Secretary & Compliance Officer	General Counsel, Chief Compliance Officer & Company Secretary
		Venkatesh Gadiyar	Krishnakanth G V	N R Ravikrishnan
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.65	0.14	0.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.81	0.15	0.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Restricted Stock Units^ (in No's)	32,000	-	10,000
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	2.46	0.29	0.52

The above tables are based on actual payment made during the year

Total Remuneration includes fixed pay, performance linked variable pay, retiral benefits and the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

^ *RSU granted during the year*

Note:

- The remuneration of Krishnakanth G V is till the date of his resignation (July 4, 2018) as Company Secretary.
- N R Ravikrishnan was appointed as Company Secretary on July 5, 2018. The above mentioned remuneration includes ₹ 0.38 crore as Company Secretary.

VII. Penalties / Punishment/ Compounding of Offences:

There were no Penalties / Punishment/ Compounding of Offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during fiscal 2019.

Annexure – 4

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

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

(A) Conservation of Energy

The steps taken or impact on conservation of energy;	Upgraded CFL lights to LED lights and AC upgraded to inverter technology which will reduce consumption of energy.
The steps taken by the Company for utilizing alternate sources of energy;	No steps were undertaken by the Company for utilizing alternative sources of energy.
The capital investment on energy conservation equipment;	During 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. Tejas products are developed with high domestic value-addition through indigenous R&D, in-house IPR creation and local manufacturing. We have a strong commitment to R&D and over 50% of our employees are engaged in R&D activities. Today, all large private telecom operators, telecom PSUs and utilities use Tejas products in their pan-India networks in lieu of imported equipment from foreign multinational companies thereby realizing valuable foreign exchange savings for the country. Tejas is the leading domestic supplier of optical and data networking products for various government projects of national importance, having security/strategic implications such as Bharatnet, defence networks and smart cities. As one of the leading innovators in India's ICT sector, Tejas has generated 349 patents and 270+ semiconductor IPs that underpin our wide range of home-grown telecom products. In addition, Tejas is actively contributing to global 5G standards through its work in India's telecom standards organization (TSDSI) thereby ensuring that Indian requirements are effectively captured in all emerging telecom standards.

Tejas R&D team conceived, designed and developed the following leading-edge products in FY19:

- World's first ultra-converged broadband access/edge platform that integrates gigabit speed fiber broadband (FTTx), LTE-based fixed wireless access, Carrier Ethernet & packet transport functions in one platform
- High-capacity circuit emulation solutions for optical network modernization and legacy DACS (Digital Cross-connect) replacement applications
- Multi-terabit packet and OTN cross-connect with "pay-as-you-grow" scaling using a novel disaggregated leaf-and-spine architecture
- Multi-service micro-OTN switch for cost-effective metro capacity expansion; scalable 96-channel DWDM product with 100G/200G/400G alien wavelength support
- Advanced SDN-ready network management software that enables multi-technology provisioning and management of services across OTN, DWDM, PTN and Ethernet layers from a unified interface

ii. 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, 2019 and March 31, 2018 towards development of the Company's products is as follows:

in ₹ crore

Particulars	Standalone	
	2019	2018
Capital Expenditure	3.36	6.65
Revenue expenditure*	115.51	86.90
Total R & D expenditure	118.87	93.55
Total R&D expenditure/ Standalone Revenue net of taxes and components (%)	13.66%	12.75%

*A portion of the revenue expenditure amounting to ₹ 62.43 (March 31, 2018: ₹ 48.15) (Refer Note 23 of standalone financials) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts and has been shown as intangible assets under development in compliance with the relevant Indian Accounting Standards (Ind AS). In the previous year financial statements the aforesaid amount has been disclosed separately under eligible capital expenditure.

(D) Foreign Exchange earnings & outgo

in ₹ crore

Particulars	Standalone	
	2019	2018
Foreign exchange earnings	123.69	203.15
Foreign exchange outgo	286.19	186.59

Annexure – 5

Secretarial Audit Report

For the financial year ended 31st March 2019

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2019 **("Audit Period"),** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 and the rules made thereunder ("Act");

(ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder;

(iii) The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder ("FEMA") to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [The Company has not raised any External Commercial Borrowings during the Audit Period];

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :

a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
g. 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;
h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
i. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 and

(vi) Other laws informed by the management of the Company as applicable to the Company is enclosed as Annexure-1 hereto.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings.

(ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and Bombay Stock Exchange Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

I further report that:

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

– 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.

Bengaluru
April 19, 2019

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

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 to Secretarial Audit Report

List of Other Laws Applicable

A. Corporate laws

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

B. Labour laws

1. Shops & Commercial Establishments Act of applicable states;
2. Child Labour (Prohibition and Regulation) Act, 1986;
3. Sexual Harassment at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
4. The Contract Labour (Regulation and Abolition) Act, 1970;
5. The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
6. The Employees' State Insurance Act, 1948;
7. The Employees Compensation Act, 1923;
8. The Equal Remuneration Act, 1976;
9. The Factories Act, 1948;
10. The Industrial Disputes Act, 1947;
11. The Industrial Employment (Standing Orders) Act, 1946;
12. The Maternity Benefit Act, 1961;
13. The Minimum Wages Act, 1948;
14. The Payment of Bonus Act, 1965;
15. The Payment of Gratuity Act, 1972;
16. The Payment of Wages Act, 1936; and
17. The Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959

C. Taxation laws

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

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

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

Bengaluru
April 19, 2019

Annexure - 2 to Secretarial Audit Report

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on the audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on random test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc., is the responsibility of the management of the Company. My examination was limited to the verification of procedures on random test basis.

5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.

6. The list of laws applicable to the Company enclosed as Annexure-1 to the Secretarial Audit Report is as confirmed by the management of the Company. The Secretarial Audit Report is neither an assurance nor a confirmation that the list is exhaustive.

7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Bengaluru
April 19, 2019

Annexure – 6

Report on Corporate Social Responsibility

1 A brief outline of the Company's Corporate Social Responsibility (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 been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.

The CSR Policy of the Company is available on its website at https://www.tejasnetworks.com/policies-codes.php

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 contributed to:

Vehicle donated to Akshaya Patra Foundation

1) 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 – Amount contributed ₹ 0.25 crore

Students doing research at IIIT, Bengaluru

2) The International Institute of Information Technology, Bengaluru, a Deemed University, popularly known as IIITB, established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation. The Institute is a registered not-for-profit society funded jointly by the Government of Karnataka and the IT industry – Amount contributed ₹ 0.25 crore

School adopted for renovation by Vinoba Sewa Ashram

3) Vinoba Sewa Ashram, Shahjahanpur, Uttar Pradesh, A Grass root Level Organization motivated by Sarvodaya thoughts by serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh – Amount contributed ₹ 0.18 crore

	Teachers training under Project Inclusion by Aurobindo Society 	4) The Aurobindo Society, Puducherry, "Project Inclusion" aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality Through Project Inclusion, regular school teachers are trained to identify such students and provide them with right kind of training and education. The "Project Inclusion" operates in states such as Uttar Pradesh, Jharkhand, Chhattisgarh, Uttarakhand, Puducherry, Bihar, Sikkim, Punjab – Amount contributed ₹ 0.30 crore
2	The Composition of the CSR Committee as on April 22, 2019	Amb. Leela K Ponappa - Chairperson Balakrishnan V - Member Sanjay Nayak - Member Arnob Roy - Member
3	Average net profit after tax of the Company for last three financial years	₹ 48.75 crore
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 0.98 crore
5	Details of CSR spent during the financial year	
a	Total amount to be spent for the financial year	₹ 0.98 crore
b	Amount unspent, if any	Nil
c	Manner in which the amount spent during the financial year is detailed below:	

Particulars	Details
CSR project or activity identified	1. The Akshaya Patra Foundation 2. International Institute of Information Technology, Bengaluru 3. Sri Aurobindo Society, Puducherry 4. Vinoba Sewa Ashram, Uttar Pradesh
Sector in which the project is covered	CSR contribution is made to educational, research & development, health and infrastructure sectors.
Projects or programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	1. The Akshaya Patra Foundation 2. International Institute of Information Technology - Bengaluru 3. Sri Aurobindo Society - Puducherry 4. Vinoba Sewa Ashram - Uttar Pradesh
Amount outlay (budget project or programme wise)	One time
Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads	₹ 0.98 crore
Cumulative expenditure up to the reporting period	₹ 0.98 crore
Amount Spent direct or through implementing agency	The amount were spent through implementing agencies mentioned in point 1 above.

Our CSR Responsibilities:

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

for and on behalf of the Board of Directors

Bengaluru
April 22, 2019

Sd/-
Amb. Leela K Ponappa
Chairperson, CSR Committee

Sd/-
Sanjay Nayak
Managing Director and CEO

Annexure – 7

Details Of ESOP / Restricted Stock Unit Plan

1. Tejas Networks Limited Employees Stock Option Plan – 2014 ("ESOP Plan 2014")

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

The details of the ESOP Plan 2014 as on March 31, 2019 are given below:

ESOP Plan 2014	
Options granted	69,26,635
Options vested	68,69,919
Options exercised	44,21,613
Total number of shares arising as a result of exercise of option	44,21,613
Options lapsed	64,953
Exercise price	₹ 65.00
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	₹ 28.74 crore
Total number of options in force	24,40,069
Employee wise details of options granted to: (i) Key managerial personnel	No options were granted to the KMP's during the year
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

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

The details of the ESOP Plan 2014-A as on March 31, 2019 are given below:

ESOP Plan 2014-A	
Options granted	19,78,215
Options vested	14,34,700
Options exercised	4,36,841
Total number of shares arising as a result of exercise of option	4,36,841
Options lapsed	64,947
Exercise price	₹ 85/-
Variation of terms of options	Pursuant a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014A was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013.
Money realized by exercise of options	₹ 3.71 crore
Total number of options in force	14,76,427
Employee wise details of options-granted to: (i) Key managerial personnel	No options were granted to the KMP's during the year
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

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

The details of the ESOP Plan 2016 as on March 31, 2019 are given below:

ESOP Plan 2016	
Options granted	26,26,415
Options vested	15,49,959
Options exercised	4,81,982
Total number of shares arising as a result of exercise of option	4,81,982
Options lapsed	1,19,888
Exercise price	Weighted average exercise price of options granted - ₹ 86.29/-
Variation of terms of options	Pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2016 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013.
Money realized by exercise of options	₹ 4.15 crore
Total number of options in force	20,24,545
Employee wise details of options granted to: (i) Key managerial personnel	No options were granted to the KMP's during the year
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

4. Tejas Restricted Stock Unit Plan – 2017 ("RSU 2017")

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

The details of the RSU 2017 as on March 31, 2019 are given below:

RSU 2017	
RSU granted	10,43,340
RSU vested	8,622
RSU exercised	4,127
Total number of shares arising as a result of exercise of RSU	4,127
RSU lapsed*	18,290
Exercise price	10.00
Variation of terms of RSU	Nil
Money realized by exercise of RSU	₹ 41,270/-
Total number of units in force	10,20,923
Employee-wise detail of RSU's granted to: (i) Key managerial personnel	Sanjay Nayak# 55,000 Arnob Roy 48,000 Venkatesh Gadiyar 32,000 N R Ravikrishnan 10,000
(ii) Any other employee who receives a grant of RSU amounting to 5% or more of RSU granted during the year.	Nil
(iii) Identified employees who were granted RSU equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

**RSU lapsed can be re-issued and will form part of RSU pool to be granted*

 # RSU granted amounting to 5.45% of the total RSU granted during the year.

Annexure – 8

Particulars of Employees

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

I.

Particulars	Disclosures	
The ratio of the remuneration of Managing Director to the median remuneration of the employees of the Company for the financial year	13.38	
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year (based on actual payments during the year)	Sanjay Nayak - Managing Director and Chief Executive Officer	29.38%
	Arnob Roy – Whole-time Director and Chief Operating Officer*	25.22%
	Venkatesh Gadiyar - Chief Financial Officer	36.32%
	N R Ravikrishnan - Company Secretary#	18.14%
	Krishnakanth G V - Company Secretary#	-
The percentage increase in the median remuneration of employees in the financial year	3.04%^	
The number of permanent employees on the rolls of Company as of March 31, 2019	765	
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 increment of the employees excluding KMPs was 9.58% over the previous year. The average salary increment of the KMPs was 27.80% over the previous year. The salary increase for KMPs was higher so as to align to industry benchmark levels.	
Affirmation that the remuneration is as per the remuneration policy of the Company	Yes	

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

**Arnob Roy appointed as Whole-time Director and designated as Chief Operating Officer of the Company with effect from March 25, 2019*
#N R Ravikrishnan appointed as Company Secretary with effect from July 5, 2018
G V Krishnakanth resigned as Company Secretary with effect from closing of business hours of July 4, 2018
^Overall headcount increased by 58 employees during the year, majority were hired at entry level

II. Top 10 Employees on rolls of the Company in terms of remuneration drawn during fiscal 2019:

Employee Name	Designation	Age	Educational Qualification	Experi-ence in years	Location	Date of Commencement of employment	Gross Remuneration (in ₹)	Perquisites on exercise of stock options (in ₹)	Total Remuneration (in ₹)	Previous Employment and Designation
Venkatesh Gadiyar[1]	Chief Financial Officer	51	CA	27	India	03-Jul-13	64,66,716	1,81,35,438	2,46,02,154	Infosys Ltd, Associate Vice President
Sanjay Nayak[2]	CEO & Managing Director	55	MS. ECE, North Carolina State University, Raleigh, USA	32	India	06-May-00	1,67,66,712	42,61,875	2,10,28,587	Synopsys India, Managing Director
Harmeet Singh	Senior Vice-President Sales, USA	51	Btech IIT Kanpur, PhD University of Maryland, USA	23	USA	01-Jan-07	1,36,43,606	-	1,36,43,606	Optovia Corporation,USA, CEO
Milind M Kulkarni[3]	Vice President - R&D	51	MTech in EEE IIT, Mumbai	27	India	17-Apr-02	77,28,972	42,10,625	1,19,39,597	Sycamore Networks, Senior Hardware Engineer
Kumar N Sivarajan[4]	Chief Technology Officer	53	MS. & PhD, EE, California University, USA	28	India	01-May-00	1,12,53,179	4,12,172	1,16,65,351	Indian Institute Of Science, Associate Professor.
Arnob Roy	Chief Operating Officer	56	MS. CS, University of Nebraska, Lincoln, USA	30	India	10-May-00	1,16,06,540	-	1,16,06,540	Synopsys India, Senior Manager.
Prasad K S[5]	Group Director - Pre Sales	46	B.E in EC.	25	India	04-Aug-06	53,14,473	56,40,915	1,09,55,388	ECI Telecom India Ltd, Head Projects
Mohan Shyam Dubey[6]	Vice President - Sales	49	Diploma, Delhi	30	India	17-Mar-08	75,51,337	34,12,651	1,09,63,988	HFCL, General Manger
Shirish Purohit[7]	Head-Sales (India and Emerging Markets)	56	MTech, IIT Madras	32	India	01-Mar-12	74,82,072	34,66,539	1,09,48,611	Midas Communication Technologies Pvt Ltd, CEO
Murali R[8]	Group Advisor - Business Planning	70	CA	35	India	28-Aug-06	36,52,107	62,66,250	99,18,357	Sundaram Clayton Ltd, Senior Vice President

[1]*Perquisite value on the exercise of 1,01,875 ESOP's during fiscal 2019.*
[2]*Perquisite value on the exercise of 35,000 ESOP's during fiscal 2019.*
[3]*Perquisite value on the exercise of 17,990 ESOP's during fiscal 2019.*
[4]*Perquisite value on the exercise of 5,625 ESOP's during fiscal 2019.*
[5]*Perquisite value on the exercise of 29,250 ESOP's during fiscal 2019.*
[6]*Perquisite value on the exercise of 15,812 ESOP's during fiscal 2019.*
[7]*Perquisite value on the exercise of 21,250 ESOP's during fiscal 2019.*
[8]*Perquisite value on the exercise of 50,000 ESOP's during fiscal 2019.*

Note:

The above table II is based on payouts made during the year. Gross remuneration includes fixed pay, performance linked variable pay and retiral benefits. Perquisite include the perquisite value of stock options/ RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

Annexure – 9

Board Governance Policies

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

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

Name of the Policy /Codes/ Charters	Brief Description	Web link
Risk Management Policy	The Policy encompasses policies and procedures relating to the risk management mechanism of the Company.	https://www.tejasnetworks.com/main-control/download/Risk-assessment-and-Management-and-mitigation-policy-and-procedures.pdf
Policy on Archival and Preservation of Documents	The policy deals with the retention and archival of records of the Company.	https://www.tejasnetworks.com/main-control/download/Document-rentension-and-Archival-Policy.pdf
Policy on Material subsidiaries	The policy is used to determine the material subsidiaries and material non-listed Indian subsidiaries of the Company and to provide the governance framework for them.	https://www.tejasnetworks.com/main-control/download/Policy-on-determing-material-subsidiaries.pdf
Corporate Social Responsibility Policy	The policy outlines the Company's strategy to contribute to the sustainable development of the society and environment and to make our planet a better place for future generations.	https://www.tejasnetworks.com/main-control/download/CSR-Policy.pdf
Nomination and Remuneration Policy	This policy formulates the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a Director (Executive / Non-Executive) and also the criteria for determining the remuneration of the Directors, Key Managerial Personnel and other employees.	https://www.tejasnetworks.com/main-control/download/NRC-Policy.pdf
Whistle Blower Policy and Vigil Mechanism	The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for Directors and employees to report concerns about unethical behaviour.	https://www.tejasnetworks.com/main-control/download/Whistle-blower-Policy.pdf
Policy on Board Diversity	The policy sets out a framework to promote diversity on Company's Board of Directors.	https://www.tejasnetworks.com/main-control/download/Policy-on-Board-diversity.pdf
Policy for Determining Material Related Party Transaction	The Policy is to determine the 'materiality' of Related Party Transaction and to provide a governance framework thereof.	https://www.tejasnetworks.com/main-control/download/Policy-for-determining-Related-Party-transaction.pdf

Dividend Distribution Policy	This policy sets out the parameters and circumstances including external and internal factors and financial parameters that will be taken into account by the Board of Directors of the Company in determining the distribution of dividend and also the circumstances under which the Shareholders of the Company may or may not expect dividend and how the retained earnings shall be utilized.	https://www.tejasnetworks.com/main-control/download/Dividend-Distribution-Policy.pdf
Policy for determining Material events	The Policy is to determine the materiality of events /information of the Company for the purpose of disclosure to the stock exchanges on which the Company's shares are listed and to provide frame work relating to disclosure of such information.	https://www.tejasnetworks.com/main-control/download/Policy-for-Determining-Materiality-of-Events.pdf
Code of Conduct and Ethics	This Code shall provide, inter alia, a guide for professional conduct for all the Directors and Employees and to understand, adhere to, comply with and uphold the provisions of this Code and the standards laid down hereunder in their day-to-day functioning and in compliance with the applicable laws.	https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-and-Ethics.pdf
Code of Conduct for Insider Trading	The policy provides the framework in dealing securities of the Company.	https://www.tejasnetworks.com/main-control/download/Code-of-Conduct-for-Insider-Trading.pdf
Code of practices and procedures for fair disclosure of Unpublished price sensitive information	The Code ensures timely and adequate disclosure of Unpublished Price Sensitive Information as defined in Regulation 2(n) of the Regulations ("Unpublished Price Sensitive Information" or "UPSI by the Company, its subsidiaries and associates and other stakeholders.	https://www.tejasnetworks.com/main-control/download/Code-of-Practices-and-Procedures-for-Fair-disclosure-of-UPSI.pdf
Supplier Code of Conduct	This Code seeks to establish Tejas' expectations from its suppliers in relation to the ethical, social and environmental risks, opportunities & working conditions that the supplier provides to its employees.	https://www.tejasnetworks.com/main-control/download/Supplier%20Code%20of%20Conduct.pdf

Management's Discussion and Analysis

I. Overview

Tejas Networks designs, develops, manufactures and sells high performance carrier-class equipment required for building telecommunication networks. We provide an end-to-end portfolio of optical and data networking products that are sold to telecommunications service providers, internet service providers, utility companies, defence and government entities. Our products are deployed at cell towers, exchanges, businesses, homes, data centers and utility sites and 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 has developed an extensive portfolio of leading-edge telecom products to realize end-to-end networks that includes carrier-grade multi-terabit optical transmission and switching, fiber broadband access, broadband wireless access as well as multi-gigabit Ethernet/IP switching and routing products. Our products are based on global technology standards such as ITU/IEEE/IETF/MEF and are used at different locations in a telecom network including at base stations, at exchanges, in data centers, utility sites, 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 a few megabits up to tens of terabits and are used for network applications such as mobile backhaul, broadband access, enterprise services, wholesale bandwidth services, critical infrastructure and optical network modernization. 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 programmable software- defined architecture employing field-programmable silicon 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. Our products have been deployed in 75+ countries and we are ranked as a top-10 global supplier of optical aggregation equipment.

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 software-defined network architecture. A combination of factors such as proliferation of powerful mobile devices such as smart phones, tablets and IoT devices, emergence of new mobile and fixed broadband standards such as 5G and NG-PON, and increasing adoption of bandwidth-intensive applications such as business Ethernet, cloud connectivity, high-capacity wireless backhaul, and data center inter-connections is resulting in an expansion of the optical network equipment market. The emergence of new software- enabled networking paradigms (e.g., SDN), greater adoption of network function virtualization (NFV) and migration of enterprises to the cloud 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 Cloud will together have a substantial impact on telecom networks as well as the underlying optical transport layers.

The continuing global trend of increased data consumption by consumers, enterprises and intelligent devices is a favorable driver for our business. With internet becoming more ubiquitous and use of high-bandwidth services such as video, social networking and e-commerce becoming commonplace, there is a dramatic increase in data traffic in telecom networks. As a result, telecom operators are accelerating capital investments in optical transmission equipment to ensure that these services are delivered 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 Americas are growing faster than other geographies. Developing countries have a huge pent-up demand for optical fiber and fiber-based equipment in the access and backhaul to serve an exponential growth in high-speed data traffic driven by large-scale rollouts of 4G networks, fiber-to-the-home (FTTH) applications for broadband access, and growing bandwidth consumption by consumers and businesses due to preference for high- definition video content. India is expected to have the highest compounded annual growth rate (CAGR) of optical capex and will also have the highest proportion of optical capex to total telecom capex in the world in the next few years.

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

1. Mobile backhaul is defined as the transport of cell phone traffic between the cellular base station and the mobile switching centre. In the case of 2G networks that were dominated by low speed voice services, cellular traffic was largely backhauled over microwave radio but with the arrival of 3G and 4G networks that are dominated by higher-speed data traffic, optical fiber based backhaul will become the norm. The fiberization trend is expected to further accelerate with the advent of 5G in the next few years due to a 10x increase in backhaul capacity requirements and a 10x densification of cell towers. In India, less than 25% of close to 500,000 cell sites are currently fiberized (compared to 70-80% in developed countries) which is expected to increase to 60% by 2022. India has approximately 500 million 3G/4G subscribers today compared to a 2G subscription base of over 1.1 billion (source: TRAI statistics, February 28, 2019) so there is a huge latent demand for higher speed services which will lead to higher investments in optical networks.

2. While the number of broadband subscribers in India is close to 550 million, only 18 million homes had a wired broadband connection in 2018. As the mobile broadband market gets rapidly saturated, large telecom operators are focusing on investing in GPON-based residential fiber broadband infrastructure to offer gigabit fiber-to-the-home (FTTx) services which is expected to increase the number of fiberized homes to 100 million by 2022. A similar trend is being witnessed in other developing countries as well. Fixed Wireless Access based on 4G/LTE technology is emerging as an alternative in areas where it is difficult to extend fiber to the customer premises.

3. Adoption of cloud services is growing today there is more data residing in cloud data centers than in private enterprise servers. Globally, Carrier Ethernet has emerged as the de-facto technology of choice for business and data center connectivity due to its scalability, flexibility, low cost-per-bit and security features. Enterprise customers are increasingly migrating to higher-speed gigabit and multi-gigabit connections and even 100G 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.

4. The Internet has emerged as a basic necessity in modern life around the world. However, approximately half of the world's population, living largely in rural and remote areas of developing countries, continue to remain unconnected to the Internet resulting in a growing "digital divide" between their rural and urban areas. As per ITU over 150 countries around the world, primarily in the developing countries of Asia, Africa and Latin America have announced 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 dollar government project funded by a Universal Service Obligation Fund (USOF) that seeks to connect 2.5 lac gram panchayats in the country with a national fiber optic network using GPON technology. India will also use USOF funds to build voice and data networks in LWE (Left Wing Extremism) affected areas, extending WiFi to villages and augmenting network capacity in the North East. Other large government projects such as pan-India defence networks, network transformation projects in the power and rail sectors, and upcoming Smart City projects also have a large optical capex component.

II. Financial condition

A. Sources of Funds

1. Equity share capital

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

During the year ended March 31, 2019, the Company has issued 9,00,819 equity shares consequent to the exercise of the employee stock options and restricted stock units by the eligible employees of the Company. The outstanding paid up equity share capital stands at ₹ 91,71,95,790 comprising of 9,17,19,579 equity shares of ₹ 10 each fully paid up, as on March 31, 2019.

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

The total option pool authorised for grant across three ESOP schemes (ESOP 2014, 2014-A and 2016) shall not exceed 1,41,01,767. Of these, 59,41,041 options which have been granted and are outstanding as on March 31, 2019. The Company does not plan to grant any new options from the pool available from the aforesaid ESOP schemes.

Pursuant to Shareholders resolution, the RSU 2017 plan was approved during FY 2018. The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares. During the year 10,08,550 RSUs were granted and 10,20,923 RSUs are outstanding as on March 31, 2019.

2. Other equity

Securities premium reserve

On standalone and consolidated basis, the share premium account increased from ₹ 922.08 crore as at March 31, 2018 to ₹ 931.17 crore as at March 31, 2019. The increase in share premium is due to the issue of shares during the year on account of exercise of employee stock options totaling ₹ 5.87 crore. In accordance with Ind AS 102, a sum of ₹ 3.22 crore was transferred from employee stock compensation reserve to securities premium reserve.

Employee stock compensation reserve

On standalone and consolidated basis, the employee stock compensation reserve increased from ₹ 15.14 crore as at March 31, 2018 to ₹ 27.02 crore as at March 31, 2019, on account of ESOP as well as RSU grants resulting in employee share based payment expenses of ₹ 15.10 crore (previous year ₹ 5.69 crore) as per Ind AS 102 and transferring ₹ 3.22 crore (previous year ₹ 6.32 crore) to securities premium reserve.

Retained earnings

On a standalone basis, the balance in retained earnings as at March 31, 2019 and March 31, 2018 was ₹ 265.56 crore and ₹ 120.59 crore respectively. On a consolidated basis, the balance retained in the surplus as at March 31, 2019 and March 31, 2018 was ₹ 266.49 crore and ₹ 120.97 crore respectively. The Board of Directors are pleased to recommend a maiden final dividend of Re. 1/- per equity share on a face value of ₹ 10/- per share for year ended March 31, 2019. The final dividend, is subject to the approval of the Shareholders in their 19th Annual General Meeting slated to be held on July 25, 2019.

Networth

On a consolidated basis our networth has improved to ₹ 1,320.24 crore as at March 31, 2019 compared to ₹ 1,152.08 crore as at March 31, 2018. Our book value per share improved to ₹ 143.94 as of March 31, 2019 from ₹ 126.85 as of March 31, 2018.

3. Borrowings

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Non-current borrowings	-	1.00	-	1.00
Current maturities of long term borrowings	1.19	1.27	1.19	1.27
Total	1.19	2.27	1.19	2.27

We are practically a debt free company. On a standalone basis and consolidated basis, our total borrowings including current maturities of long term debt as at March 31, 2019 was ₹ 1.19 crore as against ₹ 2.27 crore as at March 31, 2018. The balance outstanding amount represents the amount payable to Technology development and Demonstration Programme (TDDP) of DSIR, Government of India.

B. Application of funds

4. Property, plant and equipment

Additions to gross block

On a standalone basis and consolidated basis, during the year, we incurred expenditure on property, plant and equipment of ₹13.40 crore (previous year ₹ 18.27 crore), comprising ₹ 3.96 crore (previous year ₹ 5.67 crore) in Laboratory equipment, ₹ 2.54 crore (previous year ₹ 7.53 crore) in Cards/Prototypes, ₹ 2.86 crore (previous year ₹ 0.89 crore) in Furniture and Fixtures, ₹ 1.68 crore (previous year ₹ 2.54 crore) in Computing Equipment, ₹ 1.60 crore (previous year ₹ 0.55 crore) in Servers, ₹ 0.41 crore (previous year ₹ 0.46 crore) in Electrical Installation, ₹ 0.21 crore (previous year ₹ 0.31 crore) in Office Equipment, ₹ 0.14 crore (previous year ₹ 0.13 crore) in Networking equipment and ₹ Nil (previous year ₹ 0.19 crore) in Vehicles.

Deductions to gross block

During the year, primarily on account of disposal of old assets related to shifting of our Gurgaon office, we deducted from the gross block ₹ 0.31 crore of Furniture and Fixtures (₹ 0.08 crore in the previous year), ₹ 0.38 crore on Electrical Installation (Nil in the previous year), ₹ 0.04 crore on Office Equipment (Nil in the previous year), ₹ 0.02 crore on Computing Equipment (Nil in the previous year), ₹ 0.09 crore on Vehicles (Nil in the previous year).

Capital expenditure commitments

We have a capital expenditure commitment of ₹ 2.40 crore as at March 31, 2019, as compared to ₹ 0.38 crore as at March 31, 2018.

5. Intangible assets and Intangible under development

Our intangible assets comprises of computer software and product development expenditure. Additions of ₹ 6.58 crore made in computer software, as against ₹ 4.01 crore in the previous year. During the year, ₹ 70.39 crore (previous year ₹ 21.65 crore) was capitalised from intangible under development to product development. Capitalised product development gets amortised over a period of 24 months.

Additions to intangible under development for the year amounted to ₹ 64.92 crore (previous year ₹ 49.21 crore) on account of capitalisation of employee benefit expense and other expenses (refer note 23 and note 25 of standalone/consolidated financials).

6. Inventories

On a standalone and consolidated basis, inventory balance was ₹ 181.39 crore as at March 31, 2019, compared to ₹ 190.89 crore as at March 31, 2018. Inventory days outstanding (based on gross revenues) improved to 64 days as at March 31, 2019 as against 83 days as at March 31, 2018.

7. Financial assets

a) Investments

Investment in subsidiaries is carried at cost as per Ind AS 27, Separate Financial Statements. Investment includes ₹ 10.87 crore (previous year ₹ 10.87 crore) investment in the 100% subsidiary company Tejas Communications Pte Ltd.

During the year, Tejas Israel Limited, a wholly owned non-operating foreign subsidiary has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

During the year, vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution, and striking off the name of this entity.

Other investment comprise of investment in liquid mutual funds amounting to ₹ 86.55 crore as at March 31, 2019 (previous year ₹ 76.52 crore), and investment in ELCIA ESDM cluster of ₹ 11,000/- as at March 31, 2019 (previous year ₹ 11,000/-).

b) Trade receivables

We manage credit risk by regularly monitoring individual customer payment capability, their creditworthiness, their past payment performances, and through routine communication with those customers and the concerned parties.

On a standalone basis, trade receivables amounted to ₹ 650.20 crore and ₹ 294.32 crore as of March 31, 2019 and March 31, 2018, respectively. On a consolidated basis, trade receivables amounted to ₹ 664.93 crore and ₹ 310.55 crore as of March 31, 2019 and March 31, 2018, respectively. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. On a consolidated basis, Days sales outstanding (DSO) increased by 101 days to 236 days as at March 31, 2019, compared to 135 days as at March 31, 2018. Our DSO increased by 101 days, primarily due to delays in collection from a Public Sector operator in India. We believe there is no collection risk since the dues pertains to India Government's BhartNet project, for which specific funds have been set aside from the Universal Obligations (USO) Fund. During the year we have partially collected the amount and expect to collect the balance amount due and normalize our DSOs during FY 20.

As per Ind AS 109, the Group is required to apply Expected Credit Loss (ECL) model for recognising the allowance for doubtful debts. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables based on the movement in ECL during fiscals 2019 and 2018 as follows:

in ₹ crore

Particulars	Standalone	Consolidated
Loss allowance as on March 31, 2018	4.49	11.04
Changes in loss allowance	3.70	4.06
Loss allowance as on March 31, 2019	8.19	15.10

c) Cash and cash equivalents

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Bank balances and deposits with original maturity up to three months	16.41	213.48	16.90	214.19
Bank balances other than above				
Deposits with original maturity of more than 3 months and upto 12 months	106.15	21.76	106.15	21.76
Deposits with original maturity of more than twelve months	0.12	0.04	0.12	0.04
Investment in mutual funds	86.55	76.52	86.55	76.52
Deposits with financial institutions disclosed under other current financial assets	160.00	205.00	160.00	205.00
Cash and cash equivalents including margin money	369.23	516.80	369.72	517.51
less: Balances held as margin money or security against borrowings or guarantees	0.16	4.81	0.16	4.81
Cash and cash equivalents excluding margin money	369.07	511.99	369.56	512.70

Our cash and cash equivalents comprise deposits with banks and financial institutions with high credit-ratings assigned by various credit-rating agencies. Investment in mutual funds are placed with reputed Indian Mutual Fund where we have no or negligible risk to capital.

On a standalone basis, our total cash and cash equivalents (including investment in liquid mutual funds and deposits with financial institutions) stood at ₹ 369.07 crore as at March 31, 2019, as compared to ₹ 511.99 crore as at March 31, 2018. On a consolidated basis, our total cash and cash equivalents stood at ₹ 369.56 crore as at March 31, 2019, as compared to ₹ 512.70 crore as at March 31, 2018. Our cash and cash equivalents comprise balances with banks in current accounts, EEFC accounts and deposits with original maturity of less than three months. These cash and cash equivalents include ₹ 0.31 crore as at March 31, 2019 and ₹ 0.29 crore as at March 31, 2018 which is subject to repatriation restriction. Other bank balances comprise of deposits with banks with original maturity of more than three months but less than twelve months and balances held as margin money or security against borrowings or guarantees. Investment in mutual funds as at March 31, 2019 includes ₹ 35.02 crore in Reliance liquid fund direct plan growth, ₹ 25.74 crore in ICICI prudential liquid fund direct plan growth, ₹ 15.92 crore in Axis liquid fund direct plan growth, and ₹ 9.87 crore in Tata liquid fund direct plan growth.

Deposits with financial institutions as at March 31, 2019 comprise of deposit with Bajaj Finance Limited of ₹ 55.00 crore and HDFC Limited of ₹ 105.00 crore.

d) Loans

On a consolidated and standalone basis, outstanding balance in loans to employees has marginally increased to ₹ 0.87 crore and ₹ 0.71 crore as at March 31, 2019 respectively compared to ₹ 0.52 crore and ₹ 0.48 crore respectively as at March 31, 2018. The current and non-current security deposits comprises of earnest money deposit and other deposits receivable in cash. No expected credit loss allowance has been created for security deposits, since the Group considers lifetime credit risk of these to be very low.

e) Other financial assets

The details of other financial assets are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Unbilled Revenue	10.58	1.81	10.58	1.81
Interest accrued but not due	9.86	3.01	9.86	3.01
Focus Product Scheme receivable - Net	-	3.58	-	3.58
Total	20.44	8.40	20.44	8.40

Unbilled revenue is revenue in excess of billing and represent the right to consideration in exchange of deliverables which are conditional upon passage of time. As of March 31, 2019 the unbilled revenues were ₹ 10.58 crore (previous year ₹ 1.81 crore).

The FPS incentive amount represents the accrued export incentive. During the year the Company wrote off the FPS receivable amount to the extent of ₹ 3.17 crore. However, we have collected ₹ 3.00 crore of incentives against the same which is disclosed under other income.

Interest accrued but not due of ₹ 9.86 crore as on March 31, 2019 (previous year ₹ 3.01 crore) represents deposits kept with financial institutions and banks.

8. Other assets

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

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Non-current				
Prepaid expenses	0.14	0.34	0.14	0.34
Current				
Advances to suppliers	19.20	5.00	19.25	5.03
Advances others	0.01	0.05	0.01	0.55
Balances with government authorities (other than income taxes)	5.97	9.22	5.97	9.25
Prepaid expenses	2.30	6.42	2.68	6.44
Total	27.62	21.03	28.05	21.61

Advances to suppliers have been higher compared to last year primarily due to the certain advances given to few vendors for procuring inventories which has long lead time.

On a consolidated basis, balances with government authorities reduced to ₹ 5.97 crore as at March 31, 2019 from ₹ 9.25 crore as at March 31, 2018.

9. Tax assets

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Income Tax Asset (net)	36.93	32.02	36.92	32.01
Deferred Tax Asset	138.00	121.16	138.00	121.16
Total	174.93	153.18	174.92	153.17

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Unused tax credits	34.34	157.55	34.34	157.55
Potential tax benefit on the above	12.00	55.05	12.00	55.05
MAT credit	51.93	24.98	51.93	24.98

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

Apart from the deferred taxes recognised, there are unused tax credits of ₹ 34.34 crore as at March 31, 2019 as against ₹ 157.55 crore as at March 31, 2018 on which no deferred taxes were recognised.

Standalone basis the Company continue to pay the income tax on MAT basis. MAT credit of ₹ 51.93 crore as at March 31, 2019 (previous year ₹ 24.98 crore) is available which has not been recognised in the books.

10. Lease Assets – Adoption of new Ind AS 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. Lease rentals of ₹ 8.45 crore for year ended March 31, 2019 and ₹ 7.73 crore for year ended March 31, 2018 was recognised in the Statement of Profit and Loss.

The Company plans to use the Modified retrospective approach for adoption of the Ind AS 116, wherein Ind AS is adopted retrospectively, with the cumulative effect of initial application of the Standard recognized at the date of initial application.

11. Financial liabilities

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

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Trade payables for goods & services	163.86	105.09	163.53	105.03
Due to employees	31.24	18.50	32.74	18.60
Capital Creditors	8.62	4.04	8.62	4.04
Accrual for expenses	37.16	23.34	38.97	29.18
Other liabilities	0.20	0.21	0.20	0.21
Total	241.08	151.18	244.06	157.06

Trade payables for goods & services stood at ₹ 163.53 crore as at March 31, 2019 as compared to ₹ 105.03 crore as at March 31, 2018 on a consolidated basis. On a consolidated basis, amount due to employees increased from ₹ 18.60 crore as at March 31, 2018 to ₹ 32.74 crore as at March 31 2019, comprising of the employee compensation benefits (including year end performance linked variable pay) payable as of the respective year end. Accrual for expenses increased from ₹ 29.18 crore as at March 31, 2018 to ₹ 38.97 crore, including expenses accrued towards the unbilled revenues as at March 31, 2019. On a consolidated basis, our days payable outstanding (DPO) increased by 33 days to 132 days as at March 31, 2019, compared to 99 days as at March 31, 2018.

12. Other liabilities

The details of other financial liabilities are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Advances received from customers	0.48	0.24	0.58	0.88
Deferred revenue	3.02	4.36	3.39	4.36
Statutory dues	5.92	5.08	5.93	5.09
Total	9.42	9.68	9.90	10.33

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

13. Provisions

The details of provisions are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Non-current provisions				
Warranty	1.75	1.14	1.75	1.14
Current provisions				
Compensated absences	4.91	1.89	4.91	1.89
Gratuity	-	0.73	-	0.73
Warranty	3.23	4.27	3.23	4.27
Total	9.89	8.03	9.89	8.03

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

The gratuity has been fully funded as of March 31, 2019 (previous year balance ₹ 0.73 crore)

III. Results of our operations

Our statement of function wise profits and losses is as below

in ₹ crore except for share data

Particulars	Standalone				Consolidated			
	2019	%	2018	%	2019	%	2018	%
Revenue net of taxes and component sales {Revenues(net)} (A)	870.44	100.0	733.50	100.0	876.73	100.0	739.87	100.0
Cost of Sales excluding component sales	441.25	50.7	373.08	50.9	441.25	50.3	373.31	50.5
Manufacturing Expenses	18.30	2.1	17.79	2.4	18.30	2.1	17.79	2.4
Service Expenses	51.12	5.9	49.04	6.7	51.12	5.8	49.04	6.6
Total Cost of Goods Sold (B)	510.67	58.7	439.91	60.0	510.67	58.2	440.13	59.5
Gross Profit (C) = (A) - (B)	359.77	41.3	293.59	40.0	366.06	41.8	299.74	40.5
Operating Expenses:								
Research & Development (Gross)	115.51	13.3	86.90	11.8	115.51	13.2	86.90	11.7
Less: R&D Capitalized	(64.92)	(7.5)	(49.21)	(6.7)	(64.92)	(7.4)	(49.21)	(6.7)
Research & Development (Net)	50.59	5.8	37.69	5.1	50.59	5.8	37.69	5.1
Selling, Distribution & Marketing*	84.56	9.7	77.63	10.6	89.50	10.2	83.98	11.4
General & Administrative	29.03	3.3	24.13	3.3	29.76	3.4	25.20	3.4
Operating Expenses (Net) (D)	164.18	18.9	139.45	19.0	169.85	19.4	146.87	19.9
Profit/ (Loss) from operations (EBITDA) (E) = (C) - (D)	195.59	22.5	154.14	21.0	196.21	22.4	152.87	20.7
Other Income	35.99	4.1	22.70	3.1	36.13	4.1	23.44	3.2
Foreign exchange loss/(gain)	(0.65)	(0.1)	(4.52)	(0.6)	(0.56)	(0.1)	(4.39)	(0.6)
Finance costs	16.88	1.9	13.45	1.8	17.00	1.9	13.40	1.8
Depreciation and amortization	65.88	7.6	61.27	8.4	65.88	7.5	61.26	8.3
Profit/ (Loss) before tax	149.47	17.2	106.64	14.5	150.02	17.1	106.04	14.3
Tax expense:								
Current tax	19.63	2.3	23.78	3.2	19.63	2.2	23.78	3.2
Deferred tax (benefit)	(16.85)	(1.9)	(24.26)	(3.3)	(16.85)	(1.9)	(24.26)	(3.3)
Profit/ (Loss) for the year	146.69	16.9	107.12	14.6	147.24	16.8	106.52	14.4
Earnings per share (Par Value ₹ 10 each)								
(a) Basic	16.07		12.48		16.13		12.41	
(b) Diluted	15.33		11.79		15.39		11.73	

* *Previous year figures has been regrouped or reclassified as necessary.*

Revenue

Effective April 1, 2018, the Company adopted Ind AS 115, Revenue from Contracts with Customers using the modified retrospective approach. The effect of adoption of Ind AS 115 were not significant. In accordance with the modified retrospective approach, the comparatives have not been retrospectively adjusted. Refer to note 30.4 from standalone and consolidated financials for disclosures under the Ind AS.

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Product revenue (net of taxes and component sales)	812.73	658.31	817.45	662.19

Service revenue				
Installation and commissioning revenue	15.75	31.12	15.75	31.12
Annual maintenance revenue	31.89	32.56	33.52	32.84
Other service revenue	7.66	11.22	7.60	13.43
Total services revenue	55.30	74.90	56.87	77.39
Other operating income	2.41	0.29	2.41	0.29
Revenue (net of taxes and component sales)	870.44	733.50	876.73	739.87

All the below discussions are based on consolidated financials

Revenue from operations

Our revenue from operations (net of taxes and component sales) grew by 18.5% from ₹ 739.87 crore for FY 2018 to ₹ 876.73 crore for FY 2019.

While revenues from India Govt. grew by 7% on YoY basis, during FY 2019, revenue from India Govt came down to 55% of net revenues compared to 61% in the previous year. Out of the total India government revenues, the critical infrastructure segment (consisting of Power, Rail, Oil & Gas, Defence,etc.,) was 19% of the net revenues during FY 2019 compared to 14% of net revenues during FY 2018. During the year revenues from India Private grew by 28% and contributed to 24% of the total revenues on a larger revenue base compared to 22% in the previous year.

Our international revenues primarily came from 3 geographies namely the North America (including Mexico), Africa and Middle East, South and South East Asia. South East Asia was the fastest growing international region for our business in FY 2019. Africa and Middle East region continued to be a strong contributor with 15 new customer wins, including 4 Tier-1 service providers having a pan-Africa presence. We also made good progress in America, led by success in Mexico where we also registered a Tier-1 win.

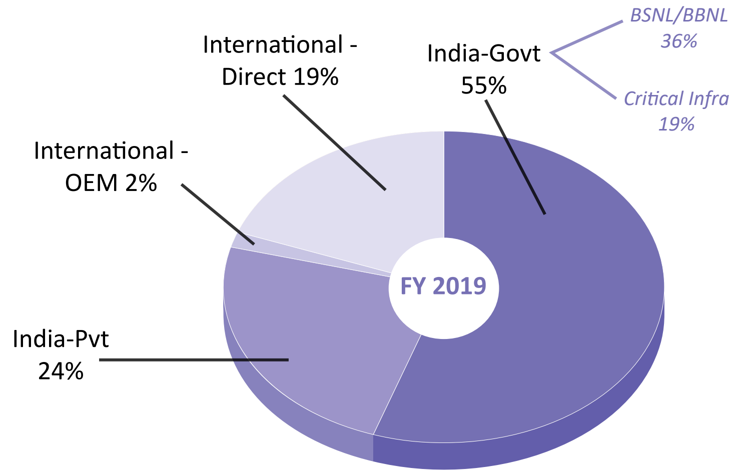
During the year total export revenue share was 21% on a larger revenue base as against 18% during the previous year. This was due to increase in revenues in each of the three International geographies. While our International direct revenues saw a YoY growth of 70%, our OEM business continued to decline as was expected and was only 2% of our total revenues as against 4% during the previous year.

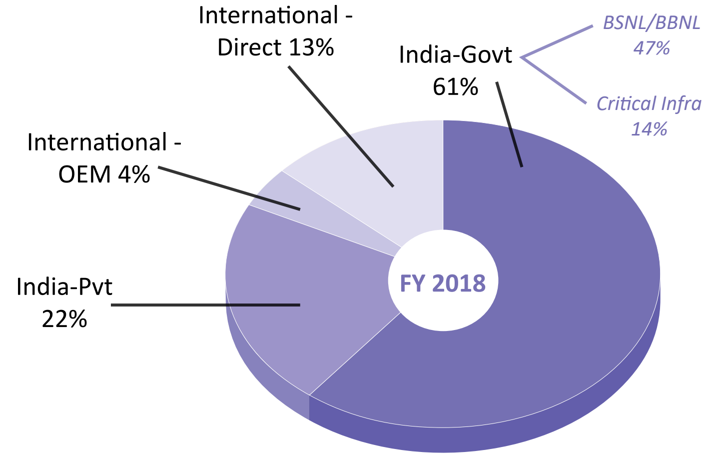
Sale of products

Our revenue from the sale of products grew by 23.4% from ₹ 662.19 crore for FY 2018 to ₹ 817.45 crore for FY 2019. The revenue increase was primarily due to increase in our international ,India private and India critical infrastructure revenues. Product revenues were 93% of net revenues for the year ended March 31, 2019 (previous year 90%).

Sale of services

Our revenue from the sale of services declined by 26.5% from ₹ 77.39 crore for FY 2018 to ₹ 56.87 crore for FY 2019. This was primarily due to higher installation and commissioning revenues pertaining to BhartNet project during FY 2018 which was ₹ 31.12 crore as compared to ₹ 15.75 crore in FY 2019. Consequently, service revenues declined and were 7% of net revenues for the year ended March 31, 2019 (previous year 10%). While our total service revenue declined, our AMC revenue increased to 2% YoY basis.





Geographic segment

Out of total revenue, 79% (previous year 82%) came from India, 8% (previous year 6%) came from Americas and 13% (previous year 12%) came from Rest of the World.

Customer concentration

Our revenues are lumpy in nature and we experience quarterly fluctuation in the revenues and seasonality depending on customer requirement. We are in a B2B business and significant portion of our revenues are derived from small number of customers, which is inherent in our industry.

During FY 2019, we have reduced our customer concentration and only one customer was over 10% of our net revenues as against two customers during the previous year. The net revenue contribution of our top-two customers during FY 2019 was 34% as against 57% during the previous year.

Our backlog was ₹ 418 crore as of March 31, 2019. Our backlog represents the PO's received from the customers which remain unexecuted as of March 31, 2019 and consists of product as well as service orders. Out of this, the Company expects to recognize revenue of around 45% within the next one year and the remaining thereafter. For customers with whom we have a rate-contract, we are expected to deliver within a short lead time and hence don't carry much backlog.

Cost of materials consumed

Our cost of materials consumed increased by 21.3% from ₹ 382.42 crore for FY 2018 to ₹ 463.70 crore for FY 2019, primarily due to year on year increase on product sales. Our cost of materials consumed, after adjusting sale of components on a pass through basis, increased by 18.2% from ₹ 372.49 crore in FY 2018 to ₹ 440.11 crore in FY 2019.

Function wise expenses

- Our manufacturing expenses grew by 2.9% from ₹ 17.78 crore for FY 2018 to ₹ 18.30 crore for FY 2019 primarily due to an increase in our employee benefit expenses of our manufacturing function. However, as a percentage of our net revenues, the manufacturing expenses in FY 2019 reduced to 2.1% from 2.4% in FY 2018.

- Our service expenses grew by 4.2% from ₹ 49.04 crore for FY 2018 to ₹ 51.12 crore for FY 2019 primarily due to increase in our employee benefit and sub-contractor charges which is offset by reduction in installation and commissioning cost due to lower BharatNet installation and commission revenues in FY 2019 compared to the previous year. As a percentage of our net revenues the services expenses in FY 2019 reduced to 5.8% as compared to 6.6% in FY 2018.

- As a result, our gross profit in absolute terms grew by 22.1% from ₹ 299.74 crore for FY 2018 to ₹ 366.06 crore for FY 2019. During the year we have improved the gross margin by 130 basis points to 41.8% of net revenues due to better product and customer mix.

- Our research and development expenses on a gross basis grew by 32.9% from ₹ 86.90 crore (11.7 % of net revenues) for FY 2018 to ₹ 115.51 crore (13.2 % of net revenues) for FY 2019 primarily attributable to an increased manpower costs on account of annual salary increases and additions to the employee headcount in our research and development function. Our research and development expenses, net of capitalisation grew by 34.2% from ₹ 37.69 crore for FY 2018 to ₹ 50.59 crore for FY 2019. As of March 31, 2019 we have filed for 349 Patents and we were granted cumulatively 106 patents.

- Our selling and marketing expenses grew by 6.6% to ₹ 89.50 crore (10.2% of net revenues) during FY 2019 from ₹ 83.98 crore (11.4% of net revenues) during FY 2018 primarily due to an increase in employee cost on account of annual salary increases for our sales and marketing employees, additions to employee headcount in various international geography and an increase in the legal and professional charges.

- Our general and administrative expenses grew by 18.1% to ₹ 29.76 crore during FY 2019 from ₹ 25.20 crore during FY 2018 primarily on account of write off of FPS receivable to the extent of ₹ 3.17 crore (3.4% of net revenues for both years).

Employee benefits expense

Our gross employee benefits expenses grew by 32.5% from ₹ 140.41 crore for FY 2018 to ₹ 186.09 crore for FY 2019. This was primarily due to 28% increase in amount of salaries and wages from ₹ 123.23 crore for FY 2018 to ₹ 158.17 crore for FY 2019 which was due to increase in employee headcount (we added a net of 59 employees during FY 2019) as well as annual salary increases. The increase in salaries and wages was partially offset by an increase in capitalized employee benefit expenses by ₹ 14.28 crore or 29.7% from ₹ 48.15 crore for FY 2018 to ₹ 62.43 crore for FY 2019.

The employee benefit expense includes share based compensation expense (for ESOP/RSU granted), recognised in accordance with Ind AS 102 of ₹ 15.10 crore for FY 2019 compared to ₹ 5.69 crore for FY 2018.

Other Expenses

Our other expenses decreased by 4.5% from ₹ 122.24 crore for FY 2018 to ₹ 116.75 crore for FY 2019. These were primarily due to (i) decrease in contract related expenses from ₹16.01 crore for FY 2018 to Nil for FY 2019 on account of adoption of Ind AS 115 Revenue from Contracts with Customers. (ii) decrease in installation and commissioning expenses from ₹ 24.03 crore in FY 2018 to ₹ 18.05 in FY 2019 primarily due to higher BharthNet installation and commissioning in FY 2018 compared to FY 2019 (iii) the above decrease was offset by increase in travel expenses from ₹ 15.03 crore in FY 2018 to ₹ 18.26 crore in FY 2019 and increase in subcontractor charges from ₹ 6.47 crore in FY 2018 to ₹ 11.08 crore in FY 2019.

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

Our earnings before interest, tax, depreciation and amortization ("EBITDA") as a % of net revenues improved during the year to 22.4% compared to 20.7% in the previous year. The EBIDTA expansion was primarily due to the higher gross margin compared to previous year.

Finance Costs

Our finance costs increased by 26.9%, from ₹ 13.40 crore for FY 2018 to ₹ 17.00 crore for FY 2019. Finance cost comprise of interest expense on borrowings which declined from ₹ 5.83 crore for FY 2018 to ₹ 3.49 crore for FY 2019.

Depreciation and amortization

Our depreciation and amortization costs grew by 7.5%, from ₹ 61.27 crore for FY 2018 to ₹ 65.88 crore for FY 2019. This was attributable to increase in depreciation on property, plant and equipment by ₹ 8.33 crore and decrease in amortisation of intangible assets by ₹ 3.72 crore.

Based on the technical evaluation carried out during the year, effective April 1, 2018 our Company has revised the estimated useful lives of lab equipment, electrical installation, furniture and fixtures from 10 to 5 years, vehicles from 8 to 5 years and servers and networking equipment from 6 to 5 years. Accordingly additional depreciation of ₹ 8.89 crore has been charged during the year ended March 31, 2019 on a prospective basis in the consolidated financial statement.

Other income

Other income increased from ₹ 27.83 crore for FY 2018 to ₹ 36.69 crore for FY 2019. This was primarily on account of increase in interest income on deposits kept with banks and financial institutions from ₹ 14.50 crore for FY 2018 to ₹ 24.15 crore for FY 2019. During the year recovered ₹ 3 crore of Focus Product Scheme (FPS) incentive from the Government, which was incentive earlier written off as not recoverable to the extent of ₹ 3.17 crore.

Profit before tax

As a result of the foregoing, our profit before tax grew by 41.5% from ₹ 106.04 crore for FY 2018 to ₹ 150.02 crore for FY 2019. As a % of net revenues, out profit before tax for FY 2019 was 17.1% compared to 14.3% for FY 2018.

Tax expense

We have incurred current tax expense as per section 115JB (MAT) of Income Tax Act, 1961, of ₹ 19.63 crore for FY 2019 compared to ₹ 23.78 crore for FY 2018. The MAT tax is lower for FY 2019 due to one time tax benefit on investment written off of ₹ 54.33 crore. The Company has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. Deferred tax assets primarily comprise of deferred taxes on property, plant and equipment, tax losses, tax credits and unabsorbed depreciation of previous years.

During FY 2019, we have taken deferred tax credit of ₹ 16.85 crore compared to ₹ 24.26 crore for FY 2018. As a result, our net tax expense for FY 2019 was ₹ 2.78 crore compared to ₹ (0.48) crore for FY 2018.

Profit after tax

As a result of the foregoing, our profit grew by 38.2% from ₹ 106.52 crore for FY 2018 to ₹ 147.24 crore for FY 2019. As a % of net revenues, our profit after tax for FY 2019 was 16.8% compared to 14.4% for FY 2018.

Earnings per share (EPS)

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

in ₹ crore

Particulars	Standalone			Consolidated		
	2019 (₹)	2018 (₹)	% increase	2019 (₹)	2018 (₹)	% increase
Basic	16.07	12.48	28.7%	16.13	12.41	29.9%
Diluted	15.33	11.79	30.1%	15.39	11.73	31.2%

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

in No's

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Basic	9,13,08,108	8,58,58,425	9,13,08,108	8,58,58,425
Diluted	9,56,67,708	9,08,27,823	9,56,67,708	9,08,27,823

On a consolidated basis, our basic and diluted EPS grew by 29.9% and 31.2% respectively on a year on year basis, The increase in weighted average basic share numbers for the year ended March 31, 2019 was on account of the shares issued pursuant to the exercise of employee stock options and RSUs by the eligible employees.

IV. Liquidity

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

in ₹ crore

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Cash generated from operating activities	224.24	168.02	226.40	169.50
Movement in working capital	(281.68)	110.49	(283.94)	102.74
Less: Taxes paid	24.05	32.75	24.05	32.75
Net cash generated from/(used in) operating activities	(81.49)	245.76	(81.59)	239.49
Cash flows from investing activities				
Capital expenditure	(80.32)	(67.43)	(80.32)	(68.10)
Other investing activities	(24.07)	(151.09)	(24.07)	(144.67)
Net cash (used in) investing activities	(104.39)	(218.52)	(104.39)	(212.77)
Cash flows from financing activities				
IPO proceeds	-	450.00	-	450.00
Issue expenses	-	(19.33)	-	(19.33)
Proceeds from ESOP/ RSU	6.77	17.69	6.77	17.69
Repayment of borrowings	(1.08)	(277.92)	(1.08)	(277.93)
Others	(16.88)	(13.94)	(17.00)	(13.87)
Net cash generated from/(used in) financing activities	(11.19)	156.53	(11.31)	156.56
Net increase/ (decrease) in cash and cash equivalents	(197.07)	183.77	(197.29)	183.28

On a consolidated basis, the net cash used in operations for the year ended March 31, 2019 was ₹ 81.59 crore, as compared to net cash generated of ₹ 239.49 crore for the year ended March 31, 2018. The decrease in operating cash flows is primarily due to increase in DSOs from 135 days for FY 2018 to 236 days for FY 2019 and increase in DPOs from 99 days for FY 2018 to 132 days for FY 2019. The free cash flow for the year ended March 31, 2019 and March 31, 2018 was ₹ (161.91) crore and ₹ 171.39 crore respectively. Our working capital has increased primarily due to increase in DSO by 101 days, led by delays in collection from a Public Sector operator in India. We believe there is no collection risk since the dues pertains to India Government's BharatNet project, for which specific funds have been set aside from the Universal Obligations (USO) Fund. During the year we have partially collected the amount and expect to collect the overdue amount and normalize our DSOs during FY 2020.

Net cash used in investing activities was ₹ 104.39 crore and ₹ 212.77 crore for the year ended March 31, 2019 and March 31, 2018, respectively. Investing activity comprises of the investment in Mutual fund and the deposit kept with the financial institutions. The capital expenditure comprises of expenditure on property, plant and equipment and expenditure on intangible assets (including under development)

Net cash used in financing activities was ₹ 11.31 crore for the year ended March 31, 2019, as compared to net cash generated of ₹ 156.56 crore for the year ended March 31, 2018. During the year ended March 31, 2019, the group received ₹ 6.77 crore towards issue of shares and borrowings worth ₹ 1.08 crore were repaid. (previous year received the proceeds of issuance of shares in IPO for a sum of ₹ 450 crore and incurred IPO issue related expenses of

₹ 19.33 crore and repayment of borrowings of ₹ 277.93 crore)

As a result of the above, the net cash and equivalent decrease for the year was ₹ 197.29 crore compared to increase in the net cash and equivalent of ₹ 183.28 crore for the previous year.

The closing cash and cash equivalents including the investment in liquid mutual funds and deposits with financial institutions stood at ₹ 369.56 crore as at March 31, 2019, as compared to ₹ 512.70 crore as at March 31, 2018.

Key Financial Ratios

The amended SEBI (Listing Obligations and Disclosure Requirements) Amendments Regulations, 2018 requires the disclosure of significant change of 25% or more as compared to the immediately previous financial year in the key sector specific financial ratios

The Company has identified the below ratios as key financial ratios

Particulars	Standalone		Consolidated	
	2019	2018	2019	2018
Net Revenue Growth (%)	18.5	(9.6)	18.7	(9.3)
Research and development expenses to revenue (on a fully expensed basis) (%)	13.2	11.7	13.3	11.8
Operating Profit Margin (%)	14.9	12.4	14.9	12.7
Profit before tax (%)	17.0	14.4	17.2	14.5
Net Profit Margin (%)	16.8	14.4	16.9	14.6
Return on Networth (%)	11.9	12.3	11.9	12.2
Working Capital (days)	NA	NA	206	141

Note:

- Net revenue means revenues net of taxes and component sale
- Working Capital days are tracked only at consolidated level

The significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the key financial ratios on a consolidated basis are as follows.

(i) Working Capital days: Our working capital days increased by 65 days compared to FY 2018 primarily on account of increase in DSO days. The increase in DSO days was primarily on account of delays in collection from a Public Sector operator in India. We believe there is no collection risk since the dues pertains to India Government's BhartNet project, for which specific funds have been set aside from the Universal Obligations (USO) Fund. During the year we have partially collected the amount and expect to collect the overdue amount and normalize our DSOs during FY 2020.

Detailed explanation of ratios

(i) Research and development expenses to revenue (on a fully expenses basis)
The major expense of the Company involves expenditure towards research and development. This ratio is calculated by dividing the gross research and development expenditure as per function wise P&L by net revenue.

(ii) Operating Profit Margin
Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a Company produces from its operations. It is calculated by dividing the Earning before interest and tax(EBIT) by net revenue.

(iii) Profit before tax (PBT)
PBT is equal to how much profit before tax is generated as a percentage of revenue. It is calculated by dividing the profit before tax for the year by net revenue.

(iv) Net Profit Margin
The net profit margin is equal to how much net profit is generated as a percentage of revenue. It is calculated by dividing the net profit for the year by net revenue.

(v) Return on Networth
Return on Net Worth states the return that Shareholders could receive on their investment in the Company. It is calculated by net profit for the year by average net worth.

(vi) Working Capital days
Working capital days describes how many days it takes for a company to convert its working capital into cash. It is calculated by dividing working capital (currents assets excluding cash and cash equivalents minus current liabilities) by Gross revenue including GST. Our Gross revenue including GST was ₹ 1,027.28 crore and ₹ 837.74 crore for FY 2019 and FY 2018 respectively.

Government support

Government of India has formulated various supportive policy measures for encouraging Indian electronics and telecom industry and proposed several incentive schemes which are applicable to the Company. These policies and schemes are available both from Central Government (e.g., National Digital Communication Policy (NDCP) 2018, National Electronics Policy 2019) as well as from the state government (Karnataka ESDM Policy). The Company's products are eligible for Preference to Make in India (PMI) policy which is applicable 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 certain incentives as specified under the state ESDM policy from time to time. The Company is a Government-recognized exporter and is eligible for various export incentives under the Merchandize Export Incentive Scheme (MEIS). We are also eligible for R&D weighted tax deductions as a in-house R&D registered under Department of Scientific and Industrial Research (DSIR).

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 March 31, 2019, we have filed 349 Patents and 106 Patents were granted (28 were granted by IPO, 69 by USPTO and 9 by EPO) and 203 patent applications (179 with IPO and 24 with USPTO) were pending for approval with patent authorities and 40 international applications were filed under PCT.

COMPETITION AND STRENGTHS

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

Software-Defined Hardware™ Architecture:

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

Low-Cost Business Model:

Our business model is based on locating substantially all of our operations in India, except for international sales and support, which results in significantly lower operating expenses as compared to our global competitors. Further, since all our research and development is based in India, we are able to develop state-of-the-art products and are able to generate significantly better returns on our research and development investments, by leveraging the availability of qualified and cost-effective engineering talent in India. We manufacture our products in India through partnerships with reputed Electronics Manufacturing Services (EMS) companies helping us to stay asset-light and cost-efficient in production. We have an 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, in addition to our direct sales force, we also leverage our partnerships with leading global optical and integrated systems vendors as OEMs to sell in to their customer base in the global markets. This allows us to keep our sales costs low while selling to the OEMs. customers that may otherwise not be accessible to us.

Customer Retention and Significant Repeat Business:

Our end-to-end optical product portfolio has helped us forge strong relationships with our major clients. We sell our products predominantly through a combination of direct sales to Communication Service Providers as well as by leveraging our relationships with OEMs. Our products have been deployed by leading telecommunications companies and we also have PSUs, who offer telecommunication services, as our clients. In addition, we have utility companies such as railways, electricity and oil and gas companies as our clients, who use our products to build optical communication networks for their internal use to reliably carry monitoring and control traffic from/ to their field systems over long distances. We have a history of high client retention from both private and public sector clients and derive a significant proportion of our revenues from repeat business built on our successful execution of prior engagements. In the current fiscal year, a significant proportion of our net revenues from operations were from existing clients. In addition, many of our top revenue generating customers in fiscal year 2019 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 Chief Operating Officer have advanced degrees in engineering from US universities and have an average of over 30 years of global experience. Several key members of our management team have been with us for more than ten years and have extensive experience in the industry. During the fiscal year 2019, we have added experienced sales leaders for Africa and Americas. We have built our management team to include personnel having deep experience in R&D, Sales, Marketing, Support, Supply Chain Management, Finance, Human Resources, Administration etc. Our R&D leadership team has experience in optical communication systems, networking protocols, FPGA design, embedded system software, application software, high-speed PCB design, thermal and mechanical design, product management, quality and test engineering and reliability engineering, working both in India as well as internationally.

Technology and Thought Leadership:

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

Favorable Policy Environment in India for Domestic Telecom Product Companies:

Government investment in the telecommunications infrastructure is growing rapidly through projects such as Bharatnet Phase-II and Smart Cities, which are expected to provide us significant business growth opportunities. In addition, we stand to benefit from Government policies such as National Digital Communications Policy ("NDCP") and Preference to Make in India = ("PMI") Policy, which are targeted towards encouraging indigenous technology/ product development and design-led manufacturing companies like ours. PMI 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.

Innovative Products for Focus Applications:

We have developed a strong suite of products with a highly differentiated feature set for certain target applications with large market potential. Our unique software-defined hardware architecture gives a competitive edge to our products and enables us to win against global competitors. TJ1400, our ultra-converged broadband access/edge product, is a unique offering that enables a broadband operator to offer high-speed Internet services over fiber (FTTx)/copper (Ethernet)/wireless (LTE) while also integrating packet and optical transmission services. We have one of the densest realizations of circuit emulation function in the industry today that allows a service provider to efficiently support legacy TDM services while transitioning to a next-generation packet switched infrastructure. Our advanced alien wavelength solution for seamlessly transporting high-capacity 100G/200G wavelengths without guard bands on a third-party 10G DWDM network is field-proven with multiple optical vendors and is gaining strong market traction with Tier-1/Tier-2 bandwidth service providers in emerging markets. Our mobile backhaul products can transcend multiple technology generations and the same base platform can transition from 2G/3G to 4G/5G through suitable hardware and software upgrades. With our efficient R&D processes and investments, we have developed an end-to-end product portfolio, starting from the edge of the network (fiber or wireless access) and going all the way to multi-terabit capacity optical metro core networks. Our products are optimized for building converged services networks that support multiple applications such as mobile backhaul, wholesale and enterprise bandwidth services, broadband access, critical infrastructure and optical network modernization. Unlike competitive offerings in this space, all our products can be managed from a single network management system (NMS) that can provision services across multiple technology layers viz., Ethernet, MPLS-TP, DWDM, OTN and GPON.

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

Focused Sales Model for International Markets:

We have a very focused sales model, where we target selected large, high-growth markets, that are sweet spots for our products and where we get a fair market access. In this regard, we have already have made inroads with over 100 customer wins in SAARC, South- East Asia, Africa and Americas, which also includes several Tier-1 telecom operators, and will continue to expand our sales investments in these geographies. Since our products utilize a programmable software- defined hardware ™ architecture, we are able to customize them to meet market-specific requirements of features and performance.

Furthermore, we intend to increase our international sales and market share by leveraging the efforts of India's Telecom Export Promotion Council ("TEPC") and by becoming a part of large telecom export projects that the Government of India may secure using government to government line of credit and sovereign loans from EXIM Bank of India, especially for Africa, ASEAN and SAARC countries. We also use OEM channels (Original Equipment Manufacturer) to gain access to those markets which we do not serve directly.

Proven Quality with Mature Development Processes:

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

OPPORTUNITIES

The global optical networking market broadly includes five market segments, namely, Broadband Access, Optical Aggregation, Metro WDM, Backbone WDM and Submarine Line Terminal Equipment (SLTE). From a network positioning perspective, an optical network is typically segregated into i) Access network or the outer perimeter of a telecommunications network which connects to the end consumers, ii) Metro network that aggregates and distributes traffic collected from a variety of access networks within a large city or region, iii) Long-haul or Backbone network that interconnects metro networks using high bandwidth transmission networks. With our current portfolio of products, we are able to address a significant portion of this market. The global optical networking market has been on a steady growth path due to rising consumption of data and video on mobile and fixed-line networks. All of the major geographic markets in the world are significant addressable markets for these product segments. In particular, certain optical applications, product types and sub-types are growing significantly faster than the rest of the market. This includes high-capacity 100G and greater-than 100G (200G, 400G, 600G) coherent optics, CPO, OTN, xPon Access, LTE-based, Fixed Wireless Access, Carrier Ethernet Switching and Metro DWDM segments. Products in all of these categories are being designed and manufactured by us today.

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

The telecom industry is witnessing an increasing adoption of high-speed mobile and fixed broadband technologies. Mobile networks have evolved from 2G/3G to 4G/LTE and to the upcoming 5G mobile broadband standard. 5G will put additional demands on the optical transmission network due to an explosion in the number of network-enabled IoT devices, greater fiberization and densification of cell sites and a "cloudified" RAN architecture with an optical fronthaul. In wired broadband networks, broadband access speeds are growing both on fiber-based and copper-based networks. On fiber-based access networks, popularly referred to as Fiber-to-the-Home/Curb/Premises (FTTx), next-generation PON (NG-PON) technologies can deliver up to ten gigabits of access speed to a fixed residence, cell tower or a business location. The growth of the Internet of Things ("IoT") is leading to an increase in the number of networking end points and is expected to have a significant impact on data traffic and optical equipment demand in the coming years.

Emergence of High-Bandwidth Applications:

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

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

Pent-up Demand for Fiberization in India:

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

In addition, while India has over 500 million mobile broadband connections, less than 20 million homes have wired broadband connections. Large private operators are therefore planning to roll out pan-India fiber-to-the-home (FTTx) networks based on GPON technology to serve this market and it is projected that by 2022, over 100 million homes in India will have a fiber broadband connection.

Increasing Government Investments in Broadband Networks:

Government of India has rolled out one of the largest greenfield networks for rural broadband connectivity called Bharatnet on GPON-based fiber broadband technology. BharatNet project utilizes funds from the Universal Service Obligation Fund (USOF) to invest in building a pan-India optical fiber network to connect 2,50,000 gram panchayats in the country. In BharatNet Phase-1, 100,000 gram panchayats have been connected and Phase-2, which is being implemented by the center as well as many state governments, will extend this connectivity to another 150,000 villages. In addition, as per ITU, similar national optical networking projects are being undertaken by the governments of over 150 countries around the world primarily in the developing economies of Africa, Asia and Latin America which will significantly boost global optical equipment spending in the next 3-5 years. Optical equipment and Ethernet switches are also used in other government networks such as those for defence and smart cities.

Optical Network Modernization:

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

RISKS AND CONCERNS

Business Risks:

A significant portion of our business is generated from a limited number of large customers, who have substantial negotiating leverage with us. Our business operations may fluctuate due to a variety of factors such as loss of key customers, fluctuation in demand and sales volume, timing and size of customer capital spends, inventory management practices and timely collection of receivables. Our gross margins and revenues are a function of our product and geographical mix that can sometimes turn unfavorable and adversely impact our business prospects. The telecommunications industry is highly competitive and the acquisition of new customers often calls for aggressive pricing besides state-of- the-art technology, support and quality. Since we compete against several equipment suppliers who are much larger than us in size and have far greater significant financial and marketing strengths, these competitors may offer lower prices, offer long-term low cost financing, run expensive campaigns to attract customers or announce other attractive offers that we may not be able to match and hence impact our business.

Industry Risk:

The telecommunications industry is dynamic and displays significant demand variations and lumpiness in short periods of time due to changes in the risk appetite of our service provider customers that can either delay purchases or lower their purchase volumes in response to perceived risks in the external environment. In the Indian market, we may see short term financial stress as well as industry consolidation amongst our customers, which may also impact our business. Although we expect the industry segments we operate in to stay healthy in the long and medium term, the industry has gone through multiple economic downturns in the past that have seen sharp drops in capital spending by telecom operators. Sometimes the slowdown in investments is seen to be restricted to certain geographies or limited to specific industry segments, in which case our business in those geographies or from those product lines could be adversely impacted. Besides this, our inability to effectively respond to new developments in our markets arising from a growth in IP based communications, emergence of new buyer categories such as OTTs (Over the Top) etc., can reduce our market power and impair our financials.

Technology Risk:

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

Operational Risk:

We depend on limited number of external EMS companies and component suppliers for our manufacturing needs. Any failure on their part to deliver our products on time or to the performance and quality standards can have an adverse impact on our business. In order to ensure business continuity, we have arrangements with multiple EMS organizations to provide us additional flexibility to change organizations if there is any kind of disruption at one facility. In spite of these measures, depending on the severity of the disruption it may not be possible for us to entirely alleviate its effects on the production of one or more of our product families. As far as possible, we source our components from multiple suppliers (multi-sourcing) to minimize impact of adverse events and to accommodate sudden, unforeseen increase in customer demand for our products. But despite our best efforts we are often forced to rely on a single supplier for certain critical components in our product. In such cases, we are subject to supply chain risks from these single- sourced components due to a variety of reasons related to their quality, lead times, availability etc. Our success of business execution depends to a significant degree upon our continued ability to attract and retain highly skilled personnel for our research and development, sales and marketing, customer support, manufacturing, finance and operations teams. While we continually strive to adopt best practices in human resources and provide attractive compensation, including equity-based rewards, to attract and retain talent, the loss of services of any of our key personnel or inability to attract new talent could make it difficult to execute our business.

Environment Risk:

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

Legal and Regulatory Risk:

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

Credit Risk

We are exposed to credit risk on amount owed to us by our customers and these trade receivables are typically with no security and collaterals which are unsecured in nature. We periodically monitor individual customer payment capability in granting such open credit arrangements, and considers its creditworthiness, its past payment performances and communication with those customers. If our customers do not pay us promptly and if we are not able to collect the same or at all, we may have to make provisions for, or write-off such amounts.

Liquidity risk

The principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations through internal accruals. We may be expose to liquidity risk if we do not generate enough cash flow from operations, and the free cash flows.

Corporate Governance Report

> Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society.
>
> -Sir Adrian Cadbury

The Principles of Corporate Governance are based on transparency, accountability and focus on the sustainable success of the Company over the long-term. Responsible corporate conduct is integral to the way the business is carried out and the actions are governed by the values and principles, which are reinforced at all levels in a Company. According to the Institute of Company Secretaries of India, "Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders". Cadbury Committee (U.K.), 1992 has defined corporate governance as "Corporate governance is the system by which companies are directed and controlled. It encompasses the entire mechanics of the functioning of a company and attempts to put in place a system of checks and balances between the Shareholders, Directors, employees, auditor and the management." Other group of scholars explained the term corporate governance as "process and structure by which the business and affairs of the Company are directed and managed in order to enhance long term Shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders". Many management scholars have recognized that strong corporate governance is vital to resilient and vibrant capital markets and is an important tool of investor protection.

We, at Tejas, are committed to doing things the right way which means taking business decisions and acting in a way that is ethical and is in compliance with applicable legislation. "Business must harness the power of ethics which is assuming a new level of importance and power. To succeed, we believe, requires highest standards of corporate behavior towards everyone we work with, the communities we touch and the environment on which we have an impact. This is our road to consistent, competitive, profitable and responsible growth and creating long-term value for our stakeholders, our people and our business partners. The above principles have been the guiding force for whatever we do and shall continue to be so in the years to come.

Corporate Governance Philosophy

In the words of Mervyn King (Chairman: King Report) - "Organizations need to practice qualitative corporate governance rather than quantitative governance thereby ensuring it is properly run." From this philosophy emerge the core principles of Corporate Governance, namely trusteeship, transparency, ethical dealings, empowerment, control and accountability. Tejas believes that the practice of each of these creates the right corporate culture that fulfils the true purpose of Corporate Governance.

Corporate Governance Framework - "When in doubt- Disclose".

The King Commission describes Corporate Governance as "the system by which companies are directed and controlled." In line with this, the corporate governance framework of a company should ensure transparency in all its dealings and in the functioning of the management and the Board. The policies set and followed by a company should seek to focus on enhancement of long-term Shareholder value without compromising on integrity, social obligations and regulatory compliances.

We operate within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. The corporate governance framework of the Company has been further strengthened through the Code of Conduct, Code for Prevention of Insider Trading and Code of Corporate Disclosure policies. We believe that timely disclosures, transparent accounting policies coupled with a strong and Independent Board go a long way in maintaining good corporate governance, preserving Shareholders' trust and maximizing long-term corporate value.

Tejas corporate governance framework is based on the following main principles:

- Appropriate composition and size of the Board;
- Flow of accurate information to members of the Board and Board committees;
- Ethical conduct of the Business;
- Adequate systems for Internal Controls, Risk Management and Financial Reporting;
- Protection of Shareholders' rights; and
- Adequate, timely and accurate disclosure of all material operational and financial information to stakeholders in a transparent manner.

The Board recognizes that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and its own demanding levels of business ethics. The Board of Directors ('the Board') is at the core of our corporate governance practice. The Board thus oversees the Company Management's ('the Management') functions and protects the long-term interests of our stakeholders. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

In line with the Company's commitment to good corporate governance practices and compliance with the provisions of

Companies Act, 2013 and Listing regulations, our Company has constituted Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee consisting of majority of Independent Directors. Our Company has complied with all applicable norms of Corporate Governance applicable to the Company and as envisaged under the Companies Act, 2013, the Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India.The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Companies Act, 2013 and the Rules made there under (the "Act"), its Memorandum and Articles of Association, SEBI Guidelines, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

1. The Board

The Board has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board has delegated the operational conduct of the business to the Managing Director and Chief Executive Officer (CEO) of the Company. The Management Committee of the Company is headed by the Managing Director and CEO and has business / functional heads as its Members, which look after the management of the day-to-day affairs of the Company.

The composition of the Board and directorships held as on March 31, 2019 are as follows:

Name of the Director	Age	Executive / Non-executive	Position	Name of Indian listed companies	All Companies around the world[1]	Committee memberships[2]	Chairperson of Committee[2]
Balakrishnan V	55	Non-Executive / Independent	Chairman	Tejas Networks Ltd.	8	2	1
Sanjay Nayak	55	Executive	MD/ CEO	Tejas Networks Ltd.	3	1	-
Dr. Gururaj Deshpande	69	Non-Executive/ Non- Independent	Director	Tejas Networks Ltd.	3	1	1
Amb. Leela K Ponappa	73	Non-Executive / Independent	Director	Tejas Networks Ltd.	1	1	-
Chandrashekhar Bhaskar Bhave	68	Non-Executive/ Independent	Director	Tejas Networks Ltd. Avenue Supermarkets Limited Mahindra and Mahindra Financial Services Limited	5	-	2
Arnob Roy	55	Executive	WTD/ COO	Tejas Networks Ltd.	1	-	-

[1]Directorships in companies around the world (listed, unlisted and private limited companies) including Tejas Networks Limited and its subsidiaries.

[2]As required by Regulation 26 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the disclosure includes membership/chairperson of the Audit Committee and Stakeholders Relationship Committee in Indian public companies (listed and unlisted).

Notes:

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

Board Membership Criteria

The Board of Directors is collectively responsible for selection of a member on the Board. The criteria for appointment to the Board include:-

- The composition and size of the Board, which commensurate with the size of the Company, its portfolio, geographical spread with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- The desired age and diversity of the Board Members;
- The professional qualifications, expertise and experience in specific area of relevance to the Company;
- The balance of skills and expertise in view of the objectives and activities of the Company;

- The avoidance of any present or potential conflict of interest;
- The availability of time and other commitments for proper performance of duties;
- The personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

While nominating a Director to the Board, the Nomination and Remuneration Committee ensures diversity of qualification, experience, expertise and gender in the composition of the Board and is appointed through a transparent process. The Directors have expertise in the fields of strategy, management, finance, operations, science, technology, human resource development and economics. The Board provides leadership, strategic guidance, objective and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure. The Board regularly reviews the Company's governance, risk and compliance framework, business plans, and organization structure to align with the highest global standards. Each Director informs the Company on an annual basis about the Board and Board Committee positions she/he occupies in other companies, and notifies it of any changes regarding their directorships. In addition, the Independent Directors provide an annual confirmation that they meet the criteria of independence as defined under Indian laws.

Key Board qualification, expertise and attributes

The Board comprises qualified members who bring in the required skills, competence and expertise with expertise in the fields of business strategy, finance, marketing and business management that allow them to make effective contribution to the Board and the Committees. The table below give the specific focus or expertise of the individual Board members have been highlighted.

Name of the Director	Financial	Diversity	Global business	Leadership	Technology	Mergers and Acquisitions	Board Service and governance	Sales and Marketing
Balakrishnan V	✓	✓	✓	✓	✓	✓	✓	✓
Sanjay Nayak	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Gururaj Deshpande	✓	✓	✓	✓	✓	✓	✓	✓
Amb. Leela K Ponappa	✓	✓	✓	✓	-	✓	✓	✓
Chandrashekhar Bhaskar Bhave	✓	✓	✓	✓	-	✓	✓	✓
Arnob Roy	✓	✓	✓	✓	✓	✓	-	✓

Board Composition and Tenure

In line with the requirement under Companies Act and Listing regulations, the Board consists of an optimum combination of Executive, Non-Executive and Non-Independent and Independent Directors. The total number of Directors is six (6). The Independent Directors on the Board satisfy the criteria of independence specified in the Companies Act, 2013, the Listing Regulations and also the criteria for appointment formulated by the Nomination and Remuneration Committee.

Category	No. of Directors	% of total strength of the Board
Non-Executive and Non- Independent Director	1	17
Executive Director (MD & CEO/ WTD & COO)	2	33
Independent Directors	3	50
Total	6	100

Board Evaluation

The Board of Directors has carried out an annual evaluation of its own performance, Board Committees, and individual Directors pursuant to the provisions of the Companies Act, 2013, Listing Regulations and the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India. The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc. The performance of the committees were evaluated by the Board after seeking inputs from the committee members such as the composition of committees, effectiveness of committee meetings, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors and the Board as a whole were evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Nomination and Remuneration Committee and the Board review the performance of individual Directors on the basis of criteria such as the contribution of the individual Director to the Board and Committee meetings. In the Board Meeting that follows the meeting of the Independent Directors and meeting of Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual Directors were also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director who is being evaluated.

Term of Board Membership

The Board, on recommendations of the Nomination and Remuneration committee, considers the appointment and re-appointment of Directors. Section 149(10) of the Companies Act, 2013, provides that an Independent Director shall hold office up to five consecutive years on the Board of a company, not liable to retire by rotation, and shall be eligible for re-appointment for a further term at a maximum of five years on passing of a special resolution by the Shareholders. Accordingly, all Independent Directors of the Company were appointed as such for terms upto five years at one instance. Section 152 of the Companies Act, 2013, states that one-third of the Board members other than Independent Directors who are subject to retire by rotation, shall retire every year and are eligible for re-appointment, if approved by the Shareholders. The Non-Executive and Non-Independent Directors including Managing Director and Chief Executive Officer of the Company are liable to retire by rotation and eligible for re-appointment, if approved by the Shareholders.

Selection and Appointment of New Director

Recommending any new member on the Board is the responsibility of the Nomination and Remuneration Committee of the Board, which consists majority of Independent Directors. Given the existing composition of the Board, the tenure as well as the years left of the existing members to serve on the Board, and the need for new domain expertise is reviewed by the Nomination and Remuneration Committee of the Board for the appointment of new member on the Board. When such a need becomes apparent, the Nomination and Remuneration Committee of the Board reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds and their ability to attend meetings in India. It then places the details of shortlisted candidates to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director of the Company and subject to the approval of Shareholders in the Company's next general meeting they are appointed as Director of the Company either as Independent Director / Non-Executive and Non-Independent Director / Executive Director as the case may be.

Board Process

The Board meets at regular intervals or atleast once in each quarter to discuss and decide on Company / Business policy and strategy apart from other Board business specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board / Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting.

The Notice of Board / Committee meeting is given well in advance to all the Directors. The meetings of the Board / Committees are held in Bengaluru. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and the Managing Director and CEO of the Company. The Agenda is circulated a week prior to the date of the meeting. The Board Agenda includes an Action Taken Report comprising the actions emanating from the Board Meetings and status update thereof. The Agenda for the Board and Committee Meetings covers items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable and also includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. Prior approval from the Board is obtained for circulating the Agenda items with shorter notice for matters that form part of the Board and Committee Agenda and are considered to be in the nature of Unpublished Price Sensitive Information. Important decisions taken by the Board are promptly communicated to the concerned departments or divisions. Action taken/status reports on decisions of the previous meeting(s) are followed-up and placed at the next meeting for information and further recommended actions, if any.

The Board business generally includes consideration of important corporate actions and events including:-

- Quarterly and annual result announcements;
- Oversight of the performance of the business;
- Declaration of dividends;
- Development and approval of overall business strategy;
- Board succession planning;
- Review of the functioning of the Committees and
- Strategic, transactional and governance matters as required under the Companies Act, 2013, Listing Regulations and other applicable legislations.

Board meeting and attendance of Directors

Six (6) meetings of the Board were held during the year ended March 31, 2019 (i.e) on April 24, 2018, July 5, 2018, July 23, 2018, October 23, 2018, January 23, 2019 and March 22, 2019 and the maximum gap between any two Board meetings did not exceed 120 days during the year. The attendance of Directors at Board Meeting ("BM") for the year ended March 31, 2019 and at the 18th Annual General Meetings ("AGM") held on July 24, 2018 are as under:

Name of the Director	Whether attended last AGM	Board Meeting Number						Held during tenure (A)	Attended (B)	% of attendance (B/A)
		1	2	3	4	5	6			
Balakrishnan V	Yes	👤	👤	👤	👤	👤	👤	6	6	100
Dr. Gururaj Deshpande	Yes	📹	📹	👤	👤	👤	📹	6	6	100
Sanjay Nayak	Yes	👤	👤	👤	👤	👤	👤	6	6	100
Amb. Leela K Ponappa	Yes	👤	LA	👤	👤	👤	📹	6	5	83.3
Shirish Saraf[1]	NA	LA	NA	NA	NA	NA	NA	1	0	0
Chetan Gupta[2]	No	NA	LA	📹	LA	NA	NA	3	1	33.3
Chandrashekhar Bhaskar Bhave[3]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Arnob Roy[3]	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

👤 Attended in person 📹 Attended through video conference LA Leave of absence NA - Not Applicable

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

[2]Chetan Gupta resigned as Non-executive and Non-Independent Director of the Company on personal grounds with effect from October 23, 2018.

[3]Appointed with effect from March 25, 2019

Directors Remuneration

The Company has a policy for the remuneration of Directors including Independent Directors. The remuneration policy lays down principles and parameters to ensure that remunerations are competitive, reasonable, and in line with corporate and individual performance. The Executive Director is appointed by Shareholders' resolution which includes their remuneration to be paid to them which is in line with the statutory requirements and Company's policies. The annual remuneration, is recommended by the Nomination and Remuneration Committee to the Board for its consideration. While recommending the remuneration, the committee also takes into account corporate performance in a given year and the Key Performance Indicators (KPIs). The remuneration is within the limits approved by Shareholders. Perquisites and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees. Independent Directors are entitled to receive sitting fees, commission based on the net profits of the Company and reimbursement of any expenses for attending meetings of the Board and its Committees. Such remuneration, including commission payable, is in conformity with the provisions of the Companies Act, 2013, and has been considered and approved by the Board and the Shareholders. The Company has not granted any stock options to Independent Directors.

Remuneration to the Directors for fiscal 2019

in ₹ crore

Name of the Director	Designation	Gross Remuneration	Perquisites on account of exercise of stock options	Commission	Sitting Fees	Total
Balakrishnan V	Chairman & Independent Director	-	-	0.25	0.06	0.31
Sanjay Nayak	CEO & Managing Director	1.67	0.43	-	NA	2.10
Amb. Leela K Ponappa	Independent Director	-	-	0.13	0.05	0.18
Arnob Roy[1]	COO & Whole-time Director	1.16	-	-	NA	1.16

[1]₹ 0.03 crore is the gross remuneration paid to Arnob Roy as Executive Director for the period from March 25, 2019 till March 31, 2019.

Gross Remuneration includes fixed pay, performance linked variable pay and retiral benefits. Perquisite includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

- Dr. Gururaj Deshpande being a Non-Independent and Non-Executive Director is not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2019.
- Shirish Saraf vacated his office by operation of law with effect from April 24, 2018 and Chetan Gupta resigned on personal grounds with effect from October 23, 2018 and being a Non-Independent and Non-executive Directors are not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2019.
- Chandrashekhar Bhaskar Bhave being an Independent Director joined the Board with effect from March 25, 2019 and hence he is not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2019.

Details of shares held by Directors of the Company as on March 31, 2019:

Name of the Director	No. of shares held
Balakrishnan V	1,76,133
Sanjay Nayak	25,13,991
Arnob Roy	6,64,200

Dr. Gururaj Deshpande, Amb. Leela K Ponappa, Chandrashekhar Bhaskar Bhave do not hold any shares in the Company.

2. Independent Directors

The Company has three Independent Directors including one Women Independent Director on the Board. The Chairman of the Board is Non-Executive and Independent and all the Independent Directors satisfies the criteria of Independence as laid down in the Companies Act, 2013 and the Listing Regulations.

Appointment

The following is the policy adopted by the Board in the appointment of Independent Directors:

- The Company has adopted the provisions with respect to appointment and tenure of Independent Directors which are consistent with the Companies Act, 2013 and the Listing Regulations.
- The Independent Directors will serve a maximum of two terms of five years each in line with the requirements of the Companies Act, 2013.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Companies Act, 2013 and the Listing Regulations.
- In accordance, with the Listing Regulations, the Company shall ensure that the appointment of any Non-Executive Director / Independent Director who has attained the age of 75 years is approved by the Members by way of a Special Resolution.

Meeting of Independent Directors

During the financial year 2018-19, the Independent Directors met on various occasions without the presence of Non-Independent Directors and members of the management in compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Companies Act, 2013. In the said meeting, the Independent Directors inter-alia considered the following:

- Review of performance of Executive Director and Non-Executive /Non-Independent Directors and the Board as a whole;
- Review of performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- The performance of the Company, Corporate Strategy, risks, competition, succession planning of the Board and the management;

- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Formal letter of appointment to the Independent Directors

The Company has issued formal letters of appointment to all the Independent Directors on their appointment explaining inter-alia, their roles, responsibilities, code of conduct, functions and duties as Directors of the Company. The terms and conditions of appointment of Independent Directors have been hosted on the website of the Company and can be accessed at https://www.tejasnetworks.com/disclosures.php

3. The Committees of the Board

The Board Committees play a crucial role in the governance structure of the Company and have been constituted in line with the regulations of the Companies Act, 2013 and the Listing Regulations to deal with specific areas / activities as mandated by applicable regulation. The Board Committees are set up in consultation with the Nomination and Remuneration Committee under the formal approval of the Board and is responsible for assigning and fixing terms of service of committee members with clearly defined roles which are considered to be performed by Members of the Committee, as a part of good governance practice.

The Board has five committees: Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee. All these Committees are constituted in accordance with the Companies Act, 2013 and the Listing regulations consisting majority of Independent Directors. The quorum for the meeting is the higher of two members or one-third of the total number of members of the Committee. Normally, all the Committees meet four times a year. The Chairman of the respective Committees informs the Board about the summary of the discussions held in the Committee Meetings. The recommendations of the Committees are submitted to the Board for approval and the minutes of the meetings of all Committees are also placed before the Board for review. During the year, the recommendations of all the Committees were approved by the Board.

Composition of the Committee

The composition of the Committee as on April 22, 2019 is as follows:

Name of the Director	Board	Audit Committee	Nomination and Remuneration Committee	Stakeholders relationship Committee	Corporate Social Responsibility Committee	Risk Management Committee
Balakrishnan V	Chairman/Chairperson	Member	Member	Member	Member	Chairman/Chairperson
Dr. Gururaj Deshpande	Member		Member	Chairman/Chairperson		Member
Sanjay Nayak	Member			Member	Member	
Amb. Leela K Ponappa	Member	Member	Chairman/Chairperson		Chairman/Chairperson	Member
Chandrashekhar Bhaskar Bhave	Member	Chairman/Chairperson	Member			Member
Arnob Roy	Member			Member	Member	
Total	6	3	4	4	4	4

Chairman/Chairperson Member

Audit Committee

The Audit Committee comprises entirely of Independent Directors. The constitution of the Committee as on April 22, 2019 is as follows:

- Chandrashekhar Bhaskar Bhave, Chairperson
- Balakrishnan V, Member
- Amb Leela K Ponappa, Member

Chetan Gupta and Dr. Gururaj Deshpande stepped down as the member of the Committee with effect from October 23, 2018 and April 22, 2019 respectively.

The Audit Committee is governed by the terms of reference which are in line with the regulatory requirements mandated by the Companies Act, 2013 and the Listing Regulations. The Committee ensures that it has reviewed each area that it is required to review under its terms of reference and under applicable legislation or by way of good practice. This periodic review ensures that all areas within the scope of the Committee are reviewed. In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are convened whenever required. The Audit Committee reviews various businesses, functions, risk assessment, controls and critical IT applications with implications of security and control assurance. The meetings of Audit Committee are also attended by the Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditor as special invitees. The Company Secretary acts as the Secretary to the Committee in addition to being the Compliance Officer of the Committee. The minutes of each Audit Committee meeting are placed in the next meeting of the Board. The Audit Committee also meets with the Internal and External Auditors including Secretarial Auditor separately, without the presence of the Management representatives.

The Audit Committee of the Company is also entrusted with the responsibility to supervise the Company's internal controls and financial reporting process and inter alia, performs the following functions:-

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible;
- Reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;
- Reviewing management discussion and analysis of financial condition and results of operations;
- Reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- recommending the appointment, remuneration and terms

of appointment of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company and approval for payment of any other services;

- reviewing and monitoring the auditor's independence and performance and effectiveness of audit process; reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- reviewing with Management, Statutory Auditor and Internal Auditor, the adequacy of internal control systems and risk management systems and also discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- reviewing the functioning of the Whistle Blowing / Vigil mechanism.

Audit Committee attendance for the year ended March 31, 2019

The committee met four (4) times during the year ended March 31, 2019. The meetings were held on: April 24, 2018, July 23, 2018, October 23, 2018 and January 23, 2019.The attendance details of the Committee are as follows:

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

Attended in person Attended through video conference

The detailed terms of reference of the Audit Committee is available on the website of the Company at https://www.tejasnetworks.com/policies-codes.php

Audit Committee Report for the year ended March 31, 2019

The Audit Committee helps the Board to monitor the Management's financial reporting process, and ensures that the disclosures are not only accurate and timely, but follow the highest levels of transparency, integrity and quality of financial reporting. The committee also oversees the work of the internal and the statutory auditors, and reviews the processes and safeguards employed by them. The Audit Committee has the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the statutory auditors in accordance with the law. It recommends to the Board the remuneration and terms of appointment of the Statutory, Internal and Secretarial Auditors. All possible measures are taken by the committee to ensure the objectivity and independence of the statutory auditors.

The committee is constituted with Independent Directors and fulfills the requirements of Audit Committee charter, as well as Section 149 of the Companies Act, 2013. The committee complies with the SEBI Listing Regulations relating to its composition, independence of its members, financial expertise of members and the Audit Committee charter.

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

The Audit Committee met four times during fiscal 2019. The Management shared the Company's financial statements, prepared in accordance with the Indian Accounting Standards (Ind AS) as specified under the Companies Act, 2013, read with the relevant rules thereunder with the committee. The committee held discussions with the auditors (whenever necessary, without any member of the Management being present) regarding the Company's audited financial statements, including the auditors' judgment about the quality and applicability of the accounting principles, the reasonableness of significant judgment and the adequacy of disclosures in the financial statements.

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

With the auditors, the committee, on a periodic basis, reviewed the process adopted by the Management on impairment of assets including financial assets, goodwill and intangibles. The committee granted omnibus approval for the related party transactions proposed to be entered into by the Company during fiscal 2019. On a periodic basis, the committee reviewed and approved related party transactions. The committee monitored and reviewed investigations of the whistleblower complaints received during the year.

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

- Reviewed the audited standalone financial (including Consolidated Financial Statements) of the Company under Ind AS for all the quarter (s) and year ended March 31, 2019 and recommended the same to be adopted by the Board as a true and fair statement of the financial status of the Company.
- Reviewed the financial statements of the subsidiaries for all quarter(s) and year ended March 31, 2019.
- Reviewed the performance of the Company's Statutory

Auditors and the Internal Audit function and also adequacy and reliability of the internal control system and risk management system.

- Reviewed the various policies of the Company including the whistle blowing/ vigil mechanism and also the policies on code of conduct for insider trading.
- Reviewed the compliance system of the Company in light of the legal and statutory and regulatory requirements.
- Approving the payment of remuneration payable to M/s. Price Water House, Chartered Accountants LLP (Firm Registration No. 012754N/N5000016) for the year ending March 31, 2019.
- The appointment of M/s. Singhvi, Dev & Unni, Chartered Accountants, as the internal auditors of the Company for the year ended March 31, 2020 to review various operations of the Company and approving the payment of remuneration payable to the Internal Auditors for the year ending March 31, 2019.
- The appointment of Dwarakanath C, Practicing Company Secretary, as secretarial auditor for the year ending March 31, 2020 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Companies Act, 2013 and approving the payment of remuneration payable to the Secretarial Auditors for the year ending March 31, 2019.
- Approved and recommended to the Board to adopt the revised Audit Committee Charter.

Relying on its review and the discussions with the Management and the independent auditors, the committee believes that the Company's financial statements are fairly presented in conformity with Ind AS and that there is no material discrepancy or weakness in the Company's internal control over financial reporting.

Sd/-

Bengaluru — Balakrishnan V

April 22, 2019 — Chairperson

Stakeholders Relationship Committee

The Stakeholders Relationship Committee has been constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations. The Company Secretary is the Compliance Officer of the Committee.

The constitution of the Committee as on April 22, 2019 is as follows:

- Dr. Gururaj Deshpande, Chairperson
- Balakrishnan V, Member
- Sanjay Nayak, Member
- Arnob Roy, Member

Chetan Gupta stepped down as the member of the Committee with effect from October 23, 2018

The Stakeholders Relationship Committee is empowered to perform the functions of the Board relating to the handling of queries and grievances of security holders. It primarily focuses on:

- Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from Stakeholders from time to time;
- Consider and resolve the grievances and various aspects of interest of the Stakeholders of the Company;
- Approve, register, and refuse to register transfer / transmission of shares and other securities;
- Monitor and review any investor complaints received by the Company or through SEBI and SCORES and ensure its timely and speedy resolution, in consultation with the Company Secretary and Compliance Officer and RTA of the Company.

The Committee's charter and policy are available on our website https://www.tejasnetworks.com/policies-codes.php

Stakeholders Relationship Committee attendance for the year ended March 31, 2019

The committee met four times during the year ended March 31, 2019 on April 24, 2018, July 23, 2018, October 23, 2018 and January 23, 2019. The details of the attendance of the members are as follows:

Name of the Director	Committee Meeting Number				Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4			
Dr. Gururaj Deshpande[1]	NA	👤	👤	👤	3	3	100
Balakrishnan V[2]	👤	NA	NA	👤	2	2	100
Sanjay Nayak	👤	👤	👤	👤	4	4	100
Amb. Leela K Ponappa[3]	👤	NA	NA	NA	1	1	100
Chetan Gupta[4]	NA	🎥	LA	NA	2	1	50

👤 Attended in person 🎥 Attended through video conference LA Leave of absence NA- Not Applicable

[1]Appointed with effect from April 24, 2018

[2]Resigned with effect from July 23, 2018 and re-appointed with effect from January 23, 2019.

[3]Resigned with effect from July 23, 2018.

[4]Resigned with effect from October 23, 2018

Stakeholders Relationship Committee report for the year ended March 31, 2019

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

During the year under review, the committee performed the following functions:

- Reviewed complaints related to transfer of shares, non-receipt of annual report, statutory notices, if any.
- Approved the issue of duplicate certificates and new certificates on split / consolidation / renewal etc., and approved transfer / transmission, dematerialization and rematerialization of equity shares in a timely manner.
- Reviewed the performance of the Registrar and Share Transfer Agents, and recommended measures for overall improvement in the quality of investor services.
- Reviewed the Company's attention to the environmental, health and safety interests of stakeholders.
- Took on record the Charter for the Committee in line with the listing requirements.

The Committee also noted that during the year the Company has paid the listing fees for the year 2019-2020 to the National Stock Exchange Limited and BSE Limited and custodial fees to National Securities Depository Limited and Central Depository and Securities Limited. The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system.

The Committee also noted the details of the complaints resolved during the fiscal ended March 31, 2019 are as follows (April 1, 2018 to March 31, 2019)

S.No	Nature of complaints	Received	Resolved	Closing
1	Non- Receipt of Share Certificates	2	2	Nil
2	Demat Requisition Form	2	2	Nil
3	Others	1	1	Nil

The Committee noted that there were no legal cases filed against the Company or the Company was made as a party to the same in respect of securities of the Company as on March 31, 2019. It also been noted that the shareholding in dematerialized mode as on March 31, 2019 was 99.19 % (98.97% as of March 31, 2018).

Sd/-
Dr. Gururaj Deshpande
Chairperson

Bengaluru
April 22, 2019

Nomination and Remuneration Committee

The Nomination and Remuneration Committee (the "Committee), constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, is responsible for evaluating the skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments. The role of Nomination and Remuneration Committee, inter alia, includes:-

- Assisting the Board in discharging its responsibilities relating to compensation of the Company's Directors and Key Managerial Personnel;
- Evaluating and approving the adequacy of the compensation plans, policies, programs and succession plans for Company's Executive Directors and senior management (including recommending to the Board the appointment and removal of senior management);
- Formulating the criteria for determining qualifications, positive attributes and independence of a Director and for performance evaluation of Independent Directors on the Board;
- Overseeing the Company's nomination process for the top level management and identify, screen and review individuals qualified to serve as Executive Directors, Non-Executive Directors, Independent Directors and Senior Management consistent with criteria approved by the Board;
- Recommending appointment and removal of Directors to the Board, for approval at the annual meeting of Shareholders;
- Carrying out evaluation of the performance of the Board and developing leadership;
- Developing and maintaining corporate governance policies applicable to the Company;
- Recommending to the Board a policy, relating to the remuneration of the Company's Directors, Key Managerial Personnel and other employees;
- Devising a policy on Board diversity.

The Nomination and Remuneration Committee consist of four Directors with majority of them being Independent Directors. The constitution of the Committee as on April 22, 2019 is as follows:

- Amb. Leela K Ponappa, Chairperson
- Balakrishnan V, Member
- Dr. Gururaj Deshpande, Member
- Chandrashekhar Bhaskar Bhave, Member

The Committee's charter and policy are available on our website https://www.tejasnetworks.com/policies-codes.php

Nomination and Remuneration Committee attendance for the year ended March 31, 2019

Six (6) meetings of the Committee were held during the year ended March 31, 2019 ("Year") on April 24, 2018, July 5, 2018, July 23, 2018, October 23, 2018, January 23, 2019 and March 22, 2019. The details of the attendance of the members are as follows:

Name of the Director	Committee Meeting Number						Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4	5	6			
Amb. Leela K Ponappa		LA					6	5	83.3
Dr. Gururaj Deshpande							6	6	100
Balakrishnan V							6	6	100

Attended in person Attended through video conference LA Leave of absence

Nomination and Remuneration Committee report for the year ended March 31, 2019

The Company considers human resources as its primary and invaluable assets and to harmonize the aspirations of the human resources consistent with the goals of the Company. The committee oversees key processes through which the Company recruits new members to its Board, and also the processes through which the Company recruits, motivates and retains outstanding senior management and oversees the Company's overall approach to human resources management. The purpose of the Nomination and Remuneration Committee shall be to assist the Board to oversee the Company's nomination process for the top level management and identify, screen and review individuals qualified to serve as Executive Directors, Non-Executive Directors, Independent Directors and Senior Management consistent with criteria approved by the Board and to develop leadership and also maintain corporate governance policies applicable to the Company. It also assist the Board on its diversity.

During the year under review, the committee has recommended the following to the Board:

- Amendment to the Tejas Restricted Stock Unit Plan 2017.
- The re-appointment of Sanjay Nayak as Director liable to retire by rotation and as Managing Director and CEO for a period of five (5) years from January 1, 2020 till December 31, 2024 on such terms and conditions including remuneration as approved by the Board/ Shareholders.
- Appointment of Chetan Gupta as Additional Director of the Company. He was subsequently appointed as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation by the Shareholders in the 18th Annual General Meeting held on July 24, 2018.
- Accepting the Vacation of office by operation of law by Shirish Saraf with effect from April 24, 2018.
- Accepting the resignation of Chetan Gupta as the member of the Board and of various Committee of the Board, with effect from October 23, 2018.
- Appointment of N R Ravikrishnan as Company Secretary and as Key Managerial Personnel with effect from July 5, 2018.
- Approved the Charter of the Committee and restated the policy on Compensation to the Independent Director, Senior Management and Key Managerial Personnel.
- Approved the Employee Stock Options amounting to 8,96,692 stock options and 4,127 Restricted Stock Units for the year ended March 31, 2019.
- Appointment of Chandrashekhar Bhaskar Bhave as Independent Director of the Company for a period of five (5) years with effect from March 25, 2019 till March 24, 2024, on such terms and conditions as approved by the Board/ Shareholders. The Appointment to be regularized by the Shareholders in the ensuing AGM as Independent Director, not liable to retire by rotation for the same term.
- Appointment of Arnob Roy appointed as Whole-time Director and designated as Chief Operating Officer of the Company for a period of five (5) years with effect from March 25, 2019 till March 24, 2024, subject to the approval of Shareholders. The Appointment to be regularized by the Shareholders in the ensuing AGM as Whole-time and Executive Director liable to retire by rotation, under the designation of Chief Operating Officer for a period of five (5) years with effect from March 25, 2019 till March 24, 2024.
- Formal evaluation of the Board performance and its Committees and Individual Directors.

Bengaluru
April 22, 2019

Sd/-
Amb. Leela K Ponappa
Chairperson

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee (CSR Committee) has been constituted as required under Section 135 comprises of the Companies Act, 2013 and of four Directors with 50% of them being Independent Directors with Chairperson being an Independent Director. Our 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.

Chetan Gupta stepped down as the member of the Committee w.e.f. October 23, 2018

The Head of CSR officiates as the Secretary of the Committee. The Committee's charter and policy are available on Company's website https://www.tejasnetworks.com/policies-codes.php

Corporate Social Responsibility Committee attendance for the year ended March 31, 2019

The committee met four times during the year ended March 31, 2019 on April 24, 2018, July 23, 2018, October 23, 2018 and January 23, 2019. The details of the attendance of the members are as follows:

Name of the Director	Committee Meeting Number				Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4			
Amb. Leela K Ponappa					4	4	100
Sanjay Nayak[1]	NA	NA	NA		1	1	100
Balakrishnan V					4	4	100
Chetan Gupta[2]	NA		LA	NA	3	1	33.3
Shirish Saraf[3]	LA	NA	NA	NA	1	0	0

Attended in person Attended through video conference LA Leave of absence NA- Not Applicable

[1]Appointed with effect from January 23, 2019.

[2]Resigned with effect from October 23, 2018.

[3]Shirish Saraf vacated his office by the operation of law with effect from April 24, 2018.

Corporate Social Responsibility report for the year ended March 31, 2019

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

Composition of the Committee

The CSR Committee consists of four Directors with majority being independent Directors. The constitution of the committee as on April 22, 2019 are as follows:

- Amb. Leela K Ponappa - Chairperson
- Balakrishnan V - Member
- Sanjay Nayak - Member
- Arnob Roy - Member

Chetan Gupta stepped down as the member of the Committee w.e.f. October 23, 2018

Responsibilities of the CSR Committee

The responsibility of the CSR Committee of the Board of Directors of the Company shall be to:

- Identify the areas of Corporate Social Responsibility (CSR) activities;
- Recommend the amount of expenditure to be incurred on the identified CSR activities;
- Implement and monitoring the CSR policy from time to time;
- Co-ordinate with the implementing agency or such other agency in implementing programs and executing initiatives as per CSR policy of the Company.

The purpose and responsibilities of the Committee shall include such other items/matters prescribed under applicable law or prescribed by the Board in compliance with applicable law from time to time. The Committee is also responsible for reporting progress of various initiatives and in making appropriate disclosures on a periodic basis.

Details of CSR spent during the financial year ended March 31, 2019:

a)	Total amount spent for the financial year	₹ 0.98 crore
b)	Amount unspent, if any	Nil
c)	Manner in which amount spent during the financial year	i. 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 – Amount contributed ₹ 0.25 crore ii. The International Institute of Information Technology, Bengaluru, a Deemed University, popularly known as IIITB, established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation. The Institute is a registered not-for-profit society funded jointly by the Government of Karnataka and the IT industry – Amount contributed ₹ 0.25 crore iii. Vinoba Sewa Ashram, Shahjahanpur, Uttar Pradesh. A Grass root Level Organization motivated by Sarvodaya thoughts by serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh – Amount contributed ₹ 0.18 crore iv. The Aurobindo Society, Puducherry - “Project Inclusion” aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality Through Project Inclusion, regular school teachers are trained to identify such students and provide them with right kind of training and education. The “Project Inclusion” operates in states such as Uttar Pradesh, Jharkhand, Chhattisgarh, Uttarakhand, Puducherry, Bihar, Sikkim, Punjab – Amount contributed ₹ 0.30 crore
d)	In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board’s report	Not Applicable

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

Sd/-
Amb. Leela K Ponappa
Chairperson

Bengaluru
April 22, 2019

Risk Management Committee

The Risk Management Committee has been constituted as required under Regulation 21 of the Listing Regulations and consists of majority of Independent Directors. The key functions of the Committee are to:

- 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 Policy 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 Company's management of its business risks;
- Review the Company and its subsidiaries' risk profiles and evaluate the measures taken to mitigate the business risks.

The Committee's charter and policy are available on Company's website https://www.tejasnetworks.com/policies-codes.php

The Committee consists of three Directors with majority being Independent Directors. The constitution of the committee as on April 22, 2019 are as follows:

- Balakrishnan V – Chairperson
- Amb Leela K Ponappa – Member
- Dr. Gururaj Deshpande – Member
- Chandrashekhar Bhaskar Bhave – Member

No meeting of the Risk Management Committee was held during the year as it was constituted by the Board in its meeting held on January 23, 2019 in line with the requirements of Listing Regulations.

4. Remuneration Policy

The Remuneration Policy provides the framework to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration including statutory provisions and provisions of the Corporate Governance regulations, market trends and the interests of stakeholders. This policy is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of C Schedule II of the Listing Regulations. The Nomination and Remuneration Committee ('Committee') is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel ('KMP') and Senior Executives of the Company from time to time. The overall remuneration shall be reflective of size of the Company, complexity of the sector in which the Company operates and the Company's capacity to pay the remuneration.

I. Remuneration of Non-Executive Director/ Independent Directors

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

The remuneration / commission payable to each Non-Executive / Independent Director shall be based on a remuneration structure depending on individual contribution, the Company's performance and shall be in accordance with the provisions of the Act, and the rules made thereunder for the time being in force. The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of the Board or Committee thereof, provided that the amount of such fees shall not exceed the maximum amount as provided in the Act, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time. The remuneration shall be payable to the Non-Executive Directors/ Independent Director shall be inclusive of any remuneration payable for services rendered by such Director in any capacity unless:

- The services rendered are of a professional nature; and
- The Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

Remuneration Structure for Independent Directors

in ₹ crore

Fixed Fees for each Independent Director (per annum)	0.05
Board Meeting Attendance Fees (per meeting)	0.01
Non-Executive Chairman Fees (per annum)	0.10
Chairperson -Audit Committee (per annum)	0.03
Member – Audit Committee (per annum)	0.01
Chairperson – Other Committees (NRC, CSR, SRC) – (per annum)	0.01
Member- Other Board Committees (per annum)	0.005

- At the end of financial year, Independent Directors may be given additional commissions (as % of net profits), based on Company's performance, subject to the overall 1% limit.

Payment to Independent Directors for the year ended March 31, 2019

in ₹ crore

Name of the Director	Category	Position	Sitting fee	Commission	Total
Balakrishnan V	Chairman	Independent	0.06	0.25	0.31
Amb. Leela K Ponappa	Director	Independent	0.05	0.13	0.18

Note:

- The Commission upto 1% of net profit of the Company for each year has been paid after the Board has approved the accounts for the financial year 2018-19 based on the Shareholders' approval in the AGM dated September 27, 2017 for a period of 5 years.
- The Independent Directors are not eligible to receive Stock Options / Restricted Stock Units under the existing Employee Stock Options scheme/ Restricted Stock Unit Plan of the Company.

II. Remuneration for Executive Director (MD and CEO), Key Managerial Personnel (KMP) and Senior Executives

The structure of the remuneration package for the Executive Directors, KMP and Senior Executives are designed to balance short term operational performance with the medium and long term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. To ensure that highly skilled and qualified KMP/Senior Executives can be attracted and retained, the Company aims for a total remuneration level that is comparable to levels provided by other companies that are similar to in terms of size and complexity. The Company policy is to offer the Executive Directors, KMP and Senior Executives a total compensation comparable to the peer group. If the Executive Directors, draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

The total compensation of the Key Management personnel of the company consists of the following 3 components:

i) Base Compensation (55% of gross compensation): This is paid on a monthly-basis.

ii) Performance-linked variable pay (45% of gross compensation): This is paid annually. The Performance-linked variable pay aligns company's performance and individual contribution.

a) 70% of the performance-linked variable pay is based on company financial performance

b) 30% of the performance-linked variable pay is linked to individual's performance

Typically, the company financial performance is measured against targeted revenue growth (50% weight) and targeted profitability (50% weight). At the end of the financial year, the remuneration committee assesses the actual achievement of the company against the performance targets and after accounting for individual's performance, recommends the payout for that year.

iii) Restricted Stock Units / ESOPs: To enable long-term value creation, the KMP may also be provided equity-linked compensation in form of Restricted Stock units (RSUs). Such RSU grants may be made every year, and vest annually over 3 years in equal instalments. Out of the annual vesting for a given year

a. 55% of the RSU vests on the anniversary of the grant

b. 45% of the RSU vesting is linked to performance (company as well as individual). At the end of the financial year, the remuneration committee assesses the actual performance against targets and recommends what portion of RSU should vest during that year.

For FY 2019, KMP were evaluated at 57% of target, against the Company financial performance. The variable payout will be made accordingly during FY 2020.

a. Executive Directors (Managing Director and Chief Executive Officer/ Whole-time Director and Chief Operating Officer)

The remuneration paid to Executive Directors is within the overall limit approved by the Shareholders. It shall be market competitive; driven by the role played by the individual and will be within the overall limits specified in the Companies Act, 2013 and any other regulatory requirements. The elements of compensation of the Executive Directors include the fixed compensation, variable compensation in the form of annual incentive, benefits, work related facilities, Employee Stock Option, Restricted Stock Units and Perquisites. The Nomination and Remuneration Committee determines the annual variable pay compensation in the form of annual incentive and annual increment based on Company's and individual's performance as against the pre agreed objectives for the year. In case of inadequacy of profit in any financial year, the remuneration payable shall be further subject to the relevant provisions of the Companies Act, 2013. The Executive Directors are not paid sitting fees for any Board/ Committee meetings attended by them. The term of Executive Directors is generally for a period of five years, subject to liable by retire by rotation and as approved by the Shareholders and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit.

Sanjay Nayak, Managing Director and CEO tenure as Managing Director and Chief Executive Officer ends on December 31, 2019 and the Board in its meeting held on April 22, 2019 has recommended his re-appointment, subject to the approval of the Shareholders as Managing Director and Chief Executive Officer for a further period of 5 years from January 1, 2020 till December 31, 2024 on terms and conditions including remuneration as set out in the Notice of the Annual General Meeting. Further the Board in their meeting held on March 22, 2019 appointed Arnob Roy as Whole-time (Additional/ Executive) Director and designated him as Chief Operating Officer for a period of 5 years with effective from March 25, 2019 till March 24, 2024, on terms and conditions including remuneration as set out in the Notice of the Annual General Meeting. The Board recommends the re-appointment of Sanjay Nayak as Director liable to retire by rotation and as Managing Director and Chief Executive Officer and Arnob Roy as Director liable to retire by rotation and as Whole-time Director and Chief Operating Officer, of the Company.

Remuneration paid / Restricted Stock Units granted to the Executive Directors during the year:

in ₹ crore except Unit data

Name	Designation	Gross Remuneration	Perquisites	Total	RSU granted during the year
Sanjay Nayak	CEO & Managing Director	1.67	0.43	2.10	55,000
Arnob Roy	COO & Whole-time Director	1.16	-	1.16	48,000

Note:

i. Gross Remuneration includes fixed pay, performance linked variable pay and retiral benefits. Perquisite includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.
   - Performance linked variable pay paid to Sanjay Nayak during the year was ₹ 0.48 crore as against the target of ₹ 0.81 crore
   - Performance linked variable pay paid to Arnob Roy during the year was ₹ 0.35 crore as against the target of ₹ 0.58 crore

ii. ₹ 0.03 crore is the gross remuneration paid to Arnob Roy as Executive Director for the period from March 25, 2019 till March 31, 2019

iii. Period of employment shall generally be for a period of five years, subject to liable to retire by rotation and as approved by the Shareholders and renewed for similar periods from time to time. The Board reserves the right to increase/decrease the period as it may deem fit.

iv. The retirement benefit shall include benefits such as provident fund and gratuity.

v. No loan is granted to Executive Directors.

b. Remuneration to Key Managerial Personnel and Senior Management Personnel

The Company's total compensation for Key Managerial Personnel and Senior Management Personnel consist of Fixed compensation, Variable compensation in the form of annual incentive, the benefits and other work related facilities and perquisites. In addition, Key Managerial Personnel and Senior Management Personnel are eligible for long-term incentive plan in the form of ESOPs / RSU as per the scheme in force from time to time. Grants under the ESOP/ RSU Scheme are approved by the Nomination and Remuneration Committee. The Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value for the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and certain other allowances. The Annual Incentive (variable pay)/ increments of Key Managerial Personnel and Senior Management Personnel are linked directly to the performance of the Business Unit, ratings and the Company in accordance with policies of the Company. The benefits for Key Managerial Personnel and Senior Management Personnel include the Health (hospitalization) insurance, the Accident and Life insurance, the contribution to Provident Fund account, Gratuity, etc. The Key Managerial Personnel and Senior Management Personnel are also eligible for work related facilities and perquisites, loans and advances as may be determined through HR policies issued from time to time based on the Grade of the employee. The overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys as well as factors such as affordability based on the Company's performance and the economic environment. The Key Managerial Personnel and Senior Management Personnel may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

Remuneration paid / Restricted Stock Units granted to the Key Managerial Personnel/ Senior Management Personnel during the year:

in ₹ crore except Unit data

Name of the Director	Position	Gross Remuneration	Perquisites	Total	RSU granted during the year
Venkatesh Gadiyar	Chief Financial Officer	0.65	1.81	2.46	32,000
N R Ravikrishnan	General Counsel, Chief Compliance Office and Company Secretary	0.45	0.07	0.52	10,000
Krishnakanth G V	Company Secretary	0.14	0.15	0.29	-
Kumar N Sivarajan	Chief Technology Officer	1.12	0.04	1.16	36,000
Sukhvinder Kumar	President-Global Manufacturing Operations	0.78	-	0.78	20,000

Note:

i. Gross Remuneration includes fixed pay, performance linked variable pay and retiral benefits. Perquisite includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.
   - Performance linked variable pay paid to Venkatesh Gadiyar during the year was ₹ 0.16 crore as against the target of ₹ 0.27 crore
   - Performance linked variable pay paid to N R Ravikrishanan during the year was ₹ 0.03 crore as against the target of ₹ 0.04 crore
   - Performance linked variable pay paid to Kumar N Sivaranjan during the year was ₹ 0.34 crore as against the target of ₹ 0.57 crore
   - Performance linked variable pay paid to Sukhvinder Kumar during the year was ₹ 0.06 crore as against the target of ₹ 0.11 crore

ii. Period of employment generally is 60 years (i.e) the age of superannuation. The Company may extend the superannuation period of more than 60 years under exceptional cases and such employees will be employed on "Contractual/ Advisors. The Contract of employment with provide for compensation of upto two months' pay or advance notice of similar period.

iii. The retirement benefits shall include benefits such as provident fund and gratuity.

iv. No loan is granted to Key Managerial Personnel/ Senior Management Personnel.

v. The remuneration of Krishnakanth G V is till the date of his resignation (July 4, 2018) as Company Secretary.

vi. N R Ravikrishnan was appointed as Company Secretary on July 5, 2018. The above mentioned remuneration includes ₹ 0.38 crore as Company Secretary.

III. Remuneration for other Employees Remuneration including workmen employed in the factory

The remuneration paid to other employees of the Company including workmen employed in factory consists mostly of fixed pay and a reasonable performance pay which is reviewed on an annual basis. Increase in the remuneration of employees is given based on an annual review taking into account performance of the employee, the performance of the Company and general price levels/cost of living index, etc. The remuneration of workmen employed in the factories of the Company consists of fixed pay and performance incentives, which is negotiated and agreed upon on periodical basis. The Company also employs contractual employees as 'consultants' for shorter periods on need basis either directly or through service providers and as permitted by law.

The period of employment for other employees is generally is 60 years (i.e) the age of superannuation. The Company may extend the superannuation period of more than 60 years under exceptional cases and such employees will be employed on "Contractual/ Advisors. The Contract of employment provide for compensation upto 2 or 3 months' pay or advance notice of similar period. The retirement benefits shall include benefits such as provident fund and gratuity.

5. Other Disclosures

(a) Compliances by the Company

Tejas has a full-fledged compliance team and a Chief Compliance Officer to oversee compliance activities. The Company's compliance status is periodically updated to the senior management team including the CEO, CFO, and presentations are given in the quarterly audit committee meetings. When pertinent, these are also shared with all Board members. The Company has complied with the applicable compliance requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there were no non-compliances, penalties, strictures imposed by the Stock Exchange or the Board or Statutory authority on matters relating to capital markets from the date the shares are listed at the Stock Exchanges.The equity shares were listed at BSE Limited and National Stock Exchange of India Limited on June 27, 2017.

(b) Capital Expenditure (Capex)

The Board reviews and approves the annual operating plan and budgets including capital budgets for each financial year in line with the Company's long-term strategy. An internal management committee approves all capex investments within the annual capex budget approved by the Board. An update on key capex approvals is generally provided to the Board periodically.

(c) Code of Business Conduct and Ethics

The Company is committed to conducting its business in conformity with ethical standards and applicable laws. Towards this end and in terms of Regulation 34 read with Schedule V of the Listing Regulations, the Company has adopted a Code of Business Conduct and Ethics which applies to all Directors and Employees, Subsidiaries, Affiliates and Suppliers. It is the responsibility of all Directors and Employees to familiarize themselves with Code of Business Conduct and Ethics and comply with its standards. The Annual declaration affirming compliance with the Code of Conduct by the Directors and Senior Management Personnel of the Company for the financial year 2018-19 forms part of the Corporate Governance Report. Further, the Senior Management periodical disclosures relating to all material financial and commercial transactions, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board. Further, the Managing Director and CEO has confirmed to the Board 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 and that the Company has in respect of the year ended March 31, 2019, received from the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them. The Code of Business Conduct and Ethics is available on the Company's website at https://www.tejasnetworks.com/policies-codes.php

(d) Code on Insider Trading

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 has a policy prohibiting insider trading which is in conformity with applicable regulations of the SEBI in India and the Listing Regulations Necessary procedures have been laid down for Directors, Officers and Employees for trading in the securities of the Company. These are periodically communicated to such employees who are considered as insiders of the Company. Apart from this, regular insider trading awareness sessions are conducted for the benefit of the employees. The Trading Window closure/ blackouts/ quiet periods, wherein the Directors, employees and insiders are not permitted to trade in the securities of the Company, are intimated in advance to all concerned. The Trading Window is closed 15 days before the end of each financial quarter and opens for trading 2 days after the financial quarterly financial results are announced. Violations of the policy, if any, are appropriately acted on in accordance with the policy. The Code of Conduct on Insider Trading is available on the Company's website at http://website.tejasnetworks.com/policies-codes.php

(e) Code of Practices and procedures for fair disclosure of Unpublished price sensitive information

The Company has adopted a code of practices and procedures for fair disclosure of unpublished price sensitive information and maintain minimum standard framework as set out under the under the SEBI (Prohibition of Insider Trading) Regulations 2015. This framework is to ensure timely and adequate disclosure of Unpublished Price Sensitive Information (UPSI) and shall apply to disclosure of UPSI by the Company, its subsidiaries, associates and the Companies under the same management. Under this Code the Company will comply with all periodic reporting and disclosure requirements contained in the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, the Regulations and other applicable laws and also shall make prompt disclosure of UPSI that would impact the price discovery no sooner than credible and concrete information comes into being, in order to make such information generally available. The Company shall ensure uniform and universal dissemination of UPSI to avoid selective disclosures. The Code of Practices and procedures for fair disclosure of unpublished price sensitive information is available on the Company's website at http://website.tejasnetworks.com/policies-codes.php

(f) Management Council

The Management of the Company develops and implements policies, procedures and practices that attempt to translate the Company's core purpose and mission into reality. It also identifies, measures, monitors and minimizes risks in the business and ensures safe, sound and efficient operation. These are internally supervised and monitored through the Company's Management Council. The Management Council consists of Senior Management from the business and corporate functions and meets on a periodic basis. Listed below are some of the key issues that were considered by the Management Council during the year under review:

- The Company's long-term strategy, growth initiatives and priorities;
- Overall Company performance, including those of various product lines, sales regions and key customers;
- Decision on major corporate and HR policies;
- Discussion and sign-off on annual plans, budgets, investments and other major initiatives; and
- Discussion on business alliances proposals and organizational design.

(g) Transfer of shares to Unclaimed Suspense Account

There are no shares lying in the unclaimed suspense account of the Company during the year under review.

(h) Archival Policy for website content

In terms of the Regulation 30 of the SEBI Listing Regulations, the Company has formulated a policy on maintaining and preserving timely and accurate records uploaded on the website of the Company. The same is available on the website of the Company at https://www.tejasnetworks.com/policies-codes.php

(i) CEO AND CFO Certification

A certificate of the CEO as well as the CFO of the Company on financial statements and applicable internal controls as stipulated under Regulation 17(8) of the Listing Regulations is enclosed in this Annual report.

(j) Certificate on Corporate Governance

The Certificate on Corporate Governance issued by C Dwarakanath, Practicing Company Secretary (Independent secretarial auditor) pursuant to Schedule V of the Listing Regulations regarding compliance of conditions of corporate governance forms part of the Corporate Governance Report. The Certificate opines that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to Regulation 27 and clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2019. The said certificate forms part of this Annual Report and also on the website of the Company at https://www.tejasnetworks.com/disclosures.php.

(k) Annual Secretarial Compliance Report:

Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 requires every listed entity and its material subsidiaries to have an Annual Secretarial Audit covering a broad check on compliance with all laws applicable to the entity and also shall additionally undertake an Annual Secretarial Compliance on the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder. The Annual Secretarial Compliance report issued by Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847 - the Secretarial Auditors) for the year ended March 31, 2019 also states that the Company has complied with all the applicable SEBI Regulations and circulars/ guidelines issued thereunder. The Annual secretarial compliance report forms part of this Annual Report and also on the website of the Company at https://www.tejasnetworks.com/disclosures.php

(l) Certificate of non-disqualification of Directors

In accordance with Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, Dwarakanath C, Practicing Company Secretary (FCS No. 7723 and Certificate of Practice No. 4847 - the Secretarial Auditors) has certified that as on April 1, 2019 the Directors on the Board of the Company have not been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority as per item 10(i) of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. The said certificate forms part of this Annual Report and also on the website of the Company at https://www.tejasnetworks.com/disclosures.php

(m) Agreements with Media Companies

The Company has not entered into any agreement with any media company and/or its associates.

(n) Details of adoption of the non-mandatory requirements under Listing Regulations:

The Company adopted the following non-mandatory requirement under the Listing Regulations

- The Company has separate posts of Chairman and CEO.
- M/s. Singhvi, Dev and Unni, Internal Auditors of the Company duly appointed by the Audited Committee directly report to the Audit Committee.
- M/s. Price Waterhouse Chartered Accountants LLP Statutory Auditors of the Company has issued an Audit Report with unmodified opinion on the Audited Financial Results of the Company (Standalone and Consolidated) for the year ended March 31, 2019.

(o) Other additional disclosures

The Company has complied with the following additional requirements to the extent required:

- Authorisation of Key Managerial Personnel to determine the materiality of the event for the purpose of disclosing to Stock Exchange in terms of Regulation 30(5) of the SEBI (Listing Obligations and Disclosure Requirements).
- Constituted Senior Management Personnel (one level below CEO) in terms of Regulation 16(1) (d) of the SEBI (Listing Obligations and Disclosure Requirement), 2015.
- The Company has established vigil mechanism, whistle blower policy and hereby affirm that no Director/ employee has been denied access to the Chairman of the Audit Committee and that no complaint has been received during the financial year 2018-19.

- The Board has accepted all the recommendations made by the Committees of the Board which requires the Board approval/ adoption.
- The Web link where policy for determining 'material' subsidiaries is disclosed in https://www.tejasnetworks.com/policies-codes.php
- There are no materially significant related party transactions that have potential conflict with the Company at large. The Web link where policy on dealing with related party transactions is disclosed in https://www.tejasnetworks.com/policies-codes.php
- The Company does not deal in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
- The Company has not raised funds through preferential allotment or qualified institutional placement and then there is no disclosure on the utilization of funds.
- The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2019, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- The Company doesn't have a fixed hedging policy for foreign exchange risk and other concerns please refer to Outlook, risks and concern section of Management Discussion and Analysis Report.
- There are no cases pending or filed against the Company or any liabilities attached to the Company in respect of any of the matters pertaining to securities for the year ended March 31, 2019.

Shareholders

(a) Disclosures regarding appointment and re-appointment of Directors

Appointment

- Chandrashekhar Bhaskar Bhave was appointed, subject to the approval of the Shareholders, as Independent Director of the Company by the Board in their meeting on March 22, 2019 for a period of five (5) years with effect from March 25, 2019 till March 24, 2024, as Independent Director, not liable to retire by rotation for the said period.
- Arnob Roy was appointed as Whole-time Director, subject to the approval of the Shareholders, liable to retire by rotation and designated as Chief Operating Officer of the Company by the Board in their meeting held on March 22, 2019 for a period of five (5) years with effect from March 25, 2019 till March 24, 2024.

Re-appointment

Sanjay Nayak, Managing Director and CEO, retires by rotation at the ensuing Annual General Meeting. Being eligible, seeks re-appointment as Non-Independent Director of the Company. Further, his tenure as Managing Director and Chief Executive Officer ends on December 31, 2019 and the Board in their meeting held on April 22, 2019 has recommended his re-appointment as Managing Director and Chief Executive Officer for a further period of 5 years from January 1, 2020 till December 31, 2024 on terms and conditions including remuneration as set out in the Notice of the 19th Annual General Meeting.

(b) Share transfers

Share transfers are registered and returned in the normal course within a period of 30 days from the date of receipt. Requests for dematerialization of shares are processed and confirmation thereof is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

(c) Communication to Shareholders

(1) Quarterly and annual results

Quarterly and annual results of the Company are published in widely circulated national newspapers such as the Business Standard and the local vernacular (Kannada) daily Vishwavani and made available on company's website https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php

(2) News releases, presentations, etc.

The Company has established systems and procedures to disseminate relevant information to its stakeholders, including Shareholders, analysts, suppliers, customers, employees and the society at large. It also conducts earning calls with analysts and investors.

(3) Website:

The primary source of information regarding the Company's operations is the corporate website: www.tejasnetworks.com All official news releases and presentations made to institutional investors and analysts are posted here. It contains a separate dedicated investors section where the information for Shareholders is available.

(4) Annual report:

The Company's annual report containing, inter alia, the Boards' report, the corporate governance report, the business responsibility report, management's discussion and analysis (MD&A), audited standalone and consolidated financial statements, auditors' report and other important information is circulated to Shareholders and others so entitled. The annual report is also available on the Company's website in a user-friendly and downloadable form.

(5) Chairman's speech:

The Chairman speech given at the 19th Annual General Meeting will be made available on the Company's website: https://www.tejasnetworks.com/shareholders_agm.php

(6) Compliances with stock exchanges:

National Stock Exchange of India Ltd.(NSE) and BSE Ltd. (BSE) maintain separate online portals for electronic submission of information by listed companies. Various communications such as notices, press releases and the regular quarterly, half-yearly and annual compliances and disclosures. All the disclosures are uploaded in those portals.

(d) Investor grievance and share transfer system

The Stakeholder's Relationship Committee examines and redress complaints received from Shareholders and investors. The status of complaints and share transfers are reported to the entire Board. The stakeholder committee will meet as often required to take note of the situation on investor grievance. For matters regarding transfer of shares, change of address etc., contact Link Intime India Private Limited (R&T Agent). Their address is published in the Shareholder information section in this Annual report.

(e) General body meetings

Annual General Meetings

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

Year ended	Date	Time	Venue	Special Resolution passed
2018	July 24, 2018	3.00 PM	Registered Office	Appointment of Amb. Leela K Ponappa (DIN 07433990) as Independent Director for a further period of five (5) years, not liable to retire by rotation.
2017	September 27, 2017	3:00 PM	Registered Office	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. Approval of grant of Restricted Stock Units under Tejas Restricted Stock Unit Plan 2017 to the eligible employees of subsidiary companies.
2016	July 25, 2016	10:00 AM	Registered Office	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. Approval for appointment of and remuneration to Sanjay Nayak, Managing Director. Approval of Employee Stock Option Plan 2014-A. Grant of stock options to the employees of the holding company and/or subsidiary companies under ESOP Plan 2014-A. Approval of issue of Options equal to or exceeding 1% of the issued capital of the Company. Issue of Equity Shares on private placement basis.

Extraordinary General Meetings

The Company did not hold any Extra-Ordinary General Meeting (s) during the year. There are no other meetings held during the year under review

(f) Postal Ballot

- Whether any special resolution passed last year through postal ballot – details of voting pattern - **No special resolutions were passed during 2018-2019 through postal ballot.**
- Person who conducted the postal ballot exercise - **Not Applicable**
- Whether any special resolution is proposed to be conducted through postal ballot - **At present there is no proposal to pass any special resolution through postal ballot.**
- Procedure for postal ballot - **Not Applicable**

(g) General Shareholder information

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

On behalf of the Board
Sd/-
Balakrishnan V
Chairman

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 https://www.tejasnetworks.com/policies-codes.php.

I confirm that the Company has in respect of the year ended March 31, 2019, 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, Chief Operating Officer, President- Global Manufacturing Operations and the Company Secretary.

Bengaluru
April 22, 2019

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

CEO / CFO CERTIFICATION

The Board of Directors
Tejas Networks Limited

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 2018-2019 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. 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 violates 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

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. 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.

Bengaluru
April 22, 2019

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

Sd/-
Venkatesh Gadiyar
Chief Financial Officer

Independent Auditor's Certificate on Corporate Governance

To The Shareholders of Tejas Networks Limited

1. I, Chennur Dwarakanath, Company Secretary in Practice, the Secretarial Auditor of Tejas Networks Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2019, 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 and amendments from time to time the (Listing Regulations).

Management's Responsibility

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

Auditors' Responsibility

2. My responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

Opinion

4. Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2019.
5. I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company Reporting of internal auditor directly to the Audit Committee.

Sd/-
C. Dwarakanath
Company Secretary in Practice
C.P: 4847; FCS: 7723

Place: Bengaluru
April 22, 2019

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members,

Tejas Networks Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Tejas Networks Limited having CIN:L72900KA2000PLC026980 and having registered office at J P Software Park, Plot No 25, Sy.No.13,14,17,18 Konnapana Agrahara Village, Begur Hobli, Bengaluru – 560100 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Balakrishnan Venkatraman	02825465	09/11/2009
2	Dr. Gururaj Deshpande	01979383	24/04/2000
3	Amb. Leela Krishnamurthy Ponappa	07433990	16/02/2016
4	Mr. Sanjay Nayak	01049871	06/05/2000
5	Mr. Chandrashekhar Bhaskar Bhave	00059856	25/03/2019
6	Mr. Arnob Roy	03176672	25/03/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
C. Dwarakanath
Company Secretary in Practice
C.P: 4847; FCS: 7723

Bengaluru
May 21, 2019

Shareholder Information

Corporate

Tejas was originally incorporated as Tejas Networks India Private Limited on April 24, 2000 at Bengaluru as a Private Limited Company under the Companies Act, 1956. Tejas was subsequently converted into Public Limited Company and its name was changed to Tejas Networks India Limited and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies, Karnataka on October 23, 2002. Subsequently, the name of the Company was further changed to Tejas Networks Limited to reflect the global outlook of our Company and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies on March 18, 2008. The Corporate Identity number of the Company is L72900KA2000PLC026980.

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

Financial year and Registered office

The Company financial year begins on April 1 and ends on March 31 every year. The address of our registered Office is J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru, Karnataka-560100.

Investor Services

Tentative calendar

Quarter Ending	Earnings release	Trading Window closure
Jun 30, 2019	Jul 24, 2019	Jun 15, 2019 to Jul 26, 2019
Sep 30, 2019	Oct 23, 2019	Sep 16, 2019 to Oct 25, 2019
Dec 31, 2019	Jan 21, 2020	Dec 16, 2019 to Jan 23, 2020
Mar 31, 2020	Apr 21, 2020	Mar 16, 2020 to Apr 23, 2020

Annual General Meeting

Date and time	July 25, 2019, Thursday, 3.00 p.m IST
Venue	Tejas Networks Limited, 6th Floor, J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru, Karnataka-560100
Transcripts	https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php
E-Voting date	July 20, 2019 to July 24, 2019
Book Closure date	July 19, 2019 to July 25, 2019 (both days inclusive)
Dividend payment date	Within 30 days from July 25, 2019

Dematerialisation of shares

Tejas shares are tradeable in the electronic form only. We have established connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited through Link Intime India Private Limited, our Registrar and Share Transfer Agent. The International Securities Identification Number (ISIN) allotted to our equity share under the Depository System is INE 010J01012. As on March 31, 2019, 99.19% of our shares were held in demat form and the rest in physical form. The applicable custodial fee for the year ended March 31, 2020 have also been paid to NSDL and CDSL.

Shares held in physical and demat form as on March 31, 2019

Description	No. of Holders[1]	No. of Shares	% to Equity
Demat	23,901	9,09,74,813	99.19
Physical	164	7,44,766	0.81
Total	**24,065**	**9,17,19,579**	**100.00**

[1]The total number of holders will not tally with the number of Shareholders, since Shareholders can have multiple demat accounts with same PAN. The number of Shareholders based on PAN as on March 31,2019 is 24,532.

Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 has mandated with effect from April 1, 2019 that transfer of securities would be carried out only when securities are held in demat form. In view of this and to facilitate seamless transfer of shares in future, Shareholders holding shares in physical form are requested to dematerialise their securities.

Shareholders can visit the below mentioned websites of the Depositories viz., Central Depository Services (India) Limited (CDSL) or National Securities Depository Limited (NSDL) for understanding the procedure of dematerialization of shares: CDSL website: https://www.cdslindia.com/investors/open-demat.aspx and NSDL website: https://nsdl.co.in/services/demat.php. In case of any queries, you may contact its Registrar and Share Transfer Agent.

Investor awareness

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

Green initiative

As responsible citizens, we should do our bit to protect our environment and reduce the carbon footprint. As Shareholders and as part of green initiative you should register your email ID to receive all communication electronically. In case the securities are held in demat mode, please furnish the email ID to your depository participant with whom you had opened your demat account. If you hold securities in physical mode, please furnish your email ID to the Company Registrar and Share Transfer Agent Link Intime India Private Limited at their email ID rnt.helpdesk@linkintime.co.in or to Company email ID at corporate@tejasnetworks.com

Listing Information

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited with effect from June 27, 2017. The Company has paid the listing fee as stipulated by the respective stock exchanges for the year ended March 31, 2020.

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

Investor Complaints

The details of the complaints resolved during the fiscal ended March 31, 2019 are as follows:

Nature of complaints	Received	Resolved	Closing
Non- Receipt of Share Certificates	2	2	Nil
Demat Requisition Form	2	2	Nil
Others	1	1	Nil

The Company normally attends most of the investor grievances within 7 days from the date of receipt of such grievance and the communication in this regard are sent within 15 days from the date of receipt of such grievance unless constrained by certain impediments. The Shareholders may note that the share transfers and all other investor related activities are handled by Link Intime India Private Limited, our Registrar and Share Transfer Agents. For any escalations, the Shareholders may write to Company at corporate@tejasnetworks.com.

Shareholding pattern

The total shareholding of the Company for the year ended March 31, 2019 increased due to allotment of shares consequent to the exercise of ESOP/RSU by the eligible employees. The total share capital as on March 31, 2019 is ₹ 91,71,95,790 comprising of 9,17,19,579 equity shares of ₹ 10/- each.

The detailed shareholding pattern of the Company as on March 31, 2019 is stated in MGT- 9 attached to the Board report in Annexure 3.

Movement in shareholding for the year ended March 31, 2019:

Particulars	No. of Equity shares
Balance as on April 01, 2018	9,08,18,760
ESOP/RSU Allotments made during the year	9,00,819
Balance as on March 31, 2019	9,17,19,579

Credit rating

Rating agency	Term	Rating	Outlook
ICRA Limited	Long	ICRA A	Positive
	Short	ICRA A1	NA

Distribution of Shareholding as on March 31, 2019

No. of Shares held		Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
From	To				
1	500	22,146	92.03	18,41,676	2.01
501	1,000	790	3.28	6,10,440	0.67
1,001	2,000	447	1.86	6,62,939	0.72
2,001	3,000	158	0.66	4,04,124	0.44
3,001	4,000	87	0.36	3,08,086	0.34
4,001	5,000	65	0.27	3,00,033	0.32
5,001	10,000	123	0.51	9,24,162	1.01
10,001	and above	249	1.03	8,66,68,119	94.49
Total		24,065	100	9,17,19,579	100

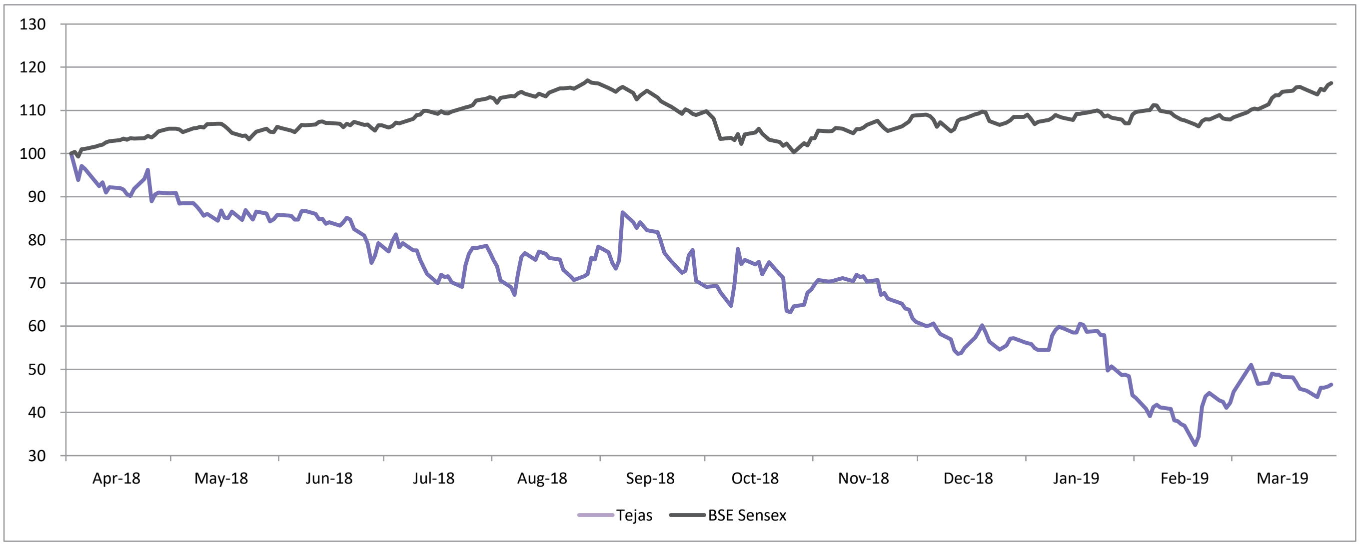
Stock Data

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

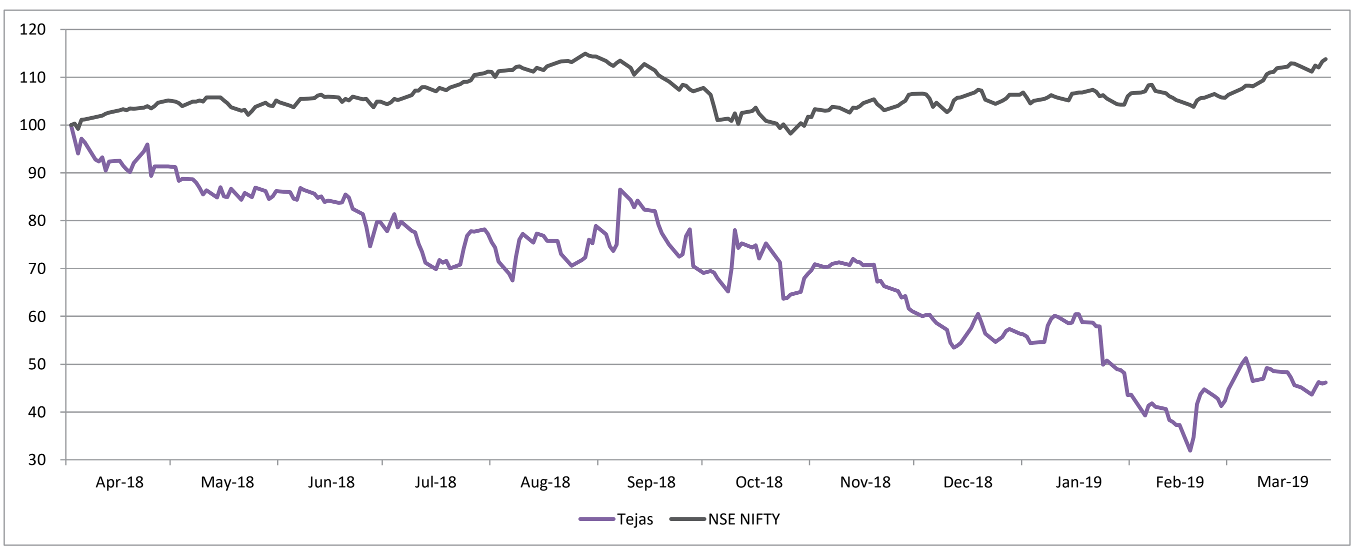
Month	NSE			BSE			Volume
	High (₹)	Low(₹)	Volume A (No.)	High(₹)	Low(₹)	Volume B (No.)	(A+B) (No.)
April'2018	373.00	320.50	25,53,759	371.00	320.10	2,37,352	27,91,111
May'2018	345.00	306.30	15,89,788	344.00	305.70	74,498	16,64,286
June'2018	321.65	270.20	26,89,556	320.00	260.60	9,06,942	35,96,498
July'2018	301.85	252.55	35,39,756	302.50	245.05	8,14,781	43,54,537
Aug'2018	291.90	247.05	1,04,30,823	291.55	246.90	95,14,767	1,99,45,590
Sep'2018	322.00	251.10	55,64,011	322.00	255.00	8,02,415	63,66,426
Oct'2018	291.80	220.20	39,15,045	291.75	220.05	5,19,386	44,34,431
Nov'2018	281.95	218.25	13,12,265	281.45	219.50	15,04,362	28,16,627
Dec'2018	226.00	195.20	18,15,419	224.75	194.25	1,57,733	19,73,152
Jan’2019	226.85	155.80	29,85,447	225.85	158.25	4,63,337	34,48,784
Feb'2019	178.40	115.00	69,17,587	178.00	115.25	8,62,658	77,80,245
Mar'2019	200.00	154.35	30,92,939	198.35	151.50	12,76,739	43,69,678
Total			4,64,06,395			1,71,34,970	6,35,41,365

(b) The Company's share performance

Tejas share price versus the BSE Sensex



Tejas share price versus the NSE Nifty 50



Note: Base 100 - Tejas Share price on April 2, 2018 and NSE Nifty 50 index, BSE Sensex index value on April 2, 2018 have been base lined to 100.

Investor Contacts

1. For queries relating to financial statements

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

2. For queries relating to shares/ compliance

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

3. Investor correspondence and queries on Business Responsibility Report

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

4. Registrar and Transfer Agents

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

Contact person:

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

5. Depository for equity shares in India

a. National Securities Depository Limited
Trade World, “A” Wing, 4th Floor
Kamala Mills Compound, Senapati Bapat Marg,
Lower Parel, Mumbai: 400013, India
Tel. No: 91 22 24994200 Fax: 91 22 24976351

b. Central Depository Services (India) Limited
Phiroze Jeejeebhoy Towers, 17th Floor,
Dalal Street, Fort, Mumbai: 400001, India
Tel. No 91 22 23023333 Fax:91 22 22723199

6. Addresses of regulatory authority/ stock exchanges

a. Securities Exchange Board of India
Plot No. C 4-A, G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400051, India
Tel. No: 91 22 26449000, 91 22 40459000
Fax: 91 22 26449019-22, 91 22 40459019-22

b. National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (East),
Mumbai 400051, India
Tel. No: 91 22 26598100, Fax: 91 22 26598120

c. BSE Limited
Phiroze Jeejeebhoy Towers, Kala Ghoda
Mumbai 400001, India
Tel. No: 91 22 22721233, Fax: 91 22 22721919

Standalone Financial Statements

Independent Auditor's Report

To the Members of Tejas Networks Limited

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

Opinion

1. We have audited the accompanying Standalone Ind AS Financial Statements of Tejas Networks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the Standalone Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description
Appropriateness of contingent liability disclosed in respect of certain Direct and Indirect tax matters (Refer note 30.1 to the Financial statements) (a) Applicability of excise duty on software used for Multiplexer products The Company has received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) dated July 4, 2018 with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 (₹ 11.87 crores) and various show cause notices on the similar matter received in different earlier financial years (aggregating ₹ 24.88 crores). The earlier order was disclosed as a contingent liability and the aforesaid show cause notices were disclosed under the contingent liabilities note as additional information for the year ended March 31, 2018. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT order. This matter has been disclosed as a contingent liability. Further, Company has received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to ₹ 3.01 crores which are not part of the Order disclosed above and hence not considered as contingent liabilities. However, this has been disclosed under the contingent liabilities as additional information during the current year. (b) Allowability of weighted deduction for computing taxable income: The Company in earlier years has received income tax demands aggregating to ₹ 47.94 crores mainly in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income Tax Act, 1961. Based on a favourable ruling received from the High Court of Karnataka, expenditure approved by the The Department of Scientific and Industrial Research (DSIR) is allowed as a deduction under Section 35(2AB). However, since the Order giving effect is still pending from the income tax authorities, the company has disclosed the said exposure as contingent liability in the notes to the financial statements.

c) In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). During the year, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial statements.

In respect of above direct and indirect tax matters, significant Management judgement is required in assessing the appropriateness of the amount of contingent liabilities to be disclosed. This involves management's judgement of the likelihood of ultimate outcome of the tax disputes supported by, in certain complex matters, opinion obtained from senior tax counsel, and are hence determined as key audit matters.

How our audit addressed the matter?

In respect of the direct and indirect tax matters, our audit procedures, which involved applying materiality and sampling techniques, included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of identifying tax exposures, its accounting and disclosures thereof.
- Reading the correspondences from the concerned direct and indirect tax authorities and the status of direct tax cases, as provided by an external tax consultant.
- Discussing with management experts in respect of these matters.
- Circularising, where applicable, legal letter to relevant external legal counsel of the Company for obtaining the status of the various litigations.
- Reading the opinion of a legal counsel provided by the management in respect of the applicability of excise duty on software used as part of the multiplexer products.
- Evaluating the objectivity, competence and capabilities of such external legal counsel/tax consultants.
- Involving auditor's tax experts to assess management's positions for significant tax exposures in light of the dynamic tax environment and existing jurisprudence, to assess the key judgements made by the Company.
- Validating the completeness and appropriateness of the disclosures relating to the aforesaid direct and indirect tax matters.

Based on the above procedures performed, we found that the judgments made by the Management in disclosing contingent liabilities in respect of the aforesaid tax matters, were reasonable.

Description

Carrying value of Intangible Assets under Development

Refer to notes 4(b) and 30.8 in the financial statements.

The Company undertakes the development of various products, and capitalises expenditure that qualifies for recognition as intangible assets. Such expenditure predominantly represents internal manpower costs incurred on such projects. Upto the time the products are ready to be put to use, the company records the qualifying expenditure as intangible assets under development. Such expenditure amounts to ₹ 41.38 crores as at March 31, 2019.

We considered this a key audit matter as:

- The amount of internal cost that qualifies for capitalisation is material and significant. Management judgement is involved in assessing whether the criteria set out in the relevant accounting standard for capitalization of such cost have been met such as:
  - The technical and marketing feasibility of the project has been established;
  - The likelihood of the project delivering sufficient future economic benefit; and
  - The availability of adequate technical, financial and other resources and the intention to complete, use or sell the asset.

How our audit addressed the matter?

Our procedures included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for evaluating and approving the internal costs qualifying for capitalization by performing walkthroughs and through inquiries with management.
- Testing the capital funding request forms and other documentation to ensure that the projects were appropriately approved by the Chief technical officer and Finance Controller as per the delegated authority matrix.
- Obtaining an understanding of the selected capitalized projects, testing time charged to such projects back to time sheet data, agreeing cost of external contractors to vendor invoices,
- Testing a sample of projects to ensure appropriate capitalisation of qualifying employee cost and cost of external contractors.
- Assessing whether initial assumptions applied in determining project feasibility continues to hold true and whether sufficient economic benefits are likely to flow from the projects to support the values capitalised.

Our testing as set out above did not identify any material costs that have been inappropriately capitalised.

Description

Matters relating to Deferred Tax Assets

(a) Assessment of recoverability of Deferred Tax Assets recognized on tax losses
(Refer Note 2.14, 10 and 26 to the Financial Statements.)

The Company has recognised deferred tax assets of ₹ 138 crores (and has not recognised ₹ 34.34 crores) on unabsorbed depreciation and unutilized expenditure on scientific research (together hereinafter referred to as "tax losses") carried forward from the previous years.
The assets have been recognised on the basis of the Company's assessment of availability of future taxable profit to offset such tax losses based on business projections for the next two years. The recoverability of the deferred tax assets depends upon factors such as the projected taxable profitability of business and the period considered for such projections, the rate at which those profits will be taxed and the period over which tax losses will be available for recovery.
This was considered as a key audit matter as the amount is material to the financial statements and significant judgement in key assumptions was required by the Company's Management in the preparation of forecasts of future taxable profits based on the underlying business plans.

b) Non recognition of deferred tax asset in respect of Minimum Alternate Tax (MAT)
(Refer Note 2.14 and 26 to the Financial Statements.)

The Company has not recognised deferred tax asset in respect of Minimum Alternate Tax (MAT) credits aggregating to ₹ 51.93 crores in the absence of reasonable certainty that it will have sufficient taxable profits based on aforesaid business projections to recover such amounts.
We considered this a key audit matter as significant judgement is required in determining the recognition and recoverability of deferred tax assets as the realization of tax benefits is dependent on future taxable profits.

How our audit addressed the matter?

Our procedures included the following:

Evaluation of the design and testing operating effectiveness of Company's controls relating to taxation and the assessment of carrying amount of deferred tax assets relating to unabsorbed tax losses;

- Assessing the reasonableness of the period of projections used in the deferred tax asset recoverability assessment considering that the Company operates in a highly competitive industry which is subject to disruptions through changing technology.
- Comparing the Company's performance for the year with the approved budget to assess the reasonableness of the assumptions.
- Comparing the Company's projections of future taxable profit to the approved business plans.
- Testing, whether projections prepared were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses can be utilized within the forecast recoupment period.
- Testing the assumptions used by analyzing the impact on taxable profit using different growth rates and profit margins.
- Reviewing the adequacy of disclosures made in the financial statements with regard to deferred taxes.

Based on the above procedures performed, our testing did not identify any material exceptions with respect to the reasonability of the assumptions and estimates used by the management in assessing the recoverability of Deferred Tax Asset recognised in respect of tax losses and non-recognition of deferred tax asset in respect of MAT.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report and Shareholder information, but does not include the Standalone Ind AS Financial Statements and our auditor's report thereon.

6. Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

7. In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Ind AS Financial Statements

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

and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the Standalone Ind AS Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Ind AS Financial Statements.

11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures, and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Ind AS Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

    a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity 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 Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at March 31, 2019 on its financial position in its Standalone Ind AS Financial Statements – Refer Note 30.1 to the Standalone Ind AS Financial Statements;

   ii) The Company has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Company does not have derivative contracts as at March 31, 2019.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.

   iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: April 22, 2019

Annexure A to Independent Auditor's Report

Referred to in paragraph 16 (f) of the Independent Auditor's Report of even date to the members of Tejas Networks Limited on the Standalone Ind AS Financial Statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Tejas Networks Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

7. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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 issued by the ICAI.

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

Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: April 22, 2019

Annexure B to Independent Auditor's Report

Referred to in paragraph [15] of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2019.

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

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

(c) The Company does not own any immovable properties as disclosed in Note 4 on Property, Plant and Equipment to the Standalone Ind AS Financial Statements. Therefore, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, duty of customs, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise, and value added tax, as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

in ₹ crore

Name of the Statue	Nature of Dues	Amount Gross	Period to which the amount relates	Forum where the dispute is pending	Amount paid under protest
Central Excise Act, 1944	Central Excise duty, Interest and Penalty	11.87	2002-2006	CESTAT, Chennai	-
Central Excise Act, 1944	Central Excise duty	24.87	2007-2010	CESTAT, Chennai	-
Central Sales Tax Act, 1956	Central Sales Tax, Interest and Penalty	1.39	2011-12	DCCT (Audit), Bengaluru	-
Central Sales Tax Act, 1956	Central Sales Tax and Interest	0.65	2010-11	DCCT (Audit), Bengaluru	-
Central Excise Act, 1944	Central Excise duty and Interest	0.71	2012-13	CESTAT, Chennai	0.20
Central Sales Tax Act, 1956	Central Sales Tax	0.69	2013-14	DCCT (Audit), Bengaluru	0.59
Central Sales Tax Act, 1956	Central Sales Tax and Interest	2.24	2011-12	DCCT (Audit), Bengaluru	0.71
Karnataka Value Added Tax Act, 2003	Penalty and Interest	0.07	2014-15	DCCT (Audit), Bengaluru	-
Income Tax Act, 1961- TDS Case	Income Tax- TDS	0.09	2000-01	Supreme Court	0.09
Income Tax Act, 1961- TDS Case	Income Tax- TDS	0.16	2001-02	Supreme Court	0.16
Income Tax Act, 1961- TDS Case	Income Tax-TDS	0.02	2002-03	Supreme Court	0.02
Income Tax Act, 1961	Income Tax and Interest	0.12	2003-04	High Court	-
Income Tax Act, 1961	Income Tax and Interest	0.13	2006-07	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax and Interest	8.14	2007-08	Income Tax Appellate Tribunal	-

Name of the Statue	Nature of Dues	Amount Gross	Period to which the amount relates	Forum where the dispute is pending	Amount paid under protest
Income Tax Act, 1961	Income Tax and Interest	18.04	2008-09	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax and Interest	6.59	2009-10	Income Tax Appellate Tribunal	0.17
Income Tax Act, 1961	Income Tax and Interest	1.14	2010-11	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax	0.04	2012-13	Income Tax Appellate Tribunal	0.04
Income Tax Act, 1961	Income Tax and Interest	13.67	2013-14	Income Tax Appellate Tribunal	-

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. In our opinion, and according to the information and explanations given to us, the moneys raised by way of initial public offer have been applied for the purposes for which they were obtained (Refer Note 36 to the Standalone Ind AS Financial Statements).

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Ind AS Financial Statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: April 22, 2019

Standalone Balance Sheet

in ₹ crore

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	30.68	35.98
Intangible assets	4(b)	68.44	38.75
Intangible assets under development	4(b)	41.38	46.85
Investments in subsidiaries	5(a)	10.87	10.87
Financial assets			
Investments	5(b)	0.00	0.00
Trade receivables	6	42.81	34.84
Loans	8	4.35	5.41
Other financial assets	9	0.12	0.04
Income Tax Asset (net)	10(a)	36.93	32.02
Deferred Tax Assets	10(b)	138.00	121.16
Other non-current assets	11	0.14	0.34
Total non - current assets		373.72	326.26
Current assets			
Inventories	12	181.39	190.89
Financial assets			
Investments	5(c)	86.55	76.52
Trade receivables	6	607.39	259.48
Cash and cash equivalents	7(i)	16.41	213.48
Bank balances other than above	7(ii)	106.15	21.76
Loans	8	0.79	0.58
Other financial assets	9	180.44	213.40
Other current assets	11	27.48	20.69
Total current assets		1,206.60	996.80
Total assets		1,580.32	1,323.06
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	94.99	94.09
Other equity	14	1,223.75	1,057.81
Total equity		1,318.74	1,151.90
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	-	1.00
Provisions	16	1.75	1.14
Total non - current liabilities		1.75	2.14
Current liabilities			
Financial liabilities			
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		26.83	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		137.03	105.09
Other financial liabilities	18	78.41	47.36
Provisions	16	8.14	6.89
Other current liabilities	19	9.42	9.68
Total current liabilities		259.83	169.02
Total liabilities		261.58	171.16
Total equity and liabilities		1,580.32	1,323.06

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Standalone Statement of Profit and Loss

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

	Particulars	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
I	Revenue from operations	20	894.03	761.07
II	Other Income	21	36.64	27.22
III	Total income (I + II)		930.67	788.29
IV	Expenses			
	Cost of materials consumed	22	463.70	382.30
	Excise duty		-	17.64
	Employee benefit expense	23	117.60	88.65
	Finance costs	24	16.88	13.45
	Depreciation and amortization expense	4(c)	65.88	61.27
	Other expenses	25	117.14	118.34
	Total expenses (IV)		781.20	681.65
V	Profit before tax (III - IV)		149.47	106.64
VI	Income tax expense	26		
	Current tax		19.63	23.78
	Deferred tax (benefit)		(16.85)	(24.26)
	Total tax expense (VI)		2.78	(0.48)
VII	Profit after tax (V - VI)		146.69	107.12
VIII	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit obligation		(2.20)	(2.05)
	Income tax relating to above		0.48	0.44
	Other comprehensive income for the year, net of tax (VIII)		(1.72)	(1.61)
IX	Total comprehensive income for the year (VII + VIII)		144.97	105.51
X	Earnings per equity share			
	Equity shares of par value ₹ 10 each			
	Basic	30.7	16.07	12.48
	Diluted	30.7	15.33	11.79
	Weighted average equity shares used in computing earning per equity share			
	Basic	30.7	9,13,08,108	8,58,58,425
	Diluted	30.7	9,56,67,708	9,08,27,823

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Standalone Statement of Cash Flows

in ₹ crore

Particulars	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash flows from operating activities			
Profit before tax for the year		149.47	106.64
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense	4(c)	65.88	61.27
Provision for doubtful trade and other receivables (net)	25	5.17	1.23
Bad Debts written off	25	0.57	-
Provision for doubtful debts released	25	(0.57)	-
Focus Product Scheme receivable written off	25	4.45	-
Provision for Focus Product Scheme receivable released	25	(1.28)	-
Provision for doubtful advances	25	0.09	1.55
Investment in subsidiaries written off	25	54.33	-
Provision for investment in subsidiaries released	25	(54.33)	-
Provision for diminution in value of investment	25	-	0.14
Interest Income	21	(27.74)	(18.68)
Dividend Income	21	-	(0.09)
Gain on current investment carried at fair value through statement of profit and loss	21	(0.32)	(0.85)
Gain on sale of current investment carried at fair value through statement of profit and loss	21	(4.15)	(2.58)
Finance costs recognized in profit or loss	24	16.88	13.45
Unrealized Exchange Difference on cash held in foreign currencies		-	0.15
Unrealised Exchange Difference (Net)		0.66	1.30
Liabilities no longer required written back	25	-	(1.19)
Loss/ (profit) on sale of property, plant and equipment	25	0.03	(0.01)
Expense recognized in respect of equity-settled share-based payments	23	15.10	5.69
		224.24	168.02
Movements in working capital:			
(Increase)/decrease in inventories		9.50	(8.57)
(Increase)/decrease in trade receivables		(360.25)	84.08
(Increase)/decrease in loans		0.76	14.93
(Increase)/decrease in other financial assets		(8.36)	1.39
(Increase)/decrease in other assets		(6.59)	7.57
Increase/(decrease) in trade and other payables		57.31	(2.40)
Increase/(decrease) in provisions		(0.34)	(0.76)
Increase/(decrease) in other financial liabilities		26.55	13.96
Increase/(decrease) in other liabilities		(0.26)	0.29
Cash generated from operations		(57.44)	278.51
Income taxes paid		(24.05)	(32.75)
a) Net cash generated from/ (used in) operating activities		(81.49)	245.76
Cash flows from investing activities			
Expenditure on property, plant and equipment		(8.82)	(14.21)
Expenditure on intangible assets/including under development		(71.50)	(53.22)
Sale proceeds of property, plant and equipment		0.07	0.01
Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net)		(39.47)	(87.64)
Investment in liquid mutual funds and fixed maturity plan securities		(776.34)	(485.28)
Redemption of liquid mutual funds and fixed maturity plan securities		770.78	412.19
Investment in subsidiary		-	(6.42)
Interest received		20.89	15.96
Dividend Income		-	0.09
b) Net cash (used in) investing activities		(104.39)	(218.52)

in ₹ crore

Particulars	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		6.77	467.69
Issue related expenses- IPO		-	(19.33)
Proceeds from movement in other equity		-	0.03
Repayment of borrowings		(1.08)	(277.92)
Interest paid		(16.88)	(13.94)
c) Net cash generated from/ (used in) financing activities		(11.19)	156.53
d) Net increase/(decrease) in cash and cash equivalents		(197.07)	183.77
Cash and cash equivalents at the beginning of the year		213.48	29.86
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(0.15)
Cash & cash equivalents at the end of the year [Refer Note 7(i)]		16.41	213.48

The accompanying notes form an integral part of the standalone financial statements.
As per our report of even date.
for Price Waterhouse Chartered Accountants LLP
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Place: Bengaluru
Date: April 22, 2019

Balakrishnan V
Chairman and Director
(DIN:02825465)

Venkatesh Gadiyar
Chief Financial Officer

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Standalone Statement of Changes in Equity

A. Equity Share Capital

in ₹ crore

Particulars	Note	Amount
As at April 1, 2017*		74.01
Increase in equity share capital on account of exercise of ESOP	13	2.57
Increase in equity share capital on account of IPO	13	17.51
As at March 31, 2018*		94.09
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.90
As at March 31, 2019*		94.99

*Includes forfeited shares of R 3.27

B. Other Equity

in ₹ crore

Particulars	Notes	Reserves and Surplus			Other Reserve	Total equity attributable to shareholders of the Company
		Securities premium	Retained earnings	Employee stock compensation outstanding account		
Balance as at April 01, 2017		487.48	14.88	15.77	0.17	518.30
Profit for the year	14	-	107.12	-	-	107.12
Other comprehensive income	14	-	(1.61)	-	-	(1.61)
Total comprehensive income for the year		-	105.51	-	-	105.51
Transaction with owners in their capacity as owners:						
Premium on issue on account of IPO	14	432.49	-	-	-	432.49
Premium on issue on account of exercise of ESOP	14	15.12	-	-	-	15.12
Share issue expenses	14	(19.33)	-	-	-	(19.33)
Share based payment expenses	23	-	-	5.69	-	5.69
Issue of equity shares, on exercise of ESOP	14	6.32	-	(6.32)	-	-
Others	14	-	0.20	-	(0.17)	0.03
Balance as at March 31, 2018		922.08	120.59	15.14	-	1,057.81
Balance as at April 01, 2018		922.08	120.59	15.14	-	1,057.81
Profit for the year	14	-	146.69	-	-	146.69
Other comprehensive income	14	-	(1.72)	-	-	(1.72)
Total comprehensive income for the year		-	144.97	-	-	144.97
Transaction with owners in their capacity as owners:						
Premium on issue on account of exercise of ESOP	14	5.87	-	-	-	5.87
Share based payment expenses	23	-	-	15.10	-	15.10
Issue of equity shares, on exercise of ESOP/RSU	14	3.22	-	(3.22)	-	-
Balance as at March 31, 2019		931.17	265.56	27.02	-	1,223.75

The accompanying notes form an integral part of the standalone financial statements.
As per our report of even date.
for Price Waterhouse Chartered Accountants LLP
Firm Registration Number (FRN 012754N/N500016)

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
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CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Notes forming part of the Standalone Financial Statements for March 31, 2019

1 Corporate Information

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

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has branches in USA, Kenya, Bangladesh and UAE and has a subsidiary and step down subsidiary in Singapore and Nigeria respectively.

These financial statements have been approved by the Company's Board of Directors on April 22, 2019.

2 Significant Accounting Policies

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

2.1 Basis of preparation of standalone financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value;

- defined benefit plans - plan assets measured at fair value; and

- share-based payments measured at fair value.

(iii) New and amended standards adopted

- Ind AS 115, Revenue from contracts with customers (Refer Note 2.2 and 30.4)

- Amendments to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance (Refer Note 2.19)

- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of changes in Foreign Exchange Rates.*

- Amendment to Ind AS 12, Income Taxes*

- Amendment to Ind AS 40, Investment Property*

- Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities.*

* There has been no impact on adoption of these amendments on the financial statements.

(iv) Standard issued but not yet effective

a) Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

-Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

-Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

The Company will adopt this standard from the financial year beginning April 1, 2019, using the modified retrospective approach.

The Company is evaluating the impact of Ind AS 116 on the financial statements.

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is evaluating the impact of the above amendment on the financial statements.

c) Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The amendment is not likely to have any impact on the financial statements of the Company.

There are no other amendments which have been notified, that are likely to have any material impact on the financial statements of the Company.

(v) Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.2 Revenue Recognition:

The Company is engaged in designing, developing and manufacturing products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks.

Effective April 1, 2018, the Company adopted Ind AS 115, ***Revenue from Contracts with Customers*** using the modified retrospective approach. In accordance with the modified retrospective approach, the comparatives have not been retrospectively adjusted.

2.2.1 Sale of manufactured goods and components

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Certain contracts with customers provide for variable consideration based on the due date for delivery. The Company estimates the amount of variable consideration by using the expected value method and the revenue recognised represents the amount of consideration to which the Company will be entitled in exchange for transferring the promised products or services to the customer.

Standard warranty is provided to customers upon sale of products and the same is accounted in accordance with Ind AS 37, ***Provisions, Contingent Liabilities and Contingent Assets*** (Refer Note 2.11)

2.2.2 Rendering of Service

Revenue from installation and commissioning services are recognised at a point in time when services are rendered. Revenue from annual maintenance contracts are recognized on an accrual basis pro-rata over the term of the contract. Revenue from other services such as repair and return, managed services, professional services and knowledge services are recognized as and when the services are rendered.

Revenue in excess of invoicing is classified as unbilled revenue, whereas invoicing in excess of revenue is classified as contract liability (which we refer to as deferred revenue).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as contract assets and amortized over the term of the contract. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

The Company presents revenue net of indirect taxes in its Statement of Profit and loss, except that revenue in the comparative period is inclusive of excise duty until introduction of Goods and Services Tax (GST), effective July 01, 2017 which subsumed excise duty.

2.3 Property, Plant and Equipment

2.3.1 Measurement

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.3.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Asset	Useful Life
Laboratory equipment(1)	5 years
Networking equipment(1)	5 years
Electrical Installation(1)	5 years
Furniture & fixtures(1)	5 years
Office equipment(1)	5 years
Computing equipment(1)	5 years
Vehicles(1)	5 years
Cards/Prototypes(1)	4 years
Servers(1)	5 years

(1) Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the Managements expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013 [Refer Note 4(a)(ii) for revision in useful lives of certain assets during the year].

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss, net within other income/other expenses.

Individual assets costing less than ₹25,000/- are fully depreciated in the year of purchase.

2.4 Intangible Assets

2.4.1 Measurement

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxation authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.4.2 Product development

Expenditure pertaining to research activities are charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless:

i) Product's technical and marketing feasibility has been established;

ii) There is likelihood of the project delivering sufficient future economic benefit; and

iii) The availability of adequate technical, financial and other resources to complete, use or sell the product,

in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note 2.3.2).

Capitalized product development costs are recorded as intangible assets and amortised from the point at which the asset is ready for its intended use.

2.4.3 Amortization

The Company amortizes intangible assets with a finite useful life using the straight line method over the below periods:

Asset	Useful Life
Computer Software	Over the license period
Product development	24 months

2.5 Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Financial instruments

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.7 Investments and Other Financial assets

2.7.1 Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those measured at amortised cost.

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2.7.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

2.7.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in statement of profit and loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.7.4 Investment in Subsidiaries

Investment in Subsidiaries is carried at cost.

2.7.5 Impairment

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortised cost. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer note 28 for details on expected credit loss.

The losses arising from impairment are recognized in the Statement of Profit and Loss.

2.7.6 Derecognition

A financial asset is derecognized only when

- the Company has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

2.7.7 Income recognition

Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.8 Financial liabilities

2.8.1 Classification as liability or equity

Financial liability and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.8.2 Initial Recognition and Measurement

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit or loss.

2.8.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

2.8.4 Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.9 Trade Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Derivatives

Derivatives are initially recognized at fair value on the date the derivative contracts is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Derivative contracts to hedge risks which are not designated as hedges are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income/expenses.

2.11 Provisions and Contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for warranty

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

As per the terms of the contracts, the Company provides post-contract services / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.12 Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

(ii) Transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of entity's net investment in that foreign operation. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

2.13 Earnings per equity share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.14 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.15 Employee Benefits

(i) Short-term employee benefits

Liabilities for wages and salaries and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on Government bonds that at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in Statement of profit and loss.

The obligation for earned leave (despite not being expected to be settled wholly within 12 months) is presented as current liabilities in the balance sheet as the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Gratuity obligations (Defined Benefit Plan)

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have maturity terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

(iv) Defined contribution plans

The Company pays provident fund and pension contributions to publicly administered funds as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a reduction in the future payments is available.

(v) Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans and Restricted Stock Units.

The Company has constituted the following plans - 'Tejas Employee Stock Option Plan' 2014, 'Tejas Employee Stock Option Plan 2014 - A', 'Tejas Employees Stock Option Plan 2016' and 'Tejas Restricted Stock Unit Plan 2017' ("RSU – 2017") for the benefit of eligible employees.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of ESOP/RSU that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in Statement of profit and loss, with a corresponding adjustment to equity.

2.16 Cash Flow Statement

Cash flows from operating activities are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 30.3]

2.18 Leases

As a lessee

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.19 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge. Hitherto, Company recognised grants related to assets under non-current liabilities as deferred income and credited to Statement of profit and loss on a straight-line basis over the expected useful lives of the related assets. Considering that no grants related to assets have been recognised in the current and the previous years, the said change in accounting policy has no impact on the financial statements for the year ended March 31, 2019.

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

2.20 Inventories

Inventories (raw material - components including assemblies and sub assemblies) are stated at the lower of cost and net realisable value. Cost of inventory includes cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.21 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as unearned revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

2.22 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.23 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss under other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of material provision of a long term loan arrangement on or before the date of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before approval of the financial statements for issue, not to demand payment as a consequence of the breach.

2.24 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.25 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

2.26 Exceptional Items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Company for the year, the nature and amount of such items is disclosed as exceptional items.

2.27 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

3 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving critical estimates and judgements are:

(i) Product Development costs and related estimate of useful life - [Refer Note 2.4.2, Note 2.4.3 and Note 4(b)]

(ii) Defined benefit obligations - Refer Note 23

(iii) Impairment of trade receivables - Refer Note 28A

(iv) Recognition and recoverability of deferred tax - Refer Note 10(b)

(v) Evaluation of tax litigation - Refer Note 30.1

Note No. 4(a): Property, Plant and Equipment

in ₹ crore

Particulars	Laboratory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	Cards/ Prototypes	Servers	Total
Gross carrying value as of April 1, 2017	11.14	0.39	5.83	4.73	0.42	2.06	0.04	11.95	0.65	37.21
Additions[1]	5.67	0.13	0.46	0.89	0.31	2.54	0.19	7.53	0.55	18.27
Deletions	-	-	-	0.08	-	-	-	-	-	0.08
Gross carrying value as of March 31, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Accumulated depreciation as of April 1, 2017	(1.14)	(0.12)	(0.79)	(1.41)	(0.14)	(0.63)	(0.01)	(4.87)	(0.11)	(9.22)
Depreciation for the year	(1.42)	(0.14)	(0.82)	(0.84)	(0.20)	(1.23)	(0.02)	(5.42)	(0.18)	(10.27)
Accumulated depreciation on deletions	-	-	-	0.07	-	-	-	-	-	(0.07)
Accumulated depreciation as of March 31, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Carrying value as of March 31, 2018	14.25	0.26	4.68	3.36	0.39	2.74	0.20	9.19	0.91	35.98
Gross carrying value as of April 1, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Additions	3.96	0.14	0.41	2.86	0.21	1.68	-	2.54	1.60	13.40
Deletions	-	-	0.38	0.31	0.04	0.02	0.09	-	-	0.84
Gross carrying value as of March 31, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96
Accumulated depreciation as of April 1, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Depreciation for the year	(6.25)	(0.21)	(3.64)	(2.78)	(0.21)	(1.71)	(0.07)	(3.31)	(0.42)	(18.60)
Accumulated depreciation on deletions	-	-	(0.34)	(0.26)	(0.04)	(0.01)	(0.09)	-	-	(0.74)
Accumulated depreciation as of March 31, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)
Carrying value as of March 31, 2019	11.96	0.19	1.41	3.39	0.39	2.70	0.13	8.42	2.09	30.68

Notes:

(i) The Company had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Company as on March 31, 2019, has submitted claims aggregating to ₹ 8.98 (March 31, 2018 - ₹ 3.19) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

(ii) The Company has with effect from April 01, 2018 revised the estimated useful lives of Laboratory Equipment, Electrical Installation and Furniture and Fixtures from 10 years to 5 years , Vehicles from 8 years to 5 years and Servers and Networking Equipment from 6 years to 5 years, based on a periodic technical evaluation carried out during the year. Accordingly, additional depreciation of ₹ 8.89 has been recognised in the Statement of profit and loss for the year, as a result of the above revision.

(iii) Contractual Obligation : Refer Note 30.1 (b) for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 32 for information on property, plant and equipment pledged as security by the Company.

[1] Additions to Cards/Prototypes represent inventories capitalized (Refer Note 22).

Note No. 4(b): Intangible Assets

in ₹ crore

Particulars	Computer Software	Product Development	Total	Intangible Assets under development[1]
Gross carrying value as of April 1, 2017	3.80	107.49	111.29	19.29
Additions	4.01	21.65	25.66	49.21
Deletions/Transfers	-	-	-	21.65
Gross carrying value as of March 31, 2018	7.81	129.14	136.95	46.85
Accumulated amortization as of April 1, 2017	(2.06)	(45.14)	(47.20)	-
Amortization expenses for the year	(3.13)	(47.87)	(51.00)	-
Accumulated amortization as of March 31,2018	(5.19)	(93.01)	(98.20)	-
Carrying value as of March 31, 2018	2.62	36.13	38.75	46.85
Gross carrying value as of April 1, 2018	7.81	129.14	136.95	46.85
Additions	6.58	70.39	76.97	64.92
Deletions/Transfers	-	-	-	70.39
Gross carrying value as of March 31, 2019	14.39	199.53	213.92	41.38
Accumulated amortization as of April 1,2018	(5.19)	(93.01)	(98.20)	-
Amortization expenses for the year	(6.06)	(41.22)	(47.28)	-
Accumulated amortization as of March 31, 2019	(11.25)	(134.23)	(145.48)	-
Carrying value as of March 31, 2019	3.14	65.30	68.44	41.38

Remaining useful life for product development ranges from 3 to 23 months (March 31, 2018: 3 to 24 months).

[1] Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note 23 and Note 25).

Sensitivity Analysis

As at March 31, 2019, the net carrying amount of product development was ₹ 65.30 (March 31, 2018 – ₹ 36.13). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹42.50 as at March 31, 2019. If the useful life were estimated to be 3 years, the carrying amount would be ₹ 85.19 as at March 31, 2019.

Note No. 4(c): Depreciation and amortization expenses

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Depreciation on property, plant and equipment [Refer Note 4(a)]	18.60	10.27
Amortization of intangible assets [Refer Note 4(b)]	47.28	51.00
Total depreciation and amortization expenses	65.88	61.27

Note No. 5: Investments

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

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current investments (Unquoted)		
5(a) Investment in subsidiaries		
Equity instruments of subsidiaries (at cost)		
14,64,340 (As at March 31, 2018: 14,64,340) equity shares fully paid up in Tejas Communication Pte Ltd, Singapore	6.69	6.69
Nil (As at March 31, 2018: 9,00,000) equity shares fully paid up in Tejas Israel Limited[1] (cost ₹ 54.19 fully impaired)	-	-
Nil (As at March 31, 2018: 1,34,999) equity shares fully paid up in vSave Energy Private Limited[2]	-	0.14
Total equity instruments of subsidiaries	6.69	6.83
Preference shares of subsidiaries (at cost)[3]		
13,68,400 (As at March 31, 2018: 13,68,400) Redeemable Preference Shares fully paid up in Tejas Communication Pte Limited, Singapore	4.18	4.18
Total preference shares of subsidiaries	4.18	4.18
Total investments in subsidiaries	10.87	11.01
Less : Impairment in the value of investments	-	0.14
Total investments in subsidiaries	10.87	10.87

[1] During the year, Tejas Israel Limited, a wholly owned non-operating foreign subsidiary has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

[2] During the year, vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution, and striking off the name of this entity.

[3] Preference shares are redeemable only at the option of Tejas Communication Pte. Ltd and carry a cumulative right of dividend at a fixed rate 0.01% ($0.0001 per share). This investment has been treated as investment in an equity instrument.

5(b) Other Investments (Unquoted) {FVTPL}		
Equity instruments of others		
Investment in ELCIA ESDM Cluster (No. of shares 1100) (Refer Note 38)	0.00	0.00
Total other investments	0.00	0.00

5(c) Current investments (Quoted) {FVTPL}

(in ₹ crore, except as otherwise stated)

Investment in Mutual funds	Number of units	Amount	Number of units	Amount
Aditya Birla Sun Life floating Rate Fund Short Term Plan Growth Direct Plan	-	-	2,56,649	5.95
Axis liquid fund Direct Growth - CFDG	76,780	15.92	56,066	10.81
ICICI Prudential Liquid Fund Direct Plan Growth	9,31,076	25.74	-	-
IDFC Money Manager Fund Treasury Plan Growth-Direct Plan	-	-	28,94,490	8.08
Reliance Liquid Fund Cash Plan Direct Growth Plan-CPAG	-	-	76,153	21.38
Reliance Liquid Fund Direct Plan Growth Plan-Growth Option-LFAG	76,779	35.02	-	-
Reliance Quarterly Interval Fund Series-II Direct Growth Plan-Growth Option-K5AG	-	-	1,05,27,025	25.27
Reliance Monthly Interval Fund Series-II Direct Growth Plan-Growth Option-IMAG	-	-	21,72,270	5.03
Tata Liquid Fund Direct Plan Growth	33,526	9.87	-	-
Total current investments (c)		86.55		76.52
Non Current Investments				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		10.87		11.01
Aggregate amount of impairment in the value of investments		-		(0.14)
Current Investments				
Aggregate amount of quoted investments and market value thereof		86.55		76.52
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

Note No. 6: Trade Receivables

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	42.81	34.84
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total non-current	42.81	34.84
Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	614.59	254.89
Receivables from related parties considered good - unsecured [Refer note 30.6 (iii)]	0.99	9.08
Less: Loss allowance as per Expected Credit Loss model [Refer note 28 A (i)]	(8.19)	(4.49)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total current	607.39	259.48

Note No. 7: Cash and Bank Balances

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Cash and cash equivalents		
(a) Balances with banks		
(i) In current accounts*	8.25	12.16
(ii) In EEFC accounts	8.16	3.47
(b) Deposits with original maturity of less than three months	-	197.85
Total cash and cash equivalents	16.41	213.48
(ii) Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	106.11	16.95
Balances held as margin money or security against borrowings or guarantees	0.04	4.81
Total other bank balances	106.15	21.76

* includes ₹ 0.31 (March 31, 2018 - ₹ 0.29) which is subject to repatriation restriction.

The details of balances with banks (all in India, unless stated otherwise) as on Balance Sheet dates are as follows:

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
a) Current Accounts		
Axis Bank	-	0.46
Citibank	-	0.25
Citibank, Dubai	0.38	0.68
Fleet Bank, USA	0.23	1.16
HDFC Bank	1.61	-
HSBC Bank	0.01	0.01
HSBC Bank, Bangladesh	0.31	0.29
Indian Bank	0.01	0.01
Kotak Mahindra Bank	2.32	0.98
RBL Bank	0.05	0.07
Standard Chartered Bank	2.80	6.23
Standard Chartered Bank, Nairobi	0.10	0.10
State Bank of India	0.43	1.90
Vijaya Bank	-	0.02
	8.25	12.16
b) EEFC Accounts		
Axis Bank	6.14	-
Citibank	0.27	3.41
Standard Chartered Bank	1.75	0.06
	8.16	3.47
c) Deposits with original maturity of less than three months		
Axis Bank	-	23.12
Kotak Mahindra Bank	-	17.80
RBL Bank	-	25.53
Standard Chartered Bank	-	26.38
State Bank of India	-	105.00
Vijaya Bank	-	0.02
	-	197.85
d) Deposits with original maturity of more than three months but less than twelve months		
HDFC Bank	25.00	-
IndusInd Bank	55.00	15.13
Kotak Mahindra Bank	-	1.82
RBL Bank	26.11	-
	106.11	16.95
e) Balances held as margin money or security against borrowings or guarantees for less than twelve months		
Axis Bank	-	4.77
Indian Bank	0.04	0.04
	0.04	4.81
f) Deposits with original maturity of more than twelve months (Refer Note 9)		
Citibank	-	0.04
	-	0.04
g) Balances held as margin money or security against guarantees for more than twelve months (Refer Note 9)		
Citibank	0.04	-
Kotak Mahindra Bank	0.08	-
	0.12	-
h) Deposits with financial institutions (Refer Note 9)		
Bajaj Finance Limited	55.00	100.00
Dewan Housing Finance Limited	-	19.00
HDFC Limited	105.00	-
LIC Housing Finance Limited	-	86.00
	160.00	205.00
i) Total cash and cash equivalent (a+b+c)	16.41	213.48
j) Total other bank balances with maturity more than three months but less than twelve months (d+e)	106.15	21.76

Note No. 8: Loans

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	4.44	5.41
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	4.44	5.41
Less: Provision	(0.09)	-
Total non-current loans	4.35	5.41
Current		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.08	0.10
Loans to employees	0.71	0.48
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total current loans	0.79	0.58

Note No. 9: Other Financial Assets

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-current financial assets		
Deposits with original maturity of more than twelve months		
(i) In deposit accounts	-	0.04
(ii) Balances held as margin money or security against guarantees	0.12	-
Total non-current financial assets	0.12	0.04
Current financial assets		
Deposits with financial institutions	160.00	205.00
Unbilled Revenue	10.58	1.81
Interest accrued but not due	9.86	3.01
Focus Product Scheme receivable - Gross	-	4.86
Less: Provision	-	(1.28)
Focus Product Scheme receivable - Net	-	3.58
Total current financial assets	180.44	213.40

Note No. 10: Tax assets

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
10(a) Income Tax Asset		
Advance Income Tax (net)	36.93	32.02
	36.93	32.02
10(b) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Provisions allowable on payment basis	4.73	2.48
Difference between carrying amount of property, plant and equipment in books and the income tax return	6.25	4.11
Unabsorbed depreciation	16.95	16.95
Unutilised accumulated expenditure on Scientific research u/s 35 (2AB) ('Accumulated 35 (2AB) expenditure')	110.07	97.62
Total	138.00	121.16

Movements in deferred tax assets

Particulars	Provisions allowable on payment basis	Difference between carrying amount of property, plant and equipment in books and the income tax return	Tax Losses	Unabsorbed depreciation	Accumulated 35 (2AB) expenditure
As at April 01, 2017	1.49	2.89	11.50	16.95	64.06
(Charged)/Credited					
- to statement of profit and loss	0.99	1.22	(11.50)	-	33.56
As at March 31, 2018	2.48	4.11	-	16.95	97.62
(Charged)/Credited					
- to statement of profit and loss	2.25	2.14	-	-	12.45
As at March 31, 2019	4.73	6.25	-	16.95	110.07

Significant estimates:

The Company has recognised deferred tax assets on brought forward depreciation losses and accumulated 35 (2AB) expenditure. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable profits. The unabsorbed depreciation and accumulated 35 (2AB) expenditure can be carried forward indefinitely as per Income tax law and the Company expects to recover these through future taxable profits.

Sensitivity Analysis

Particulars	As at March 31, 2019	March 31, 2018
Revenue growth rate increase by 10% (March 31, 2018: 10%)	8.16	11.76
Revenue growth rate decrease by 10% (March 31, 2018: 10%)	(13.80)	(12.41)
Profit margin increases by 10% (March 31, 2018: 10%)	4.12	54.10
Profit margin decreases by 10% (March 31, 2018: 10%)	(21.72)	22.23

Note No. 11: Other assets

in ₹ crore

Particulars	As at March 31, 2019	March 31, 2018
Other non-current assets		
Prepaid Expenses	0.14	0.34
Total other non-current assets	0.14	0.34
Other current assets		
Advances to suppliers	19.20	5.00
Advances others	0.01	0.05
Balances with government authorities (other than income taxes)	5.97	9.22
Prepaid expenses	2.30	6.42
Total other current assets	27.48	20.69

Note No. 12: Inventories

in ₹ crore

Particulars	As at March 31, 2019	March 31, 2018
Raw material - components including assemblies and sub-assemblies (including goods in transit ₹ 1.64 (March 31, 2018: ₹ 16.83)	181.39	190.89
Total inventories	181.39	190.89

Note No. 13: Equity Share Capital

in ₹ crore, except share data

Particulars	Number of Shares	Equity Share Capital
Authorised Capital		
Equity Share Capital of ₹ 10/- each		
As at April 01, 2017	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2018	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2019	17,64,52,000	176.45
Issued, Subscribed and Paid up Capital		
Equity Share Capital of₹ 10/- each		
Fully paid shares		
As at April 1, 2017	7,07,33,411	70.74
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan [Refer Note 31(v)]	25,75,622	2.57
Issue of equity shares upon IPO (Refer Note 35)	1,75,09,727	17.51
As at March 31, 2018	9,08,18,760	90.82
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note 31(v)]	9,00,819	0.90
As at March 31, 2019	9,17,19,579	91.72
Forfeited shares (to the extent of amount paid up)*		
As at April 1, 2017	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2018	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2019	3,27,27,930	3.27

Particulars	As at March 31, 2019	March 31, 2018
Total Equity Share Capital	94.99	94.09

* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

a) Terms and rights attached to equity shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends declared if any, and to share in the proceeds upon winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

b) Details of shareholders holding more than 5% shares in the Company

in ₹ crore, except equity share and as otherwise stated

Particulars	As at March 31, 2019	March 31, 2018
Cascade Capital Management, Mauritius		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	18.00%	18.18%
Samena Spectrum Co.		
Number of shares held	94,41,649	1,39,81,648
% holding in that class of shares	10.29%	15.40%
Mayfield XII, Mauritius	71,06,628	71,06,628
Number of shares held	7.75%	7.83%
% holding in that class of shares		
Reliance Capital Trustee Co. Ltd-A/C Reliance small Cap Fund		
Number of shares held	58,17,754	49,63,187
% holding in that class of shares	6.34%	5.46%

c) There are no instances of:

i) shares allotted as fully paid up by way of bonus shares in the last five years.

ii) shares bought back during a period of five years immediately preceding the year end.

iii) shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

d) Shares reserved for issuance towards outstanding employee stock options, RSU granted and available for grant (Refer Note 31):

in Nos

Particulars	As at	
	March 31, 2019	March 31, 2018
Equity shares of ₹ 10/- each		
ESOP Schemes	59,41,041	69,55,287
Outstanding at the end of the year	59,41,041	69,55,287
Options available for grant	-	-
RSU	29,77,583	30,00,000
Outstanding at the end of the year	10,20,923	34,790
Units available for grant	19,56,660	29,65,210

Note No. 14: Other Equity

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Securities premium	931.17	922.08
Retained earnings	265.56	120.59
Employee stock compensation outstanding account	27.02	15.14
Other Reserves	-	-
Total Other Equity	1,223.75	1,057.81

(i) Securities premium in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	922.08	487.48
Premium on issue on account of IPO (Refer Note 35)	-	432.49
Premium received upon exercise of ESOP	5.87	15.12
Share issue costs	-	(19.33)
Premium recognised on exercise of ESOP/RSU	3.22	6.32
Closing Balance	931.17	922.08

(ii) Retained earnings in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	120.59	14.88
Profit for the year	146.69	107.12
Others (Refer Note c below)	-	0.20
Items of other comprehensive income recognized directly in retained earnings		
Remeasurements of the post employment benefit obligation	(1.72)	(1.61)
Closing Balance	265.56	120.59

(iii) Employee stock compensation outstanding account in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	15.14	15.77
Share based payment expenses	15.10	5.69
Transferred to securities premium on exercise of ESOP/RSU	(3.22)	(6.32)
Closing Balance	27.02	15.14

(iv) Other Reserves in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	-	0.17
Transaction during the year	-	(0.17)
Closing Balance	-	-

Nature and purpose of other reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium can be utilized in accordance with the provisions of the Act.

(b) Employee stock compensation outstanding account

The Employee stock compensation outstanding account is used to recognize the grant date fair value of options and RSUs issued to employees under the Company's share based payment schemes over the vesting period.

(c) Other Reserve

Shares in the Company were held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Treasury Shares). The net impact of the transactions from the treasury shares (which were not material including the adjustment for the expenses incurred by the Trust apart) has been disclosed as other reserve.

Note No. 15: Non-current Borrowings

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR	1.19	2.27
(Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization)		
Less: Current maturities of long term debt (Refer Note 18)	1.19	1.27
Total borrowings	-	1.00

Net Debt Reconciliation

Particulars	Non-Current Borrowings and Current maturities of long term debt	Current Borrowings
Debt as on April 01, 2017	29.18	252.29
Repayment	(26.91)	(252.29)
Debt as on March 31, 2018	2.27	-
Repayment	(1.08)	-
Debt as on March 31, 2019	1.19	-

Note No. 16: Provisions

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current provisions		
Other provisions		
Warranty	1.75	1.14
Total non-current provisions	1.75	1.14
Current provisions		
Provision for employee benefits		
Compensated absences*	4.91	1.89
Gratuity (Refer Note 23)	-	0.73
Other provisions		
Warranty	3.23	4.27
Total current provisions	8.14	6.89

* The amount of provision of ₹ 4.91 (March 31, 2018 ₹ 1.89) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Leave obligation not expected to be settled within the next 12 months	4.16	1.41

Movement in Warranty

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales.

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening balance	5.41	5.37
Unwinding of interest on provisions	0.46	0.48
Additions	0.92	1.03
Discounting of provision	(0.52)	(0.36)
Utilisation	(1.29)	(1.11)
Closing balance	4.98	5.41
Disclosed as:		
Non-current	1.75	1.14
Current	3.23	4.27
	4.98	5.41

Note No. 17: Trade Payables

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 30.2)	26.83	
Total outstanding dues of creditors other than micro enterprises and small enterprises	137.03	105.09
Total trade payables	163.86	105.09

Notes:

Following are the amounts due to Subsidiaries [Refer Note 30.6(iii)]

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Tejas Communication Pte Limited, Singapore	0.41	0.38
Tejas Israel	-	0.12
	0.41	0.50

Note No. 18: Other Financial Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Current		
Current maturities of long-term debt (Refer Note 15)	1.19	1.27
Due to employees	31.24	18.50
Capital Creditors	8.62	4.04
Accrual for expenses	37.16	23.34
Other liabilities	0.20	0.21
Total other financial liabilities	78.41	47.36

Note No. 19: Other Current Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Advances received from customers	0.48	0.24
Deferred revenue	3.02	4.36
Statutory dues	5.92	5.08
Total other current liabilities	9.42	9.68

Note No. 20: Revenue from Operations

in ₹ crore

Particulars	Year Ended March 31, 2019	2018
Revenue from contract with customers		
Sale of goods (including excise duty where applicable)		
Manufactured goods - Optical and Data Networking products including multiplexers	812.73	675.95
Component sales	23.59	9.93
	836.32	685.88
Rendering of services		
Installation and commissioning revenue	15.75	31.12
Annual maintenance revenue	31.89	32.56
Other service revenue	7.66	11.22
	55.30	74.90
Other operating income		
Export Incentive	2.41	0.29
	2.41	0.29
Total revenue from operations	894.03	761.07

Note No. 21: Other Income

in ₹ crore

Particulars	Year Ended March 31, 2019	2018
Interest income from banks on deposits	24.15	14.50
Dividend Income	-	0.09
Gain on current investment carried at fair value through statement of profit and loss	0.32	0.85
Gain on sale of current investment carried at fair value through statement profit and loss	4.15	2.58
Unwinding of discount on fair valuation of financials assets	3.59	4.18
Net gain on foreign currency transactions and translation (other than considered as finance cost)	0.65	4.52
Other non-operating income		
Recovery of Focus Product Scheme (FPS) Receivable earlier written off as not recoverable	3.00	-
Profit on sale of property, plant and equipment	-	0.01
Miscellaneous income	0.78	0.49
Total other income	36.64	27.22

Note No. 22: Cost of Materials Consumed

in ₹ crore

Particulars	Year Ended March 31, 2019	2018
Opening stock	190.89	182.33
Add: Purchases	454.20	398.39
Less: Capitalized during the year [Refer Note 4(a)]	-	7.53
	645.09	573.19
Less: Closing stock	181.39	190.89
Cost of materials consumed	463.70	382.30

Note No. 23: Employee Benefit Expense

in ₹ crore

Particulars	Year Ended March 31, 2019	2018
Salaries and wages, including performance incentives	152.33	119.80
Contribution to provident and pension funds [Refer Note 23(i)]	5.95	4.87
Gratuity expenses	1.72	1.25
Employee share based payment expenses [Refer Note 31(vii)]	15.10	5.69
Staff welfare expenses	4.93	5.19
	180.03	136.80
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	62.43	48.15
Total employee benefit expenses	117.60	88.65

Employee benefit plans

(i). Defined contribution plan

The Company makes contributions to Provident Fund and Employee's Pension Scheme, 1995. The contributions payable in this scheme by the Company are at rates specified in the rules of the scheme. The Company has no further obligation towards the scheme beyond the aforesaid contributions. The Company has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

Particulars	Year Ended March 31, 2019	2018
Provident Fund Contributions	5.09	4.07
Employee Pension Scheme	0.86	0.80
Total	5.95	4.87

(ii). Compensated absence

The leave obligation covers the Company's liability for earned leave. This is an unfunded scheme.

The amount of the provision of ₹ 4.91 (March 31, 2018 – ₹ 1.89) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

in ₹ crore, except % data

Particulars	Year Ended March 31,	
	2019	2018
Compensated absence expense included in salaries and wages	3.10	0.56
Actuarial assumptions for long-term compensated absences		
Discount rate	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition	7.00%	7.00%

(iii). Defined Benefit Plans

a) Gratuity

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied for the number of years of service. The gratuity plan is a funded plan and the Company makes contributions to recognised insurer managed funds in India.

Particulars	Year Ended March 31,	
	2019	2018
Actuarial assumptions for defined benefit plan		
Discount rate	7.64%	7.52%
Expected return on plan assets	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition rate	7.00%	7.00%

(i) 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.

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation (DBO) over the year are as follows:

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	7.66	(7.66)	-
Current service cost	1.35	-	1.35
Interest expense/(income)	0.57	(0.67)	(0.10)
Total amount recognised in profit or loss under employee benefit expenses	1.92	(0.67)	1.25
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	0.82	-	0.82
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(0.17)	-	(0.17)
Actuarial (Gain)/ Losses due to Experience on DBO	1.12	-	1.12
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.28	0.28
Total amount recognised in other comprehensive income	1.77	0.28	2.05
Employer contributions/ premiums paid	-	(2.57)	(2.57)
Benefit payments	(0.18)	0.18	-
As at March 31, 2018 (Refer Note 16)	11.17	(10.44)	0.73

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	11.17	(10.44)	0.73
Current service cost	1.77	-	1.77
Interest expense/ (income)	0.84	(0.89)	(0.05)
Total amount recognised in profit or loss under employee benefit expenses	2.61	(0.89)	1.72
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.44)	-	(0.44)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.84	-	1.84
Actuarial (Gain)/ Losses due to Experience on DBO	0.76	-	0.76
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.04	0.04
Total amount recognised in other comprehensive income	2.16	0.04	2.20
Employer contributions/ premiums paid	-	(4.65)	(4.65)
Benefit payments	(0.42)	0.42	-
As at March 31, 2019 (Refer Note 16)	15.52	(15.52)	-

b) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Year Ended March 31,	
	2019	2018
Discount Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	-8.78%	-6.76%
Decrease by 100 basis points (March 31, 2018 100 basis points)	10.17%	7.66%
Salary Growth Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	10.11%	7.38%

Decrease by 100 basis points (March 31, 2018 100 basis points)	-8.86%	-6.61%
Attrition Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	0.09%	0.84%
Decrease by 100 basis points (March 31, 2018 100 basis points)	-0.14%	-0.95%
Mortality		
increase by 10% (March 31, 2018 10%)	-0.01%	0.05%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may not be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Composition of the plan assets is as follows:

Particulars	As at March 31,	
	2019	2018
Insurer managed funds	100%	100%

c) Risk Exposure

1. Interest rates risk : The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase although this will be partially offset by an increase in value of the plan assets.
2. Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.
3. Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.
4. Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans (Gratuity) for the year endingMarch 31, 2020 are ₹ 2.42.

The weighted average duration of the defined benefit obligation is 12.43 years (March 31, 2018: 11.43 years). The expected maturity analysis of undiscounted gratuity is as follows:

in ₹ crore

Particulars	As at March 31,	
	2019	2018
Year 1	0.79	0.99
Year 2	0.80	0.92
Year 3	1.14	1.09
Year 4	1.24	1.17
Year 5	1.62	1.17
Year 6-10	5.93	5.14
Year 10 and above	26.66	11.41

Note No. 24: Finance Cost

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Interest expense		
(i) Borrowings	3.49	5.83
(ii) Unwinding of discount on fair valuation of financial liabilities	0.68	0.88
Other finance cost	12.71	6.74
Total finance cost	16.88	13.45

Note No. 25: Other Expenses (Refer Note 1 below)

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Installation and commissioning expenses	18.05	24.03
Other processing charges	3.02	1.19
Power and fuel	5.02	4.16
Housekeeping and security	2.23	2.60
Lease rentals (Refer Note 30.5)	8.45	7.73
Repairs and maintenance - machinery	0.47	0.47
Repairs and maintenance - others	2.37	2.36
Sub-contractor charges	11.08	6.47
Insurance	0.48	0.65
Rates and taxes	(0.51)	1.77
Communication	1.17	1.23
Royalty	0.61	0.83
Travelling and conveyance	17.41	14.53
Printing and stationery	0.30	0.37
Freight and forwarding	1.43	1.26
Contract related expenses	-	16.01
Sales expenses (Refer Note 35)	1.27	2.26
Sales commission	7.39	4.99
Business promotion	1.97	1.15
Donations	-	0.01
Director sitting fees	0.11	0.13
Director commission	0.38	0.29
Legal and professional	13.05	11.52
Auditors remuneration and out-of-pocket expenses		
As auditors	0.63	0.41
Auditors out-of-pocket expenses	0.06	0.04
Focus Product Scheme (FPS) receivable written off	4.45	-
Less: Provision for FPS receivable released	(1.28)	-
Provision for doubtful advances	0.09	1.55
Investment in subsidiaries written off [Refer Note 30.6 (ii)]	54.33	-
Less: provision for investment in subsidiaries released	(54.33)	-
Provision for diminution in value of investment	-	0.14
Bad Debts written off	0.57	-

Less: Provision for doubtful debts released	(0.57)	-
Provision for doubtful trade and other receivables (net)	5.17	1.23
Provision for warranty	0.40	0.67
Loss on sale of property, plant and equipment (net)	0.03	-
Expenditure on corporate social responsibility (Refer Note 34)	0.98	0.54
Reimbursement of expenses to subsidiary [Refer Note 30.6 (ii)]	10.20	7.41
Miscellaneous expenses	3.15	1.40
	119.63	119.40
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	2.49	1.06
Total other expenses	117.14	118.34

Note 1: Other expenses include R&D expenses under various line items [Refer Note 30.8 (ii)].

Note No. 26: Income Tax Expense

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
a. Current tax		
Tax on profits for the year	20.61	23.78
Adjustments for tax of prior periods	(0.98)	-
Total current tax expense	19.63	23.78
b. Deferred tax		
Decrease/(increase) in deferred tax assets	(16.85)	(24.26)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(16.85)	(24.26)
Total Income tax	2.78	(0.48)

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Profit from continuing operations before income tax expense	149.47	106.64
Tax at the Indian tax rate at 34.944% (March 31, 2018: 34.608%)	52.23	36.91
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses disallowed for tax purposes	0.52	1.73
Mark-to-mark gain on mutual fund investments not chargeable to tax	(1.31)	(1.58)
Remeasurement gains and losses recognised for OCI but considered for tax	(0.77)	(0.72)
Weighted deduction on Scientific Research u/s 35 (2AB)	(25.77)	(15.18)
Unrecognised DTA recognised on 35 (2AB) expenditure	(41.75)	(45.42)
MAT tax charge for the year	20.61	23.78
Adjustment of tax for prior periods	(0.98)	-
Income Tax (expense)	2.78	(0.48)

Tax losses and unutilised accumulated 35 (2AB) expenditure (together 'unused tax losses') for which no deferred tax has been recognised

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Unused tax losses as described above	34.34	157.55
	34.34	157.55
Potential tax benefit on the above	12.00	55.05
MAT credit	51.93	24.98

In the absence of reasonable certainty with regard to taxable profit in the future, the Company has not recognised deferred tax in respect of above items and MAT credit.

Note No. 27: Fair Value Measurement

(i) Financial instruments by category and fair value hierarchy

in ₹ crore

	Level	March 31, 2019		March 31, 2018	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial assets					
Investments					
- Mutual Funds	1	86.55	-	76.52	-
- Others (Refer Note 38)	3	0.00	-	0.00	-
Trade receivables	3	-	650.20	-	294.32
Cash and cash equivalents		-	16.41	-	213.48
Bank balances other than cash and cash equivalents		-	106.15	-	21.76
Loans					
- Security deposits	3	-	4.52	-	5.51
- Loans to employees	3	-	0.71	-	0.48
Other financial assets					
- Deposits with original maturity of more than twelve months		-	0.12	-	0.04
- Deposits with financial institutions		-	160.00		205.00
- Unbilled Revenue	3	-	10.58	-	1.81
- Interest accrued but not due	3	-	9.86	-	3.01
- Focus Product Scheme receivable	3	-	-	-	4.86
Total Financial Assets		86.55	958.55	76.52	750.27
Financial liabilities					
Borrowings		-	-	-	1.00
Trade payables	3	-	163.86	-	105.09
Other financial liabilities					
- Current maturities of long-term debt		-	1.19	-	1.27
- Capital Creditors		-	8.62		4.04
- Due to employees			31.24		18.50
- Accrual for expenses		-	37.16	-	23.34
- Other liabilities		-	0.20	-	0.21
Total Financial liabilities		-	242.27	-	153.45

Level 1: Includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.
There are no transfers between levels during the year.
The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation Technique

- The fair values for security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- Investment in mutual funds are valued using closing NAV.

(iii) Valuation Process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(iv) Fair value of financial assets and liabilities measured at amortised cost

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.
- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.

- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note No. 28: Financial risk management

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework.

A. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in various countries. Credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

(i) Expected credit loss for trade receivables under simplified approach

in ₹ crore

Loss allowance as on April 01, 2017	(2.93)
Changes in loss allowance	(1.56)
Loss allowance as on April 01, 2018	(4.49)
Changes in loss allowance	(3.70)
Loss allowance as on March 31, 2019 (Refer Note 6)	(8.19)

Credit risk on cash and cash equivalents and deposits is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

Management has evaluated and determined expected credit loss for security deposits and other financial assets to be immaterial

(ii) Sensitivity Analysis

The sensitivity of profit or loss to changes in the loss allowance

Impact on profit after tax

in ₹ crore

	March 31, 2019	March 31, 2018
ECL increase by 10%	(0.29)	(0.12)
ECL decrease by 10%	0.29	0.12

B. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company's principal source of liquidity are cash and cash equivalents, cash flow that is generated from the operations and the undrawn borrowing facilities. A material and sustained shortfall in our cash flow could undermine the Company's credit rating and impair investor confidence. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Liquid assets

The table below summarizes the Company's liquid assets at the end of the reporting period:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Cash and cash equivalents	16.41	213.48
Other bank balances - deposits more than 3 months less than 12 months and margin money	106.15	21.76
Deposits with financial institutions	160.00	205.00
Current investments - mutual funds	86.55	76.52
	369.11	516.76

(ii) Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Rupee Borrowing		
Fund based	142.55	190.00
Non Fund based	-	7.58
USD Borrowing (in rupee terms)		
Fund based	67.24	62.68
Non Fund based	-	-

The above borrowings facilities are fungible between fund based and non-fund based.

(iii) Maturities of financial liabilities

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying balances as the impact of discounting is not significant.

in ₹ crore

Contractual maturities of financial liabilities March 31, 2019	Less than 6 months	6months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Trade payables	163.86	-	-	-	163.86
Current maturities of long-term debt	-	1.19	-	-	1.19
Due to employees	31.24	-	-	-	31.24
Capital Creditors	8.62	-	-	-	8.62
Accrual for expenses	37.16	-	-	-	37.16
Other liabilities	0.20	-	-	-	0.20
	241.08	1.19	-	-	242.27

in ₹ crore

Contractual maturities of financial liabilities March 31, 2018	Less than 6 months	6months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Borrowings	-	-	1.00	-	1.00
Trade payables	105.09	-	-	-	105.09
Current maturities of long-term debt	-	1.27	-	-	1.27
Due to employees	18.50	-	-	-	18.50
Capital Creditors	4.04	-	-	-	4.04
Accrual for expenses	23.34	-	-	-	23.34
Other liabilities	0.21	-	-	-	0.21
	151.18	1.27	1.00	-	153.45

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at March 31, 2019 the trade receivable does not include receivables amounting to ₹ 57.85 (March 31, 2018: ₹ 72.86) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements (Refer Note 6).

C. Market Risk

(a) Foreign currency risk exposure

The Company operates internationally and is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. To mitigate the risk of changes in exchange rates on foreign currency exposures, the company has natural hedge between export receivable and import payables. The results of the Company's operations are subject to the effects of changes in foreign exchange rates.

(i) The Company's exposure to foreign currency risk at the end of the reporting period expressed in Rupees crore are as follows:

Particulars	March 31, 2019		March 31, 2018	
	USD	MYR*	USD	MYR*
Assets				
Trade receivables	80.39	33.40	37.34	12.11
Advance to suppliers	13.03	-	2.76	-
Balance in EEFC account	8.16	-	3.47	-
Balance with Non scheduled banks	0.23	-	3.25	-
Net exposure to foreign currency risk (assets)	101.81	33.40	46.82	12.11
Liabilities				
Trade payables	68.57	0.13	42.22	0.37
Net exposure to foreign currency risk (liabilities)	68.57	0.13	42.22	0.37
Net exposure to foreign currency risk	33.24	33.27	4.60	11.74

* MYR stands for Malaysian Ringgit.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

in ₹ crore

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
USD Sensitivity		
INR/USD - Increase by 10% (March 31, 2018 10%)*	(2.61)	(0.37)
INR/USD - Decrease by 10% (March 31, 2018 10%)*	2.61	0.37
MYR Sensitivity		
INR/MYR - Increase by 10% (March 31, 2018 10%)*	(2.61)	(0.93)
INR/MYR - Decrease by 10% (March 31, 2018 10%)*	2.61	0.93

* Holding all other variables constant.

Note No. 29: Capital Management

For the purpose of capital management, the Company considers the following components of its Balance Sheet as capital:

Issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the company.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company foresees issue of fresh capital pursuant to exercise of vested employee stock options. Apart from the outstanding ESOPs, the Board of Directors approved certain Restricted Stock Units (RSU) in the previous year which may be converted in to share capital in the future periods.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

in ₹ crore

Debt equity ratio	March 31, 2019	March 31, 2018
Net Debt*	(368.04)	(514.53)
Equity	1,318.74	1,151.90
Debt equity ratio	-	-

*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds. The Company has no 'net debt' as at March 31, 2019.

Note No. 30: Additional Information to Financial Statements

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
30.1 Contingent liabilities and commitments (to the extent not provided for)		
a Claims against the Company not acknowledged as debts		
Disputed Central Excise Demands * (Refer Note 1 below)	37.46	12.58
Disputed Income Tax Demands * (Refer Note 3 below)	47.94	46.80
Disputed CST and VAT Demand *	3.64	2.91
b Commitments		
Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
Property, plant and equipment	2.40	0.38
c Guarantees	0.12	-

* These cases are pending at various forums with the respective authorities. Outflows if any, arising out of these claims would depend on the outcome of the decision of the appellate authority and the Company`s right for future appeals before judiciary. No reimbursements are expected.

Note 1: During the year, the Company has received an Order from CESTAT with respect to applicability of excise duty on the software used as part of the Multiplexer products during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 (₹ 11.87 crores) and various show cause notices on the similar matter received in different earlier financial years (aggregating ₹ 24.88 crores). The earlier order was disclosed as a contingent liability and the aforesaid show cause notices were disclosed under the contingent liabilities note as additional information for the year ended March 31, 2018. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. Based on Management's assessment of the CESTAT Order, supported by an external legal opinion, Management has concluded that the company has a strong case to defend its position in this matter and accordingly, no provision has been made in the financial statements, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order.

Note 2: Further, Company has received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to ₹ 3.01 crores which are not part of the Order disclosed above and hence not considered as contingent liabilities.

Note 3: The Company in earlier years has received income tax demands aggregating to ₹ 47.94 (March 31, 2018: ₹ 46.80) mainly in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income Tax Act, 1961. Based on a favourable ruling received from the High Court of Karnataka, expenditure approved by the Department of Scientific and Industrial Research is allowed as a deduction under Section 35(2AB). However, the Order giving effect is still pending from the income tax authorities.

Note 4: In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the year, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/ summons will not have any material impact on the Company's financial statements.

Note 5: The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount net, which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. During the year Company has received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor in the past 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact in the Company's financial statements.

30.2 Dues to Micro Small and Medium Enterprises (MSMEs)

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Principal amount due to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and remaining unpaid as at year end[1]	26.83	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years		

[1]Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

30.3 Segment Information

(i) The Company's business activity primarily falls within a single business segment based on the nature of activity involved and business risks attached having regard to the internal organisation and management structure. The CODM reviews the Company's performance as a single business segment and not at any other disaggregated level.

(ii) Geographical information

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
I. Revenues*		
India	715.19	630.34
Americas	70.72	43.60
Rest of the World	108.12	87.13
	894.03	761.07

* Determined based on location of customers

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
II Total Carrying amount of non current assets, by geographical location		
India	140.50	121.58
Americas	-	-
Rest of the World	-	-

Revenues of approximately ₹ 219.76 are derived from one external customer (March 31, 2018 ₹ 423.90 from two external customers) exceeding 10% of the total revenue.

30.4 Revenue from contract with customers

(i) Disaggregation of revenue from contracts with customers
The table below presents disaggregated revenue from contracts with customers for the year ended March 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by market and other economic factors (Refer Note 20).

in ₹ crore

Particulars	Year Ended March 31,
	2019
India-PSU	482.33
India-Private	209.27
International	178.84
Component Sales	23.59
	894.03

(ii) During the year ended March 31, 2019, ₹ 1.81 crore of unbilled revenue as of March 31, 2018 has been reclassified to Trade receivables upon billing to customers.
The movement in contract liability (deferred revenue and Advances received from customers) during the year is as follows:

in ₹ crore

Particulars	As at March 31, 2019	
	Deferred Revenue	Advances received from customers
Opening balance	4.36	0.24
Less: Revenue accrued during the year	4.27	0.14
Add: Invoicing in excess of earned revenue during the year	2.93	0.38
Closing Balance	3.02	0.48

(iii) Performance obligations and remaining performance obligations
The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019, is approximately ₹418. Out of this, the Company expects to recognize revenue of around 45% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of adoption of Ind AS 115 as compared with Ind AS 18 on the Balance sheet as at March 31, 2019 and Statement of profit and loss for the year ended March 31, 2019 is as follows:
- Retention money is no longer been discounted and the variable consideration as envisaged in certain contracts have been netted off with the Revenue.
- The impact of the said changes on the Balance sheet and profit before tax is not considered to be material.

(iv) Reconciliation of revenue recognised with Contract price

in ₹ crore

Particulars	Year Ended March 31, 2019
Contract Price	894.03
Adjustments for:	
Variable consideration specified in the contract	2.41
Revenue from operations	891.62

30.5 Details of leasing arrangements

The Company has entered into operating lease arrangements for office premises and plant which are for a period ranging between 5 and 8 years. All leases except one are cancellable at the option of the lessee and the lessor. One lease arrangement entered during the year has a remaining lock in period of 52 months at the Balance sheet date.

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Lease rentals recognised in the Statement of Profit and Loss (Refer Note 25)	8.45	7.73
Particulars	**As at**	
	March 31, 2019	**March 31, 2018**
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	2.29	-
later than one year and not later than five years	5.88	-

30.6 Related party transactions

(i) Details of related parties: in ₹ crore

Description of relationship	
Subsidiaries	Tejas Communication Pte Limited, Singapore ('Tejas Singapore')
	Tejas Israel Limited, Israel ('Tejas Israel')[1]
	vSave Energy Private Limited ('vSave')[2]
Step-down subsidiary	Tejas Communications (Nigeria) Limited
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited ('Clonect')
	Darwinbox Digital Solutions Private Limited ('Darwinbox')
Key Management Personnel	
Executive Directors	Sanjay Nayak, CEO and Managing Director
	Arnob Roy, Chief Operating Officer*
Non - Executive Directors	
Independent Directors	Balakrishnan V
	Leela K Ponappa

[1] Tejas Israel has been liquidated with effect from November 25, 2018 [Refer Note 5(a)].

[2] vSave has been dissolved with effect from July 28, 2018 and has been struck off the Register of Companies.[Refer Note 5(a)].

* Appointed as Chief Operating Officer with effect from March 25, 2019.

(ii) Details of the related party transactions during the year ended March 31, 2019: in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Transactions during the year		
Purchases from		
Tejas Singapore	-	0.57
Revenue from sale of goods		
Tejas Singapore	9.39	9.06
Revenue from rendering of services		
Tejas Singapore	2.34	3.93
Reimbursement of expenses to		
Tejas Singapore	10.20	7.41
Legal & Professional expense		
Clonect	0.08	0.03
Darwinbox	0.06	-
Non current investments made (unquoted)		
Tejas Singapore	-	6.42
Investment Written off		
Tejas Israel[3]	54.19	-
Vsave[3]	0.14	-
Remuneration to Key Management Personnel		
Executive Directors:		
Sanjay Nayak		
Short-term employee benefits	2.09	1.55
Post-employment benefits	0.02	0.02
Employee share-based payment	1.12	0.89
Arnob Roy		
Short-term employee benefits	0.02	-
Post-employment benefits (Refer Note 38)	0.00	-
Employee share-based payment	0.02	-
Non - Executive Directors:		
Director Sitting Fees		
Balakrishnan V	0.06	0.07
Leela K Ponappa	0.05	0.06
Director Commission		
Balakrishnan V	0.25	0.20
Leela K Ponappa	0.13	0.09
[3] Provided in earlier years.		

(iii) Balances outstanding at the end of the year: in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Trade receivables		
Tejas Singapore	0.99	9.08
Trade payables		
Tejas Singapore	0.41	0.38
Tejas Israel	-	0.12
Non current investments (unquoted)		
Tejas Singapore	10.87	10.87
Vsave	-	0.14

Payable to Key Management Personnel		
Sanjay Nayak	0.95	0.57
Arnob Roy	0.68	-
Balakrishnan V	0.25	-
Leela K Ponappa	0.13	-

All outstanding balances are unsecured.

30.7 Earnings per share

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

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Basic		
Net profit for the year attributable to the equity share holders	146.69	107.12
Weighted average number of equity shares	9,13,08,108	8,58,58,425
Par value per share (₹)	10.00	10.00
Earnings per share - Basic (₹)	16.07	12.48
Diluted		
Net profit for the year attributable to the equity share holders	146.69	107.12
Weighted average number of equity shares for Basic EPS	9,13,08,108	8,58,58,425
Add: Bonus element on Share Options and RSUs issued to employees	43,59,600	49,69,398
Weighted average number of equity shares - for diluted EPS	9,56,67,708	9,08,27,823
Par value per share (₹)	10.00	10.00
Earnings per share - diluted (₹)	15.33	11.79

30.8 Product Development Cost

(i) Product development costs capitalized during the year with regard to the development of various modules of products are being amortised in accordance with the Company's policy.

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Amount transferred to Product Development	70.39	21.65
Additions to Intangible assets under development	64.92	49.21

(ii) Details of Capital and Revenue expenditure towards Research and Development incurred by the Company

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	3.36	6.65
Revenue expenditure*	115.51	86.90
TOTAL	118.87	93.55

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development as per Department of Scientific and Industrial Research (DSIR) Regulations [out of (ii) above]

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
Eligible capital expenditure	3.36	6.65
Eligible revenue expenditure	101.88	81.21
TOTAL	105.24	87.86

As per DSIR Regulations, the eligible revenue expenditure incurred towards research and development was ₹ 101.88 and ₹ 81.21 for the year ended March 31, 2019 and 2018 respectively. Similarly eligible capital expenditure incurred towards research and development was ₹ 3.36 and ₹ 6.65 for the year ended March 31, 2019 and 2018 respectively.

* A portion of the Revenue Expenditure amounting to ₹ 62.43 (March 31, 2018: ₹ 48.15) (Refer Note 23) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts and has been shown as Intangible assets under Development in compliance with the relevant Indian Accounting Standards (Ind AS). In the previous year financial statements the aforesaid amount has been disclosed separately under eligible capital expenditure.

Note No. 31: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)

(i) Employees Stock Option Plan – 2014 ("ESOP Plan 2014") The Company pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders' resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within fifteen years from the date of vesting. Options granted under the plan are equity settled.

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

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. Options granted under the plan are equity settled.

(iii) Employees Stock Option Plan – 2016 (" ESOP Plan 2016") The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. Options granted under the plan are equity settled.

(iv) Restricted Stock Unit Plan 2017 ("RSU Plan 2017") The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 26, 2017 and September 27, 2017, respectively, has adopted RSU Plan- 2017. Pursuant to RSU Plan 2017, restricted stock units ("RSUs") may be granted to eligible employees (as defined in RSU Plan - 2017). The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares.

The RSUs granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. The RSUs granted under the plan are equity settled.

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes.

(v) Summary of options under various plans:

Particulars	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2014				
Outstanding at the beginning of the year	65	29,17,690	65	50,47,216
Granted during the year	-	-	-	-
Exercised during the year*	65	4,52,905	65	21,00,586
Forfeited during the year	65	24,716	65	28,940
Outstanding at the end of the year	65	24,40,069	65	29,17,690
Exercisable at the end of the year	65	24,31,050	65	22,76,072
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		13.02 years		14.13 years
* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹ 332.61)				
ESOP Plan 2014-A				
Outstanding at the beginning of the year	85	16,89,511	85	19,71,015
Granted during the year	-	-	-	-
Exercised during the year*	85	1,81,939	85	2,54,902
Forfeited during the year	85	31,145	85	26,602
Outstanding at the end of the year	85	14,76,427	85	16,89,511
Exercisable at the end of the year	85	9,88,234	85	7,02,215
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		3.57 years		4.52 years
* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61).				

ESOP Plan 2016				
Outstanding at the beginning of the year	85	23,48,086	85	24,77,615
Granted during the year	-	-	110	1,35,200
Exercised during the year*	85	2,61,848	85	2,20,134
Forfeited during the year	85	61,693	85	44,595
Outstanding at the end of the year#	85	20,24,545	85	23,48,086
Exercisable at the end of the year	85	10,60,578	85	6,78,433
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		3.99 years		4.90 years

The range of exercise prices of the outstanding options as at March 31, 2019 is ₹ 85 to ₹ 110 (₹ 85 to ₹ 110 as at March 31, 2018).
* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹ 332.61).

Particulars	Weighted average exercise price (INR)	Number of stock units	Weighted average exercise price (INR)	Number of stock units
RSU Plan 2017				
Outstanding at the beginning of the year	10	34,790	-	-
Granted during the year	10	10,08,550	10	34,790
Exercised during the year*	10	4,127	-	-
Forfeited during the year	10	18,290	-	-
Outstanding at the end of the year	10	10,20,923	10	34,790
Exercisable at the end of the year	10	4,435	-	-
RSU available for grant	10	19,56,660	10	29,65,210
Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)		5.15 years		6.07 years

* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61).

(vi) Fair value of options granted

For share options and RSUs granted during the period, the fair value has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2019	March 31, 2018
ESOP Plan 2016		
Weighted Average share price on the date of grant	-	92.00
Exercise price	-	110.00
Risk Free Interest Rate	-	7.59%
Expected Life	-	5-8years
Exercise period from the date of vesting	-	4 years
Expected Annual Volatility of Shares	-	0.00%
Expected Dividend Yield	-	0.00%
RSU Plan 2017		
Weighted Average share price on the date of grant	260.74	335.24
Exercise price	10.00	10.00
Risk Free Interest Rate	7.58% to 7.89%	6.78%
Expected Life	5-8years	5-8years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	48% to 52%	46.83%
Expected Dividend Yield	0.00%	0.00%

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes, hence other information is not applicable for the year ended March 31, 2019.

(v) Effect of share based payment transactions on the Statement of Profit and Loss: in ₹ crore

	March 31, 2019	March 31, 2018
Equity-settled share-based payments (Refer Note 23)	15.10	5.69

Note No. 32: Assets pledged as security against borrowings (Refer Note 15)

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Financial Assets		
Trade Receivables	650.20	294.32
Loans	0.79	0.58
Other financial assets	0.12	0.04
Other financial assets excluding deposits with financial institutions	20.44	8.40
Total financial assets	671.55	303.34
(ii) Non- Financial Assets		
Other current assets	27.48	20.69
Inventories	181.39	190.89
Total non- financial assets	208.87	211.58
(iii) Total current assets pledged as security	880.42	514.92
(iv) Non-current assets		
Property, plant and equipment	30.68	35.98
Total Non-current assets pledged as security	30.68	35.98
(v) Total assets pledged as security	911.10	550.90

The Company has multiple banking arrangements with banks who have extended fund based and non- fund based facilities and have placed uniform covenants for collateral purposes. The banks have a pari passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, availment out of fund and non-fund based facilities will be within the limits sanctioned. The pari passu charge implies that the banks have a proportionate claim on the collaterals, limited to actual utilisation of fund and non-fund based facilities. The aggregate of fund and non-fund based facilities availed and outstanding as at March 31, 2019 aggregates to ₹179.91 (March 31, 2018: ₹144.74).

Note No. 33: Statement of Function wise Profit and Loss (for additional information only)

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue		
Product sales, net of excise duty (Refer Note i below)	812.73	658.31
Component sales	23.59	9.93
Services	55.30	74.90
Other Operating Revenues	2.41	0.29
Net Revenue (A)	894.03	743.43
Cost of materials consumed (Refer Note ii below)	464.84	383.01
Manufacturing Expenses	18.30	17.79
Service Expenses	51.12	49.04
Total Cost of Goods Sold (B)	534.26	449.84
Gross Profit (C) = (A) - (B)	359.77	293.59
Operating Expenses:		
Research & Development (Gross)	115.51	86.90
Less: R&DCapitalized	(64.92)	(49.21)
Research & Development (Net)	50.59	37.69
Selling, Distribution & Marketing*	84.56	77.63
General & Administrative	29.03	24.13
Operating Expenses (Net) (D)	164.18	139.45
Profit from operations (EBITDA) (E) = (C) - (D)	195.59	154.14
Other Income (Refer Note iii below)	35.99	22.70
Foreign exchange loss/(gain) (Refer Note iv below)	(0.65)	(4.52)
Finance costs	16.88	13.45
Depreciation and amortization	65.88	61.27
Profit before tax	149.47	106.64
Tax expense:		
Current tax	19.63	23.78
Deferred tax (benefit)	(16.85)	(24.26)
Profit after tax	146.69	107.12
Other Comprehensive Income	(1.72)	(1.61)
Total comprehensive income for the year	144.97	105.51
Earning per share (Par Value ₹ 10 each)		
(a) Basic	16.07	12.48
(b) Diluted	15.33	11.79
Weighted average Basic Equity share outstanding	9,13,08,108	8,58,58,425
Weighted average Diluted PotentialEquity share outstanding	9,56,67,708	9,08,27,823

* Previous year figures has been regrouped or reclassified as necessary.

i. The reconciliation of Product sale between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from product sales including excise duty where applicable as per Schedule III (Refer Note 20)	812.73	675.95
Less: Excise Duty disclosed as expense	-	17.64
Revenue from product sales net of excise duty as per function wise profit and loss	812.73	658.31

ii. The reconciliation of Cost of Sales between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Cost of materials consumed as per Schedule III (Refer Note 22)	463.70	382.30
Add: Considered separately under other expenses as per Schedule III (Note 25)		
Other Processing Charges	3.02	1.19
Royalty	0.61	0.58
Less: Other processing charges considered under R&D	2.49	1.06
Total Cost of materials consumed as per function wise profit and loss	464.84	383.01

iii. The reconciliation of Other Income between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Other income as per Schedule III (Refer Note 21)	36.64	27.22
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iv below)	(0.65)	(4.52)
Other income as per function wise profit and loss	35.99	22.70

iv. The breakup of foreign exchange loss/(gain) is as under:

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)	-	-
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 21, Note 25 and Note iii above)	(0.65)	(4.52)
Foreign exchange loss/(gain) as per function wise profit and loss	(0.65)	(4.52)

Note No. 34: Expenditure on corporate social responsibility (as per section 135 of the Act)

(a) Gross amount required to be spent by the Company during the year ₹ 0.98 (previous year ₹ 0.54).
(b) Amount spent during the year: Rs 0.98 (included under expenditure on corporate social responsibility note 25)

in ₹ crore

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2. On purposes other than (1) above	0.98	-	0.98
	(0.54)	(-)	(0.54)

Previous year figures are in brackets

in ₹ crore

Particulars	Nature of Service	Year Ended March 31,	
		2019	2018
Akshaya Patra Foundation	NGO run school meal programme facilitating education of Underprivileged children in India	0.25	0.34
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers	0.25	0.20
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality	0.30	-
Vinoba Sewa Ashram, Uttar Pradesh	Serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh	0.18	-
Total qualifying expenditure on corporate social responsibility		0.98	0.54

Note No. 35: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹ 10/- each at a premium of ₹ 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in actual use of proceeds from the objects stated in the offer document. Total share issue expenses related to IPO amounted to ₹ 21.13 of which ₹ 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹ 1.80 has been charged off as part of sales expenses during the year ended March 31, 2018 (Refer Note 25). There is no such expense during the current year.

in ₹ crore

Particulars	Proposed as per Prospectus	Revised amounts as explained in Prospectus	Total utilization till March 31, 2018	Balance as on March 31, 2018	Actual Utilization during quarter ended June 30, 2018	Balance as on March 31, 2019
(i) Capital expenditure towards payment of salaries and wages for Research and Development team	45.29	45.29	35.65	9.64	9.64	-
(ii) Working capital requirement	303.00	303.00	303.00	-	-	-
(iii) General corporate purposes (refer note below)	76.20	80.58	80.58	-	-	-
Total towards objects of the offer	424.49	428.87	419.23	9.64	9.64	-
Issue Expenses Outflow (refer note below)	25.51	21.13	-	-	-	-
Total issue proceeds	450.00	450.00	419.23	9.64	9.64	-

Note No. 36: Interest in subsidiaries

Name of the Company	Place of Business	% of Holding and voting power either directly or indirectly through subsidiary as at	
		March 31, 2019	March 31, 2018
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018 [Refer Note 5(a)])	Israel	NA	100%
vSave Energy Pvt Limited (wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018 [Refer Note 5(a)].)	India	NA	100%
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

Note No. 37: Dividend

After the year end the Board of Directors in their meeting held on April 22, 2019 have recommended the payment of final dividend of Re. 1 per fully paid equity share. (March 31, 2018 : Nil). This proposed final dividend is subject to the approval of shareholders in the ensuing general meeting.

Note No. 38: Details of amounts rounded off

(Amount in ₹)

Particulars		As at	
		March 31, 2019	March 31, 2018
1.	Investment in ELCIA ESDM Cluster (Refer Note 5)	11,000/-	11,000/-
2	Post-employment benfits cost to Arnob Roy [Refer Note 30.6(ii)]	2,570/-	-

Note No. 39: Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Consolidated Financial Statements

Independent Auditors' Report

To the Members of Tejas Networks Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

Opinion

1. We have audited the accompanying Consolidated Ind AS Financial Statements of Tejas Networks Limited (hereinafter referred to as the 'Company' or 'Holding Company") and its subsidiaries / step down subsidiary (the Holding Company and its subsidiaries/ step down subsidiary together referred to as "the Group"), (refer Note 2.2 and 30.9 to the attached Consolidated Ind AS Financial Statements), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained other than the unaudited financial information as certified by the management and referred to in paragraph 16 under Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Ind AS financial statements of the current year. These matters were addressed in the context of our audit of the Consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description
Appropriateness of contingent liability disclosed in respect of certain Direct and Indirect tax matters (Refer note 30.1 to the Financial statements) (a) Applicability of excise duty on software used for Multiplexer products The Company has received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) dated July 4, 2018 with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 (₹ 11.87 crores) and various show cause notices on the similar matter received in different earlier financial years (aggregating ₹ 24.88 crores). The earlier order was disclosed as a contingent liability and the aforesaid show cause notices were disclosed under the contingent liabilities note as additional information for the year ended March 31, 2018. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT order. This matter has been disclosed as a contingent liability. Further, Company has received show cause notices from the Department 0f Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to ₹ 3.01 crores which are not part of the Order disclosed above and hence not considered as contingent liabilities. However, this has been disclosed under the contingent liabilities as additional information during the current year.

(b) Allowability of weighted deduction for computing taxable income:
The Company in earlier years has received income tax demands aggregating to ₹ 47.94 crores mainly in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income Tax Act, 1961. Based on a favourable ruling received from the High Court of Karnataka, expenditure approved by the The Department of Scientific and Industrial Research (DSIR) is allowed as a deduction under Section 35(2AB). However, since the Order giving effect is still pending from the income tax authorities, the company has disclosed the said exposure as contingent liability in the notes to the financial statements.

c) In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). During the year, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial statements.

In respect of above direct and indirect tax matters, significant Management judgement is required in assessing the appropriateness of the amount of contingent liabilities to be disclosed. This involves management's judgement of the likelihood of ultimate outcome of the tax disputes supported by, in certain complex matters, opinion obtained from senior tax counsel, and are hence determined as key audit matters.

How our audit addressed the matter?

In respect of the direct and indirect tax matters, our audit procedures, which involved applying materiality and sampling techniques, included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of identifying tax exposures, its accounting and disclosures thereof.
- Reading the correspondences from the concerned direct and indirect tax authorities and the status of direct tax cases, as provided by an external tax consultant.
- Discussing with management experts in respect of these matters.
- Circularising, where applicable, legal letter to relevant external legal counsel of the Company for obtaining the status of the various litigations.
- Reading the opinion of a legal counsel provided by the management in respect of the applicability of excise duty on software used as part of the multiplexer products.
- Evaluating the objectivity, competence and capabilities of such external legal counsel/tax consultants.
- Involving auditor's tax experts to assess management's positions for significant tax exposures in light of the dynamic tax environment and existing jurisprudence, to assess the key judgements made by the Company.
- Validating the completeness and appropriateness of the disclosures relating to the aforesaid direct and indirect tax matters.

Based on the above procedures performed, we found that the judgments made by the Management in disclosing contingent liabilities in respect of the aforesaid tax matters, were reasonable.

Description

Carrying value of Intangible Assets under Development

Refer to notes 4(b) and 30.8 in the financial statements.

The Company undertakes the development of various products, and capitalises expenditure that qualifies for recognition as intangible assets. Such expenditure predominantly represents internal manpower costs incurred on such projects. Upto the time the products are ready to be put to use, the company records the qualifying expenditure as intangible assets under development. Such expenditure amounts to ₹ 41.38 crores as at March 31, 2019.

We considered this a key audit matter as:

- The amount of internal cost that qualifies for capitalisation is material and significant. Management judgement is involved in assessing whether the criteria set out in the relevant accounting standard for capitalization of such cost have been met such as:
  - The technical and marketing feasibility of the project has been established;
  - The likelihood of the project delivering sufficient future economic benefit; and
  - The availability of adequate technical, financial and other resources and the intention to complete, use or sell the asset.

How our audit addressed the matter?

Our procedures included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for evaluating and approving the internal costs qualifying for capitalization by performing walkthroughs and through inquiries with management.
- Testing the capital funding request forms and other documentation to ensure that the projects were appropriately approved by the Chief technical officer and Finance Controller as per the delegated authority matrix.
- Obtaining an understanding of the selected capitalized projects, testing time charged to such projects back to time sheet data, agreeing cost of external contractors to vendor invoices,
- Testing a sample of projects to ensure appropriate capitalisation of qualifying employee cost and cost of external contractors.
- Assessing whether initial assumptions applied in determining project feasibility continues to hold true and whether sufficient economic benefits are likely to flow from the projects to support the values capitalised.

Our testing as set out above did not identify any material costs that have been inappropriately capitalised.

Description

Matters relating to Deferred Tax Assets

(a) Assessment of recoverability of Deferred Tax Assets recognized on tax losses
(Refer Note 2.14, 10 and 26 to the Financial Statements.)

The Company has recognised deferred tax assets of ₹ 138 crores (and has not recognised ₹ 34.34 crores) on unabsorbed depreciation and unutilized expenditure on scientific research (together hereinafter referred to as “tax losses”) carried forward from the previous years.
The assets have been recognised on the basis of the Company’s assessment of availability of future taxable profit to offset such tax losses based on business projections for the next two years. The recoverability of the deferred tax assets depends upon factors such as the projected taxable profitability of business and the period considered for such projections, the rate at which those profits will be taxed and the period over which tax losses will be available for recovery.
This was considered as a key audit matter as the amount is material to the financial statements and significant judgement in key assumptions was required by the Company’s Management in the preparation of forecasts of future taxable profits based on the underlying business plans.

b) Non recognition of deferred tax asset in respect of Minimum Alternate Tax (MAT)
(Refer Note 2.14 and 26 to the Financial Statements.)

The Company has not recognised deferred tax asset in respect of Minimum Alternate Tax (MAT) credits aggregating to ₹ 51.93 crores in the absence of reasonable certainty that it will have sufficient taxable profits based on aforesaid business projections to recover such amounts.
We considered this a key audit matter as significant judgement is required in determining the recognition and recoverability of deferred tax assets as the realization of tax benefits is dependent on future taxable profits.

How our audit addressed the matter?

Our procedures included the following:
Evaluation of the design and testing operating effectiveness of Company’s controls relating to taxation and the assessment of carrying amount of deferred tax assets relating to unabsorbed tax losses;

- Assessing the reasonableness of the period of projections used in the deferred tax asset recoverability assessment considering that the Company operates in a highly competitive industry which is subject to disruptions through changing technology.
- Comparing the Company’s performance for the year with the approved budget to assess the reasonableness of the assumptions.
- Comparing the Company’s projections of future taxable profit to the approved business plans.
- Testing, whether projections prepared were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses can be utilized within the forecast recoupment period.
- Testing the assumptions used by analyzing the impact on taxable profit using different growth rates and profit margins.
- Reviewing the adequacy of disclosures made in the financial statements with regard to deferred taxes.

Based on the above procedures performed, our testing did not identify any material exceptions with respect to the reasonability of the assumptions and estimates used by the management in assessing the recoverability of Deferred Tax Asset recognised in respect of tax losses and non-recognition of deferred tax asset in respect of MAT.

Other Information

5. The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report, Corporate Governance Report and Shareholder information, but does not include the Consolidated Ind AS Financial Statements and our auditor’s report thereon.

6. Our opinion on the Consolidated Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

7. In connection with our audit of the Consolidated Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Ind AS Financial Statements

8. The Holding Company’s Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified 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; 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 accuracy and completeness

of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Ind AS Financial Statements.

12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Ind AS Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind AS Financial Statements, including the disclosures, and whether the Consolidated Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

13. We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Ind AS Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Ind AS Financial Statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication..

Other Matters

16. We did not audit the financial information of 1 subsidiary and 1 step down subsidiary whose financial information reflect total assets of ₹25.59 Crores and net assets of ₹ 14.08 Crores as at March 31, 2019, total revenue of ₹ 28.14 Crores, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 0.43 Crores and net cash outflows amounting to ₹ 0.19 Crores for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The aforesaid financial information is unaudited and has been

furnished to us by the Management, and our opinion on the Consolidated Ind AS Financial Statements insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, such financial is not material to the Group. Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the financial information of the subsidiaries certified by the Management.

Report on Other Legal and Regulatory Requirements

17. 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 Ind AS Financial Statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A.

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

i) The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group– Refer Note 30.1 to the Consolidated Ind AS Financial Statements.

ii) The Group has long-term contracts as at March 31, 2019 for which there were no material foreseeable losses. The Group does not have derivative contracts as at March 31, 2019.

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2019.

iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

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

Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: April 22, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 17 (f) of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the Consolidated Ind AS Financial Statements for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of Tejas Networks Limited (hereinafter referred to as the "Company" or "Holding Company") as of that date.

Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, 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 issued by the ICAI.

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

Pradip Kanakia
Partner
Membership Number: 039985

Place: Bengaluru
Date: April 22, 2019

Consolidated Balance Sheet

in ₹ crore

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	30.68	35.98
Intangible assets	4(b)	68.44	38.75
Intangible assets under development	4(b)	41.38	46.85
Financial assets			
Investments	5(a)	0.00	0.00
Trade receivables	6	42.81	34.84
Loans	8	4.38	5.44
Other financial assets	9	0.12	0.04
Income Tax Asset (net)	10(a)	36.92	32.01
Deferred Tax Assets	10(b)	138.00	121.16
Other non-current assets	11	0.14	0.34
Total non - current assets		362.87	315.41
Current assets			
Inventories	12	181.39	190.89
Financial assets			
Investments	5(b)	86.55	76.52
Trade receivables	6	622.12	275.71
Cash and cash equivalents	7(i)	16.90	214.19
Bank balances other than above	7(ii)	106.15	21.76
Loans	8	0.95	0.62
Other financial assets	9	180.44	213.40
Other current assets	11	27.91	21.27
Total current assets		1,222.41	1,014.36
Total assets		1,585.28	1,329.77
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	94.99	94.09
Other equity	14	1,225.25	1,057.99
Total equity		1,320.24	1,152.08
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	-	1.00
Provisions	16	1.75	1.14
Total non - current liabilities		1.75	2.14
Current liabilities			
Financial liabilities			
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		26.83	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		136.70	105.03
Other financial liabilities	18	81.72	53.30
Provisions	16	8.14	6.89
Other current liabilities	19	9.90	10.33
Total current liabilities		263.29	175.55
Total liabilities		265.04	177.69
Total equity and liabilities		1,585.28	1,329.77

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Consolidated Statement of Profit and Loss

in ₹ crore except equity share and per equity share data

	Particulars	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
I	Revenue from operations	20	900.32	767.44
II	Other Income	21	36.69	27.83
III	Total income (I + II)		937.01	795.27
IV	Expenses			
	Cost of materials consumed	22	463.70	382.42
	Excise duty		-	17.64
	Employee benefit expense	23	123.66	92.26
	Finance costs	24	17.00	13.40
	Depreciation and amortization expense	4(c)	65.88	61.27
	Other expenses	25	116.75	122.24
	Total expenses (IV)		786.99	689.23
V	Profit before tax (III - IV)		150.02	106.04
VI	Income tax expense	26		
	Current tax		19.63	23.78
	Deferred tax (benefit)		(16.85)	(24.26)
	Total tax expense (VI)		2.78	(0.48)
VII	Profit after tax (V - VI)		147.24	106.52
VIII	Other comprehensive income			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit obligation		(2.20)	(2.05)
	Income tax relating to above		0.48	0.44
	Items that will be reclassified to profit or loss			
	Exchange differences on translation of foreign operations		0.77	(0.15)
	Other comprehensive income for the year, net of tax (VIII)		(0.95)	(1.76)
IX	Total comprehensive income for the period (VII + VIII)		146.29	104.76
X	Earnings per equity share			
	Equity shares of par value ₹ 10 each			
	Basic	30.7	16.13	12.41
	Diluted	30.7	15.39	11.73
	Weighted average equity shares used in computing earning per equity share			
	Basic	30.7	9,13,08,108	8,58,58,425
	Diluted	30.7	9,56,67,708	9,08,27,823

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Consolidated Statement of Cash Flows

in ₹ crore

Particulars	Notes	Year Ended March 31, 2019	Year Ended March 31, 2018
Cash flows from operating activities			
Profit before tax for the year		150.02	106.04
Adjustments to reconcile net profit to net cash provided by operating activities:			
Depreciation and amortization expense	4(c)	65.88	61.27
Provision for doubtful trade and other receivables (net)	25	5.24	3.39
Bad Debts written off	25	0.57	-
Provision for doubtful debts released	25	(0.57)	-
Focus Product Scheme receivable written off	25	4.45	-
Provision for Focus Product Scheme receivable released	25	(1.28)	-
Provision for doubtful advances	25	0.09	1.55
Interest Income	21	(27.74)	(18.68)
Dividend Income	21	-	(0.09)
Gain on current investment carried at fair value through statement of profit and loss	21	(0.32)	(0.85)
Gain on sale of current investment carried at fair value through statement of profit and loss	21	(4.15)	(2.58)
Finance costs recognized in profit or loss	24	17.00	13.40
Unrealized Exchange Difference on cash held in foreign currencies		-	0.15
Unrealised Exchange Difference (Net)		2.08	1.41
Liabilities no longer required written back	25	-	(1.19)
Loss/ (profit) on sale of property, plant and equipment	25	0.03	(0.01)
Expense recognized in respect of equity-settled share-based payments	23	15.10	5.69
		226.40	169.50
Movements in working capital:			
(Increase)/decrease in inventories		9.50	(9.18)
(Increase)/decrease in trade receivables		(359.47)	81.62
(Increase)/decrease in loans		0.65	14.96
(Increase)/decrease in other financial assets		(8.36)	1.39
(Increase)/decrease in other assets		(6.65)	3.65
Increase/(decrease) in trade and other payables		57.09	(2.27)
Increase/(decrease) in provisions		(0.34)	(0.76)
Increase/(decrease) in other financial liabilities		24.09	15.56
Increase/(decrease) in other liabilities		(0.45)	(2.23)
Cash generated from operations		(57.54)	272.24
Income taxes paid		(24.05)	(32.75)
a) Net cash generated from/ (used in) operating activities		(81.59)	239.49
Cash flows from investing activities			
Expenditure on property, plant and equipment		(8.82)	(14.21)
Expenditure on intangible assets/including under development		(71.50)	(53.89)
Sale proceeds of property, plant and equipment		0.07	0.01
Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net)		(39.47)	(87.64)
Investment in liquid mutual funds and fixed maturity plan securities		(776.34)	(485.28)
Redemption of liquid mutual funds and fixed maturity plan securities		770.78	412.19
Interest received		20.89	15.96
Dividend received		-	0.09
b) Net cash (used in) investing activities		(104.39)	(212.77)

in ₹ crore

Particulars	Notes	Year Ended March 31,	
		2019	2018
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		6.77	467.69
Issue related expenses- IPO		-	(19.33)
Proceeds from movement in other equity		-	0.03
Repayment of borrowings		(1.08)	(277.93)
Interest paid		(17.00)	(13.90)
c) Net cash generated from/ (used in) financing activities		(11.31)	156.56
d) Net increase/(decrease) in cash and cash equivalents		(197.29)	183.28
Cash and cash equivalents at the beginning of the year		214.19	31.06
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(0.15)
Cash & cash equivalents at the end of the year [Refer Note 7(i)]		16.90	214.19

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Consolidated Statement of Changes in Equity

A. Equity Share Capital

in ₹ crore

Particulars	Note	Amount
As at April 1, 2017*		74.01
Increase in equity share capital on account of exercise of ESOP	13	2.57
Increase in equity share capital on account of IPO	13	17.51
As at March 31, 2018*		94.09
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.90
As at March 31, 2019*		94.99

* Includes forfeited shares of ₹ 3.27

B. Other Equity

in ₹ crore

Particulars	Note	Reserves and Surplus			Other Reserves		Total
		Securities premium	Retained earnings	Employee stock compensation outstanding account	Foreign Currency Translation Reserve	Trust	
Balance as at April 1, 2017		487.48	15.86	15.77	(0.35)	0.17	518.93
Profit for the year	14	-	106.52	-	-	-	106.52
Other comprehensive income	14	-	(1.61)	-	0.15	-	(1.46)
Total comprehensive income for the year		-	104.91	-	0.15	-	105.06
Transaction with owners in their capacity as owners:							
Premium on issue on account of IPO	14	432.49	-	-	-	-	432.49
Premium on issue on account of exercise of ESOP	14	15.12	-	-	-	-	15.12
Share issue expenses	14	(19.33)	-	-	-	-	(19.33)
Share based payment expenses	23	-	-	5.69	-	-	5.69
Issue of equity shares, on exercise of options	14	6.32	-	(6.32)	-	-	-
Others	14	-	0.20	-	-	(0.17)	0.03
Balance as at March 31, 2018		922.08	120.97	15.14	(0.20)	-	1,057.99
Balance as at April 1, 2018		922.08	120.97	15.14	(0.20)	-	1,057.99
Profit for the year	14	-	147.24	-	-	-	147.24
Other comprehensive income	14	-	(1.72)	-	0.77	-	(0.95)
Total comprehensive income for the year		-	145.52	-	0.77	-	146.29
Transaction with owners in their capacity as owners:							
Premium on issue on account of exercise of ESOP	14	5.87	-	-	-	-	5.87
Share based payment expenses	23	-	-	15.10	-	-	15.10
Issue of equity shares, on exercise of ESOP/RSU	14	3.22	-	(3.22)	-	-	-
Balance as at March 31, 2019		931.17	266.49	27.02	0.57	-	1,225.25

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

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Notes forming part of the Consolidated Financial Statements for March 31, 2019

1 Corporate Information

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

Tejas together with its subsidiaries/ step down subsidiary is hereinafter referred to as the "Group".

Tejas is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Group has branches in USA, Kenya, Bangladesh, UAE, Malaysia and South Africa and has a subsidiary and step down subsidiary in Singapore and Nigeria respectively. (Refer Note 30.9)

These consolidated financial statements have been approved by the Company's Board of Directors on April 22, 2019.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Tejas Networks Limited and its subsidiaries/ step down subsidiary.

2.1 Basis of preparation

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value;

- defined benefit plans - plan assets measured at fair value; and

- share-based payments measured at fair value.

(iii) New and amended standards adopted

- Ind AS 115, Revenue from contracts with customers (Refer Note 2.3 and 30.4)

- Amendments to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance (Refer Note 2.20)

-Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of changes in Foreign Exchange Rates.*

- Amendment to Ind AS 12, Income Taxes*

- Amendment to Ind AS 40, Investment Property*

- Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities.*

* There has been no impact on adoption of these amendments on the financial statements.

(iv) Standard issued but not yet effective

a) Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

-Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors

-Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

The Group will adopt this standard from the financial year beginning April 1, 2019, using the modified retrospective approach.

The Group is evaluating the impact of Ind AS 116 on the financial statements.

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Group will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Group is evaluating the impact of the above amendment on the financial statements.

c) Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The amendment is not likely to have any impact on the financial statements of the Group.

There are no other amendments which have been notified, that are likely to have any material impact on the financial statements of the Group.

(v) Operating cycle

Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.2 Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries/ step down subsidiary (Refer Note 30.9) line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill arising on consolidation is not amortized but is tested for impairment.

2.3 Revenue Recognition:

The Group is engaged in designing, developing and manufacturing products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks

Effective April 1, 2018, the Group adopted Ind AS 115, ***Revenue from Contracts with Customers*** using the modified retrospective approach. In accordance with the modified retrospective approach, the comparatives have not been retrospectively adjusted.

2.3.1 Sale of manufactured goods and components

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Certain contracts with customers provide for variable consideration based on the due date for delivery. The Group estimates the amount of variable consideration by using the expected value method and the revenue recognised represents the amount of consideration to which the Group will be entitled in exchange for transferring the promised products or services to the customer.

Standard warranty is provided to customers upon sale of products and the same is accounted in accordance with Ind AS 37, ***Provisions, Contingent Liabilities and Contingent Assets*** (Refer Note 2.12)

2.3.2 Rendering of Service

Revenue from installation and commissioning services are recognised at a point in time when services are rendered. Revenue from annual maintenance contracts are recognized on an accrual basis pro-rata over the term of the contract. Revenue from other services such as repair and return, managed services, professional services and knowledge services are recognized as and when the services are rendered.

Revenue in excess of invoicing is classified as unbilled revenue, whereas invoicing in excess of revenue is classified as contract liability (which we refer to as deferred revenue).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as contract assets and amortized over the term of the contract. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

The Group presents revenue net of indirect taxes in its Statement of Profit and loss, except that revenue in the comparative period is inclusive of excise duty until introduction of Goods and Services Tax (GST), effective July 01, 2017 which subsumed excise duty.

2.4 Property, Plant and Equipment

2.4.1 Measurement

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

2.4.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Asset	Useful Life
Laboratory equipment[(1)]	5 years
Networking equipment[(1)]	5 years
Electrical Installation[(1)]	5 years
Furniture & fixtures[(1)]	5 years
Office equipment	5 years
Computing equipment [(1)]	5 years
Vehicles[(1)]	5 years
Cards/Prototypes[(1)]	4 years
Servers[(1)]	5 years

[(1)] Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the Managements expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013. [Refer Note 4(a)(ii) for revision in useful lives of certain assets during the year].

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss, net within other income/other expenses.

Individual assets costing less than ₹ 25,000/- are fully depreciated in the year of purchase.

2.5 Intangible Assets

2.5.1 Measurement

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxation authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.5.2 Product development

Expenditure pertaining to research activities are charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless:

i) Product's technical and marketing feasibility has been established;

ii) There is likelihood of the project delivering sufficient future economic benefit; and

iii) The availability of adequate technical, financial and other resources to complete, use or sell the product,

in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note 2.4.2).

Capitalized product development costs are recorded as intangible assets and amortised from the point at which the asset is ready for its intended use.

2.5.3 Amortization

The Group amortizes intangible assets with a finite useful life using the straight line method over the below periods:

Asset	Useful Life
Computer Software	Over the license period
Product development	24 months

2.6 Impairment of Assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Financial instruments

Financial assets and financial liabilities are recognized when Group becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

2.8 Investments and Other Financial assets

2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those measured at amortized cost.

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.8.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

2.8.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in statement of profit and loss.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss in the period in which it arises. Interest income from these financial assets is included in other income.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.8.4 Impairment

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer note 28 for details on expected credit loss.

The losses arising from impairment are recognized in the Statement of Profit and Loss.

2.8.5 Derecognition

A financial asset is derecognized only when

- the Group has transferred the rights to receive cash flows from the financial asset or

- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

2.8.6 Income recognition

Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

2.9 Financial liabilities

2.9.1 Classification as debt or equity

Financial liability and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2.9.2 Initial Recognition and Measurement

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit or loss.

2.9.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

2.9.4 Derecognition

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

2.10 Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Derivatives

Derivatives are initially recognized at fair value on the date the derivative contracts is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

Derivative contracts to hedge risks which are not designated as hedges are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income/ expenses.

2.12 Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provision for warranty

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

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

2.13 Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the consolidated financials statements of the Group are measured using the currency of the the primary economic environment in which the Group operates ('the functional currency'). The consolidated financials statements are presented in Indian rupee, which is the Group's functional and presentation currency.

The functional currency of Tejas (parent Company) and vSave Energy Pvt Limited is INR and for Tejas Communications Pte Limited, Singapore and Tejas Israel Limited is USD. The functional currency for Tejas Communications (Nigeria) Limited is Naira.

(ii) Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in foreign currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

2.14 Earnings per equity share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.15 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Group will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financials statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

2.16 Employee Benefits

(i) Short-term employee benefits

Liabilities for wages and salaries and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields on Government bonds that at the end of the reporting period that have terms approximating to the terms of the related obligation.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligation for earned leave (despite not being expected to be settled wholly within 12 months) is presented as current liabilities in the balance sheet as the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Gratuity obligations (Defined Benefit Plan)

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by an actuary using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have maturity terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than in rupees, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have maturity terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in Statement of profit and loss as past service cost.

(iv) Defined contribution plans

The Group pays defined contribution to publicly administered funds as per respective local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a reduction in the future payments is available.

(v) Share-based payments

Share-based compensation benefits are provided to employees via Employee Stock Option Plans and Restricted Stock Units.

The Group has constituted the following plans - 'Tejas Employee Stock Option Plan' 2014, 'Tejas Employee Stock Option Plan 2014 - A', 'Tejas Employees Stock Option Plan 2016' and 'Tejas Restricted Stock Unit Plan 2017' ("RSU – 2017") for the benefit of eligible employees.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of ESOP/RSU that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in Statement of profit and loss, with a corresponding adjustment to equity.

2.17 Cash Flow Statement

Cash flows from operating activities are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.18 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 30.3]

2.19 Leases

As a lessee

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

2.20 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge. Hitherto, Group recognised grants related to assets under non-current liabilities as deferred income and credited to Statement of profit and loss on a straight-line basis over the expected useful lives of the related assets. Considering that no grants related to assets have been recognised in the current and the previous years, the said change in accounting policy has no impact on the financial statements for the year ended March 31, 2019.

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

2.21 Inventories

Inventories (raw material - components including assemblies and sub assemblies) are stated at the lower of cost and net realisable value. Cost of inventory includes cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.22 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as unearned revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

2.23 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.24 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss under other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for atleast 12 months after the reporting period. Where there is a breach of material provision of a long term loan arrangement on or before the date of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before approval of the financial statements for issue, not to demand payment as a consequence of the breach.

2.25 Borrowing Cost

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.26 Contributed Equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

2.27 Exceptional Items

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

2.28 Rounding of amounts

All amounts disclosed in the consolidated financials statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

3 Critical estimates and judgements

The preparation of consolidated financials statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financials statements.

The areas involving critical estimates and judgements are:

(i) Product Development costs and related estimate of useful life - [Refer Note 2.5.2, Note 2.5.3 and Note 4(b)]

(ii) Defined benefit obligations - Refer note 23

(iii) Impairment of trade receivables - Refer note 28A

(iv) Recognition and recoverability of deferred tax asset - Refer note 10(b)

(v) Evaluation of tax litigation - Refer Note 30.1

Note No. 4(a): Property, Plant and Equipment

in ₹ crore

Particulars	Labor atory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	Cards/ Prototypes	Servers	Total
Gross carrying value as of April 1, 2017	11.14	0.39	5.83	4.73	0.42	2.06	0.04	11.95	0.65	37.21
Additions[1]	5.67	0.13	0.46	0.89	0.31	2.54	0.19	7.53	0.55	18.27
Deletions	-	-	-	0.08	-	-	-	-	-	0.08
Gross carrying value as of March 31, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Accumulated depreciation as of April 1, 2017	(1.14)	(0.12)	(0.79)	(1.41)	(0.14)	(0.63)	(0.01)	(4.87)	(0.11)	(9.22)
Depreciation for the year	(1.42)	(0.14)	(0.82)	(0.84)	(0.20)	(1.23)	(0.02)	(5.42)	(0.18)	(10.27)
Accumulated depreciation on deletions	-	-	-	(0.07)	-	-	-	-	-	(0.07)
Accumulated depreciation as of March 31, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Carrying value as of March 31, 2018	14.25	0.26	4.68	3.36	0.39	2.74	0.20	9.19	0.91	35.98
Gross carrying value as of April 1, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Additions	3.96	0.14	0.41	2.86	0.21	1.68	-	2.54	1.60	13.40
Deletions	-	-	0.38	0.31	0.04	0.02	0.09	-	-	0.84
Gross carrying value as of March 31, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96
Accumulated depreciation as of April 1, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Depreciation for the year	(6.25)	(0.21)	(3.64)	(2.78)	(0.21)	(1.71)	(0.07)	(3.31)	(0.42)	(18.60)
Accumulated depreciation on deletions	-	-	(0.34)	(0.26)	(0.04)	(0.01)	(0.09)	-	-	(0.74)
Accumulated depreciation as of March 31, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)
Carrying value as of March 31, 2019	11.96	0.19	1.41	3.39	0.39	2.70	0.13	8.42	2.09	30.68

Notes:

(i) The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW datedDecember 05, 2014. Under the said scheme, the Group as on March 31, 2019,has submitted claims aggregating to ₹ 8.98 (March 31, 2018 - ₹ 3.19) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

(ii) The Group has with effect from April 01, 2018 revised the estimated useful lives of Laboratory Equipment, Electrical Installation and Furniture and Fixtures from 10 years to 5 years , Vehicles from 8 years to 5 years and Servers and Networking Equipment from 6 years to 5 years, based on a periodic technical evaluation carried out during the year. Accordingly, additional depreciation ₹ 8.89 has been recognised in the Statement of profit and loss for the year, as a result of the above revision.

(iii) Contractual Obligation : Refer Note 30.1 (b) for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 32 for information on property, plant and equipment pledged as security by the Company.

[1] Additions to R&D cards represent inventories capitalized (Refer Note 22).

Note No. 4(b): Intangible Assets

in ₹ crore

Particulars	Computer Software	Product Development	Total	Intangible Assets under development[1]
Gross carrying value as of April 1, 2017	3.80	107.49	111.29	18.62
Additions	4.01	21.65	25.66	49.21
Deletions/Transfers	-	-	-	20.98
Gross carrying value as of March 31, 2018	7.81	129.14	136.95	46.85
Accumulated amortization as of April 1, 2017	(2.06)	(45.14)	(47.20)	-
Amortization expenses for the year	(3.13)	(47.87)	(51.00)	-
Accumulated amortization as of March 31,2018	(5.19)	(93.01)	(98.20)	-
Carrying value as of March 31, 2018	2.62	36.13	38.75	46.85
Gross carrying value as of April 1, 2018	7.81	129.14	136.95	46.85
Additions	6.58	70.39	76.97	64.92
Deletions/Transfers	-	-	-	70.39
Gross carrying value as of March 31, 2019	14.39	199.53	213.92	41.38
Accumulated amortization as of April 1,2018	(5.19)	(93.01)	(98.20)	-
Amortization expenses for the year	(6.06)	(41.22)	(47.28)	-
Accumulated amortization as of March 31, 2019	(11.25)	(134.23)	(145.48)	-
Carrying value as of March 31, 2019	3.14	65.30	68.44	41.38

Remaining useful life for product development ranges from 3 to 23 months (March 31, 2018: 3 to 24 months).

[1] Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note 23 and Note 25).

Sensitivity Analysis

As at March 31, 2019, the net carrying amount of product development was ₹ 65.30 (March 31, 2018 – ₹ 36.13). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹ 42.50 as at March 31, 2019. If the useful life were estimated to be 3 years, the carrying amount would be ₹85.19 as at March 31, 2019.

Note No. 4(c): Depreciation and amortization expenses

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Depreciation on property, plant and equipment [Refer Note 4(a)]	18.60	10.27
Amortization of intangible assets [Refer Note 4(b)]	47.28	51.00
Total depreciation and amortization expenses	65.88	61.27

Note No. 5: Investments

in ₹ crore except for unit data or as otherwise stated

Particulars	As at	
	March 31, 2019	March 31, 2018
5(a) Non-Current investments (Quoted) {FVTPL}		
Equity instruments		
Investment in ELCIA ESDM Cluster (No. of shares 1100) (Refer Note 38)	0.00	0.00
Total Non-Current investments	0.00	0.00

5(b) Current investments (Quoted) {FVTPL}

Investment in Mutual funds	As at March 31, 2019 Number of units	As at March 31, 2019 Amount	As at March 31, 2018 Number of units	As at March 31, 2018 Amount
Aditya Birla Sun Life floating Rate Fund Short Term Plan Growth Direct Plan	-	-	2,56,649	5.95
Axis liquid fund Direct Growth - CFDG	76,780	15.92	56,066	10.81
ICICI Prudential Liquid Fund Direct Plan Growth	9,31,076	25.74	-	-
IDFC Money Manager Fund Treasury Plan Growth-Direct Plan	-	-	28,94,490	8.08
Reliance Liquid Fund Cash Plan Direct Growth Plan-CPAG	-	-	76,153	21.38
Reliance Liquid Fund Direct Plan Growth Plan-Growth Option-LFAG	76,779	35.02	-	-
Reliance Quarterly Interval Fund Series-II Direct Growth Plan-Growth Option-K5AG	-	-	1,05,27,025	25.27
Reliance Monthly Interval Fund Series-II Direct Growth Plan-Growth Option-IMAG	-	-	21,72,270	5.03
Tata Liquid Fund Direct Plan Growth	33,526	9.87	-	-
Total current investments		86.55		76.52
Non Current Investments				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments (Refer Note 38)		0.00		0.00
Aggregate amount of impairment in the value of investments		-		-
Current Investments				
Aggregate amount of quoted investments and market value thereof		86.55		76.52
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

Note No. 6: Trade Receivables

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	42.81	34.84
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total non current	42.81	34.84
Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	637.22	286.75
Less: Loss allowance as per Expected Credit Loss model [Refer note 28 A (i)]	(15.10)	(11.04)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total current	622.12	275.71

Note No. 7: Cash and Bank Balances

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Cash and Cash Equivalents		
(a) Balances with banks		
(i) In current accounts*	8.74	12.87
(ii) In EEFC accounts	8.16	3.47
(b) Deposits with original maturity of less than three months	-	197.85
Total cash and cash equivalents	16.90	214.19
(ii) Other Bank Balances		
Deposits with original maturity of more than three months but less than twelve months	106.11	16.95
Balances held as margin money or security against borrowings or guarantees	0.04	4.81
Total other bank balances	106.15	21.76

* includes ₹ 0.31 (March 31, 2018 - ₹ 0.29) which is subject to repatriation restriction.

The details of balances with banks (all in India, unless stated otherwise)as on Balance Sheet dates are as follows:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
a) Current Accounts		
Axis Bank	-	0.46
Citibank	-	0.25
Citibank, Dubai	0.38	0.68
Citibank, Singapore	-	0.01
Fleet Bank, USA	0.23	1.16
HDFC Bank	1.61	-
HSBC Bank	0.01	0.01
HSBC Bank, Bangladesh	0.31	0.29
HSBC Bank, Singapore	0.17	0.32
HSBC Bank, Israel	-	0.04
Indian Bank	0.01	0.01
Kotak Mahindra Bank	2.32	0.98
RBL Bank	0.05	0.07
Standard Chartered Bank	2.80	6.23
Standard Chartered Bank, Nairobi	0.10	0.10
Standard Chartered Bank, Singapore	0.30	0.34
Standard Chartered Bank, Kuala Lampur	0.02	-
State Bank of India	0.43	1.90
Vijaya Bank	-	0.02
	8.74	12.87
b) EEFC Accounts		
Axis Bank	6.14	-
Citibank	0.27	3.41
Standard Chartered Bank	1.75	0.06
	8.16	3.47
c) Deposits with original maturity of less than three months		
Axis Bank	-	23.12
Kotak Mahindra Bank	-	17.80
RBL Bank	-	25.53
Standard Chartered Bank	-	26.38
State Bank of India	-	105.00
Vijaya Bank	-	0.02
	-	197.85
d) Deposits with original maturity of more than three months but less than twelve months		
HDFC Bank	25.00	-
IndusInd Bank	55.00	15.13
Kotak Mahindra Bank	-	1.82
RBL Bank	26.11	-
	106.11	16.95
e) Balances held as margin money or security against borrowings or guarantees for less than twelve months		
Axis Bank	-	4.77
Indian Bank	0.04	0.04
	0.04	4.81
f) Deposits with original maturity of more than twelve months (Refer Note 9)		
Citibank	-	0.04
	-	0.04
g) Balances held as margin money or security against guarantees for more than twelve months (Refer Note 9)		
Citibank	0.04	-
Kotak Mahindra Bank	0.08	-
	0.12	-
h) Deposits with financial institutions (Refer Note 9)		
Bajaj Finance Limited	55.00	100.00
Dewan Housing Finance Limited	-	19.00
HDFC Limited	105.00	-
LIC Housing Finance Limited	-	86.00
	160.00	205.00
i) Total cash and cash equivalent (a+b+c)	16.90	214.19
j) Total other bank balances with maturity more than three months but less than twelve months (d+e)	106.15	21.76

Note No. 8: Loans

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	4.47	5.44
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	4.47	5.44
Less: Provision	(0.09)	-
Total non-current loans	4.38	5.44
Current		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.08	0.10
Loans to employees	0.87	0.52
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
Total current loans	0.95	0.62

Note No. 9: Other Financial Assets

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current financial assets		
Deposits with original maturity of more than twelve months		
(i) In deposit accounts	-	0.04
(ii) Balances held as margin money or security against guarantees	0.12	-
Total non-current financial assets	0.12	0.04
Current financial assets		
Deposits with financial institutions	160.00	205.00
Unbilled Revenue	10.58	1.81
Interest accrued but not due	9.86	3.01
Focus Product Scheme receivable - Gross	-	4.86
Less: Provision	-	(1.28)
Focus Product Scheme receivable - Net	-	3.58
Total current financial assets	180.44	213.40

Note No. 10: Tax assets

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
10(a) Income Tax Asset		
Advance Income Tax (net)	36.92	32.01
	36.92	32.01
10(b) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Provisions allowable on payment basis	4.73	2.48
Difference between carrying amount of property, plant and equipment in books and the income tax return	6.25	4.11
Unabsorbed depreciation	16.95	16.95
Unutilised accumulated expenditure on Scientific research u/s 35 (2AB) ('Accumulated 35 (2AB) expenditure')	110.07	97.62
Total	138.00	121.16

Movements in deferred tax assets

in ₹ crore

Particulars	Provisions allowable on payment basis	Difference between carrying amount of property, plant and equipment in books and the income tax return	Tax Losses	Unabsorbed depreciation	Accumulated 35 (2AB) expenditure
As at April 01, 2017	1.49	2.89	11.50	16.95	64.06
(Charged)/Credited					
- to statement of profit and loss	0.99	1.22	(11.50)	-	33.56
As at March 31, 2018	2.48	4.11	-	16.95	97.62
(Charged)/Credited					
- to statement of profit and loss	2.25	2.14	-	-	12.45
As at March 31, 2019	4.73	6.25	-	16.95	110.07

Significant estimates:

The Group has recognised deferred tax assets on brought forward depreciation losses and accumulated 35 (2AB) expenditure. The Group has estimated that the deferred tax assets will be recoverable using the estimated future taxable profits. The unabsorbed depreciation and accumulated 35 (2AB) expenditure can be carried forward indefinitely as per Income tax law and the Group expects to recover these through future taxable profits.

Sensitivity Analysis

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Revenue growth rate increase by 10% (March 31, 2018: 10%)	8.16	11.76
Revenue growth rate decrease by 10% (March 31, 2018: 10%)	(13.80)	(12.41)
Profit margin increases by 10% (March 31, 2018: 10%)	4.12	54.10
Profit margin decreases by 10% (March 31, 2018: 10%)	(21.72)	22.23

Note No. 11: Other assets

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Other non-current assets		
Prepaid expenses	0.14	0.34
Total other non-current assets	0.14	0.34
Other current assets		
Advances to suppliers	19.25	5.03
Advances others	0.01	0.55
Balances with government authorities (other than income taxes)	5.97	9.25
Prepaid expenses	2.68	6.44
Total other current assets	27.91	21.27

Note No. 12: Inventories

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Raw material - components including assemblies and sub-assemblies (including goods in transit ₹ 1.64 (March 31, 2018: ₹ 16.83)	181.39	190.89
Total Inventories	181.39	190.89

Note No. 13: Equity Share Capital

in ₹ crore except for share data or as otherwise stated

Particulars	Number of Shares	Equity share capital
Authorised Capital		
Equity Share Capital of ₹ 10/- each		
As at April 01, 2017	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2018	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2019	17,64,52,000	176.45
Issued, Subscribed and Paid up Capital		
Equity Share Capital of ₹ 10/- each		
Fully paid shares		
As at April 1, 2017	7,07,33,411	70.74
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan [Refer Note 31(v)]	25,75,622	2.57
Issue of equity shares upon IPO (Refer Note 36)	1,75,09,727	17.51
As at March 31, 2018	9,08,18,760	90.82
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note 31(v)]	9,00,819	0.90
As at March 31, 2019	9,17,19,579	91.72
Forfeited shares (to the extent of amount paid up)*		
As at April 1, 2017	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2018	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2019	3,27,27,930	3.27

Particulars	As at	
	March 31, 2019	March 31, 2018
Total Equity Share Capital	94.99	94.09

* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

a) Terms and rights attached to equity shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends declared if any, and to share in the proceeds upon winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

b) Details of shareholders holding more than 5% shares in the Company

in No's

Particulars	As at	
	March 31, 2019	March 31, 2018
Cascade Capital Management, Mauritius		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	18.00%	18.18%
Samena Spectrum Co.		
Number of shares held	94,41,649	1,39,81,648
% holding in that class of shares	10.29%	15.40%
Mayfield XII, Mauritius		
Number of shares held	71,06,628	71,06,628
% holding in that class of shares	7.75%	7.83%
Reliance Capital Trustee Co. Ltd-A/C Reliance small Cap Fund		
Number of shares held	58,17,754	49,63,187
% holding in that class of shares	6.34%	5.46%
% holding in that class of shares		

c) There are no instances of:

i) shares allotted as fully paid up by way of bonus shares in the last five years.

ii) shares bought back during a period of five years immediately preceding the year end.

iii) shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

d) Shares reserved for issuance towards outstanding employee stock options, RSU granted and available for grant(Refer Note 31):

in No's

Particulars	As at	
	March 31, 2019	March 31, 2018
Equity shares of ₹ 10/- each		
ESOP Schemes	59,41,041	69,55,287
Outstanding at the end of the year	59,41,041	69,55,287
Options available for grant	-	-
RSU	29,77,583	30,00,000
Outstanding at the end of the year	10,20,923	34,790
Units available for grant	19,56,660	29,65,210

Note No. 14: Other Equity

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Securities premium	931.17	922.08
Retained earnings	266.49	120.97
Employee stock compensation outstanding account	27.02	15.14
Foreign Currency Translation Reserve	0.57	(0.20)
Other Reserve	-	-
Total Other Equity	1,225.25	1,057.99

(i) Securities premium

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	922.08	487.48
Premium on issue on account of IPO (Refer Note 36)	-	432.49
Premium received upon exercise of ESOP	5.87	15.12
Share issue costs	-	(19.33)
Premium recognised on exercise of ESOP/RSU	3.22	6.32
Closing Balance	931.17	922.08

(ii) Retained earnings

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	120.97	15.86
Profit for the year	147.24	106.52
Others (Refer Note d below)	-	0.20
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of the post employment benefit obligation	(1.72)	(1.61)
Closing Balance	266.49	120.97

(iii) Employee stock compensation outstanding account

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	15.14	15.77
Share based payment expenses	15.10	5.69
Transferred to securities premium on exercise of ESOP/RSU	(3.22)	(6.32)
Closing Balance	27.02	15.14

(iv) Foreign Currency Translation Reserve

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	(0.20)	(0.35)
Transaction during the period	0.77	0.15
Closing Balance	0.57	(0.20)

(v) Other Reserves

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	-	0.17
Transaction during the period	-	(0.17)
Closing Balance	-	-

Nature and purpose of other reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium can be utilized in accordance with the provisions of the Act.

(b) Employee stock compensation outstanding account

The Employee stock compensation outstanding account is used to recognize the grant date fair value of options and RSUs issued to employees under the Group's share based payment schemes over the vesting period.

(c) Foreign Currency Translation Reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

(d) Other Reserve

Shares in the Company were held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Treasury Shares). The net impact of the transactions from the treasury shares (which were not material including the adjustment for the expenses incurred by the Trust apart) has been disclosed as other reserve.

Note No. 15: Non-current Borrowings

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR	1.19	2.27
Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization.		
Less: Current maturities of long term debt (Refer Note 18)	1.19	1.27
Total borrowings	-	1.00
Net Debt Reconciliation		

Particulars	Non- Current Borrowings and Current maturities of long term debt	Current Borrowings
Debt as on April 01, 2017	29.18	252.30
Repayment	(26.91)	(252.30)
Debt as on March 31, 2018	2.27	-
Repayment	(1.08)	-
Debt as on March 31, 2019	1.19	-

Note No. 16: Provisions

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current provisions		
Other provisions		
Warranty	1.75	1.14
Total non-current provisions	1.75	1.14
Current provisions		
Provision for employee benefits		
Compensated absences*	4.91	1.89
Gratuity (Refer Note 23)	-	0.73
Other provisions		
Warranty	3.23	4.27
Total current provisions	8.14	6.89

* The amount of provision of ₹ 4.91 (March 31, 2018 ₹ 1.89) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Leave obligation not expected to be settled within the next 12 months	4.16	1.41

Movement in Warranty

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales.

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening balance	5.41	5.37
Unwinding of interest on provisions	0.46	0.48
Additions	0.92	1.03
Discounting of provision	(0.52)	(0.36)
Utilisation	(1.29)	(1.11)
Closing balance	4.98	5.41
Disclosed as:		
Non-current	1.75	1.14
Current	3.23	4.27
	4.98	5.41

Note No. 17: Trade Payables

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 30.2)	26.83	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	136.70	105.03
Total trade payables	163.53	105.03

Note No. 18: Other Financial Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Current		
Current maturities of long-term debt (Refer Note 15)	1.19	1.27
Due to employees	32.74	18.60
Capital Creditors	8.62	4.04
Accrual for expenses	38.97	29.18
Other liabilities	0.20	0.21
Total other financial liabilities	81.72	53.30

Note No. 19: Other Current Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Advances received from customers	0.58	0.88
Deferred revenue	3.39	4.36
Statutory dues	5.93	5.09
Total other current liabilities	9.90	10.33

Note No. 20: Revenue from Operations

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Revenue from contract with customers		
Sale of goods (including excise duty where applicable)		
Manufactured goods - Optical and Data Networking products including multiplexers	817.45	679.83
Component sales	23.59	9.93
	841.04	689.76
Rendering of services		
Installation and commissioning revenue	15.75	31.12
Annual maintenance revenue	33.52	32.84
Other service revenue	7.60	13.43
	56.87	77.39
Other operating income		
Export Incentive	2.41	0.29
	2.41	0.29
Total revenue from operations	900.32	767.44

Note No. 21: Other Income

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Interest income from banks on deposits	24.15	14.50
Dividend Income	-	0.09
Gain on current investment carried at fair value through statement of profit and loss	0.32	0.85
Gain on sale of current investment carried at fair value through statement profit and loss	4.15	2.58
Unwinding of discount on fair valuation of financials assets	3.59	4.18
Net gain on foreign currency transactions and translation (other than considered as finance cost)	0.56	4.39
Other non-operating income		
Recovery of Focus Product Scheme (FPS) Receivable earlier written off as not recoverable	3.00	-
Profit on sale of property, plant and equipment	-	0.01
Miscellaneous income	0.92	1.23
Total other income	36.69	27.83

Note No. 22: Cost of Materials Consumed

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Opening stock	190.89	181.72
Add: Purchases	454.20	399.12
Less: Capitalized during the year [Refer Note 4(a)]	-	7.53
	645.09	573.31
Less: Closing stock	181.39	190.89
Cost of materials consumed	463.70	382.42

Note No. 23: Employee Benefit Expense

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Salaries and wages, including performance incentives	158.17	123.23
Contribution to provident and pension funds [Refer Note 23(i)]	6.06	4.94
Gratuity expenses	1.72	1.25
Employee share based payment expenses [Refer Note 31(vii)]	15.10	5.69
Staff welfare expenses	5.04	5.30
	186.09	140.41
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	62.43	48.15
Total employee benefit expenses	123.66	92.26

Employee benefit plans

(i). Defined contribution plan

The Group makes contributions to Provident Fund and Employee's Pension Scheme, 1995. The contributions payable in this scheme by the Group are at rates specified in the rules of the scheme. The Group has no further obligation towards the scheme beyond the aforesaid contributions. The Group has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Provident Fund Contributions	5.20	4.14
Employee Pension Scheme	0.86	0.80
Total	6.06	4.94

(ii). Compensated absence

The leave obligation covers the Group's liability for earned leave. This is an unfunded scheme.

The amount of the provision of ₹ 4.91 (March 31, 2018 – ₹ 1.89) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Compensated absence expense included in salaries and wages	3.10	0.56
Actuarial assumptions for long-term compensated absences		
Discount rate	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition	7.00%	7.00%

(iii). Defined Benefit Plans

(a) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised insurer managed funds in India.

Particulars	Year Ended March 31,	
	2019	2018
Actuarial assumptions for defined benefit plan		
Discount rate	7.64%	7.52%
Expected return on plan assets	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition rate	7.00%	7.00%

(i) 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.

(ii) The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation (DBO) over the year are as follows:

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	7.66	(7.66)	-
Current service cost	1.35	-	1.35
Interest expense/(income)	0.57	(0.67)	(0.10)
Total amount recognised in profit or loss under employee benefit expenses	1.92	(0.67)	1.25
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	0.82	-	0.82
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(0.17)	-	(0.17)
Actuarial (Gain)/ Losses due to Experience on DBO	1.12	-	1.12
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.28	0.28
Total amount recognised in other comprehensive income	1.77	0.28	2.05
Employer contributions/ premiums paid	-	(2.57)	(2.57)
Benefit payments	(0.18)	0.18	-
As at March 31, 2018 (Refer Note 16)	11.17	(10.44)	0.73

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	11.17	(10.44)	0.73
Current service cost	1.77	-	1.77
Interest expense/(income)	0.84	(0.89)	(0.05)
Total amount recognised in profit or loss under employee benefit expenses	2.61	(0.89)	1.72
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.44)	-	(0.44)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.84	-	1.84
Actuarial (Gain)/ Losses due to Experience on DBO	0.76	-	0.76
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.04	0.04
Total amount recognised in other comprehensive income	2.16	0.04	2.20
Employer contributions/ premiums paid	-	(4.65)	(4.65)
Benefit payments	(0.42)	0.42	-
As at March 31, 2019 (Refer Note 16)	15.52	(15.52)	-

b) Sensitivity Analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Year Ended March 31,	
	2019	2018
Discount Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	-8.78%	-6.76%
Decrease by 100 basis points (March 31, 2018 100 basis points)	10.17%	7.66%
Salary Growth Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	10.11%	7.38%
Decrease by 100 basis points (March 31, 2018 100 basis points)	-8.86%	-6.61%
Attrition Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	0.09%	0.84%
Decrease by 100 basis points (March 31, 2018 100 basis points)	-0.14%	-0.95%
Mortality increase by 10% (March 31, 2018 10%)	-0.01%	0.05%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may not be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

Composition of the plan assets is as follows:

Particulars	Year Ended March 31,	
	2019	2018
Insurer managed funds	100%	100%

c) Risk Exposure

1. Interest rates risk : The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase although this will be partially offset by an increase in value of the plan assets.

2. Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans (Gratuity) for the year ending March 31, 2020 are ₹ 2.42.

The weighted average duration of the defined benefit obligation is 12.43 years (March 31, 2018: 11.43 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	Year Ended March 31,	
	2019	2018
Year 1	0.79	0.99
Year 2	0.80	0.92
Year 3	1.14	1.09
Year 4	1.24	1.17
Year 5	1.62	1.17
Year 6-10	5.93	5.14
Year 10 and above	26.66	11.41

Note No. 24: Finance Cost

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Interest expense		
(i) Borrowings	3.49	5.83
(ii) Unwinding of discount on fair valuation of financial liabilities	0.68	0.88
Other finance cost	12.83	6.69
Total finance cost	17.00	13.40

Note No. 25: Other Expenses (Refer Note 1 below)

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Installation and commissioning expenses	18.05	24.03
Other processing charges	3.02	1.30
Power and fuel	5.02	4.16
Housekeeping and security	2.23	2.60
Lease rentals (Refer Note 30.5)	8.52	7.84
Repairs and maintenance - machinery	0.47	0.47
Repairs and maintenance - others	2.37	2.44
Sub-contractor charges	11.08	6.47
Insurance	0.48	0.65
Rates and taxes	(0.50)	1.78
Communication	1.25	1.29
Royalty	0.61	0.83
Travelling and conveyance	18.26	15.03
Printing and stationery	0.32	0.38
Freight and forwarding	1.45	1.31
Contract related expenses	-	16.01
Sales expenses (Refer Note 36)	1.28	2.33
Sales commission	13.19	10.75
Business promotion	2.25	1.36
Donations	-	0.01
Director sitting fees	0.12	0.14
Director commission	0.38	0.29
Legal and professional	14.70	13.46
Auditors remuneration and out-of-pocket expenses		
As auditors	0.70	0.50
Auditors out-of-pocket expenses	0.06	0.04
Focus Product Scheme (FPS) receivable written off	4.45	-
Less: Provision for FPS receivable released	(1.28)	-

Provision for doubtful advances	0.09	1.55
Bad Debts written off	0.57	-
Less: Provision for doubtful debts released	(0.57)	-
Provision for doubtful trade and other receivables (net)	5.24	3.39
Provision for warranty	0.40	0.67
Loss on sale of property, plant and equipment (net)	0.03	-
Expenditure on corporate social responsibility (Refer Note 35)	0.98	0.54
Miscellaneous expenses	4.02	1.68
	119.24	123.30
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	2.49	1.06
Total other expenses	116.75	122.24

Note 1: Other expenses include R&D expenses under various line items [Refer Note 30.8 (ii)].

Note No. 26: Income Tax Expense

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
a. Current tax		
Tax on profits for the year	20.61	23.78
Adjustments for tax of prior periods	(0.98)	-
Total current tax expense	19.63	23.78
b. Deferred tax		
Decrease/(increase) in deferred tax assets	(16.85)	(24.26)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(16.85)	(24.26)
Total Income tax	2.78	(0.48)

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Profit from continuing operations before income tax expense	150.02	106.04
Tax at the Indian tax rate at 34.944% (March 31, 2018: 34.608%)	52.42	36.70
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses disallowed for tax purposes	0.52	1.73
Mark-to-mark gain on mutual fund investments not chargeable to tax	(1.31)	(1.58)
Remeasurement gains and losses recognised for OCI but considered for tax	(0.77)	(0.72)
Weighted deduction on Scientific Research u/s 35 (2AB)	(25.77)	(15.18)
Unrecognised DTA recognised on 35 (2AB) expenditure	(41.75)	(45.42)
MAT tax charge for the year	20.61	23.78
Adjustment of tax for prior periods	(0.98)	-
Impact of changes in tax rate	(0.19)	0.21
Income Tax (expense)	2.78	(0.48)

Tax losses and unutilised accumulated 35 (2AB) expenditure (together 'unused tax losses') for which no deferred tax has been recognised

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Unused tax losses as described above	34.34	157.55
	34.34	157.55
Potential tax benefit on the above	12.00	55.05
MAT credit	51.93	24.98

In the absence of reasonable certainty with regard to taxable profit in the future, the Group has not recognised deferred tax in respect of above items and MAT credit.

Note No. 27: Fair Value Measurement

(i) Financial instruments by category and fair value hierarchy

in ₹ crore

Particulars	Level	March 31, 2019		March 31, 2018	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial assets					
Investments					
- Mutual Funds	1	86.55	-	76.52	-
-Others (Refer Note 38)	3	0.00	-	0.00	-
Trade receivables	3	-	664.93	-	310.55
Cash and cash equivalents		-	16.90	-	214.19
Bank balances other than cash and cash equivalents		-	106.15	-	21.76
Loans					
- Security deposits	3	-	4.55	-	5.54
- Loans to employees	3	-	0.87	-	0.52
Other financial assets					
- Deposits with original maturity of more than twelve months		-	0.12	-	0.04
- Deposits with financial institutions		-	160.00	-	205.00
- Unbilled Revenue	3	-	10.58	-	1.81
- Interest accrued but not due	3	-	9.86	-	3.01
- Focus Product Scheme receivable	3	-	-	-	4.86
Total Financial Assets		86.55	973.96	76.52	767.28

Particulars	Level	March 31, 2019		March 31, 2018	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial liabilities					
Borrowings		-	-	-	1.00
Trade payables	3	-	163.53	-	105.03
Other financial liabilities					
- Current maturities of long-term debt		-	1.19	-	1.27
- Capital Creditors		-	8.62	-	4.04
- Due to employees		-	32.74	-	18.60
- Accrual for expenses		-	38.97	-	29.18
- Other liabilities		-	0.20	-	0.21
Total Financial liabilities		-	245.25	-	159.33

Level 1: Includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation Technique

- The fair values for security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- Investment in mutual funds are valued using closing NAV.

(iii) Valuation Process

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values of security deposits are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(iv) Fair value of financial assets and liabilities measured at amortized cost

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.
- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note No. 28: Financial risk management

The Group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk. The Group's senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

A. Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in various countries. Credit risk is managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

(i) Expected credit loss for trade receivables under simplified approach

in ₹ crore

Loss allowance as on April 01, 2017	(7.28)
Changes in loss allowance	(3.76)
Loss allowance as on April 01, 2018	(11.04)
Changes in loss allowance	(4.06)
Loss allowance as on March 31, 2019 (Refer Note 6)	(15.10)

Credit risk on cash and cash equivalents and deposits is limited as the Group generally invest in deposits with banks and financial institutions with high credit ratings.

Management has evaluated and determined expected credit loss for security deposits and other financial assets to be immaterial

(ii) Sensitivity Analysis

The sensitivity of profit or loss to changes in the loss allowance

in ₹ crore

Particulars	Impact on profit after tax	
	March 31, 2019	March 31, 2018
ECL increase by 10%	(0.32)	(0.30)
ECL decrease by 10%	0.32	0.30

B. Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's principal source of liquidity are cash and cash equivalents, cash flow that is generated from the operations and the undrawn borrowing facilities.A material and sustained shortfall in our cash flow could undermine the Group's credit rating and impair investor confidence. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

(i) Liquid assets

The table below summarizes the Group's liquid assets at the end of the reporting period:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Cash and cash equivalents	16.90	214.19
Other bank balances - deposits more than 3 months less than 12 months and margin money	106.15	21.76
Deposits with financial institutions	160.00	205.00
Current investments - mutual funds	86.55	76.52
	369.60	517.47

(ii) Financing arrangements

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Rupee Borrowing		
Fund based	142.55	190.00
Non Fund based	-	7.58
USD Borrowing (in rupee terms)		
Fund based	67.24	62.68
Non Fund based	-	-

The above borrowings facilities are fungible between fund based and non-fund based.

(iii) Maturities of financial liabilities

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying balances as the impact of discounting is not significant.

in ₹ crore

Contractual maturities of financial liabilities - March 31, 2019	Less than 6 months	6months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Trade payables	163.53	-	-	-	163.53
Current maturities of long-term debt	-	1.19	-	-	1.19
Due to employees	32.74	-	-	-	32.74
Capital Creditors	8.62				8.62
Accrual for expenses	38.97	-	-	-	38.97
Other liabilities	0.20	-	-	-	0.20
	244.06	1.19	-	-	245.25

Contractual maturities of financial liabilities - March 31, 2018	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Borrowings	-	-	1.00	-	1.00
Trade payables	105.03	-	-	-	105.03
Current maturities of long-term debt	-	1.27	-	-	1.27
Due to employees	18.60	-	-	-	18.60
Capital Creditors	4.04				4.04
Accrual for expenses	29.18	-	-	-	29.18
Other liabilities	0.21	-	-	-	0.21
	157.06	1.27	1.00	-	159.33

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at March 31, 2019 the trade receivable does not include receivables amounting to ₹ 57.85 (March 31, 2018: ₹ 72.86) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements (Refer Note 6).

C. Market Risk

(a) Foreign currency risk exposure

The Group operates internationally and is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. To mitigate the risk of changes in exchange rates on foreign currency exposures, the Group has natural hedge between export receivable and import payables. The results of the Group's operations are subject to the effects of changes in foreign exchange rates.

(i) The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rupees crore, are as follows

	March 31, 2019		March 31, 2018	
	USD	MYR*	USD	MYR*
Assets				
Trade receivables	101.94	33.26	60.01	12.11
Advance to suppliers	13.06	-	2.73	-
Balance in EEFC account	8.16	-	3.31	-
Balance with Non scheduled banks	0.68	0.02	1.82	-
Net exposure to foreign currency risk (assets)	123.84	33.28	67.87	12.11
Liabilities				
Trade payables	68.25	0.13	41.89	0.37
Net exposure to foreign currency risk (liabilities)	68.25	0.13	41.89	0.37
Net exposure to foreign currency risk	55.59	33.15	25.98	11.74

* MYR stands for Malaysian Ringgit.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

in ₹ crore

Particulars	Impact on profit/(loss) after tax	
	March 31, 2019	March 31, 2018
USD Sensitivity		
INR/USD - Increase by 10% (March 31, 2018 10%)*	(4.36)	(2.07)
INR/USD - Decrease by 10% (March 31, 2018 10%)*	4.36	2.07
MYR Sensitivity		
INR/MYR - Increase by 10% (March 31, 2018 10%)*	(2.60)	(0.93)
INR/MYR - Decrease by 10% (March 31, 2018 10%)*	2.60	0.93

* Holding all other variables constant

Note No. 29: Capital Management

For the purpose of capital management, the Group considers the following components of its balance sheet as capital:

Issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group.

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group foresees issue of fresh capital pursuant to exercise of vested employee stock options. Apart from the outstanding ESOPs, the Board of Directors approved certain Restricted Stock Units (RSU) in the previous year which may be converted in to share capital in the future periods.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

in ₹ crore

Debt equity ratio	March 31, 2019	March 31, 2018
Net Debt*	(368.53)	(515.24)
Equity	1,320.24	1,152.08
Debt equity ratio	-	-

*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds. The Group has no 'net debt' as at March 31, 2019.

Note No. 30: Additional Information to Financial Statements

in ₹ crore

Note	Particulars	As at	
		March 31, 2019	March 31, 2018
30.1 Contingent liabilities and commitments (to the extent not provided for)			
a	Contingent liabilities - Claims against the Group not acknowledged as debts		
	Disputed Central Excise Demands * (Refer Note 1 below)	37.46	12.58
	Disputed Income Tax Demands * (Refer Note 3 below)	47.94	46.80
	Disputed CST and VAT Demand *	3.64	2.91
b	Commitments		
	Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
	Property, plant and equipment	2.40	0.38
c	Guarantees	0.12	-

* These cases are pending at various forums with the respective authorities. Outflows if any, arising out of these claims would depend on the outcome of the decision of the appellate authority and the Company`s right for future appeals before judiciary. No reimbursements are expected.

Note 1: During the year, the Company has received an Order from CESTAT with respect to applicability of excise duty on the software used as part of the Multiplexer products during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 (₹ 11.87 crores) and various show cause notices on the similar matter received in different earlier financial years (aggregating ₹ 24.88 crores). The earlier order was disclosed as a contingent liability and the aforesaid show cause notices were disclosed under the contingent liabilities note as additional information for the year ended March 31, 2018. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. Based on Management's assessment of the CESTAT Order, supported by an external legal opinion, Management has concluded that the company has a strong case to defend its position in this matter and accordingly, no provision has been made in the financial statements, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order.

Note 2: Further, Company has received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to ₹ 3.01 crores which are not part of the Order disclosed above and hence not considered as contingent liabilities.

Note 3: The Company in earlier years has received income tax demands aggregating to ₹ 47.94 (March 31, 2018: ₹ 46.80) mainly in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income Tax Act, 1961. Based on a favourable ruling received from the High Court of Karnataka, expenditure approved by the Department of Scientific and Industrial Research is allowed as a deduction under Section 35(2AB). However,the Order giving effect is still pending from the income tax authorities.

Note 4: In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the year, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/ summons will not have any material impact on the Company's financial statements.

Note 5: The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount net, which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. During the year Company has received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor in the past 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact in the Company's financial statements.

30.2 Dues to Micro Small and Medium Enterprises (MSMEs)

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount due to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act)and remaining unpaid as at year end[1]	26.83	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years		

[1]Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

30.3 Segment Information

(i) The Group's business activity primarily falls within a single business segment based on the nature of activity involved and business risks attached having regard to the internal organisation and management structure. The CODM reviews the Group's performance as a single business segment and not at any other disaggregated level.

(ii) Geographical information

in ₹ crore

Particulars	Year Ended March 31, 2019	Year Ended March 31, 2018
I. Revenues*		
India	715.19	630.34
Americas	71.13	43.60
Rest of the World	114.00	93.50
Total	900.32	767.44

* Determined based on location of customers

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
II Total Carrying amount of non current assets, by geographical location		
India	140.50	121.58
Americas	-	-
Rest of the World	-	-

Revenues of approximately ₹ 219.76 are derived from one external customer (March 31, 2018 ₹ 423.90 from two external customers) exceeding 10%of the total revenue.

30.4 Revenue from contract with customers

(i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenue from contracts with customers for the year ended March 31, 2019. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by market and other economic factors (Refer Note 20).

in ₹ crore

Particulars	Year Ended March 31, 2019
India-PSU	482.33
India-Private	209.27
International	185.13
Component Sales	23.59
Total	900.32

(ii) During the year ended March 31, 2019, ₹ 1.81 crore of unbilled revenue as of March 31, 2018 has been reclassified to Trade receivables upon billing to customers.

The movement in contract liability (deferred revenue and Advances received from customers) during the year is as follows:

in ₹ crore

Particulars	As at March 31, 2019	
	Deferred Revenue	Advances received from customers
Opening Balance	4.36	0.88
Less: Revenue accrued during the year	4.27	0.67
Add: Invoicing in excess of earned revenue during the year	3.30	0.37
Closing Balance	3.39	0.58

(iii) Performance obligations and remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019, is approximately ₹418.Out of this, the Company expects to recognize revenue of around 45% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of adoption of Ind AS 115 as compared with Ind AS 18 on the Balance sheet as at March 31, 2019 and Statement of profit and loss for the year ended March 31, 2019 is as follows:

- Retention money is no longer been discounted and the variable consideration as envisaged in certain contracts have been netted off with the Revenue.

- The impact of the said changes on the Balance sheet and profit before tax is not considered to be material.

(iv) Reconciliation of revenue recognised with Contract price

in ₹ crore

Particulars	Year Ended March 31, 2019
Contract Price	900.32
Adjustments for:	
Variable consideration specified in the contract	2.41
Revenue from operations	897.91

30.5 Details of leasing arrangements

The Group has entered into operating lease arrangements for office premises and plant which are for a period ranging between 5 and 8 years. All leases except one are cancellable at the option of the lessee and the lessor. One lease arrangement entered during the year has a remaining lock in period of 52 months at the Balance sheet date.

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Lease rentals recognised in the Statement of Profit and Loss (Refer Note 25)	8.52	7.84

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	2.29	-
later than one year and not later than five years	5.88	-

30.6 Related Party Transactions

(i) Details of related parties:

Description of relationship	Names of related parties
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited ('Clonect')
	Darwinbox Digital Solutions Private Limited ('Darwinbox')
Key Management Personnel (KMP)	
Executive Directors	Sanjay Nayak, CEO and Managing Director
	Arnob Roy, Chief Operating Officer*
Non - Executive Directors	
Independent Directors	Balakrishnan V
	Leela K Ponappa

* Appointed as Chief Operating Officer with effect from March 25, 2019.

(ii) Details of the related party transactions during the year ended March 31, 2019:

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Transaction during the year		
Legal & Professional expense		
Clonect	0.08	0.03
Darwinbox	0.06	-
Remuneration to Key Management Personnel		
Executive Directors:		
Sanjay Nayak		
Short-term employee benefits	2.09	1.55
Post-employment benefits	0.02	0.02
Employee share-based payment	1.12	0.89
ArnobRoy		
Short-term employee benefits	0.02	-
Post-employment benefits (Refer Note 38)	0.00	-
Employee share-based payment	0.02	-
Non - Executive Directors:		
Director Sitting Fees		
Balakrishnan V	0.06	0.07
Leela K Ponappa	0.05	0.06
Director Commission		
Balakrishnan V	0.25	0.20
Leela K Ponappa	0.13	0.09

(iii) Balances outstanding at the end of the year

in ₹ crore

Particulars	As at	
	March 31, 2019	March 31, 2018
Payable to Key Management Personnel		
Sanjay Nayak	0.95	0.57
ArnobRoy	0.68	-
Balakrishnan V	0.25	-
Leela K Ponappa	0.13	-
All outstanding balances are unsecured.		

30.7 Earnings per Share

in ₹ crore except for share data or otherwise stated

Particulars	Year Ended March 31,	
	2019	2018
Basic		
Net profit for the year attributable to the equity shareholders	147.24	106.52
Weighted average number of equity shares	9,13,08,108	8,58,58,425
Par value per share (₹)	10.00	10.00
Earnings per share - Basic (₹)	16.13	12.41
Diluted		
Net profit for the year attributable to the equity shareholders	147.24	106.52
Weighted average number of equity shares for Basic EPS	9,13,08,108	8,58,58,425
Add: Bonus element on Share Options and RSUs issued to employees	43,59,600	49,69,398
Weighted average number of equity shares - for diluted EPS	9,56,67,708	9,08,27,823
Par value per share (₹)	10.00	10.00
Earnings per share - diluted (₹)	15.39	11.73

30.8 Product Development Cost

(i) Product development costs capitalized during the year with regard to the development of various modules of products are being amortised in accordance with the Group's policy.

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Amount transferred to Product Development	70.39	21.65
Additions to Intangible assets under development	64.92	49.21

(ii) Details of Capital and Revenue expenditure towards Research and Development incurred by the Group

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	3.36	6.65
Revenue expenditure*	115.51	86.90
TOTAL	118.87	93.55

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development as per Department of Scientific and Industrial Research (DSIR) Regulations [out of (ii) above]

in ₹ crore

Particulars	Year Ended March 31,	
	2019	2018
Eligible capital expenditure	3.36	6.65
Eligible revenue expenditure	101.88	81.21
TOTAL	105.24	87.86

As per DSIR Regulations, the eligible revenue expenditure incurred towards research and development was ₹ 101.88 and ₹ 81.21 for the year ended March 31, 2019 and 2018 respectively.Similarly eligible capital expenditure incurred towards research and development was ₹ 3.36 and ₹ 6.65 for the year ended March 31, 2019 and 2018 respectively.

* A portion of the Revenue Expenditure amounting to ₹ 62.43 (March 31, 2018: ₹ 48.15) (Refer Note 23) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts and has been shown as Intangible assets under Development in compliance with the relevant Indian Accounting Standards (Ind AS). In the previous year financial statements the aforesaid amount has been disclosed separately under eligible capital expenditure.

30.9 Interest in subsidiaries

Name of the Company	Place of Business	% of Holding and voting power either directly or indirectly through subsidiary as at	
		2019	2018
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018)	Israel	NA	100%
vSave Energy Pvt Limited (wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018)	India	NA	100%
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

Note No. 31: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)

(i) Employees Stock Option Plan – 2014 ("ESOP Plan 2014") The Group pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders' resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within fifteen years from the date of vesting. All the options granted under the plan are equity settled.

(ii) Employees Stock Option Plan – 2014-A ("ESOP Plan 2014-A") The Group pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively has adopted ESOP Plan 2014-A. ESOP Plan 2014-A was subsequently modified pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2014-A, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014-A). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014-A, shall not exceed 20,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

(iii) Employees Stock Option Plan – 2016 (" ESOP Plan 2016") The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

(iv) Restricted Stock Unit Plan 2017 ("RSU Plan 2017")The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 26, 2017 and September 27, 2017, respectively, has adopted RSU Plan - 2017. Pursuant to RSU Plan 2017, restricted stock units ("RSUs") may be granted to eligible employees (as defined in RSU Plan - 2017). The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares.

The RSUs granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. The RSUs granted under the plan are equity settled.

As the Group has implemented RSU plan during the year, the Group does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes.

(v) Summary of options under various plans:

Particulars	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2014				
Outstanding at the beginning of the year	65	29,17,690	65	50,47,216
Granted during the year	-	-	-	-
Exercised during the year*	65	4,52,905	65	21,00,586
Forfeited during the year	65	24,716	65	28,940
Outstanding at the end of the year	65	24,40,069	65	29,17,690
Exercisable at the end of the year	65	24,31,050	65	22,76,072
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		13.02 years		14.13 years

* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61)

Particulars	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2014-A				
Outstanding at the beginning of the year	85	16,89,511	85	19,71,015
Granted during the year	-	-	-	-
Exercised during the year*	85	1,81,939	85	2,54,902
Forfeited during the year	85	31,145	85	26,602
Outstanding at the end of the year	85	14,76,427	85	16,89,511

Exercisable at the end of the year	85	9,88,234	85	7,02,215
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		3.57 years		4.52 years

* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61).

Particulars	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2016				
Outstanding at the beginning of the year	85	23,48,086	85	24,77,615
Granted during the year	-	-	110	1,35,200
Exercised during the year*	85	2,61,848	85	2,20,134
Forfeited during the year	85	61,693	85	44,595
Outstanding at the end of the year#	85	20,24,545	85	23,48,086
Exercisable at the end of the year	85	10,60,578	85	6,78,433
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		3.99 years		4.90 years

The range of exercise prices of the outstanding options as at March 31, 2019 is ₹ 85 to ₹ 110 (₹ 85 to ₹ 110 as at March 31, 2018).

* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61).

Particulars	Weighted average exercise price (INR)	Number of stock units	Weighted average exercise price (INR)	Number of stock units
RSU Plan 2017				
Outstanding at the beginning of the year	10	34,790	-	-
Granted during the year	10	10,08,550	10	34,790
Exercised during the year*	10	4,127	-	-
Forfeited during the year	10	18,290	-	-
Outstanding at the end of the year	10	10,20,923	10	34,790
Exercisable at the end of the year	10	4,435	-	-
RSU available for grant	10	19,56,660	10	29,65,210
Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)		5.15 years		6.07 years

* The weighted average share price during the year ended March 31, 2019 was ₹ 248.58 (March 31, 2018 ₹332.61).

(vi) Fair value of options granted

For share options and RSUs granted during the period, the fair value has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2019	March 31, 2018
ESOP Plan 2016		
Weighted Average share price on the date of grant	-	92.00
Exercise price	-	110.00
Risk Free Interest Rate	-	7.59%

Expected Life	-	5-8years
Exercise period from the date of vesting	-	4 years
Expected Annual Volatility of Shares	-	0.00%
Expected Dividend Yield	-	0.00%
RSU Plan 2017		
Weighted Average share price on the date of grant	260.74	335.24
Exercise price	10.00	10.00
Risk Free Interest Rate	7.58% to 7.89%	6.78%
Expected Life	5-8years	5-8years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	48% to 52%	46.83%
Expected Dividend Yield	0.00%	0.00%

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes, hence other information is not applicable for the year ended March 31, 2019.

(vii) Effect of share based payment transactions on the Statement of Profit and Loss:

in ₹ crore

	March 31, 2019	March 31, 2018
Equity-settled share-based payments (Refer Note 23)	15.10	5.69

Note No. 32: Assets pledged as security against borrowings (Refer Note 15)

in ₹ crore

Particulars	As at March 31, 2019	As at March 31, 2018
(i) Financial Assets		
Trade Receivable	650.20	294.32
Loans	0.79	0.58
Other financial assets	0.12	0.04
Other financial assets excluding deposits with financial institutions	20.44	8.40
Total financial assets	671.55	303.34
(ii) Non- Financial Assets		
Other current assets	27.48	20.69
Inventories	181.39	190.89
Total non- financial assets	208.87	211.58
(iii) Total current assets pledged as security	880.42	514.92
(iv) Non-current assets		
Property, plant and equipment	30.68	35.98
Total Non-current assets pledged as security	30.68	35.98
(v) Total assets pledged as security	911.10	550.90

The Company has multiple banking arrangements with banks who have extended fund based and non- fund based facilities and have placed uniform covenants for collateral purposes. The banks have a pari passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, availment out of fund and non-fund based facilities will be within the limits sanctioned. The pari passu charge implies that the banks have a proportionate claim on the collaterals, limited to actual utilisation of fund and non-fund based facilities. The aggregate of fund and non-fund based facilities availed and outstanding as at March 31, 2019 aggregates to ₹179.91 (March 31, 2018: ₹144.74).

Note No. 33: Statement of Function wise Profits and Losses (for additional information only)

in ₹ crore

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue		
Product sales, net of excise duty (Refer Note i below)	817.45	662.19
Component sales	23.59	9.93
Services	56.87	77.39
Other Operating Revenues	2.41	0.29
Net Revenue (A)	900.32	749.80
Cost of materials consumed (Refer Note ii below)	464.84	383.24
Manufacturing Expenses	18.30	17.78
Service Expenses	51.12	49.04
Total Cost of Goods Sold (B)	534.26	450.06
Gross Profit (C) = (A) - (B)	366.06	299.74
Operating Expenses:		
Research & Development (Gross)	115.51	86.90
Less: R&DCapitalized	(64.92)	(49.21)
Research & Development (Net)	50.59	37.69
Selling, Distribution & Marketing*	89.50	83.98
General & Administrative	29.76	25.20
Operating Expenses (Net) (D)	169.85	146.87
Profit from operations (EBITDA) (E) = (C) - (D)	196.21	152.87
Other Income (Refer Note iii below)	36.13	23.44
Foreign exchange loss/(gain) (Refer Note iv below)	(0.56)	(4.39)
Finance costs	17.00	13.40
Depreciation and amortization	65.88	61.26
Profit before tax	150.02	106.04
Tax expense:		
Current tax	19.63	23.78
Deferred tax (benefit)	(16.85)	(24.26)

Profit after tax	147.24	106.52
Other Comprehensive Income	(0.95)	(1.76)
Total comprehensive income for the year	146.29	104.76
Earning per share (Par Value ₹ 10 each)		
(a) Basic	16.13	12.41
(b) Diluted	15.39	11.73
Weighted average Basic Equity share outstanding	9,13,08,108	8,58,58,425
Weighted average Diluted Potential Equity share outstanding	9,56,67,708	9,08,27,823

* Previous year figures has been regrouped or reclassified as necessary.

i. The reconciliation of Product sale between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2019	2018
Revenue from product sales including excise duty where applicable as per Schedule III (Refer Note 20)	817.45	679.83
Less: Excise Duty disclosed as expense	-	17.64
Revenue from product sales net of excise duty as per function wise profit and loss	817.45	662.19

ii. The reconciliation of Cost of Sales between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2019	2018
Cost of materials consumed as per Schedule III (Refer Note 21)	463.70	382.42
Add: Considered separately under other expenses as per Schedule III (Note 25)		
Other Processing Charges	3.02	1.30
Royalty	0.61	0.58
Less: Other processing charges considered under R&D	2.49	1.06
Total Cost of materials consumed as per function wise profit and loss	464.84	383.24

iii. The reconciliation of Other Income between Schedule III and function wise profit and loss account is as follows:

in ₹ crore

Particulars	Year ended March 31,	
	2019	2018
Other income as per Schedule III (Refer Note 21)	36.69	27.83
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iv below)	(0.56)	(4.39)
Other income as per function wise profit and loss	36.13	23.44

iv. The breakup of foreign exchange loss/(gain) is as under:

in ₹ crore

Particulars	Year ended March 31,	
	2019	2018
Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)	-	-
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 21, Note 25 and Note iii above)	(0.56)	(4.39)
Foreign exchange loss/(gain) as per function wise profit and loss	(0.56)	(4.39)

Note No. 34:

Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

in ₹ crore

Name of the entity	Net assets, i.e., total assets minus total liabilities	
	2019	2018
Parent Company		
Tejas Networks Limited		
As % of consolidated net assets	98.93%	98.90%
Amount	1306.16	1139.33
Subsidiaries		
Indian		
vSave Energy Private Limited.		
As % of consolidated net assets	0.00%	0.00%
Amount	-	-
Foreign		
Tejas Communication Pte. Ltd.		
As % of consolidated net assets	1.07%	1.32%
Amount	14.08	15.24
Tejas Israel Ltd.		
As % of consolidated net assets	0.00%	-0.22%
Amount	0.00	(2.49)
Total		
As % of consolidated net assets	100.00%	100.00%
Amount	1,320.24	1,152.08

Particulars	Share of profit or loss	
	2019	2018
Parent Company		
Tejas Networks Limited		
As % of consolidated profit or loss	98.51%	99.78%
Amount	145.04	106.28
Subsidiaries		
Indian		
vSave Energy Private Limited.		
As % of consolidated profit or loss	0.00%	0.00%
Amount	-	-
Foreign		
Tejas Communication Pte. Ltd.		
As % of consolidated profit or loss	1.32%	0.29%
Amount	1.95	0.31
Tejas Israel Ltd.		
As % of consolidated profit or loss	0.17%	-0.07%
Amount	0.25	(0.07)
Total		
As % of consolidated profit or loss	100.00%	100.00%
Amount	147.24	106.52

Particulars	Other Comprehensive Income		Total Comprehensive Income	
	2019	2018	2019	2018
Parent Company				
Tejas Networks Limited				
As % of consolidated profit or loss	181.05%	91.48%	97.97%	99.92%
Amount	(1.72)	(1.61)	143.32	104.67
Subsidiaries				
Indian				
vSave Energy Private Limited.				
As % of consolidated profit or loss	0.00%	0.00%	0.00%	0.00%
Amount	-	-	-	-
Foreign				
Tejas Communication Pte. Ltd.				
As % of consolidated profit or loss	-81.05%	8.52%	1.86%	0.15%
Amount	0.77	(0.15)	2.72	0.16
Tejas Israel Ltd.				
As % of consolidated profit or loss	0.00%	0.00%	0.17%	-0.07%
Amount	-	-	0.25	(0.07)
Total				
As % of consolidated profit or loss	100.00%	100.00%	100.00%	100.00%
Amount	(0.95)	(1.76)	146.29	104.76

Note No. 35: Expenditure on corporate social responsibility (as per section 135 of the Act)

(a) Gross amount required to be spent by the Company during the year ₹ 0.98 (previous year Rs 0.54).
(b) Amount spent during the year: Rs 0.98 (included under expenditure on corporate social responsibility note 25)

in ₹ crore

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2. On purposes other than (1) above	0.98	-	0.98
	(0.54)	(-)	(0.54)

Previous year figures are in brackets

in ₹ crore

Particulars	Nature of Service	Year Ended March 31,	
		2019	2018
Akshaya Patra Foundation, Bengaluru	NGO run school meal programme facilitating education of Underprivileged children in India.	0.25	0.34
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers.	0.25	0.20
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality.	0.30	-

Vinoba Sewa Ashram, Uttar Pradesh	Serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh.	0.18	-
Total qualifying expenditure on corporate social responsibility		0.98	0.54

Note No. 36: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹ 10/- each at a premium of Rs 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in actual use of proceeds from the objects stated in the offer document.Total share issue expenses related to IPO amounted to ₹ 21.13 of which ₹ 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹ 1.80 has been charged off as part of sales expenses during the year ended March 31, 2018 (Refer Note 25). There is no such expense during the current year.

in ₹ crore

Particulars	Proposed as per Prospectus	Revised amounts as explained in Prospectus	Total utilization till March 31, 2018	Balance as on March 31, 2018	Actual Utilization during quarter ended June 30, 2018	Balance as on March 31, 2019
(i) Capital expenditure towards payment of salaries and wages for Research and Development team	45.29	45.29	35.65	9.64	9.64	-
(ii) Working capital requirement	303.00	303.00	303.00	-	-	-
(iii) General corporate purposes (refer note below)	76.20	80.58	80.58	-	-	-
Total towards objects of the offer	424.49	428.87	419.23	9.64	9.64	-
Issue Expenses Outflow (refer note below)	25.51	21.13	-	-	-	-
Total issue proceeds	450.00	450.00	419.23	9.64	9.64	-

Note: The actual share issue expenses was lower by ₹ 4.38 than what was estimated in prospectus and the same was utilised for General corporate purpose.

Note No. 37: Dividend

After the year end the Board of Directors in their meeting held on April 22, 2019 have recommended the payment of final dividend of ₹ 1 per fully paid equity share. (March 31, 2018 : Nil). This proposed final dividend is subject to the approval of shareholders in the ensuing general meeting.

Note No. 38: Details of amounts rounded off

Amount in ₹

Particulars	As at	
	2019	2018
1. Investment in ELCIA ESDM Cluster (Refer Note 5)	11,000/-	11,000/-
2. Post-employment benfits cost to Arnob Roy [Refer Note 30.6(ii)]	2,570/-	-

Note No. 39:

Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing Director
(DIN:01049871)

Place: Bengaluru
Date: April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

N R Ravikrishnan
Genaral Counsel, Chief Compliance Officer and Company Secretary

Business Responsibility Report

About this report

Regulation 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) prescribe that top 500 companies based on market capitalization as per NSE / BSE as on March 31 of every financial year, are required to have "Business Responsibility Report" (BRR) as part of their Annual Report. The BRR as stipulated under the listing regulations describes the initiatives taken by the Company from an environmental, social and governance perspective. Tejas is not in the top 500 listed entities based on market capitalization as per NSE / BSE for the year ended March 31, 2019, the disclosure on BRR is not applicable. However, the Company is voluntarily disclosing the same and the BRR forms part of the Annual Report. The report has been prepared as prescribed and in accordance with said Listing Regulations.

About Tejas Networks Limited

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

SECTION A:

GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company:

L72900KA2000PLC026980

2. Name of the Company:

Tejas Networks Limited

3. Registered address:

J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru- 560100, Karnataka

4. Website:

www.tejasnetworks.com

5. E-mail id:

corporate@tejasnetworks.com

6. Financial Year reported:

April 1, 2018 –March 31, 2019

7. Sector(s) that the Company is engaged in (industrial activity code-wise):

Manufacture of Communication Equipment - NIC Code :263

8. List three key products/services that the Company manufactures/ provides (as in balance sheet):

Communication Product, Communication Software, Support Services towards Communication Products and Services.

9. Total number of locations where business activity is undertaken by the Company :

(a) Number of International Locations - 5

(b) Number of National Locations - 5

10. Markets served by the Company – Local/State/National/ International:

India, USA, Mexico, Africa, Middle East, South Asia and South East Asia

SECTION B:

Financial details of the company as on March 31, 2019

1. Paid- Up Capital (in INR)	*₹ 91.71 crore*
2. Total Turnover (in INR) (Consolidated)	*₹ 900.32 crore*
3. Total Profit after taxes (in INR) (Consolidated)	*₹ 147.24 crore*
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	*Pease refer to Annexure - 6 of Board's Report for details.*
5. List of activities in which expenditure in 4 has been incurred	

SECTION C:

Other Details

1. Does the Company have any Subsidiary Company/ Companies?

   Yes. The Company has one wholly owned subsidiary and one step down subsidiary. Please refer to Annexure 1 to the Board's Report for further details.

2. Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)?

   Yes, Tejas Networks Limited encourages its Subsidiary Companies to participate in its group wide BR initiatives on various activities. All subsidiary Companies are aligned to the activities under the aegis of Tejas Group

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

   We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.

SECTION D:

BR Information

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

Particulars	Details
DIN Number (if applicable)	*0104981*
Name	*Sanjay Nayak*
Designation	*Managing Director and CEO*
Telephone Number	*080-41796400*

(b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	*NA*
Name	*N R Ravikrishnan*
Designation	*General Counsel, Chief Compliance Offifer and Company Secretary*
Telephone Number	*080-41796400*
E-mail ID	*ravikrishnanr@india.tejasnetworks.com*

2. Principle-wise BR Policy/Policies

As per Regulation 34 of the Listing Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November 2015, the nine areas of Business Responsibilities are as follows:

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Details of Compliance (principle- wise (as per NVGs) BR policy / policies (reply in Y/N)

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Does the Company have the policy for............	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	https://www.tejasnetworks.com/policies-codes.php								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	The Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

Y = Yes

All the policies are approved by the Board and duly signed by the Managing Director and CEO. These policies are based on guiding principles and core values. These policies are mapped to each principle hereunder:

S.No	Principle	Applicable policies
1	**Principle 1** - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	• Whistle Blower Policy • Code of Conduct
2	**Principle 2** - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	• Safety, Health and Environmental Policy • Quality Policy

3	**Principle 3** - Businesses should promote the well-being of all employees.	• Safety, Health and Environmental Policy • Policy on Prevention of Sexual Harassment at the work place
4	**Principle 4** - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	• CSR Policy • Stakeholders Relationsship Policy
5	**Principle 5** - Businesses should respect and promote human rights.	• Whistle Blower Policy. • Policy on Prevention of Sexual Harassment at the work place
6	**Principle 6** - Businesses should respect, protect, and make efforts to restore the environment.	• Safety, Health and Environmental Policy • Quality Policy
7	**Principle 7** - Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.	• Code of Conduct
8	**Principle 8** - Businesses should support inclusive growth and equitable development.	• CSR Policy
9	**Principle 9** - Businesses should engage with and provide value to their customers and consumers in a responsible manner.	• Quality Policy

If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

3. Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

Annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company publishes the Business Responsibility Report. It is published on a yearly basis as part of the Annual Report. The same can be accessed at: www.tejasnetworks.com

SECTION E:

Principle-wise performance

Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company structure specifies the distribution of rights and responsibilities among different participants of the corporation such as the Board, Managers, Shareholders and other stakeholders and spells out the systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders and in a manner that is accountable and responsible to the shareholders. In a wider interpretation, corporate governance includes company's accountability to shareholders and other stakeholders such as employees, suppliers, customers and local community. Our corporate philosophy seeks to ensure truth, transparency, accountability and responsibility and is committed to meet the aspirations of all our stakeholders. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land. Corporate governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization.

1. Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/ NGOs / Others?

   Our Code of Conduct and Whistle Blower policy covers not only the employees but also extended to cover Group/Joint Ventures/Suppliers/ Contractors/ NGOs / Other stakeholders.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   During the year 2018-19, 5 share-related complaints were received from various stakeholders (i.e.) Shareholders of the Company. All the complaints have been resolved satisfactorily.

Principle 2:- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

   TJ1400, TJ1600 product lines. The product lines have several power saving features and are designed to minimize carbon footprint.

2. For each such product, provide the following details in respect of resource use (Energy, water, raw material etc.) per unit of product (optional):

   The above products have several power saving features to lower the carbon footprint of the product. TJ1400 and TJ-1600 are designed using new generation field programmable chips (FPGAs) for reducing static power and clock enable/gating logic to reduce dynamic power in FPGAs. TJI 1400 has been used in providing the rural broadband connections under Bharat Net projects to moree than 40000+ villages in Indoa so far.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   Our suppliers are categorized into three broad categories – People, Services and Products. Our contracts have appropriate clauses and checks to prevent the employment of child labor or forced labor in any form. We continue to engage with all supplier segments working within our boundary covering People and Services. We engage with local suppliers for our People and Services categories.

4. Has the company taken any steps to procure goods and services

from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

We have a comprehensive engagement model, to meaningfully engage with our suppliers on material aspects. Regular capacity building and assessments are conducted for key suppliers. The proportion of spending on domestic suppliers at significant locations was about 50% in fiscal 2019. Today we have a very wide & well established supplier base including number of suppliers from local & small producers and we continue to encourage the strengthening of the local buying from India.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Our integration & testing facility does not produce any hazardous waste. The waste generated is only from packaging etc. Further in line with the requirements of ISO14001 environmental standards we re-use most of the packaging boxes for intermediate packing & movement. We re-use the packaging received from cable vendors & Sheet metal vendors for out Kit packaging .Most of our packaging use carton boxes instead of ply wood/Hardwood packaging.

Principle 3: - Businesses should promote the wellbeing of all employees

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on employees' well-being. The Company provides equal employment opportunities to all irrespective of their caste, creed, gender, race, religion, disability etc., The Company respects the right of employees to freedom of association, participation, and collective bargaining and provides access to appropriate grievance redressal mechanisms. The Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality. We have a mechanism in place to foster a positive work place environment free from harassment of any nature. We have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the work place. We follow a gender-neutral approach in handling complaints of sexual harassment. Our ASHI policy applies to everyone involved in the operations of the Company, including vendors and clients. We have also constituted an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an independent group. The Company contributes to the medical insurance of its employees and also organises health check-ups for employees. The Company also enhances employee engagement through various initiatives on an ongoing basis. The Company is deeply committed to safety of its employees at workplace and regularly organises mock fire drills and fire safety training classes at all its locations.

1. Please indicate the Total number of employees.

   765 as on March 31, 2019

2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis.

   Most of our employees work as full-time, permanent employees

3. Please indicate the Number of permanent women employees

   The number of our permanent women employees is 82 as on March 31, 2019

4. Please indicate the Number of permanent employees with disabilities

   Being an equal opportunity employer, we encourage employees to disclose their disabilities and seek reasonable accommodation to allow them to perform to their full potential. There were two employees who have voluntarily disclosed their disability status as on March 31, 2019.

5. Do you have an employee association that is recognized by management?

   Not applicable.

6. What percentage of your permanent employees is members of this recognized employee association?

   Not applicable

7. Please indicate the number of complaints relating to Child Labour, Forced Labour, Involuntary Labour, Sexual Harassment in the last financial year and pending, as on the end of the financial year

Category	No.of. Complaints filed during the financial year	No.of. Complaints pending as on the end of the financial year.
Child labour/ forced labour/ involuntary labour	Nil	Nil
Sexual Harassment	Nil	Nil
Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year.
   - *Permanent Employees*
   - *Permanent Women Employees*
   - *Casual / Temporary/ Contractual Employees.*
   - *Employees with Disabilities*

Safety: We provide the awareness session on periodic demonstration mock drills related to safety and security of the employees.

Skill up-gradation: Our training programs includes on the job training and class room sessions.

Principle 4:- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in our Corporate Values & Beliefs of Integrity, Passion, Quality, Respect and Responsibility. These values require that the Company acts as a responsible corporate citizen and change lives for the better and this is to be done in a manner that reflects humility. These values require us to provide everyone equal opportunities to progress and grow. The Company considers its employees, business associates, customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, supplier/vendor meets, customer/employee satisfaction surveys, investor forums, etc. The Company's website www.tejasnetworks.com contains comprehensive information about the Company. The Company also has designated an exclusive email-id for investor services ir@tejasnetworks.com. The Company also promptly intimates the Stock Exchanges about all price-sensitive information or such other matters which in its opinion are material and of relevance to the stakeholders of the Company.

1. Has the Company mapped its internal and external stakeholders

   Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

   The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders identifying their needs and priorities so as to serve these needs accordingly

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders.

Principle 5: Businesses should respect and promote human rights

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its code of conduct. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   The Company's Policy on Human Rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the five principles of its values and beliefs. Respecting human rights is fundamental to the Company's policies and business dealings and the Company is equally focussed on building awareness around promotion of human rights with every associate and supply chain partners. All employees and contractors are required to respect the human rights of fellow workers and communities where we operate. The Company does not employ child labours and does not permit any occurrence of forced or compulsory labour, conducts proper checks and audits to ensure that our contractors follow the same. The Company's business relationship with its vendors/contractors encourages its vendors to comply with the relevant laws safeguarding labour rights and human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   Please refer Stakeholders Relationship Committee Report of the Corporate Governance report provided in the Annual Report.

Principle 6 : Business should respect, protect, and make efforts to restore the environment

Tejas is committed to meeting ISO14001 Standard requirements and other relevant environmental regulations and undertakes continual improvements in its business management processes.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

   The Company encourages all its external stakeholders to strictly adhere to safety and restoration of the environment. Our major suppliers for EMS and PCB vendors, cable assembly vendors comply with ISO 14001 standards and have a clear policy to safeguard the environment.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc

   As a responsible product Company, we give due consideration to environmental issues like global warming, climate change etc. and our products are designed accordingly. As a global supplier of telecom equipment our products are qualified in various countries including US & Europe to meet strict environmental, emission norms. While selecting components we choose energy efficient chip sets which consume less power. We customize the power supply to ensure we don't overengineer the energy requirement. Most of our parts are ROHS 6/6 compliant & environmentally friendly. In Integration facility we ensured we use lot of daylight and minimize the consumption of power. The Company designs its products in such a way that the total carbon footprint is minimized. The use of next-generation chips that consume less power, programmable slew rate/drive strength, dynamically tristable DCI and HSTL/low power serial links wherever possible minimizes energy use.

3. Does the company identify and assess potential environmental risks? Y/N

   As a responsible electronics product manufacturer, the Company ensures that its products meet international EU directives such as WEEE (Waste of Electrical and Electronics Equipment) and RoHS (restriction on the use of hazardous substances). The Company thus contributes to a circular economy through improvements in collection, treatment and recycling of electronics at the end of their life

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Tejas Networks complies with the requirements of ISO14001 environmental standards and meets all the statutory & regulatory requirements on environmental aspects. Necessary reports are generated & maintained. We do the study on aspect & impact analysis on activity we do in Tejas. Risks are adequately mitigated. All components selected based on ROHS compliancy and regulatory requirement. We have provided employee safety gears at the rework stations & provided suction units for fumes.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Tejas has initiated various initiatives towards energy efficiency. The few to mention are atrium in factory premises to use natural light, save water and save electricity campaign with various teasers and *visuals, Tejas also recommends compliance to ISO 14001 standard to its suppliers. Many of Tejas suppliers are ISO 14001 certified. In addition, we have designed some of our customer premise equipment, especially those which can potentially be deployed in remote areas with power constraints, to support solar powering.*

6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   As the nature of Tejas production system is green, the emission and waste generated are well within the permissible limits.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

   There were no pending or unresolved show cause/legal notices from CPCB/SPCB as at the end of 2018-19.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

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

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

   The Company undertakes CSR project/programs identified by the CSR Committee and approved by the Board of Directors, in line with the CSR Policy. The CSR activity is carried out through external NGO and also by an organization of repute.

3. Have you done any impact assessment of your initiative?

   Yes, the CSR committee internally performs a review and an impact assessment of its initiatives at the end of each year to understand the effectiveness of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives..

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

   During the year 2018-19, the Company has spent an amount of ₹ 0.98 crore on CSR activities encompassing various community development projects. Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure '6' to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   The CSR Committee of the Board of Directors identifies and implements all CSR projects/ programs and periodic reports are provided for review by the Committee. The responsibilities of the CSR Committee include formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken, recommending the amount of expenditure for the CSR activities, and monitoring CSR activities from time to time

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   There were no customer complaints/consumer cases pending as on March 31, 2019.

2. Does the company display product information on the product label, over and above what is mandated as per local laws ?

   Yes. Over and above the mandatory requirements, the Company also subscribes to various customer information requirements. Product Information about the physical dimensions and/or compositions.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

   There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

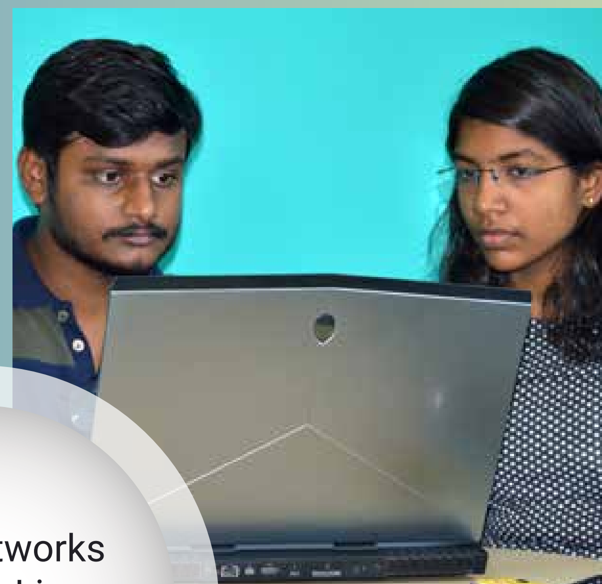
   Yes, we conduct a customer satisfaction survey every year.

Notes

Tejas Networks Enriching Lives Through CSR Initiatives

THE AKSHAYA PATRA FOUNDATION

INTERNATIONAL INSTITUTE OF INFORMATION TECHNOLOGY - BENGALURU



SRI AUROBINDO SOCIETY - PUDUCHERRY

VINOBA SEWA ASHRAM - UTTAR PRADESH

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