

**Tejas Networks Limited**

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

<b>Consolidated Balance Sheet</b>	<b>Notes</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>April 1, 2016</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4(a)	35.98	27.99	29.10
Intangible assets	4(b)	38.75	64.09	65.19
Intangible assets under development	4(b)	46.85	18.62	51.80
Financial assets				
Investments	5(a)	0.00	0.00	0.00
Trade receivables	6	34.84	14.56	5.87
Loans	8	5.44	4.98	4.12
Other financial assets	9	0.04	99.22	25.00
Income Tax Asset (net)	10(a)	32.01	22.61	17.48
Deferred Tax Asset	10(b)	121.16	96.90	56.41
Other non-current assets	11	0.34	0.80	0.53
<b>Total non-current assets</b>		<b>315.41</b>	<b>349.77</b>	<b>255.50</b>
<b>Current assets</b>				
Inventories	12	190.89	181.72	231.69
Financial assets				
Investments	5(b)	76.52	-	-
Trade receivables	6	275.71	382.87	370.04
Cash and cash equivalents	7(i)	214.19	31.06	49.29
Bank balances other than above	7(ii)	21.76	39.96	20.25
Loans	8	0.62	16.03	15.57
Other financial assets	9	213.40	7.06	15.58
Other current assets	11	21.27	25.99	32.21
<b>Total current assets</b>		<b>1,014.36</b>	<b>684.69</b>	<b>734.63</b>
<b>Total assets</b>		<b>1,329.77</b>	<b>1,034.46</b>	<b>990.13</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	13	94.09	74.01	66.52
Other equity	14	1,057.99	518.93	328.35
<b>Total equity</b>		<b>1,152.08</b>	<b>592.94</b>	<b>394.87</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	15	1.00	2.00	29.00
Provisions	16	1.14	2.10	1.11
<b>Total non-current liabilities</b>		<b>2.14</b>	<b>4.10</b>	<b>30.11</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	17	-	252.30	338.94
Trade payables	18	105.03	107.83	161.83
Other financial liabilities	19	53.30	60.09	48.89
Provisions	16	6.89	4.64	3.39
Other current liabilities	20	10.33	12.56	12.10
<b>Total current liabilities</b>		<b>175.55</b>	<b>437.42</b>	<b>565.15</b>
<b>Total liabilities</b>		<b>177.69</b>	<b>441.52</b>	<b>595.26</b>
<b>Total equity and liabilities</b>		<b>1,329.77</b>	<b>1,034.46</b>	<b>990.13</b>

**Note:**

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

As per our report of even date.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

**Pradip Kanakia**  
 Partner  
 Membership no: 039985

**Sanjay Nayak**  
 CEO and Managing Director  
 (DIN:01049871)

**Balakrishnan V**  
 Director  
 (DIN:02825465)

**Leela K Ponappa**  
 Director  
 (DIN:07433990)

 Place : Bengaluru  
 Date : April 24, 2018

**Venkatesh Gadiyar**  
 Chief Financial Officer

**Krishnakanth G. V.**  
 Company Secretary

## Tejas Networks Limited

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

Consolidated Statement of Profit and Loss	Notes	Year Ended March 31,	
		2018	2017
I Revenue from operations	21	767.44	932.58
II Other Income	22	27.83	8.66
<b>III Total income (I + II)</b>		<b>795.27</b>	<b>941.24</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	23	382.42	514.05
Excise duty		17.64	57.95
Employee benefit expense	24	92.26	84.69
Finance costs	25	13.40	31.81
Depreciation and amortization expense	4(c)	61.27	56.42
Other expenses	26	122.24	112.16
<b>Total expenses (IV)</b>		<b>689.23</b>	<b>857.08</b>
<b>V Profit before exceptional items and tax (III - IV)</b>		<b>106.04</b>	<b>84.16</b>
<b>VI Exceptional Item</b>	31.7(iv)	-	30.47
<b>VII Profit before tax (V - VI)</b>		<b>106.04</b>	<b>53.69</b>
<b>VIII Income tax expense</b>			
Current tax	27	23.78	1.20
Deferred tax (benefit)	27	(24.26)	(40.49)
<b>Total tax expense (VIII)</b>		<b>(0.48)</b>	<b>(39.29)</b>
<b>IX Profit after tax (VII - VIII)</b>		<b>106.52</b>	<b>92.98</b>
<b>X Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligation		(2.05)	0.38
Income tax relating to above		0.44	(0.08)
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(0.15)	0.28
<b>Other comprehensive income for the year, net of tax (X)</b>		<b>(1.76)</b>	<b>0.58</b>
<b>XI Total comprehensive income for the period (IX + X)</b>		<b>104.76</b>	<b>93.56</b>
<b>XII Earnings per equity share</b>			
<b>Equity shares of par value Rs. 10 each</b>			
Basic	31.6	12.41	14.09
Diluted	31.6	11.73	14.09
Weighted average equity shares used in computing earning per equity share			
Basic	31.6	8,58,58,425	6,59,77,758
Diluted	31.6	9,08,27,823	6,59,77,758

**Note:**

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

As per our report of even date.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia  
Partner  
Membership no: 039985Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)Balakrishnan V  
Director  
(DIN:02825465)Leela K Ponappa  
Director  
(DIN:07433990)Place : Bengaluru  
Date : April 24, 2018Venkatesh Gadiyar  
Chief Financial OfficerKrishnakanth G. V.  
Company Secretary

## Consolidated Statement of Cash Flows

Year Ended March 31,

	2018	2017
<b>Cash flows from operating activities</b>		
Profit before tax for the year	106.04	53.69
Adjustments to reconcile net profit to net cash provided by operating activities:		
Depreciation and amortization expense	61.27	56.42
Provision for doubtful debts	3.39	1.82
Bad trade and other receivables, loans and advances written off	-	5.26
Provision for doubtful trade and other receivables, loans and advances released	-	(3.35)
Provision for doubtful advances	1.55	-
KESDM Receivable Written off	-	7.07
Interest Income	(18.68)	(5.90)
Dividend Income	(0.09)	-
(Gain)/Loss on current investment carried at fair value through profit or loss	(0.85)	-
(Gain)/Loss on sale of current investment carried at fair value through profit or loss	(2.58)	-
Finance costs recognized in profit or loss	13.40	31.81
Unrealized Exchange Difference on transactions in foreign currency cash held in foreign currencies	0.15	0.07
Unrealised Exchange Difference (Net)	1.41	(3.86)
Liabilities no longer required written back	(1.19)	(1.51)
Profit on sale of fixed asset	(0.01)	-
Intangible assets under development written off	-	30.47
Expense recognized in respect of equity-settled share-based payments	5.69	7.82
	<u>169.50</u>	<u>179.81</u>
Movements in working capital:		
(Increase)/decrease in inventories	(9.18)	49.97
(Increase)/decrease in trade receivables	81.62	(17.39)
(Increase)/decrease in loans	14.96	(1.32)
(Increase)/decrease in other financial assets	1.39	8.66
(Increase)/decrease in other assets	3.65	(1.16)
Increase/(decrease) in trade and other payables	(2.27)	(55.74)
Increase/(decrease) in provisions	(0.76)	2.62
Increase/(decrease) in other financial liabilities	15.56	(9.91)
Increase/(decrease) in other liabilities	(2.23)	0.48
Cash generated from operations	272.24	156.02
Income taxes paid	(32.75)	(6.33)
<b>a) Net cash generated by operating activities</b>	<u>239.49</u>	<u>149.69</u>
<b>Cash flows from investing activities</b>		
Expenditure on property, plant and equipment and intangible assets/including under developments	(68.10)	(51.50)
Sale of property, plant and equipment	0.01	-
Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net)	(87.64)	(93.92)
Purchase of financial assets - liquid mutual funds and fixed maturity plan securities	(73.09)	-
Interest received	15.96	5.74
Dividend received	0.09	-
<b>b) Net cash (used in) investing activities</b>	<u>(212.77)</u>	<u>(139.68)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity instruments of the Company net of issue expenses	467.69	79.52
Issue related expenses- IPO/Private Placement	(19.32)	(2.34)
Proceeds from movement in other equity	0.03	19.98
Repayment of borrowings	(279.21)	(92.43)
Exchange Differences on repayment of borrowing	1.27	(1.02)
Interest paid	(13.90)	(31.89)
<b>c) Net cash generated by financing activities</b>	<u>156.56</u>	<u>(28.18)</u>

**Tejas Networks Limited**

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

**Consolidated Statement of Cash Flows**

	Year Ended March 31,	
	2018	2017
<b>d) Net increase/(decrease) in cash and cash equivalents</b>	<b>183.28</b>	<b>(18.17)</b>
Cash and cash equivalents at the beginning of the year	31.06	49.30
Effects of exchange rate changes on the balance of cash held in foreign currencies	(0.15)	(0.07)
<b>Cash &amp; cash equivalents at the end of the period [Refer Note 7(i)]</b>	<b>214.19</b>	<b>31.06</b>

**Note:**

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

As per our report of even date.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

**Pradip Kanakia**  
Partner  
Membership no: 039985

**Sanjay Nayak**  
CEO and Managing Director  
(DIN:01049871)

**Balakrishnan V**  
Director  
(DIN:02825465)

**Leela K Ponappa**  
Director  
(DIN:07433990)

Place : Bengaluru  
Date : April 24, 2018

**Venkatesh Gadiyar**  
Chief Financial Officer

**Krishnakanth G. V.**  
Company Secretary

Tejas Networks Limited  
Consolidated Statement of Changes in Equity

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

**A. Equity Share Capital**

Particulars	Note	Amount
As at April 1, 2016		66.52
Increase in equity share capital on account of exercise of ESOP	13	1.87
Increase in equity share capital on account of private placement		5.62
<b>As at March 31, 2017</b>		<b>74.01</b>
Increase in equity share capital on account of exercise of ESOP	13	2.57
Increase in equity share capital on account of IPO	38	17.51
<b>As at March 31, 2018</b>		<b>94.09</b>

\* Includes forfeited shares of Rs. 3.27

**B. Other Equity**

Particulars	Note	Reserves and Surplus			Other Reserves		Treasury Shares	Total
		Securities premium reserve	Retained earnings	Employee stock compensation reserve	Foreign Currency Translation Reserve	Trust		
Balance as at April 1, 2016		415.70	(77.42)	10.03	(0.07)	(14.84)	(5.05)	328.35
Profit for the year	14	-	92.98	-	-	-	-	92.98
Other comprehensive income	14	-	0.30	-	(0.28)	-	-	0.02
<b>Total comprehensive income for the year</b>		-	<b>93.28</b>	-	<b>(0.28)</b>	-	-	<b>93.00</b>
<b>Transaction with owners in their capacity as owners:</b>								
Premium on issue on account of private placement	14	61.77	-	-	-	-	-	61.77
Premium on issue on account of exercise of ESOP	14	10.27	-	-	-	-	-	10.27
Share issue expenses	14	(2.34)	-	-	-	-	-	(2.34)
Share based payment expenses	24	-	-	7.82	-	-	-	7.82
Issue of equity shares, on exercise of options	14	2.08	-	(2.08)	-	-	1.78	1.78
Forfeiture of shares	14	-	-	-	-	-	3.27	3.27
Others	14	-	-	-	-	15.01	-	15.01
<b>Balance as at March 31, 2017</b>		<b>487.48</b>	<b>15.86</b>	<b>15.77</b>	<b>(0.35)</b>	<b>0.17</b>	-	<b>518.93</b>
<b>Balance as at March 31, 2017</b>		<b>487.48</b>	<b>15.86</b>	<b>15.77</b>	<b>(0.35)</b>	<b>0.17</b>	-	<b>518.93</b>
Profit for the year	14	-	106.52	-	-	-	-	106.52
Other comprehensive income	14	-	(1.61)	-	0.15	-	-	(1.46)
<b>Total comprehensive income for the year</b>		-	<b>104.91</b>	-	<b>0.15</b>	-	-	<b>105.06</b>
<b>Transaction with owners in their capacity as owners:</b>								
Premium on issue on account of IPO	38	432.49	-	-	-	-	-	432.49
Premium on issue on account of exercise of ESOP	14	15.12	-	-	-	-	-	15.12
Share issue expenses	38	(19.33)	-	-	-	-	-	(19.33)
Share based payment expenses	24	-	-	5.69	-	-	-	5.69
Issue of equity shares, on exercise of options	14	6.32	-	(6.32)	-	-	-	-
Others	14	-	0.20	-	-	(0.17)	-	0.03
<b>Balance as at March 31, 2018</b>		<b>922.08</b>	<b>120.97</b>	<b>15.14</b>	<b>(0.20)</b>	-	-	<b>1,057.99</b>

**Note:**

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

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
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for and on behalf of the Board of Directors of Tejas Networks Limited

Pradip Kanakia  
Partner  
Membership no: 039985

Sanjay Nayak      Balakrishnan V      Leela K Ponappa  
CEO and Managing      Director      Director  
Director      (DIN:02825465)      (DIN:07433990)  
(DIN:01049871)

Venkatesh Gadiyar      Krishnakanth G. V.  
Chief Financial Officer      Company Secretary

## **1 Corporate Information**

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

Tejas together with its subsidiaries is hereinafter referred to as the "Group".

Tejas is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India.

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

## **2 Significant Accounting Policies**

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Tejas Networks Limited and its subsidiaries.

### **2.1 Basis of preparation**

#### **(i) Compliance with Ind AS**

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015 (as amended)] and other relevant provisions of the Act.

The consolidated financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These consolidated financial statements are the first financial statements of the Group under Ind AS. Refer Note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

#### **(ii) Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that is measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

#### **(iii) Standard issued but not yet effective**

a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The Group is evaluating the requirements of the amendment and the impact on the financial statements.

b) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Group is evaluating the requirements of the standard and the impact on the financial statements.

#### **(iv) Operating cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**2.2 Basis of consolidation**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group combines the financial statements of the parent and its subsidiaries (Refer Note 31.8) line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Goodwill arising on consolidation is not amortized but is tested for impairment.

**2.3 Revenue Recognition:**

Revenue is measured at the fair value of the consideration received or receivable.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the activities described below:

**2.3.1 Sale of Goods**

**Timing of Recognition:** Revenue from sale of goods is recognized when significant risks and rewards are transferred in accordance with the terms of sale, and there is no unfulfilled obligation that could affect the customer acceptance of the product.

**Measurement of Revenue:** Amount disclosed as revenue from sale of goods is inclusive of excise duty where applicable, and net of returns, trade allowance, value added tax and goods and services tax (GST).

**2.3.2 Income from Services**

**Timing of Recognition**

**(i) Installation and commissioning**

Revenue from Installation and Commissioning services are recognised at a point in time when services are rendered.

**(ii) Annual maintenance contract**

Revenue from Annual maintenance contract are recognized on accrual basis pro-rata over the period of the contract.

**(iii) Other service revenue**

Revenue from other services such as repair & return, managed services, professional services and knowledge services are recognized at a point in time when services are rendered.

**Measurement of Revenue:** Amount disclosed as income from service is exclusive of taxes where applicable.

**2.4 Property, Plant and Equipment**

**2.4.1 Measurement**

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

**2.4.2 Depreciation method, estimated useful lives and residual value**

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives.

<u>Asset</u>	<u>Useful Life</u>
Laboratory equipment	10 years
Networking equipment	6 years
Electrical Installation	10 years
Furniture & fixtures	10 years
Office equipment	5 years
Computing equipment	3 years
Vehicles	8 years
R&D Cards	4 years
Servers	6 years

The useful lives of the above assets are in line with those specified under Schedule II to the Companies Act, 2013 except for R&D cards for which the useful life has been determined to be lower based on a technical evaluation done by the management.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income.

Individual assets costing less than Rs. 25,000/- are fully depreciated in the year of purchase.

#### **2.4.3 Transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

### **2.5 Intangible Assets**

#### **2.5.1 Measurement**

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

#### **2.5.2 Product development**

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical and marketing feasibility has been established, in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment.

Capitalized product development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

#### **2.5.3 Amortization**

The Group amortizes intangible assets with a finite useful life using the straight line method over the below periods:

<u>Asset</u>	<u>Useful Life</u>
Computer Software	Over the license period
Product development	24 months

#### **2.5.4 Deemed cost on transition to Ind AS**

On transition to Ind AS, the Group has elected to continue with the carrying value of all of intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

### **2.6 Impairment of Assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### **2.7 Financial instruments**

Financial assets and financial liabilities are recognized when Group becomes party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.



## 2.8 Investments and Other Financial assets

### 2.8.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortized cost.

The classification depends on entity's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

### 2.8.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

#### Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognized in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gain/(losses) in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### 2.8.3 Impairment

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable information including that which is forward-looking.

For trade receivables, the Group applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer note 29 for details on expected credit loss.

The losses arising from impairment are recognized in the Statement of Profit and Loss.

#### **2.8.4 Derecognition**

A financial asset is derecognized only when

- the Group has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

#### **2.8.5 Income recognition**

##### **Interest Income**

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### **Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

#### **2.9 Financial liabilities**

##### **2.9.1 Classification as debt or equity**

Financial liability and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **2.9.2 Initial Recognition and Measurement**

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortized cost unless at initial recognition, they are classified as fair value through profit or loss.

##### **2.9.3 Subsequent Measurement**

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

##### **2.9.4 Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

#### **2.10 Trade Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are usually unsecured. Trade payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value.

#### **2.11 Derivatives**

Derivatives are initially recognized at fair value on the date the derivative contracts is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income.

## **2.12 Provisions and Contingencies**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

### **Provision for warranty**

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

As per the terms of the contracts, the Group provides post-contract services / warranty support to some of its customers. The Group accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

## **2.13 Foreign Currency Transactions**

### **2.13.1 Functional currency**

Items included in the consolidated financial 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 financial statements are presented in Indian rupee, which is the Group's functional and presentation currency.

The functional currency of Tejas (parent Group), vSave Energy Pvt Limited is INR and for Tejas Communications Pte Limited and Tejas Israel Limited is USD. The functional currencies for Tejas Communications (Nigeria) Limited is Naira.

### **2.13.2 Transactions and translations**

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

The translation of financial statements of the foreign subsidiaries to the presentation currency is performed for assets and liabilities using the exchange rate in effect at the balance sheet date and for revenue, expense and cash-flow items using the average exchange rate for the respective periods. The gains or losses resulting from such translation are included in foreign currency translation reserves under other components of equity. When a subsidiary is disposed off, in full, the relevant amount is transferred to net profit in the statement of profit and loss. However when a change in the parent's ownership does not result in loss of control of a subsidiary, such changes are recorded through equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

#### **2.14 Earnings per equity share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

#### **2.15 Income taxes**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and for unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously within the same jurisdiction.

Current and deferred tax is recognized in statement of profit and loss, except to the extent that it relates to item recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

#### **2.16 Employee Benefits**

**(i) Short-term employee benefits**

Liabilities for wages and salaries and performance incentives that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(ii) Other long-term employee benefit obligations**

The liabilities for earned leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations for earned leave are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

**(iii) Gratuity obligations (Defined Benefit Plan)**

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than in rupees, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

**(iv) Defined contribution plans**

The Group pays defined contribution to publicly administered funds as per respective local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a reduction in the future payments is available.

**(v) Share-based payments**

Share-based compensation benefits are provided to employees via Employee Stock Option Plans and Restricted Stock Units.

The Group has constituted the following plans - 'Tejas Employee Stock Option Plan' 2014, 'Tejas Employee Stock Option Plan 2014 - A', 'Tejas Employees Stock Option Plan 2016' and 'Tejas Restricted Stock Unit Plan 2017' ("RSU – 2017") for the benefit of eligible employees.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

**2.17 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

**2.18 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 31.3]

#### **2.19 Leases**

##### **As a lessee**

Lease arrangements where the terms of the lease transfer substantially all the risks and rewards incidental to ownership to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **2.20 Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other operating income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other operating income.

The export incentives from the Government are recognized at their fair value where there is a reasonable assurance that the incentive will be received and the company will comply with all attached conditions.

#### **2.21 Inventories**

Inventories (raw material - components including assemblies and sub assemblies) are stated at the lower of cost and net realisable value. Cost of inventory includes cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **2.22 Trade Receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### **2.23 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### **2.24 Borrowings**

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of material provision of a long term loan arrangement on or before the date of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Group does not classify the liability as current, if the lender agreed, after the reporting period and before approval of the financial statements for issue, not to demand payment as a consequence of the breach.

#### **2.25 Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

**2.26 Contributed Equity**

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

Shares held by the Tejas Employees Welfare Trust (TEWT) are disclosed as treasury shares and deducted from contributed equity.

**2.27 Exceptional Items**

When an item of income or expense within Statement of profit and loss from ordinary activity is of such size, nature or incidence that its disclosure is relevant to explain the performance of the Group for the year, the nature and amount of such items is disclosed as exceptional items.

**2.28 Rounding of amounts**

All amounts disclosed in the consolidated financials statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

**3 Critical estimates and judgements**

The preparation of consolidated financials statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financials statements.

The areas involving critical estimates and judgements are:

- (i) Intangible assets - Refer note 4(b)
- (ii) Defined benefit obligations - Refer note 24
- (iii) Impairment of trade receivables - Refer note 6
- (iv) Recognition of deferred tax asset - Refer note 10(b)

**Note No. 4(a): Property, Plant and Equipment**

Particulars	Laboratory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	R&D Cards	Servers	Total
Deemed cost as at April 1, 2016 <sup>1</sup>	6.33	0.31	4.87	4.14	0.24	1.05	0.04	11.95	0.17	29.10
Additions	4.81	0.08	0.96	0.59	0.18	1.01	-	-	0.48	8.11
Deletions	-	-	-	-	-	-	-	-	-	-
<b>Gross carrying value as of March 31, 2017</b>	<b>11.14</b>	<b>0.39</b>	<b>5.83</b>	<b>4.73</b>	<b>0.42</b>	<b>2.06</b>	<b>0.04</b>	<b>11.95</b>	<b>0.65</b>	<b>37.21</b>
Accumulated depreciation as of April 1, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	(1.14)	(0.12)	(0.79)	(1.41)	(0.14)	(0.63)	(0.01)	(4.87)	(0.11)	(9.22)
Accumulated depreciation on deletions	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as of March 31, 2017</b>	<b>(1.14)</b>	<b>(0.12)</b>	<b>(0.79)</b>	<b>(1.41)</b>	<b>(0.14)</b>	<b>(0.63)</b>	<b>(0.01)</b>	<b>(4.87)</b>	<b>(0.11)</b>	<b>(9.22)</b>
<b>Carrying value as of March 31, 2017</b>	<b>10.00</b>	<b>0.27</b>	<b>5.04</b>	<b>3.32</b>	<b>0.28</b>	<b>1.43</b>	<b>0.03</b>	<b>7.08</b>	<b>0.54</b>	<b>27.99</b>
<b>Gross carrying value as of April 1, 2017</b>	<b>11.14</b>	<b>0.39</b>	<b>5.83</b>	<b>4.73</b>	<b>0.42</b>	<b>2.06</b>	<b>0.04</b>	<b>11.95</b>	<b>0.65</b>	<b>37.21</b>
Additions <sup>2</sup>	5.67	0.13	0.46	0.89	0.31	2.54	0.19	7.53	0.55	18.27
Deletions	-	-	-	0.08	-	-	-	-	-	0.08
<b>Gross carrying value as of March 31, 2018</b>	<b>16.81</b>	<b>0.52</b>	<b>6.29</b>	<b>5.54</b>	<b>0.73</b>	<b>4.60</b>	<b>0.23</b>	<b>19.48</b>	<b>1.20</b>	<b>55.40</b>
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)
<b>Accumulated depreciation as of March 31, 2018</b>	<b>(2.56)</b>	<b>(0.26)</b>	<b>(1.61)</b>	<b>(2.18)</b>	<b>(0.34)</b>	<b>(1.86)</b>	<b>(0.03)</b>	<b>(10.29)</b>	<b>(0.29)</b>	<b>(19.42)</b>
<b>Carrying value as of March 31, 2018</b>	<b>14.25</b>	<b>0.26</b>	<b>4.68</b>	<b>3.36</b>	<b>0.39</b>	<b>2.74</b>	<b>0.20</b>	<b>9.19</b>	<b>0.91</b>	<b>35.98</b>

Note: The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Group as on March 31, 2018, has submitted claims aggregating to Rs. 3.19 (March 31, 2017 - Rs. 3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Group.

<sup>1</sup> Represents carrying amount of property, plant and equipment on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup> Additions to R&D cards represent inventories capitalized (Refer Note 23).



**Note No. 4(a): Property, Plant and Equipment (Gross Block presentation)<sup>1</sup>**

Particulars	Laboratory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	R&D Cards	Servers	Total
<b>Gross carrying value as of April 1, 2016<sup>2</sup></b>	<b>19.97</b>	<b>0.85</b>	<b>8.12</b>	<b>7.07</b>	<b>1.26</b>	<b>6.23</b>	<b>0.09</b>	<b>19.47</b>	<b>1.43</b>	<b>64.49</b>
Additions	4.81	0.08	0.96	0.59	0.18	1.01	-	-	0.48	8.11
Deletions	-	-	-	-	-	-	-	-	-	-
<b>Gross carrying value as of March 31, 2017</b>	<b>24.78</b>	<b>0.93</b>	<b>9.08</b>	<b>7.66</b>	<b>1.44</b>	<b>7.24</b>	<b>0.09</b>	<b>19.47</b>	<b>1.91</b>	<b>72.60</b>
<b>Accumulated depreciation as of April 1, 2016</b>	<b>(13.64)</b>	<b>(0.54)</b>	<b>(3.25)</b>	<b>(2.93)</b>	<b>(1.02)</b>	<b>(5.18)</b>	<b>(0.05)</b>	<b>(7.52)</b>	<b>(1.26)</b>	<b>(35.39)</b>
Depreciation for the year	(1.14)	(0.12)	(0.79)	(1.41)	(0.14)	(0.63)	(0.01)	(4.87)	(0.11)	(9.22)
Accumulated depreciation on deletions	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as of March 31, 2017</b>	<b>(14.78)</b>	<b>(0.66)</b>	<b>(4.04)</b>	<b>(4.34)</b>	<b>(1.16)</b>	<b>(5.81)</b>	<b>(0.06)</b>	<b>(12.39)</b>	<b>(1.37)</b>	<b>(44.61)</b>
<b>Carrying value as of March 31, 2017</b>	<b>10.00</b>	<b>0.27</b>	<b>5.04</b>	<b>3.32</b>	<b>0.28</b>	<b>1.43</b>	<b>0.03</b>	<b>7.08</b>	<b>0.54</b>	<b>27.99</b>
<b>Gross carrying value as of April 1, 2017</b>	<b>24.78</b>	<b>0.93</b>	<b>9.08</b>	<b>7.66</b>	<b>1.44</b>	<b>7.24</b>	<b>0.09</b>	<b>19.47</b>	<b>1.91</b>	<b>72.60</b>
Additions <sup>3</sup>	5.67	0.13	0.46	0.89	0.31	2.54	0.19	7.53	0.55	18.27
Deletions	-	-	-	0.08	-	-	-	-	-	0.08
<b>Gross carrying value as of March 31, 2018</b>	<b>30.45</b>	<b>1.06</b>	<b>9.54</b>	<b>8.47</b>	<b>1.75</b>	<b>9.78</b>	<b>0.28</b>	<b>27.00</b>	<b>2.46</b>	<b>90.79</b>
<b>Accumulated depreciation as of April 1, 2017</b>	<b>(14.78)</b>	<b>(0.66)</b>	<b>(4.04)</b>	<b>(4.34)</b>	<b>(1.16)</b>	<b>(5.81)</b>	<b>(0.06)</b>	<b>(12.39)</b>	<b>(1.37)</b>	<b>(44.61)</b>
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)
<b>Accumulated depreciation as of March 31, 2018</b>	<b>(16.20)</b>	<b>(0.80)</b>	<b>(4.86)</b>	<b>(5.11)</b>	<b>(1.36)</b>	<b>(7.04)</b>	<b>(0.08)</b>	<b>(17.81)</b>	<b>(1.55)</b>	<b>(54.81)</b>
<b>Carrying value as of March 31, 2018</b>	<b>14.25</b>	<b>0.26</b>	<b>4.68</b>	<b>3.36</b>	<b>0.39</b>	<b>2.74</b>	<b>0.20</b>	<b>9.19</b>	<b>0.91</b>	<b>35.98</b>

Note: The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Group as on March 31, 2018, has submitted claims aggregating to Rs. 3.19 (March 31, 2017 - Rs. 3.19, April 01, 2016 - Nil) which has not been adjusted to the cost of respective assets, as the same is contingent upon receipt of approval as to the final amount of eligible claim.

Contractual Obligation : Refer Note 31.1 for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 33 for information on property, plant and equipment pledged as security by the Group.

<sup>1</sup> For additional information only.

<sup>2</sup> Represents the original cost of property, plant and equipment at acquisition date.

<sup>3</sup> Additions to R&D cards represent inventories capitalized (Refer Note 23).

**Tejas Networks Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note No. 4(b): Intangible Assets**

Particulars	Computer Software	Product Development	Total	Intangible under development <sup>2</sup>
<b>Deemed cost as at April 1, 2016<sup>1</sup></b>	<b>0.50</b>	<b>64.69</b>	<b>65.19</b>	<b>51.80</b>
Additions	3.30	42.80	46.10	40.09
Deletions	-	-	-	42.80
Write off	-	-	-	30.47
<b>Gross carrying value as of March 31, 2017</b>	<b>3.80</b>	<b>107.49</b>	<b>111.29</b>	<b>18.62</b>
<b>Accumulated amortization as of April 1, 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amortization expenses for the year	(2.06)	(45.14)	(47.20)	-
Accumulated amortization on deletions	-	-	-	-
<b>Accumulated amortization as of March 31, 2017</b>	<b>(2.06)</b>	<b>(45.14)</b>	<b>(47.20)</b>	<b>-</b>
<b>Carrying value as of March 31, 2017</b>	<b>1.74</b>	<b>62.35</b>	<b>64.09</b>	<b>18.62</b>
<b>Gross carrying value as of April 1, 2017</b>	<b>3.80</b>	<b>107.49</b>	<b>111.29</b>	<b>18.62</b>
Additions	4.01	21.65	25.66	49.21
Deletions	-	-	-	20.98
<b>Gross carrying value as of March 31, 2018</b>	<b>7.81</b>	<b>129.14</b>	<b>136.95</b>	<b>46.85</b>
<b>Accumulated amortization as of April 1, 2017</b>	<b>(2.06)</b>	<b>(45.14)</b>	<b>(47.20)</b>	<b>-</b>
Amortization expenses for the year	(3.13)	(47.87)	(51.00)	-
Accumulated amortization on deletions	-	-	-	-
<b>Accumulated amortization as of March 31, 2018</b>	<b>(5.19)</b>	<b>(93.01)</b>	<b>(98.20)</b>	<b>-</b>
<b>Carrying value as of March 31, 2018</b>	<b>2.62</b>	<b>36.13</b>	<b>38.75</b>	<b>46.85</b>

**Average remaining useful life for product development**

March 31, 2017 - 14 months

March 31, 2018 - 12 months

<sup>1</sup> Represents carrying amount of intangible assets on the date of transition to Ind AS at deemed cost in accordance with Ind-AS 101 (Refer Note 34 A.1.2).

<sup>2</sup> Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

**Sensitivity Analysis**

As at March 31, 2018, the net carrying amount of product development was Rs. 36.13 (March 31, 2017 – Rs. 62.35, April 1, 2016 - Rs. 64.69 ). The Group estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be Rs. 17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be Rs. 61.89.

**Note No. 4(c): Depreciation and amortization expenses**

Particulars	Year Ended March 31,	
	2018	2017
Depreciation on property, plant and equipment	10.27	9.22
Amortization of intangible assets	51.00	47.20
<b>Total depreciation and amortization expenses</b>	<b>61.27</b>	<b>56.42</b>

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Notes to the consolidated financial statements for the year ended March 31, 2018

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

**Note No. 4(b): Intangible Assets (Gross Block presentation)<sup>1</sup>**

Particulars	Computer Software	Product Development	Total	Intangible under development <sup>3</sup>
<b>Gross carrying value as of April 1, 2016<sup>2</sup></b>	<b>7.65</b>	<b>283.96</b>	<b>291.61</b>	<b>51.80</b>
Additions	3.30	42.80	46.10	40.09
Deletions	-	-	-	42.80
Write off	-	-	-	30.47
<b>Gross carrying value as of March 31, 2017</b>	<b>10.95</b>	<b>326.76</b>	<b>337.71</b>	<b>18.62</b>
<b>Accumulated amortization as of April 1, 2016</b>	<b>(7.15)</b>	<b>(219.27)</b>	<b>(226.42)</b>	-
Amortization expenses for the year	(2.06)	(45.14)	(47.20)	-
Accumulated amortization on deletions	-	-	-	-
<b>Accumulated amortization as of March 31, 2017</b>	<b>(9.21)</b>	<b>(264.41)</b>	<b>(273.62)</b>	-
<b>Carrying value as of March 31, 2017</b>	<b>1.74</b>	<b>62.35</b>	<b>64.09</b>	<b>18.62</b>
<b>Gross carrying value as of April 1, 2017<sup>2</sup></b>	<b>10.95</b>	<b>326.76</b>	<b>337.71</b>	<b>18.62</b>
Additions	4.01	21.65	25.66	49.21
Deletions	-	-	-	20.98
<b>Gross carrying value as of March 31, 2018</b>	<b>14.96</b>	<b>348.41</b>	<b>363.37</b>	<b>46.85</b>
<b>Accumulated amortization as of April 1, 2017</b>	<b>(9.21)</b>	<b>(264.41)</b>	<b>(273.62)</b>	-
Amortization expenses for the year	(3.13)	(47.87)	(51.00)	-
Accumulated amortization on deletions	-	-	-	-
<b>Accumulated amortization as of March 31, 2018</b>	<b>(12.34)</b>	<b>(312.28)</b>	<b>(324.62)</b>	-
<b>Carrying value as of March 31, 2018</b>	<b>2.62</b>	<b>36.13</b>	<b>38.75</b>	<b>46.85</b>

**Average remaining useful life for product development**

March 31, 2017 - 14 months

March 31, 2018 - 12 months

<sup>1</sup> For additional information only.

<sup>2</sup> Represents the original cost of intangible assets at acquisition date.

<sup>3</sup> Additions pertain to capitalization of employee benefit expense and other expenses (Refer note 24 and Note 26).

**Sensitivity Analysis**

As at March 31, 2018, the net carrying amount of product development was Rs. 36.13 (March 31, 2017 – Rs. 62.35, April 1, 2016 - Rs. 64.69 ). The Group estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be Rs. 17.71 as at March 31, 2018. If the useful life were estimated to be 3 years, the carrying amount would be Rs. 61.89.

**Note No. 5: Investments**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>5(a) Other Investments (Unquoted) {FVTPL}</b>			
<b>Equity instruments of others</b>			
Investment in ELCIA ESDM Cluster ( No. of shares 1100)(Refer Note 37)	0.00	0.00	0.00
<b>Total non-current investments</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>5(b) Current investments (Quoted) {FVTPL}</b>			
<b>Investment in Mutual funds</b>	<b>Number of units</b>		
Aditya Birla Sun Life floating rate direct plan growth	2,56,649	5.95	-
Reliance liquid fund direct plan growth	76,153	21.38	-
IDFC money manager fund direct plan growth	28,94,490	8.08	-
Reliance quarterly interval fund direct plan growth	1,05,27,025	25.27	-
Reliance monthly interval fund direct plan growth	21,72,270	5.03	-
Axis liquid fund direct plan growth	56,066	10.81	-
<b>Total current investments</b>		<b>76.52</b>	-
<b>Non Current Investments</b>			
Aggregate amount of quoted investments and market value thereof	-	-	-
Aggregate amount of unquoted investments (Refer Note 37)	0.00	0.00	0.00
<b>Current Investments</b>			
Aggregate amount of quoted investments and market value thereof	76.52	-	-
Aggregate amount of unquoted investments (Refer Note 37)	-	-	-

Tejas Networks Limited

Notes to the consolidated financial statements for the year ended March 31, 2018

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

**Note No. 6: Trade Receivables**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Non-Current</b>			
<i>Unsecured, considered good</i>			
Trade receivables [Refer note 29 B (iv)]	34.84	14.56	5.87
<b>Total non current</b>	<b>34.84</b>	<b>14.56</b>	<b>5.87</b>
<b>Current</b>			
<i>Unsecured, considered good</i>			
Trade receivables [Refer note 29 B (iv)]	275.71	382.87	370.04
Receivables from related parties	-	-	-
<i>Unsecured, considered doubtful</i>			
Trade receivables [Refer note 29 B (iv)]	7.64	7.28	8.61
Less: Allowance for doubtful debts [Refer note 29 A (i)]	(7.64)	(7.28)	(8.61)
<b>Total current</b>	<b>275.71</b>	<b>382.87</b>	<b>370.04</b>

**Transferred Receivables**

The carrying amount of Trade Receivables includes receivables which were subject to a factoring arrangement in 2016. Under this arrangement, Group had transferred the relevant receivables to the factor in exchange for cash and was prevented from selling or pledging the receivables. The Group had recognised such transferred assets in their entirety in its balance sheet. The amount repayable under such factoring agreement is presented as secured borrowing.

The relevant carrying amount are as follows:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Total Transferred Receivables	-	-	11.66
Associated secured borrowing (Refer Note 17)	-	-	10.00

**Note No. 7: Cash and Bank Balances**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>(i) Cash and Cash Equivalents</b>			
<i>(a) Cash in hand (Refer Note 37)</i>	-	-	0.00
<i>(b) Balances with banks</i>			
(i) In current accounts*	12.87	17.99	42.96
(ii) In EEFC accounts	3.47	2.31	4.82
<i>(c) Deposits with original maturity of less than three months</i>	197.85	10.76	1.51
<b>Total cash and cash equivalents</b>	<b>214.19</b>	<b>31.06</b>	<b>49.29</b>
<b>(ii) Other Bank Balances</b>			
Deposits with original maturity of more than three months but less than twelve months	16.95	6.17	-
Balances held as margin money or security against borrowings or guarantees	4.81	33.79	20.25
<b>Total other bank balances</b>	<b>21.76</b>	<b>39.96</b>	<b>20.25</b>

\* includes Rs. 0.29 (as on March 31, 2017 - Rs. 0.30 and April 1, 2016 - Rs. 0.31) which is subject to repatriation restriction.

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Notes to the consolidated financial statements for the year ended March 31, 2018

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

The details of balances with banks as on Balance Sheet dates are as follows:

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>a) Current Accounts</b>			
Axis Bank	0.46	-	-
Citibank, India	0.25	1.72	21.18
Citibank, Dubai	0.68	0.16	0.15
Citibank, Makati	-	0.20	0.19
Citibank, Singapore	0.01	-	-
DBS Bank Limited	-	0.02	-
Deutsche Bank	-	-	-
Fleet Bank, USA	1.16	0.49	0.26
HSBC Bank, India	0.01	0.02	0.16
HSBC Bank, Bangladesh	0.29	0.30	0.31
HSBC Bank, Malaysia	-	-	0.03
HSBC Bank, Singapore	0.32	0.94	0.05
HSBC Bank, Israel	0.04	0.03	0.03
ICICI Bank	-	0.01	0.01
IDBI Bank	-	0.01	-
Indian Bank	0.01	0.01	0.01
Kotak Mahindra Bank	0.98	12.30	19.94
Punjab National Bank	-	-	0.11
RBL Bank	0.07	-	-
Standard Chartered Bank, India	6.23	-	-
Standard Chartered Bank, Nairobi	0.10	0.41	0.14
Standard Chartered Bank, Singapore	0.34	0.02	0.03
Standard Chartered Bank, Kuala Lumpur	-	-	-
State Bank of India	1.90	1.22	0.31
Vijaya Bank	0.02	0.13	0.05
	<b>12.87</b>	<b>17.99</b>	<b>42.96</b>
<b>b) EEFC Accounts</b>			
Citibank, India	3.41	1.47	4.76
Standard Chartered Bank, India	0.06	0.84	0.06
	<b>3.47</b>	<b>2.31</b>	<b>4.82</b>
<b>c) Deposits with original maturity of less than three months</b>			
Axis Bank	23.12	-	-
Citibank, India	-	-	0.03
Indian Bank	-	-	0.02
ING Vysya Bank	-	-	0.35
Kotak Mahindra Bank	17.80	2.59	-
RBL Bank	25.53	-	-
Standard Chartered Bank, India	26.38	-	-
State Bank of India	105.00	-	-
Vijaya Bank	0.02	8.17	1.11
	<b>197.85</b>	<b>10.76</b>	<b>1.51</b>
<b>d) Deposits with original maturity of more than three months but less than twelve months</b>			
Citibank, India	-	0.21	-
IndusInd Bank	15.13	-	-
Kotak Mahindra Bank	1.82	0.86	-
Vijaya Bank	-	5.10	-
	<b>16.95</b>	<b>6.17</b>	<b>-</b>
<b>e) Balances held as margin money or security against borrowings or guarantees for less than twelve months</b>			
Axis Bank	4.77	1.18	1.06
Bank of India	-	-	-
Citibank, India	-	0.08	1.02
Indian Bank	0.04	0.04	0.02
ING Vysya Bank	-	-	6.69
Kotak Mahindra Bank	-	7.35	-
Standard Chartered Bank, India	-	25.00	-
Vijaya Bank	-	0.14	11.46
	<b>4.81</b>	<b>33.79</b>	<b>20.25</b>

**Tejas Networks Limited****Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**f) Deposits with original maturity of more than twelve months (Refer Note 9)**

Citibank	0.04	70.00	-
Kotak Mahindra Bank	-	15.10	-
	<b>0.04</b>	<b>85.10</b>	-

**g) Balances held as margin money or security against borrowings or guarantees for more than twelve months (Refer Note 9)**

Axis Bank	-	14.00	-
Kotak Mahindra Bank	-	0.11	-
Standard Chartered Bank, India			25.00
	-	<b>14.11</b>	<b>25.00</b>

**h) Deposits with financial institutions (Refer Note 9)**

Bajaj Finance Limited	100.00	-	-
Dewan Housing Finance Limited	19.00	-	-
LIC Housing Finance Limited	86.00	-	-
	<b>205.00</b>	-	-

**i) Total cash and cash equivalent (a+b+c)****214.19****31.06****49.29****j) Total other bank balances (d+e)****21.76****39.96****20.25**

Tejas Networks Limited

Notes to the consolidated financial statements for the year ended March 31, 2018

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

**Note No. 8: Loans**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Non-current</b>			
<i>Unsecured, considered good (at amortised cost)</i>			
Security deposits	5.44	4.98	4.12
<b>Total non-current</b>	<b>5.44</b>	<b>4.98</b>	<b>4.12</b>
<b>Current</b>			
<i>Unsecured, considered good (at amortised cost)</i>			
Security deposits	0.10	0.52	0.62
Loans to employees	0.52	15.51	14.95
<b>Total current</b>	<b>0.62</b>	<b>16.03</b>	<b>15.57</b>

**Note No. 9: Other Financial Assets**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Non-current financial assets</b>			
Deposits with original maturity of more than twelve months			
(i) In deposit accounts	0.04	85.10	-
(ii) Balances held as margin money or security against borrowings or guarantees	-	14.11	25.00
Interest accrued but not due	-	0.01	-
<b>Total non-current financial assets</b>	<b>0.04</b>	<b>99.22</b>	<b>25.00</b>
<b>Current financial assets</b>			
Deposits with financial institutions	205.00	-	-
Unbilled Revenue	1.81	-	0.54
Interest accrued but not due	3.01	0.27	0.12
Karnataka Electronic System Design & Manufacturing incentive claimable	-	1.00	9.07
Patent claimable	-	-	0.99
Focus Product Scheme receivable - Gross	4.86	5.79	4.86
Less: Provision	1.28	-	-
Focus Product Scheme receivable - Net	3.58	5.79	4.86
<b>Total current financial assets</b>	<b>213.40</b>	<b>7.06</b>	<b>15.58</b>



Tejas Networks Limited

Notes to the consolidated financial statements for the year ended March 31, 2018

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

**Note No. 10: Current tax assets (net)**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>10(a) Income Tax Asset</b>			
Advance Income Tax (net)	32.01	22.61	17.48
	<b>32.01</b>	<b>22.61</b>	<b>17.48</b>
<b>10(b) Deferred Tax Asset</b>			
The balance comprises temporary differences attributable to:			
Provisions allowable on payment basis	2.48	1.49	1.47
Difference between carrying amount of property, plant and equipment in financials and the income tax return	4.11	2.89	1.76
Tax Losses	-	11.50	14.31
Unabsorbed depreciation	16.95	16.96	16.96
Tax Credits	97.62	64.06	21.91
<b>Total</b>	<b>121.16</b>	<b>96.90</b>	<b>56.41</b>

**Significant estimates:**

The Group has recognised deferred tax assets on carried forward tax losses effective the Ind AS transition date. The Group has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. The unabsorbed depreciation and tax credits can be carried forward indefinitely as per local tax regulations and the Group expects to recover these through future taxable profits.

**Note No. 11: Other assets**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Other non-current assets</b>			
Prepaid expenses	0.34	0.80	0.53
<b>Total other non-current assets</b>	<b>0.34</b>	<b>0.80</b>	<b>0.53</b>
<b>Other current assets</b>			
(a) Advances to suppliers	5.03	5.50	17.98
(b) Advances others	0.55	0.65	1.34
(c) Balances with government authorities (other than income taxes)	9.25	10.62	10.15
(d) Prepaid expenses	6.44	9.22	2.74
<b>Total other current assets (a)+(b)+(c)+(d)</b>	<b>21.27</b>	<b>25.99</b>	<b>32.21</b>

**Note No. 12: Inventories**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
(a) Raw material - components including assemblies and sub-assemblies (including goods in transit Rs. 16.83 (2017: Rs. 0.58 and 2016:Rs. 0.80))	190.89	181.72	231.69
<b>Total Inventories</b>	<b>190.89</b>	<b>181.72</b>	<b>231.69</b>

**Note No. 13: Equity Share Capital**

Particulars	Number of Shares	Equity share capital
<b>Authorised Capital</b>		
<b>As at April 01, 2016</b>	<b>11,05,65,520</b>	<b>176.45</b>
Equity shares of face value of Rs. 10/- each	10,99,00,000	109.90
Compulsorily Convertible preference shares of Rs. 1000/- each	6,65,520	66.55
Increase during the year	-	-
<b>As at March 31, 2017 *</b>	<b>17,64,52,000</b>	<b>176.45</b>
Equity shares of face value of Rs. 10/- each	17,64,52,000	176.45
Compulsorily Convertible preference shares of Rs. 1000/- each	-	-
Increase during the year	-	-
<b>As at March 31, 2018</b>	<b>17,64,52,000</b>	<b>176.45</b>
* During the year 2016-17, pursuant to Shareholders resolution the Company reclassified its authorised preference share capital amounting to Rs. 66.55 (6,65,520 shares of Rs. 1000/- each) to authorised equity share capital of Rs. 66.55 crore (6,65,52,000 shares of Rs. 10/- each).		
<b>Issued, Subscribed and Paid up Capital</b>		
Equity Share Capital of Rs. 10/- each		
<b>Fully paid shares</b>		
<b>As at April 1, 2016</b>	<b>6,32,50,221</b>	<b>63.25</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan [Refer Note 32(v)]	18,68,122	1.87
Issue of equity shares - private placement	56,15,068	5.62
<b>As at March 31, 2017</b>	<b>7,07,33,411</b>	<b>70.74</b>
Issue of equity shares under employee share option plan [Refer Note 32(v)]	25,75,622	2.57
Issue of equity shares through IPO (Refer Note 38)	1,75,09,727	17.51
<b>As at March 31, 2018</b>	<b>9,08,18,760</b>	<b>90.82</b>
<b>Partly paid shares (Re. 1/- paid up)</b>		
<b>As at April 1, 2016</b>	<b>3,27,27,930</b>	<b>3.27</b>
Changes in equity share capital during the year		
Forfeited during the year	(3,27,27,930)	(3.27)
<b>As at March 31, 2017</b>	<b>-</b>	<b>-</b>
Changes in equity share capital during the year	-	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>-</b>
<b>Forfeited shares (to the extent of amount paid up)*</b>		
<b>As at April 1, 2016</b>	<b>-</b>	<b>-</b>
Forfeited during the year [Refer Note 14(v)]	3,27,27,930	3.27
<b>As at March 31, 2017</b>	<b>3,27,27,930</b>	<b>3.27</b>
Transaction during the year	-	-
<b>As at March 31, 2018</b>	<b>3,27,27,930</b>	<b>3.27</b>
<b>As at</b>		
<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>April 1, 2016</b>
94.09	74.01	66.52
<b>Total Equity Share Capital</b>		

\* 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 Rs. 10/-. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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Notes to the consolidated financial statements for the year ended March 31, 2018

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

**b) Details of shareholders holding more than 5% shares in the Company<sup>#</sup>**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Cascade Capital Management, Mauritius</b>			
Number of shares held	1,65,13,184	2,18,43,184	2,18,43,184
% holding in that class of shares	18.18%	30.88%	22.76%
<b>Samena Spectrum Co.</b>			
Number of shares held	1,39,81,648	1,39,81,648	-
% holding in that class of shares	15.40%	19.77%	-
<b>Mayfield XII, Mauritius</b>			
Number of shares held	71,06,628	71,06,628	71,06,628
% holding in that class of shares	7.83%	10.05%	7.40%
<b>Reliance Capital Trustee Co. Ltd-A/C Reliancesmall Cap Fund</b>			
Number of shares held	49,63,187	-	-
% holding in that class of shares	5.46%	-	-
<b>Sandstone Private Investments</b>			
Number of shares held	35,89,800	44,87,250	44,87,250
% holding in that class of shares	3.95%	6.34%	4.68%
<b>Intel Capital (Cayman) Corporation</b>			
Number of shares held	31,15,039	41,81,400	41,81,400
% holding in that class of shares	3.43%	5.91%	4.36%

# Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

c) There are no instances of:

i) shares allotted as fully paid up by way of bonus shares in the last five years.

ii) shares bought back during a period of five years immediately preceding the year end.

iii) shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

**e) Shares reserved for issuance towards outstanding employee stock options granted and available for grant (Refer Note 32):**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Equity shares of Rs. 10/- each			
ESOP Schemes	69,55,287	1,22,01,548	71,01,767
Outstanding at the end of the year	69,55,287	94,95,846	69,26,635
Options available for grant	-	27,05,702	1,75,132
RSU	30,00,000	-	-
Outstanding at the end of the year	34,790	-	-
Options available for grant	29,65,210	-	-

**Tejas Networks Limited**
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**Note No. 14: Other Equity**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Securities premium reserve	922.08	487.48	415.70
Retained earnings	120.97	15.86	(77.42)
Employee stock compensation reserve	15.14	15.77	10.03
Foreign Currency Translation Reserve	(0.20)	(0.35)	(0.07)
Treasury Shares	-	-	(5.05)
Other Reserves	-	0.17	(14.84)
<b>Total Other Equity</b>	<b>1,057.99</b>	<b>518.93</b>	<b>328.35</b>

**(i) Securities premium reserve**

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening Balance	487.48	415.70
Premium on issue on account of IPO (Refer Note 38)	432.49	-
Premium on issue on account of private placement	-	61.77
Premium on issue on account of exercise of ESOP	15.12	10.27
Share issue costs	(19.33)	(2.34)
Issue of equity shares, on exercise of options	6.32	2.08
<b>Closing Balance</b>	<b>922.08</b>	<b>487.48</b>

**(ii) Retained earnings**

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening Balance	15.86	(77.42)
Profit for the year	106.52	92.98
Others <sup>#</sup>	0.20	-
<i>Items of other comprehensive income recognised directly in retained earnings</i>	-	-
Remeasurements of the post employment benefit obligation	(1.61)	0.30
<b>Closing Balance</b>	<b>120.97</b>	<b>15.86</b>

**(iii) Employee stock compensation reserve**

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening Balance	15.77	10.03
Share based payment expenses	5.69	7.82
Issue of equity shares, on exercise of options	(6.32)	(2.08)
<b>Closing Balance</b>	<b>15.14</b>	<b>15.77</b>

**(iv) Foreign Currency Translation Reserve**

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening Balance	(0.35)	(0.07)
Transaction during the year	0.15	(0.28)
<b>Closing Balance</b>	<b>(0.20)</b>	<b>(0.35)</b>

**(v) Treasury Shares**

Particulars	Number of Shares	Amount
	Opening Balance	(3,45,04,268)
Issued to employees under share based payment schemes	17,76,338	1.78
Shares forfeited during the year*	3,27,27,930	3.27
<b>Closing Balance as on March 31, 2017</b>	-	-
Issued to employees under share based payment schemes	-	-
<b>Closing Balance as on March 31, 2018</b>	-	-

**(vi) Other Reserves**

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening Balance	0.17	(14.84)
Transaction during the year <sup>#</sup>	(0.17)	15.01
	-	0.17

\* 3,27,27,930 partly paid equity shares issued by the Company to the Tejas Employees Welfare Trust (TEWT) on July 11, 2010, were forfeited on July 25, 2016.

<sup>#</sup> Refer Note 34 Part C note 2 with respect to Tejas Employee Welfare Trust (TEWT).

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**Nature and purpose of other reserves**

**(i) Securities premium reserve**

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilized in accordance with the provisions of the Companies Act, 2013.

**(ii) Employee stock compensation reserve**

The Employee stock compensation reserve is used to recognise the grant date fair value of options issued to employees under the Group's share based payment schemes.

**(iii) Treasury Shares**

Treasury shares are shares in the Company that are held by Tejas Employees Welfare Trust, which the Trust is holding on behalf of the Company.

**(iv) Foreign Currency Translation Reserve**

The translation reserve comprises all foreign currency differences arising from the translation of financial statements of foreign operations.

**(v) Other Reserves**

Refer Note 34 Part C note 2 for details of other reserve.

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**Note No. 15: Non Current Borrowings**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Measured at amortized cost</b>			
<b>A. Secured borrowings (Refer Note 33)</b>			
(a) Working capital bank loan against fixed deposits	-	25.00	25.00
Less: Current maturities of long term debt (Refer Note 19)	-	25.00	-
(Interest rate of 8.85% and repayable on March 10, 2018)			
<b>Total secured borrowings (A)</b>	<b>-</b>	<b>-</b>	<b>25.00</b>
<b>B. Unsecured borrowings - at amortized Cost</b>			
Unsecured Loan from Kreos Capital III Limited	-	-	4.97
Less: Current maturities of long term debt (Refer Note 19)	-	-	4.97
(Repayable in 22 monthly installments beginning December 21, 2012)			
	-	-	-
Unsecured financial support under Technology Development & Demonstration Programme (TDDP) of DSIR	2.27	4.18	5.00
Less: Current maturities of long term debt (Refer Note 19)	1.27	2.18	1.00
Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization.			
<b>Total unsecured borrowings (B)</b>	<b>1.00</b>	<b>2.00</b>	<b>4.00</b>
<b>Total borrowings (A) + (B)</b>	<b>1.00</b>	<b>2.00</b>	<b>29.00</b>

**Note No. 16: Provisions**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Non current provisions</b>			
Provision for employee benefits			
Gratuity [Refer Note 24 (iii) (a)]	-	-	-
Other provisions			
Warranty	1.14	2.10	1.11
<b>Total non current provisions</b>	<b>1.14</b>	<b>2.10</b>	<b>1.11</b>
<b>Current provisions</b>			
Provision for employee benefits			
Compensated absences*	1.89	1.37	0.91
Gratuity [Refer Note 24 (iii) (a)]	0.73	-	0.08
Other provisions			
Warranty	4.27	3.27	2.40
<b>Total current provisions</b>	<b>6.89</b>	<b>4.64</b>	<b>3.39</b>

\* The amount of provision of Rs. 1.89 (March 31, 2017 - Rs. 1.37, April 1, 2016 Rs. 0.91) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

**Details of Provision for warranty**

Provision for warranty has been estimated based on historical quantum of replacements absorbed in cost of sales

Particulars	As at	
	March 31, 2018	March 31, 2017
Opening balance	5.37	3.51
Unwinding of interest on provisions	0.48	0.18
Additions	1.03	4.30
Discounting of provision	(0.36)	(0.43)
Utilisation	(1.11)	(2.19)
<b>Closing balance</b>	<b>5.41</b>	<b>5.37</b>
<b>Disclosed as:</b>		
Non-current	1.14	2.10
Current	4.27	3.27
	<b>5.41</b>	<b>5.37</b>

**Tejas Networks Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note No. 17: Current Borrowings**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Secured borrowings (Refer Note 33)</b>			
(1) From Banks			
a) Cash credit {Refer note (i)}	-	99.52	78.69
b) Working capital demand loan {Refer note (i)}	-	88.10	41.40
c) Packing credit {Refer note (i)}	-	38.30	21.05
d) Buyers credit {Refer note (i)}	-	-	37.39
e) Bills discounting	-	26.38	114.90
f) Loan against FD {Refer note (ii)}	-	-	6.44
(2) From foreign banks- FCNRB account towards working capital {Refer note (iii)}	-	-	29.07
(3) From Others - Factoring facility {Refer note (iv)}	-	-	10.00
<b>Total current borrowings</b>	<b>-</b>	<b>252.30</b>	<b>338.94</b>

(i) Secured by hypothecation of inventory, book debts, property, plant and equipment and current assets (Refer Note 33) and carrying Interest rates ranging from 3% to 14.75% per annum and repayable on demand.

(ii) Secured against fixed deposit maintained with the Bank and carrying Interest rate of 11% per annum and repayable on demand.

(iii) Secured against Pari-passu first charge on the present and future current assets and movable property, plant and equipment (Refer Note 33) and carrying interest rate of LIBOR + 2% per annum and repayable on February 18, 2017.

(iv) Secured by assignment of underlying receivables with recourse and carrying interest rates ranging from 14% to 14.5% per annum and repayable within 150 days.

**Net Debt Reconciliation**

Particulars	Non- Current Borrowings	Current Borrowings	Current maturities of long term debt
<b>Debt as on April 01, 2016</b>	29.00	338.94	5.97
Cash flow	(27.00)	(86.64)	21.21
<b>Debt as on March 31, 2017</b>	<b>2.00</b>	<b>252.30</b>	<b>27.18</b>
Cash flow	(1.00)	(252.30)	-25.91
<b>Debt as on March 31, 2018</b>	<b>1.00</b>	<b>-</b>	<b>1.27</b>

**Note No. 18: Trade Payables**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Trade payables for goods & services	96.36	100.73	142.16
Acceptances	8.67	7.10	19.67
<b>Total trade payables</b>	<b>105.03</b>	<b>107.83</b>	<b>161.83</b>

**Note No. 19: Other Financial Liabilities**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Current</b>			
Current maturities of long-term debt	1.27	27.18	5.97
Interest accrued but not due on borrowings	-	0.49	0.57
Due to employees	18.60	10.62	24.55
Foreign exchange forward contract	-	-	1.76
Capital Creditors	4.04	-	-
Accrual for expenses	29.18	21.61	15.74
Other liabilities	0.21	0.19	0.30
<b>Total other financial liabilities</b>	<b>53.30</b>	<b>60.09</b>	<b>48.89</b>

**Note No. 20: Other Current Liabilities**

Particulars	As at		
	March 31, 2018	March 31, 2017	April 1, 2016
Advances received from customers	0.88	3.40	-
Deferred revenue	4.36	4.09	1.29
Statutory dues	5.09	5.07	10.81
<b>Total other current liabilities</b>	<b>10.33</b>	<b>12.56</b>	<b>12.10</b>

**Note No. 21: Revenue from Operations**

Particulars	Year Ended March 31,	
	2018	2017
Revenue from sale of goods (including excise duty)		
Manufactured goods - Optical and Data Networking products including multiplexers	679.83	836.57
Component sales	9.93	55.74
	689.76	892.31
Revenue from rendering of services		
Installation and commissioning revenue	31.12	4.51
Annual maintenance revenue	32.84	28.48
Other service revenue	13.43	3.24
	77.39	36.23
Other operating income		
Export Incentive	0.29	4.04
	0.29	4.04
<b>Total revenue from operations</b>	<b>767.44</b>	<b>932.58</b>

**Note No. 22: Other Income**

Particulars	Year Ended March 31,	
	2018	2017
Interest income from bank on deposits	14.50	4.11
Dividend Income	0.09	-
Gain/(Loss) on current investment carried at fair value through profit or loss	0.85	-
Gain/(Loss) on sale of current investment carried at fair value through profit or loss	2.58	-
Unwinding of discount on fair valuation of financials assets	4.18	1.27
Net gain on foreign currency transactions and translation (other than considered as finance cost)	4.39	-
Fair value gain on derivatives not designated as hedges	-	0.52
Other non-operating income		
Karnataka Electronic System Design & Manufacturing R&D Grant	-	1.00
Profit on sale of fixed asset	0.01	-
Miscellaneous income	1.23	1.76
<b>Total other income</b>	<b>27.83</b>	<b>8.66</b>

**Note No. 23: Cost of Materials Consumed**

Particulars	Year Ended March 31,	
	2018	2017
Opening stock	181.72	231.68
Add: Purchases	399.12	464.09
Less: Capitalized during the year	7.53	-
	573.31	695.77
Less: Closing stock	190.89	181.72
<b>Cost of materials consumed</b>	<b>382.42</b>	<b>514.05</b>

**Note No. 24: Employee Benefit Expenses**

Particulars	Year Ended March 31,	
	2018	2017
Salaries and wages, including performance incentives	123.23	106.06
Contribution to provident and other funds	4.94	3.94
Gratuity expenses	1.25	1.17
Employee share based payment expenses	5.69	7.82
Staff welfare expenses	5.30	4.86
	140.41	123.85
Less: Capitalized during the year [Refer Note 4(b)]	48.15	39.16
<b>Total employee benefit expenses</b>	<b>92.26</b>	<b>84.69</b>



**Note No. 24: Employee Benefit Expenses (Contd)**

**Employee benefit plans**

**(i). Defined contribution plans**

The Group makes contributions to Provident Fund and Employee's Pension Scheme, 1995. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes. The Group has recognised the following amounts in the Statement of Profit and Loss:

Particulars	Year Ended March 31,	
	2018	2017
Provident Fund Contributions	4.14	3.20
Employee Pension Scheme	0.80	0.74

**(ii). Compensated absence**

The leave obligation covers the Group's liability for earned leave. This is an unfunded scheme.

The amount of the provision of Rs. 1.89 (March 31, 2017 – Rs. 1.37, April 1, 2016 – Rs. 0.91) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Particulars	Year Ended March 31,	
	2018	2017
Compensated absence expense included in salaries and wages	0.56	0.51
Actuarial assumptions for long-term compensated absences		
Discount rate	7.52%	7.31%
Salary escalation	5.00%	5.00%
Attrition	7.00%	1.00%

**(iii). Defined Benefit Plans**

(a) Gratuity

The Group provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the Group makes contributions to recognised funds in India.

Particulars	Year Ended March 31,	
	2018	2017
Actuarial assumptions for defined benefit plan		
Discount rate	7.52%	7.31%
Expected return on plan assets	7.52%	7.31%
Salary escalation	5.00%	5.00%
Attrition rate	7.00%	1.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

a) The amounts recognised in the balance sheet and the movements in the net defined benefit obligation (DBO) over the year are as follows:

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 1, 2016</b>	<b>6.35</b>	<b>(6.26)</b>	<b>0.09</b>
Current service cost	1.19	-	1.19
Interest expense/(income)	0.46	(0.48)	(0.02)
<b>Total amount recognised in profit or loss under employee benefit expenses</b>	<b>1.65</b>	<b>(0.48)</b>	<b>1.17</b>
<i>Remeasurements</i>			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.74)	-	(0.74)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	0.94	-	0.94
Actuarial (Gain)/ Losses due to Experience on DBO	(0.35)	-	(0.35)
Return on Plan Assets (Greater) / Lesser than Discount rate	-	(0.23)	(0.23)
<b>Total amount recognised in other comprehensive income</b>	<b>(0.15)</b>	<b>(0.23)</b>	<b>(0.38)</b>
Employer contributions/premiums paid	-	(0.88)	(0.88)
Benefit payments	(0.19)	0.19	-
<b>As at March 31, 2017 (Refer Note 16)</b>	<b>7.66</b>	<b>(7.66)</b>	<b>-</b>

**Tejas Networks Limited**  
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Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 1, 2017</b>	<b>7.66</b>	<b>(7.66)</b>	<b>-</b>
Current service cost	1.35	-	1.35
Interest expense/(income)	0.57	(0.67)	(0.10)
<b>Total amount recognised in profit or loss under employee benefit expenses</b>	<b>1.92</b>	<b>(0.67)</b>	<b>1.25</b>
<i>Remeasurements</i>			
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
<b>Total amount recognised in other comprehensive income</b>	<b>1.77</b>	<b>0.28</b>	<b>2.05</b>
Employer contributions/premiums paid	-	(2.57)	(2.57)
Benefit payments	(0.18)	0.18	-
<b>As at March 31, 2018 (Refer Note 16)</b>	<b>11.17</b>	<b>(10.44)</b>	<b>0.73</b>

**b) Sensitivity Analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	Year Ended March 31,	
	2018	2017
<b>Discount Rate</b>		
Increase by 100 basis points (March 31, 2017 100 basis points)	-6.76%	-10.88%
Decrease by 100 basis points (March 31, 2017 100 basis points)	7.66%	12.90%
<b>Salary Growth Rate</b>		
Increase by 100 basis points (March 31, 2017 100 basis points)	7.38%	13.12%
Decrease by 100 basis points (March 31, 2017 100 basis points)	-6.61%	-11.23%
<b>Attrition Rate</b>		
Increase by 100 basis points (March 31, 2017 100 basis points)	0.84%	1.77%
Decrease by 100 basis points (March 31, 2017 100 basis points)	-0.95%	-2.00%
<b>Mortality</b>		
Increase by 100 basis points (March 31, 2017 100 basis points)	0.05%	0.06%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may not be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

**Composition of the plan assets is as follows:**

Particulars	As at March 31,		As at April 1,
	2018	2017	2016
Equity mutual funds	100%	100%	100%

**c) Risk Exposure**

- 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.
- Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.
- Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
- Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

**Defined benefit liability and employer contributions**

Expected contributions to post-employment benefit plans (gratuity) for the year ending March 31, 2019 are Rs. 1.68.

The weighted average duration of the defined benefit obligation is 11.43 years (2017 – 22.12 years, 2016- 13.99 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31,		As at April 1,
	2018	2017	2016
Year 1	0.94	0.14	0.44
Year 2	0.81	0.19	0.41
Year 3	0.9	0.14	0.46
Year 4	0.9	0.31	0.35
Year 5	0.84	0.42	0.43
Year 6-10	3.02	2.2	2.08
Year 10 and above	3.74	4.26	2.18

**Tejas Networks Limited**
**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note No. 25: Finance Cost**

Particulars	Year Ended March 31,	
	2018	2017
Interest expense		
(i) Borrowings	5.83	23.60
(iii) Delayed payment of taxes	-	0.07
(iv) Unwinding of discount on fair valuation of financial liabilities	0.88	0.35
Exchange differences regarded as an adjustment to borrowing costs	-	2.00
Other finance cost	6.69	5.79
<b>Total finance cost</b>	<b>13.40</b>	<b>31.81</b>

**Note No. 26: Other Expenses (Refer Note 1 below)**

Particulars	Year Ended March 31,	
	2018	2017
Installation and commissioning expenses	24.03	6.58
Other processing charges	1.30	4.71
Power and fuel	4.16	3.60
Housekeeping and security	2.60	2.16
Rent including lease rentals (Refer Note 31.4)	7.84	7.69
Repairs and maintenance - machinery	0.47	0.49
Repairs and maintenance - others	2.44	3.47
Sub-contractor charges	6.47	2.13
Insurance	0.65	0.75
Rates and taxes	1.78	3.98
Communication	1.29	1.28
Royalty	0.83	0.99
Travelling and conveyance	15.03	11.88
Printing and stationery	0.38	0.52
Freight and forwarding	1.31	1.48
Contract related expenses	16.01	7.22
Sales expenses (Refer Note 38)	2.33	2.24
Sales commission	10.75	18.72
Business promotion	1.36	0.84
Donations	0.01	0.01
Director sitting fees	0.14	0.14
Director commission	0.29	0.15
Legal and professional	13.46	9.18
Auditors remuneration and out-of-pocket expenses		-
As auditors*	0.50	0.41
For taxation matters	-	0.24
Auditors out-of-pocket expenses	0.04	0.02
Net loss on foreign currency transactions and translation (other than considered as finance cost)	-	4.70
Bad trade and other receivables and loans and advances written off	-	5.26
Less:- Allowance for doubtful trade and other receivables, loans and advances released	-	(3.35)
Provision for doubtful trade and other receivables (net)	3.39	1.82
Provision for advances	1.55	-
Provision for diminution in value of investment	-	-
KESDM receivable write off	-	7.07
Provision for warranty	0.67	3.87
Expenditure on corporate social responsibility (Refer Note 36)	0.54	0.11
Miscellaneous expenses	1.68	2.73
	123.30	113.09
Capitalized during the year [Refer Note 4(b)]	1.06	0.93
<b>Total other expenses</b>	<b>122.24</b>	<b>112.16</b>

\* excludes payment to auditors included in share issue expenses related to Initial Public Offering (Refer Note 38).

Note 1: Other expenses include R&amp;D expenses under various line items [Refer Note 31.7 (ii)].

**Note No. 27: Income Tax Expense**

Particulars	Year Ended March 31,	
	2018	2017
a. Current tax		
Current tax on profits for the year	23.78	1.20
Adjustments of prior periods	-	-
Total current tax expense	23.78	1.20
b. Deferred tax		
Decrease/(increase) in deferred tax assets	(24.26)	(40.49)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(24.26)	(40.49)
<b>Total Income tax (expense)</b>	<b>(0.48)</b>	<b>(39.29)</b>

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

Particulars	Year Ended March 31,	
	2018	2017
Profit from continuing operations before income tax expense	106.04	53.69
Tax at the Indian tax rate at 34.608% (March 31, 2017: 34.608%)	36.70	18.58
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustment on account of Ind As transition	-	14.62
Others	1.73	-
Weighted deduction on research and development expenditure	(15.18)	(25.46)
Difference in overseas tax rate		(3.46)
Allowance of Brought forward losses in MAT computation	-	(3.09)
Previously unrecognised tax losses now recouped to reduce deferred tax expense/ tax losses for which no deferred tax was recognised	(23.73)	(40.48)
<b>Income Tax (expense)</b>	<b>(0.48)</b>	<b>(39.29)</b>

Tax losses and credits for which no deferred tax has been recognised

Particulars	Year Ended March 31,	
	2018	2017
Unused tax credits	157.55	288.32
	<b>157.55</b>	<b>288.32</b>
Potential tax benefit on the above	55.05	99.78
MAT credit	24.98	1.20

In the absence of reasonable certainty with regard to taxable profit in the future, the Group has not recognised deferred tax in respect of above items and MAT credit.

**Tejas Networks Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note No. 28: Fair Value Measurement**

**(i) Financial instruments by category and fair value hierarchy**

	Level	31 March 2018		31 March 2017		01 April 2016	
		FVPL	Amortized cost	FVPL	Amortized cost	FVPL	Amortized cost
<b>Financial assets</b>							
Investments							
- Mutual Funds	1	76.52	-	-	-	-	-
- Others (Refer Note 37)	3	0.00	-	0.00	-	0.00	-
Trade receivables	3	-	310.55	-	397.43	-	375.91
Cash and cash equivalents		-	214.19	-	31.06	-	49.29
Bank balances other than cash and cash equivalents			21.76		39.96		20.25
Loans							
- Security deposits	3	-	5.54	-	5.50	-	4.74
- Loans to employees	3	-	0.52	-	15.51	-	14.95
Other financial assets							
- Deposits with original maturity of more than twelve months			0.04		99.21		25.00
- Deposits with financial institutions			205.00		-		-
- Unbilled Revenue	3	-	1.81	-	-	-	0.54
- Interest accrued but not due	3	-	3.01	-	0.28	-	0.12
- Karnataka Electronic System Design & Manufacturing incentive claimable	3	-	-	-	1.00	-	9.07
- Patent claimable	3	-	-	-	-	-	0.99
- Focus Product Scheme receivable	3	-	4.86	-	5.79	-	4.86
<b>Total Financial Assets</b>		<b>76.52</b>	<b>767.28</b>	<b>-</b>	<b>595.74</b>	<b>-</b>	<b>505.72</b>
<b>Financial liabilities</b>							
Borrowings			1.00		254.30		367.94
Trade payables	3	-	105.03	-	107.83	-	161.83
Other financial liabilities							
- Current maturities of long-term debt			1.27		27.18		5.97
- Interest accrued but not due on borrowings			-		0.49		0.57
- Capital Creditors			4.04		-		-
- Due to employees			18.60		10.62		24.55
- Foreign exchange forward contract	2	-	-	-	-	1.76	-
- Accrual for expenses			29.18		21.61		15.74
- Other liabilities			0.21		0.19		0.30
<b>Total Financial liabilities</b>		<b>-</b>	<b>159.33</b>	<b>-</b>	<b>422.22</b>	<b>1.76</b>	<b>576.90</b>

Level 1: Includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfers between levels during the year.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Valuation Technique**

- The fair values for security deposits and trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.
- The fair values of foreign exchange forward contracts are determined using forward exchange rate at the balance sheet date.
- Investment in mutual funds are valued using closing NAV.

**(iii) Valuation Process**

The finance department of the Group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The significant level 3 inputs for determining the fair values of security deposits are discount rates using a long term bank deposit rate to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

**(iv) Fair value of financial assets and liabilities measured at amortized cost**

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.
- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.
- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

**Note No. 29: Financial risk management**

The Group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk and market risk. The Group's senior management has overall responsibility for the establishment and oversight of the Group's risk management framework.

**A. Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers located in various countries. Credit risk is managed by the Group through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Group grants credit terms in the normal course of business.

**(i) Reconciliation of loss allowance provision**

Loss allowance as on 01 April, 2016	(8.61)
Changes in loss allowance	1.33
Loss allowance as on 31 March, 2017	(7.28)
Changes in loss allowance	(0.36)
Loss allowance as on 31 March, 2018	(7.64)

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings.

No expected credit loss allowance has been created for security deposits and investments in mutual funds, since the Group considers the lifetime credit risk of these financial assets to be very low.

**B. Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's principal source of liquidity are cash and cash equivalents, cash flow that is generated from the operations and the undrawn borrowing facilities. A material and sustained shortfall in our cash flow could undermine the Group's credit rating and impair investor confidence. Management monitors rolling forecasts of the Group's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

**(i) Liquid assets**

The table below summarizes the Group's liquid assets at the end of the reporting period:

	March 31, 2018	March 31, 2017	April 01, 2016
Cash and cash equivalents	214.19	31.06	49.29
Other bank balances - deposits more than 3 months less than 12 months and margin money	21.76	39.96	20.25
Deposits with financial institutions	205.00	-	-
Current investments - mutual funds	76.52	-	-
	<b>517.47</b>	<b>71.02</b>	<b>69.54</b>

**(ii) Financing arrangements**

The Group had access to the following undrawn borrowing facilities at the end of the reporting period:

	March 31, 2018	March 31, 2017	April 01, 2016
<b>Rupee Borrowing</b>			
Fund based	190.00	49.37	62.93
Non Fund based	7.58	15.11	24.01
<b>USD Borrowing</b>			
Fund based	62.68	41.02	21.16
Non Fund based	-	-	0.58

The above borrowings facilities fungible between fund based and non-fund based.

**(iii) Maturities of financial liabilities**

The amount disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equals their carrying balances as the impact of discounting is not significant.

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
<b>Non-Derivatives</b>					
Borrowings	-	-	1.00	-	1.00
Trade payables	105.03	-	-	-	105.03
Current maturities of long-term debt	-	1.27	-	-	1.27
Interest accrued but not due on borrowings	-	-	-	-	-
Due to employees	18.60	-	-	-	18.60
Capital Creditors	4.04	-	-	-	4.04
Accrual for expenses	29.18	-	-	-	29.18
Others	0.21	-	-	-	0.21
	<b>157.06</b>	<b>1.27</b>	<b>1.00</b>	<b>-</b>	<b>159.33</b>

Contractual maturities of financial liabilities - March 31, 2017	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
<b>Non-Derivatives</b>					
Borrowings	-	252.30	1.00	1.00	254.30
Trade payables	107.83	-	-	-	107.83
Current maturities of long-term debt	-	27.18	-	-	27.18
Interest accrued but not due on borrowings	-	0.49	-	-	0.49
Due to employees	10.62	-	-	-	10.62
Accrual for expenses	21.61	-	-	-	21.61
Others	0.19	-	-	-	0.19
	<b>140.25</b>	<b>279.97</b>	<b>1.00</b>	<b>1.00</b>	<b>422.22</b>

Contractual maturities of financial liabilities - April 01, 2016	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
<b>Non-Derivatives</b>					
Borrowings	-	338.94	28.00	1.00	367.94
Trade payables	161.83	-	-	-	161.83
Current maturities of long-term debt	-	5.97	-	-	5.97
Interest accrued but not due on borrowings	-	0.57	-	-	0.57
Due to employees	24.55	-	-	-	24.55
Accrual for expenses	15.74	-	-	-	15.74
Others	0.30	-	-	-	0.30

**Derivatives**

Foreign exchange forward contract	-	1.76	-	-	1.76
	<b>202.42</b>	<b>347.24</b>	<b>28.00</b>	<b>1.00</b>	<b>578.66</b>

(iv) The Group has from time to time in the normal course of business entered into factoring agreements with a banker for some of the trade receivables on a non-recourse basis and as at March 31, 2018 has derecognized such receivables amounting to Rs 72.86 (March 31, 2017: Nil) in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreement.

C. Market Risk

(a) Foreign currency risk exposure

The Group operates internationally and is exposed to foreign exchange risk through its sales and services in foreign countries, and purchases from overseas suppliers in foreign currencies. To mitigate the risk of changes in exchange rates on foreign currency exposures, the Group has natural hedge between export receivable and import payables. The results of the Group's operations are subject to the effects of changes in foreign exchange rates.

(i) The Group's exposure to foreign currency risk at the end of the reporting period expressed in Rupees crore, are as follows

	March 31, 2018		March 31, 2017		April 01, 2016	
	USD	MYR*	USD	MYR*	USD	MYR*
<b>Assets</b>						
Trade receivables	60.01	12.11	50.01	61.00	45.10	31.82
Advance to suppliers	2.73	-	0.42	-	2.28	-
Balance in EEFC account	3.31	-	2.31	-	4.82	-
Balance with Non scheduled banks	1.82	-	1.45	-	6.94	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>67.87</b>	<b>12.11</b>	<b>54.19</b>	<b>61.00</b>	<b>59.14</b>	<b>31.82</b>
<b>Liabilities</b>						
Trade payables	41.89	0.37	24.88	0.29	76.99	-
Borrowings	-	-	23.40	-	80.61	-
Derivative liability: buy foreign currency	-	-	-	-	(30.82)	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>41.89</b>	<b>0.37</b>	<b>48.28</b>	<b>0.29</b>	<b>126.78</b>	-
<b>Net exposure to foreign currency risk</b>	<b>25.98</b>	<b>11.74</b>	<b>5.91</b>	<b>60.71</b>	<b>(67.64)</b>	<b>31.82</b>

\* 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

	Impact on profit after tax	
	March 31, 2018	March 31, 2017
<b>USD Sensitivity</b>		
INR/USD - Increase by 10% (March 31, 2017 10%)*	(2.07)	(0.47)
INR/USD - Decrease by 10% (March 31, 2017 10%)*	2.07	0.47
<b>MYR Sensitivity</b>		
INR/MYR - Increase by 10% (March 31, 2017 10%)*	(0.93)	(4.83)
INR/MYR - Decrease by 10% (March 31, 2017 10%)*	0.93	4.83

\* Holding all other variables constant

(b) Interest rate risk

The Group's interest rate risk arises from borrowings with variable rates which exposes the Group to risk. The Group fixed rate borrowing are carried at amortized cost. They are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of change in market interest rates.

(i) As at the end of the reporting period, the Group had the following variable rate borrowing outstanding:

	March 31, 2018		March 31, 2017		April 01, 2016	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance	Weighted average interest rate	Balance
Bank loan			10.08%	252.30	9.41%	303.43
Net exposure to cash flow	-	-	10.08%	252.30	9.41%	303.43

(ii) Sensitivity

	Impact on profit after tax	
	March 31, 2018	March 31, 2017
Interest Rate increases by 1%	(0.68)	(2.53)
Interest Rate decreases by 1%	0.68	2.53



**Note No. 30: Capital Management**

For the purpose of capital management, the Group considers the following components of its balance sheet as capital:

Issued equity capital, securities premium and all other equity reserves attributable to the equity holders of the Group.

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group foresees issue of fresh capital pursuant to exercise of vested employee stock options. Apart from the outstanding ESOPs, the Board of Directors approved certain Restricted Stock Units (RSU) in the current year which may be converted in to share capital in the future periods.

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

<b>Debt equity ratio</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>April 01, 2016</b>
Net Debt*	(438.72)	111.25	279.37
Equity	1,152.08	592.94	394.87
<b>Debt equity ratio</b>	<b>-</b>	<b>0.19</b>	<b>0.71</b>

\*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.

**Note No. 31: Additional Information to Financial Statements**

Note	Particulars	As at		
		March 31, 2018	March 31, 2017	April 01, 2016
<b>31.1</b>	<b>Contingent liabilities and commitments (to the extent not provided for)</b>			
	Contingent liabilities - Claims against the Group not acknowledged as debts			
	Disputed Central Excise Demands * (Refer Note 1 below)	12.58	14.50	14.50
	Disputed Income Tax Demands *	46.80	46.80	38.24
	Disputed CST and VAT Demand *	2.91	2.91	2.91

\* These cases are pending at various forums with the respective authorities. Outflows if any, arising out of these claims would depend on the outcome of the decision of the appellate authority and the Company's right for future appeals before judiciary. No reimbursements are expected.

Note 1: Group has also received show cause notices on similar matters for different financial years amounting to Rs. 27.89 (March 31, 2017: Rs. 27.89, April 01, 2016: Rs. 27.89) which are not considered as contingent liabilities above.

In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 and had issued a restraint order on certain bank accounts and deposits of the Company and later the restraint order was withdrawn. The Company and its officials fully co-operated with the Income Tax Department. As on date, there is no demand raised by the Income Tax Department. The Company is of the view that the outcome of the proceedings will not have any material impact on the Group's results.

**Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for			
Property, plant and equipment	0.38	1.39	1.51

**31.2 Dues to Micro Small and Medium Enterprises**

Information regarding which of the Trade Payables constitute Micro, Small and Medium Enterprises (MSMEs) under the Micro, Small and Medium Enterprises Development Act, 2006 has been compiled by the Management to the extent possible by obtaining the information from the Suppliers. Based on declarations received from the suppliers, no supplier has confirmed registration under the said Act and hence the disclosure requirements under the said Act are not applicable.

**31.3 Segment Information**

(i) The Group's business activity primarily falls within a single business segment based on the nature of activity involved, which is in line with the business risks attached with the segment having regard to the internal organisation and management structure. The CODM reviews the Group's performance as a single business segment and not at any other disaggregated level.

(ii) **Geographical information**

Particulars	Year Ended March 31,	
	2018	2017
<b>I. Revenues</b>		
India	630.34	606.19
Americas	43.60	122.26
Rest of the World	93.50	204.13
	<b>767.44</b>	<b>932.58</b>

  

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
<b>II Total Carrying amount of non current assets, by geographical location</b>			
India	275.09	111.50	146.62
Americas	-	-	-
Rest of the World	-	-	-

Revenues of approximately Rs. 423.90 (March 31, 2017 Rs. 288.81) are derived from two external customers exceeding 10% of the total revenue.

**31.4 Details of leasing arrangements**

The Group has entered into operating lease arrangements for office premises and plant. All leases are cancellable at the option of the lessee and the lessor. Certain operating lease arrangements in prior periods had a lock in period.

Particulars	Year Ended March 31,	
	2018	2017
Lease rentals recognised in the Statement of Profit and Loss	7.84	7.47

  

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Commitments for minimum lease payments in relation to non-cancellable operating leases:			
not later than one year	-	1.40	2.38
later than one year and not later than five years	-	-	1.87
later than five years	-	-	-

### 31.5 Related Party Transactions

#### (i) Details of related parties:

Description of relationship	Names of Related Parties
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited
Key Management Personnel (KMP)	
Executive Directors	Sanjay Nayak, CEO and Managing Director
Non - Executive Directors	Balakrishnan V Leela K Ponappa Ashok Jhunjhunwala

#### (ii) Details of the related party transactions during the year ended March 31, 2018:

Transaction during the year	Year Ended March 31,	
	2018	2017
<b>Legal &amp; Professional Charges</b>		
Clonect Solutions Private Limited	0.03	-
<b>Remuneration to Managing Director</b>		
Executive Director		
Short-term employee benefits	1.55	1.49
Post-employment benefits	0.02	0.02
Employee share-based payment	0.89	1.44
Non - Executive Directors		
<b>Director Sitting Fees</b>		
Balakrishnan V	0.07	0.07
Leela K Ponappa	0.06	0.03
Ashok Jhunjhunwala <sup>1</sup>	-	0.03
<b>Director Commission</b>		
Balakrishnan V	0.20	-
Leela K Ponappa	0.09	-
Ashok Jhunjhunwala <sup>1</sup>	-	0.15
<sup>1</sup> Resigned on January 20, 2017.		
<b>(iii) Balances outstanding at the end of the year</b>		
Payable to KMP	0.57	0.30

All outstanding balances are unsecured.

### 31.6 Earnings per Share

Particulars	Year Ended March 31,	
	2018	2017
<b>Basic</b>		
Net profit for the year attributable to the equity shareholders	106.52	92.98
Weighted average number of equity shares	8,58,58,425	6,59,77,758
Par value per share (Rs.)	10.00	10.00
Earnings per share - Basic (Rs.)	<b>12.41</b>	<b>14.09</b>
<b>Diluted</b>		
Net profit for the year attributable to the equity shareholders	106.52	92.98
Weighted average number of equity shares for Basic EPS	8,58,58,425	6,59,77,758
Add: Number of free shares	49,69,398	-
	9,08,27,823	6,59,77,758
Par value per share (Rs.)	10.00	10.00
Earnings per share - diluted (Rs.)	<b>11.73</b>	<b>14.09</b>

**31.7 Product Development Cost**

(i) Product development costs capitalized with regard to the development of various modules of products are being amortised in accordance with the Group's policy.

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Amount capitalized during the year	21.65	42.80	70.55
Intangible assets under development	49.21	40.09	35.34

(ii) Research and development Expenses incurred by the Group are as follows-

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Research and development expenses debited to statement of Profit and Loss (net)	37.69	37.23	29.74

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development (as per DSIR)

Particulars	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
Property, plant and equipment	6.65	6.00	3.38
Intangible Assets	48.15	39.16	34.68
<b>Eligible capital Expenditure</b>	<b>54.80</b>	<b>45.16</b>	<b>38.06</b>
<b>Eligible revenue Expenditure</b>	<b>33.06</b>	<b>34.22</b>	<b>29.74</b>
<b>TOTAL</b>	<b>87.86</b>	<b>79.38</b>	<b>67.80</b>

(iv) Intangible assets in progress written off

During the year ended March 31, 2017, the Group had reassessed the marketability of one of its in-production intangible assets and considering the technological obsolescence requiring revision in the existing product design, had written off accumulated costs relating to past development activity not supporting the future design and development amounting to Rs. 30.47. This has been disclosed as an exceptional item in the Statement of Profit and Loss in the previous year.

**31.8 Interest in subsidiaries**

Name of the Company	Place of Business	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at		
			March 31, 2018	March 31, 2017	April 01, 2016
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	Tejas Networks Limited	100%	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010)	Israel	Tejas Networks Limited	100%	100%	100%
vSave Energy Pvt Limited (wholly owned subsidiary since incorporated on November 06, 2013)	India	Tejas Networks Limited	100%	100%	100%
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	Tejas Communications Pte Limited	100%	100%	100%

## 31.9 Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

Name of the entity	Net assets, i.e., total assets minus total liabilities		
	March 31, 2018	March 31, 2017	April 01, 2016
<b>Parent Company</b>			
Tejas Networks Limited			
As % of consolidated net assets	98.90%	99.00%	100.86%
Amount	1,139.33	587.00	398.25
<b>Subsidiaries</b>			
<b>Indian</b>			
vSave Energy Private Limited.			
As % of consolidated net assets	0.00%	0.00%	0.00%
Amount	-	-	-
<b>Foreign</b>			
Tejas Communication Pte. Ltd.			
As % of consolidated net assets	1.32%	1.41%	0.07%
Amount	15.24	8.36	0.28
Tejas Israel Ltd.			
As % of consolidated net assets	-0.22%	-0.41%	-0.93%
Amount	(2.49)	(2.42)	(3.66)
<b>Total</b>			
As % of consolidated net assets	100.00%	100.00%	100.00%
Amount	<b>1,152.08</b>	<b>592.94</b>	<b>394.87</b>

	Share of profit or loss	
	March 31, 2018	March 31, 2017
<b>Parent Company</b>		
Tejas Networks Limited		
As % of consolidated profit or loss	99.78%	89.47%
Amount	106.28	83.19
<b>Subsidiaries</b>		
<b>Indian</b>		
vSave Energy Private Limited.		
As % of consolidated profit or loss	0.00%	0.00%
Amount	-	-
<b>Foreign</b>		
Tejas Communication Pte. Ltd.		
As % of consolidated profit or loss	0.29%	9.20%
Amount	0.31	8.55
Tejas Israel Ltd.		
As % of consolidated profit or loss	-0.07%	1.33%
Amount	(0.07)	1.24
<b>Total</b>		
As % of consolidated profit or loss	100.00%	100.00%
Amount	<b>106.52</b>	<b>92.98</b>

**Tejas Networks Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

	<b>Other Comprehensive Income</b>		<b>Total Comprehensive Income</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Parent Company</b>				
Tejas Networks Limited				
As % of consolidated profit or loss	91.48%	51.72%	99.92%	89.23%
Amount	(1.61)	0.30	104.67	83.49
<b>Subsidiaries</b>				
<b>Indian</b>				
vSave Energy Private Limited.				
As % of consolidated profit or loss	0.00%	0.00%	0.00%	0.00%
Amount	-	-	-	-
<b>Foreign</b>				
Tejas Communication Pte. Ltd.				
As % of consolidated profit or loss	8.52%	48.28%	0.15%	9.44%
Amount	(0.15)	0.28	0.16	8.83
Tejas Israel Ltd.				
As % of consolidated profit or loss	0.00%	0.00%	-0.07%	1.33%
Amount	-	-	(0.07)	1.24
<b>Total</b>				
As % of consolidated profit or loss	100.00%	100.00%	100.00%	100.00%
Amount	<b>(1.76)</b>	<b>0.58</b>	<b>104.76</b>	<b>93.56</b>

**Note No. 32: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)**

(i) **Employees Stock Option Plan – 2014 (“ESOP Plan 2014”)** The Group pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders’ resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within fifteen years from the date of vesting. All the options granted under the plan are equity settled.

(ii) **Employees Stock Option Plan – 2014-A (“ESOP Plan 2014-A”)** The Group pursuant to resolutions passed by the Board and the Shareholders, dated June 27, 2016 and July 25, 2016, respectively has adopted ESOP Plan 2014-A. ESOP Plan 2014-A was subsequently modified pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2014-A, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2014-A). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014-A, shall not exceed 20,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

(iii) **Employees Stock Option Plan – 2016 (“ESOP Plan 2016”)** The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP 2016. ESOP 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP 2016). The aggregate number of Equity Shares, which may be issued under ESOP 2016, shall not exceed 50,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

(iv) **Restricted Stock Unit Plan 2017 (“RSU Plan 2017”)** The Group pursuant to resolutions passed by the Board and the Shareholders, dated August 26, 2017 and September 27, 2017, respectively, has adopted RSU Plan - 2017. Pursuant to RSU Plan 2017, restricted stock units (“RSUs”) may be granted to eligible employees (as defined in RSU Plan - 2017). The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares.

The options granted under the plan have a graded vesting over a period of four years, which are exercisable within four years from the date of vesting. All the options granted under the plan are equity settled.

As the Group has implemented RSU plan during the year, the Group does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as “NIL” for the current ESOP schemes.

**(v) Summary of options under various plans:**

	March 31, 2018		March 31, 2017	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
<b>ESOP Plan 2014</b>				
Outstanding at the beginning of the year	65	50,47,216	65	69,26,635
Granted during the year	-	-	-	-
Exercised during the year*	65	21,00,586	65	18,68,122
Forfeited during the year	65	28,940	65	11,297
Outstanding at the end of the year	65	29,17,690	65	50,47,216
Exercisable at the end of the year	65	22,76,072	65	32,02,509
Options available for grant	-	-	-	1,75,132
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		14.13 years		14.50 years
* The weighted average share price during the year ended March 31, 2018 was Rs. 332.61 ( March 31, 2017 Rs.72)				
<b>ESOP Plan 2014-A</b>				
Outstanding at the beginning of the year	85	19,71,015	-	-
Granted during the year	-	-	85	19,78,215
Exercised during the year*	85	2,54,902	-	-
Forfeited during the year	85	26,602	85	7,200
Outstanding at the end of the year	85	16,89,511	85	19,71,015
Exercisable at the end of the year	85	7,02,215	-	-
Options available for grant	-	-	-	21,785
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		4.52 years		5.72 years
* The weighted average share price during the year ended March 31, 2018 was Rs. 332.61 ( March 31, 2017 Rs.72)				

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**Notes to the consolidated financial statements for the year ended March 31, 2018**

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

	March 31, 2018		March 31, 2017	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
<b>ESOP Plan 2016</b>				
Outstanding at the beginning of the year	85	24,77,615	-	-
Granted during the year	110	1,35,200	85	24,91,215
Exercised during the year*	85	2,20,134	-	-
Forfeited during the year	85	44,595	85	13,600
Outstanding at the end of the year <sup>#</sup>	85	23,48,086	85	24,77,615
Exercisable at the end of the year	85	6,78,433	-	-
Options available for grant	-	-	-	25,08,785

Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) 4.90 years 5.99 years

<sup>#</sup> The range of exercise prices of the outstanding options as at March 31, 2018 is Rs. 85 to Rs. 110 ( Rs. 85 as at March 31, 2017)

\* The weighted average share price during the year ended March 31, 2018 was Rs. 332.61 ( March 31, 2017 Rs.72)

**RSU Plan 2017**

Outstanding at the beginning of the year	10	-	-	-
Granted during the year	10	34,790	-	-
Exercised during the year*	-	-	-	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	10	34,790	-	-
Exercisable at the end of the year	-	-	-	-
RSU available for grant	10	29,65,210	-	-
Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)		6.07 years	-	-

\* The weighted average share price during the year ended March 31, 2018 was Rs. 332.61 ( March 31, 2017 NA)

**(vi) Fair value of options granted**

For share options and RSUs granted during the period, the fair value has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value are as below:

Assumptions	March 31, 2018	March 31, 2017
<b>ESOP Plan 2014 A</b>		
Weighted Average share price on the date of grant		72.00
Exercise price		85.00
Risk Free Interest Rate		7.61%
Expected Life		5-8years
Exercise period from the date of vesting		4 years
Expected Annual Volatility of Shares		0.00%
Expected Dividend Yield		0.00%
<b>ESOP Plan 2016</b>		
Weighted Average share price on the date of grant	92.00	72.00
Exercise price	110.00	85.00
Risk Free Interest Rate	7.59%	7.61%
Expected Life	5-8years	5-8years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	0.00%	0.00%
Expected Dividend Yield	0.00%	0.00%
<b>RSU Plan 2017</b>		
Weighted Average share price on the date of grant	335.24	
Exercise price	10.00	
Risk Free Interest Rate	6.78%	
Expected Life	5-8years	
Exercise period from the date of vesting	4 years	
Expected Annual Volatility of Shares	46.83%	
Expected Dividend Yield	0.00%	

**(vii) Effect of share based payment transactions on the Statement of Profit and Loss:**

	March 31, 2018	March 31, 2017
Equity-settled share-based payments	5.69	7.82



**Note No. 33: Assets pledged as security against borrowings (Refer Note 15 and 17)**

Particulars	Note	As at		
		March 31, 2018	March 31, 2017	April 1, 2016
<b>(i) Financial Assets</b>				
Trade Receivable	6	294.32	381.52	368.40
Loans	8	0.58	16.01	15.36
Other financial assets excluding deposits with financial institutions	9	8.40	7.06	15.58
<b>Total financial assets</b>		<b>303.30</b>	<b>404.59</b>	<b>399.34</b>
<b>(ii) Non- Financial Assets</b>				
Other financial assets	9	0.04	99.22	25.00
Other current assets	11	20.69	29.33	30.54
Inventories	12	190.89	182.33	231.59
<b>Total non- financial assets</b>		<b>211.62</b>	<b>310.88</b>	<b>287.13</b>
<b>(iii) Total current assets pledged as security</b>		<b>514.92</b>	<b>715.47</b>	<b>686.47</b>
<b>(iv) Non-current assets</b>				
Property, plant and equipment	4(a)	35.98	27.99	29.10
<b>Total Non-current assets pledged as security</b>		<b>35.98</b>	<b>27.99</b>	<b>29.10</b>
<b>(v) Total assets pledged as security</b>		<b>550.90</b>	<b>743.46</b>	<b>715.57</b>

**Note No. 34: First time adoption of Ind AS**

**Transition to Ind AS**

These are the Group's first financial statements prepared in accordance with Ind AS.

The Group has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 1st April, 2016. These financial statements for the year ended March 31, 2018 are the first financial statements prepared by the Group under Ind AS. For all periods upto and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP).

An explanation of how the transition from Indian GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous Indian GAAP to Ind AS.

**A.1 Ind AS optional exemptions**

**A.1.1. Share-based payment**

The Group is allowed to apply Ind AS 102 Share-based payments to equity instruments that remain unvested as of transition date.

The Group has elected to avail this grant date fair value exemption and apply the requirements of Ind AS 102 to all such grants under the 2014, 2014 A and 2016 plans. Accordingly, these options have been measured at fair value as against intrinsic value previously under Indian GAAP.

**A.1.2 Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Indian GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their Indian GAAP carrying value.

**A.1.3 Business combinations**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date.

The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

**A.2 Ind AS mandatory exceptions**

**A.2.1 Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Indian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with Indian GAAP. The Group made estimates for following items in accordance with Ind AS at the date of transition as these were not required under Indian GAAP:

- 1) Impairment of financial assets based on expected credit loss model; and
- 2) Share-based payments. Refer Note C (1) below.

**A.2.2 De-recognition of financial assets and liabilities**

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

**A.2.3 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**B: Reconciliations between Indian GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from Indian GAAP to Ind AS.

**1. Reconciliation of Total Equity as at March 31, 2017 and April 1, 2016**

Particulars	Note Reference	As at	
		March 31, 2017	April 1, 2016
Total equity as per Indian GAAP		500.65	360.52
<b>Add/(Less): Adjustment under Ind AS</b>			
Impact of share based payments on equity	1	-	-
Tejas Employee Welfare Trust (Treasury shares)	2	(0.03)	(19.92)
Fair valuation of lease deposit	3	(0.13)	(0.10)
Present valuation of warranty provisions	4	0.47	0.23
Expected credit loss allowance on financial assets	5	(1.50)	(1.00)
Fair valuation of long-term receivables	6	(3.24)	(0.75)
Fair valuation of foreign currency derivatives	7	-	(0.52)
Interest expense on loans at effective interest rate	8	(0.18)	-
Deferred Tax Asset	10	96.90	56.41
<b>Equity Balance as per Ind AS</b>		<b>592.94</b>	<b>394.87</b>

**2. Reconciliation of Total Comprehensive Income for the year ended March 31, 2017**

Particulars	Note Reference	For the year ended	
		March 31, 2017	
Net Profit as per Indian GAAP		63.22	
<b>Add/(Less): Adjustment under Ind AS</b>			
Share based payment expenses	1	(7.82)	
Tejas Employee Welfare Trust (Treasury shares)	2	(0.17)	
Fair valuation of lease deposit	3	(0.03)	
Present valuation of warranty provisions	4	0.24	
Expected credit loss allowance on financial assets	5	(0.50)	
Fair valuation of long-term receivables	6	(2.49)	
Fair valuation of foreign currency derivatives	7	0.52	
Interest expense on loans at effective interest rate	8	(0.18)	
Re-measurements of the defined benefit plans	9	(0.38)	
Tax effects of above adjustments		0.08	
Deferred Tax Asset	10	40.49	
<b>Net Profit as per Ind AS</b>		<b>92.98</b>	
Other comprehensive income for the period			
Re-measurements of the defined benefit plans	9	0.38	
Tax effects of above adjustments		(0.08)	
Exchange differences in translating the financial statements of foreign operations		0.28	
<b>Total comprehensive income under Ind AS</b>		<b>93.56</b>	

**3. Reconciliation of Cash Flows for the year ended March 31, 2017**

Particulars	Note Reference	Previous GAAP	Adjustments	Ind AS	
Net cash flow from operating activities	3,6,8,11	82.90	66.79	149.69	
Net cash flow from investing activities	3,6	(141.45)	1.77	(139.68)	
Net cash flow from financing activities	11,8	40.48	(68.66)	(28.18)	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18.07)</b>	<b>(0.10)</b>	<b>(18.17)</b>	
Cash & cash equivalents as at April 1, 2016	11	48.82	0.48	49.30	
Effects of exchange rate changes on cash and cash equivalents		(0.07)	-	(0.07)	
<b>Cash and cash equivalents as at 31 March 2017</b>		<b>30.68</b>	<b>0.38</b>	<b>31.06</b>	

**C: Notes to first-time adoption:****Note 1: Share based payment expenses**

Under Indian GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in employee stock compensation reserve increased by Rs. 17.85 as at March 31, 2017 (April 01, 2016- Rs. 10.03). The profit for the year ended March 31, 2017 decreased by Rs. 7.82. There is no impact on total equity. The adjustments pertaining to option exercised during the year ended March 31, 2017 has resulted in movement from employee stock compensation reserve of Rs. 2.08 to the Securities Premium Account thereby nullifying the impact on equity.

**Note 2: Tejas Employee Welfare Trust (Treasury shares)**

Treasury shares are shares in the Company held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Refer Note 32). The face value of the shares held by the trust and not yet issued to employees at the end of reporting period are shown as treasury shares in the financial statements [Refer Note 14 (iv)].

Under Indian GAAP, the Company was not required to account for the shares held by the TEWT through which it was managing the shares allotted towards various stock option schemes as well as shares kept aside for issuances against future schemes. Under Ind AS since the Company as the sponsor retains the majority of the risks and rewards relating to the funding arrangement to the trust, the trust is considered acting to be merely as an agent of the Company. Hence as at April 01, 2016 the total of Rs.19.92 of investments in the shares of the Company held by the Trust being funded by the Company through loans provided to the Trust, has been reduced from the total outstanding equity balance. The net impact of the transactions which were not material including the adjustment for the expenses incurred by the Trust apart from the treasury shares has been disclosed as other reserve [Refer Note 14(vi)]. Since the transactions of TEWT has been summarised in the accounts of the Company this has not been disclosed as a related party [Refer Note 31.5(i)].

During the financial year 2016-17, as the Trust has transferred shares to employees pursuant to exercise of options from earlier schemes, hence the Group has restated the balance of equity as at March 31, 2017. The accumulated expenses of the Trust, net of amounts recoverable from employees, for the financial year 2016-17 of Rs. 0.17 has also been accrued. The impact on equity for the financial year ended March 31, 2017 is Rs. 0.03.

**Tejas Networks Limited****Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note 3: Fair valuation of lease deposit**

Under Indian GAAP, interest free lease security deposits (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the amount of security deposits decreased by Rs 0.49 as at March 31, 2017 (April 01, 2016- Rs. 0.31). The prepaid rent increased by Rs.0.37 as at March 31, 2017 (April 01, 2016- Rs. 0.21). Total equity decreased by Rs.0.10 as on April 01, 2016. The profit for the year and total equity as at March 31, 2017 decreased by Rs. 0.03 due to amortization of the prepaid rent of Rs.0.23 which is partially off-set by the notional interest income of Rs 0.20 recognised on security deposits.

**Note 4: Present valuation of warranty provisions**

Under Indian GAAP, discounting of Long-term provisions, such as warranty, for time value adjustment was not permitted and provisions were measured at best estimate of the expenditure required to settle the obligation at the Balance Sheet date without considering the effect of discounting. Under Ind AS, such provisions are measured at discounted amounts, if the effect of time value of money is material. The Group has accordingly made the necessary adjustment towards discounting its provision for warranty. Consequent to this change, the amount of provision for warranty decreased by Rs 0.47 as at March 31, 2017 (April 01, 2016- Rs. 0.23). The profit for the year and total equity as at March 31, 2017 decreased by Rs. 0.24.

**Note 5: Expected credit loss**

As per Ind AS 109, the Group is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debts increased by Rs.1.50 as at March 31, 2017 (April 01, 2016 - Rs. 1.00). Consequently, the profit for the year ended March 31, 2017 decreased by Rs 0.50.

**Note 6: Fair valuation of long-term receivables**

Under Indian GAAP, discounting of non- current trade receivables for time value adjustment was not permitted. Under Ind AS, such receivables being non- current financial assets are measured at discounted amounts, if the effect of time value of money is material. The Group has accordingly made the necessary adjustment towards discounting of its non- current trade receivables. The difference between the carrying value and fair value of non- current trade receivables are adjusted against revenue. Consequent to this change, the amount of non- current trade receivables decreased by Rs 3.24 as at March 31, 2017 (April 01, 2016- Rs. 0.75). The profit for the year and total equity as at March 31, 2017 decreased by Rs. 2.49.

**Note 7: Fair valuation of foreign currency derivatives**

Under Indian GAAP, gains from fair valuation of derivative instruments could not be accounted. Only losses from fair valuation of derivative instruments could be accounted. However as per Ind AS, both the gains and losses arising from fair valuation of derivative instruments shall be accounted. Hence in the year 2016-2017, an amount of Rs. 0.52 has been accounted as gains from fair valuation of derivative instruments.

**Note 8: Interest expense on loans at effective interest rate**

Under Ind AS, interest has to be accounted using effective interest rate method. Accordingly, the Group has accounted for borrowings under effective interest rate method. Consequent to this change, the amount of borrowings increased by Rs. 0.17 as at March 31, 2017 (April 01, 2016 - Rs. nil). Total equity decreased by Rs. 0.18 as on March 31, 2017 ( April 01, 2016 - Rs. nil). The profit for the year ended March 31, 2017 decreased by 0.18.

**Note 9: Re-measurements of the defined benefit plans**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Indian GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by 0.38. There is no impact on the total equity as at March 31, 2016.

**Note 10: Deferred tax**

Under Indian GAAP, deferred tax assets on unabsorbed depreciation and carry forward losses were recognised only to the extent that there was virtual certainty supported by convincing evidence that sufficient future taxable income would be available against which such deferred tax assets could be realised. Ind AS requires deferred tax asset to be recognised for the carry forward of unused tax losses, unabsorbed depreciation and unused tax credits to the extent that it is probable that future taxable profit will be available against which such items can be utilised. As a result of this change in recognition of deferred tax asset on such items, the impact on equity as at April 01, 2016 is Rs. 56.41 and as at March 31, 2017 is Rs. 96.90. The profit for the year ended March 31, 2017 on account of above recognition increased by Rs. 40.49.

**Note 11: Cash flow statement**

The above Ind AS transition adjustments have impact on cash flow statement as explained below:

- (i) Accounting of treasury shares in the Trust: The repayment of the loan of Rs. 33.40 by the trust to the Company was considered as operating cash inflow under Indian GAAP whereas under Ind AS, the same has been considered as infusion of equity which is a cash inflow from financing activity. Also the balance of cash and cash equivalent increased by Rs.0.17 as on April 1, 2016 and by Rs. 0.08 as on March 31, 2017.
- (ii) Bills Discounting (Refer note 17): Under Indian GAAP bills discounting were netted off against trade receivables, whereas under Ind AS they are considered as financing activity, hence the repayment of bills discounting amounting to Rs. 88.52 is forming part of financing activities under Ind AS.

**Note 12: Retained earnings**

Retained earnings as at April 01, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

**Note 13: Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under Indian GAAP.

**Note No. 35: Statement of Function wise Profits and Losses (for additional information only)**

Particulars	Year ended March 31,	
	2018	2017
<b>Revenue</b>		
Product sales, net of excise duty (Refer Note i below)	662.19	778.62
Component sales	9.93	55.74
Services	77.39	36.23
Other Operating Revenues	0.29	4.04
<b>Net Revenue (A)</b>	<b>749.80</b>	<b>874.63</b>
Cost of Sales (Refer Note ii below)	384.55	519.31
Manufacturing Expenses	17.79	16.41
Service Expenses	49.04	28.49
<b>Total Cost of Goods Sold (B)</b>	<b>451.38</b>	<b>564.21</b>
<b>Gross Profit (C) = (A) - (B)</b>	<b>298.42</b>	<b>310.42</b>
<b>Operating Expenses:</b>		
Research & Development (Gross)	86.90	77.32
Less: R&D Capitalized	(49.21)	(40.09)
Research & Development (Net)	<b>37.69</b>	<b>37.23</b>
Selling & Marketing	82.67	72.99
General & Administrative	25.19	31.77
<b>Operating Expenses (Net) (D)</b>	<b>145.55</b>	<b>141.99</b>
<b>Profit/ (Loss) from operations (EBITDA)</b>	<b>152.87</b>	<b>168.43</b>
<b>(E) = (C) - (D)</b>		
Other Income (Refer Note iii below)	23.44	8.66
Foreign exchange loss/(gain) (Refer Note iv below)	(4.39)	6.70
Finance costs (Refer Note v below)	13.40	29.81
Depreciation and amortization	61.26	56.42
<b>Profit/ (Loss) before Exceptional items and tax</b>	<b>106.04</b>	<b>84.16</b>
<b>Exceptional items</b>		
Intangible assets in progress written off	-	30.47
<b>Profit/ (Loss) before tax</b>	<b>106.04</b>	<b>53.69</b>
<b>Tax expense:</b>		
Current tax	23.78	1.20
Deferred tax (benefit)	(24.26)	(40.49)
<b>Profit/ (Loss) for the year</b>	<b>106.52</b>	<b>92.98</b>
<b>Other Comprehensive Income</b>	(1.76)	0.58
<b>Total comprehensive income for the period</b>	<b>104.76</b>	<b>93.56</b>
<b>Earning per share (Par Value Rs. 10 each)</b>		
(a) Basic	12.41	14.09
(b) Diluted	11.73	14.09
Weighted average Basic Equity share outstanding	8,58,58,425	6,59,77,758
Weighted average Diluted Potential Equity share outstanding	9,08,27,823	6,59,77,758

i. The reconciliation of Product sale between Schedule III and function wise profit and loss account is as follows:

Particulars	Year ended March 31,	
	2018	2017
Revenue from product sales including excise duty as per Schedule III (Refer Note 21)	679.83	836.57
Less: Excise Duty disclosed as expense	17.64	57.95
<b>Revenue from product sales net of excise duty as per function wise profit and loss</b>	<b>662.19</b>	<b>778.62</b>

ii. The reconciliation of Cost of Sales between Schedule III and function wise profit and loss account is as follows:

Particulars	Year ended March 31,	
	2018	2017
Cost of material consumed as per Schedule III (Refer Note 23)	382.42	514.05
Add: Considered separately under other expenses as per Schedule III (Note 26)		
Other Processing Charges	1.30	4.71
Freight and forwarding	1.31	1.48
Royalty	0.58	-
Less: Other processing charges considered under R&D	1.06	0.93
<b>Cost of sales as per function wise profit and loss</b>	<b>384.55</b>	<b>519.31</b>

**Tejas Networks Limited****Notes to the consolidated financial statements for the year ended March 31, 2018**

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

**Note No. 35: Statement of Function wise Profits and Losses (for additional information only)**

iii. The reconciliation of Other Income between Schedule III and function wise profit and loss account is as follows:

Particulars	Year ended March 31,	
	2018	2017
Other income as per Schedule III (Refer Note 22)	27.83	8.66
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note v below)	(4.39)	-
<b>Other income as per function wise profit and loss</b>	<b>23.44</b>	<b>8.66</b>

iv. The breakup of foreign exchange loss/(gain) is as under:

Particulars	Year ended March 31,	
	2018	2017
Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)		2.00
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 22, Note 26 and Note iv above)	(4.39)	4.70
<b>Foreign exchange loss/(gain) as per function wise profit and loss</b>	<b>(4.39)</b>	<b>6.70</b>

v. The reconciliation of finance cost between Schedule III and function wise profit and loss account is as follows:

Particulars	Year ended March 31,	
	2018	2017
Finance cost as per Schedule III (Refer Note 25)	13.40	31.81
Less: Net loss on foreign exchange considered separately in functional wise Profit and Losses (Refer Note v above)	-	(2.00)
<b>Finance cost as per function wise profit and loss</b>	<b>13.40</b>	<b>29.81</b>

**Note No. 36: Expenditure on corporate social responsibility (as per section 135 of the 2013 Act)**

(a) Gross amount required to be spent by the Company during the year Rs. 0.54 (previous year Rs 0.11).

(b) Amount spent during the year: Rs 0.54 (included under expenditure on corporate social responsibility note 26)

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
2. On purposes other than (1) above	(-)	(-)	(-)
	0.54	-	0.54
	(0.11)	(-)	(0.11)

Previous year figures are in brackets

Particulars	Nature of Service	Year Ended March 31,	
		2018	2017
Akshaya Patra Foundation, Bengaluru	Eradicating hunger through their mid day meal program	0.34	0.11
International Institute of Information Technology (IIIT), Bengaluru	Promoting education through supporting scholarship and Research	0.20	-
<b>Total qualifying expenditure on corporate social responsibility</b>		<b>0.54</b>	<b>0.11</b>

**Note No. 37: Details of amounts rounded off**

**a) Balance sheet items**

Particulars	(Amount in Rupees)		
	As at		
	March 31, 2018	March 31, 2017	April 01, 2016
1. Investment in ELCIA ESDM Cluster (Refer Note 5)	11,000/-	11,000/-	11,000/-
2. Cash in hand (Refer Note 7)	-	-	45,563/-

**Note No. 38: Initial Public Offer**

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of Rs. 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 use of proceeds from the objects stated in the offer document, during the year. Total share issue expenses related to IPO amounted to Rs. 21.13 of which Rs. 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and Rs. 1.80 has been charged off as sales expenses (Refer Note 26).

Particulars	Proposed as per Prospectus	Revised amounts as explained in Prospectus	Total utilization till March 31, 2018	Balance as on March 31, 2018
(i) Capital expenditure towards payment of salaries and wages for Research and Development team	45.29	45.29	35.65	9.64
(ii) Working capital requirement (refer note below)	303.00	303.00	303.00	-
(iii) General corporate purposes	76.20	80.58	80.58	-
<b>Total towards objects of the offer</b>	<b>424.49</b>	<b>428.87</b>	<b>419.23</b>	<b>9.64</b>
Issue Expenses Outflow (refer note below)	25.51	21.13	-	-
<b>Total issue proceeds</b>	<b>450.00</b>	<b>450.00</b>	<b>419.23</b>	<b>9.64</b>

Note: The actual share issue expenses was lower by Rs. 4.38 than what was estimated in prospectus and the same was utilised for General corporate purpose.

**Note No. 39: Disclosure in respect of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016**

Particulars	SBNs (Rs.)	Other Denominations Notes (Rs.)	Total (Rs.)
Closing cash in hand as on November 08, 2016	30,000	4,945	34,945
(+) Permitted Receipts	-	2,26,640	2,26,640
(-) Permitted Payments	-	2,15,577	2,15,577
(-) Amount deposited in Banks	30,000	-	30,000
<b>Closing cash in hand as on December 30, 2016</b>	<b>-</b>	<b>16,008</b>	<b>16,008</b>

**Note No. 40:** Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

for and on behalf of the Board of Directors of Tejas Networks Limited

**Pradip Kanakia**  
Partner  
Membership no: 039985

**Sanjay Nayak**  
CEO and Managing  
Director  
(DIN:01049871)

**Balakrishnan V**  
Director  
(DIN:02825465)

**Leela K Ponappa**  
Director  
(DIN:07433990)

Place : Bengaluru  
Date : April 24, 2018

**Venkatesh Gadiyar**  
Chief Financial Officer

**Krishnakanth G. V.**  
Company Secretary