

Disclosure pursuant to SEBI (Share Based Employee Benefits) Regulations, 2014.

The Securities and Exchange Board of India (SEBI), vide its notification dated October 28, 2014, had issued the Securities and Exchange Board of India (Share-based Employee Benefits) Regulations, 2014 ('The SEBI Regulations') which replaced the SEBI ESOP Guidelines, 1999.

Details of ESOP plans

Tejas Networks Limited ("The Company") had three stock options plans (ESOP 2014, ESOP 2014-A & ESOP 2016 Plans) as at the year ended March 31, 2017.

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

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

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

The disclosures pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014 are detailed under:

Sl No	Particulars	Details
1	The board of directors in its report shall disclose any material change in the scheme(s) and whether Scheme(s) is/are in compliance with the regulations	The Schemes are in compliance with SEBI (Share Based Employee Benefits) Regulations 2014
2	Further the following details, inter alia, shall be disclosed on the company's website and a weblink there to shall be provided in the report of board of directors.	
A	Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Disclosed in Notes to Accounts note 28.3 of standalone financials and consolidated financial statement for the year ended March 31, 2017, page 129 and 166 respectively. (Disclosures are provided in accordance with ICAI Guidance Note on Share based payments)
B	Diluted EPS on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.	Refer page 128 and 166 of the Annual Report for disclosures of Diluted EPS at Standalone and consolidated levels respectively. (Disclosures are provided in accordance with AS 20, Earning Per Share)
C	Details related to Employee Stock Options Schemes for the Financial Year ending March 31st 2017:	

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
(i)	A description of each ESOS that existed at any time during the year, including the general terms and conditions of each ESOS, including			
	(a) Date of shareholders' approval	September 24, 2014	July 25, 2016	August 29, 2016
	(b) Total number of options approved under ESOS	71,01,767	20,00,000	50,00,000
	(c) Vesting requirements	- There shall be a minimum period of one year between the grant of option and the vesting of option. - Upon the employee continuing in the employment of the Company and upon compliance with the term of ESOP Plan 2014, ESOP Plan 2014-A and ESOP Plan 2016 the options granted by the Company on the recommendation		

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
		<p>of the Nomination and Remuneration Committee would vest with the employees over the vesting period set out in the grant notice.</p> <ul style="list-style-type: none"> - The Nomination and Remuneration Committee may also prescribe different vesting schedules for different employees (while ensuring a minimum vesting period of one year from the date of grant) based on the reasons to be recorded in writing in accordance with the SEBI ESOP Regulations. Such vesting schedule shall be as specified in the individual grant notices issued to the employees. - Unless otherwise decided by the Nomination and Remuneration Committee of the Company, 25% of the grant will vest after 12 months from the date of grant, and the balance thereafter will vest at the rate of 6.25% per quarter. 		
	(d) Exercise price or pricing formula	₹ 65	₹ 85	₹ 85
	(e) Maximum term of options granted	Refer to Annexure 1		
	(f) Source of shares (primary, secondary or combination)	Primary	Primary	Primary
	(g) Variation in terms of options	<p>Pursuant to a resolution of the Board of Directors dated March 2, 2016 and a resolution of the Shareholders dated March 28, 2016, the size of the ESOP pool was amended. Further, pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', promoter group' and 'independent director' to ensure compliance with the SEBI Regulations and the Companies Act, 2013.</p>	<p>Pursuant a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014-A was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013</p>	<p>Pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2016 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Companies Act, 2013.</p>

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
(ii)	Method used to account for ESOS - Intrinsic or fair value.	Intrinsic Value	Intrinsic Value	Intrinsic Value
(iii)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The impact on Earnings per Share if the 'fair value' of the options (on the date of the grant) were considered instead of the 'intrinsic value' is as disclosed in Notes to Accounts note 28.3 (d) of standalone financials and consolidated financial statement for the year ended March 31, 2017, page 130 and 168 of the annual report, respectively.		
(iv)	Option movement during the year (For each ESOS):			
	Number of options outstanding at the beginning of the period	Refer to Annexure 1		
	Number of options granted during the year			
	Number of options forfeited / lapsed during the year			

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
	Number of options vested during the year			
	Number of options exercised during the year			
	Number of shares arising as a result of exercise of options			
	Money realized by exercise of options (INR), if scheme is implemented directly by the company			
	Loan repaid by the Trust during the year from exercise price received			
	Number of options outstanding at the end of the year			
	Number of options exercisable at the end of the year			
(v)	Weighted-average exercise prices and weighted-average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	<ul style="list-style-type: none"> • Not Applicable • No Options were granted during the year 	<ul style="list-style-type: none"> • Weighted Average Exercise Price was ₹ 85 • Exercise price of all options exceeds the market price of the stock as on the date of grant. • Weighted Average fair value of option was ₹ 19.0470 as on the date of grant. 	<ul style="list-style-type: none"> • Weighted Average Exercise Price was ₹ 85 • Exercise price of all options exceeds the market price of the stock as on the date of grant • Weighted Average fair value of option was ₹ 19.1326 as on the date of grant.

SI No	Particulars	ESOP Plan 2014			ESOP Plan 2014-A			ESOP Plan 2016		
(vi)	Employee wise details (name of employee, designation, number of options granted during the year, exercise price) of options granted to :									
	(a) senior managerial personnel;									
		Name	No. of Options	Percentage of total options granted	Name	No. of Options	Percentage of total options granted	Name	No. of Options	Percentage of total options granted
		Sanjay Nayak	10,33,207	14.92	Sanjay Nayak	3,01,957	15.26	Sanjay Nayak	3,02,000	12.12
		Venkatesh Gadiyar (*)	69,000	1.00	Venkatesh Gadiyar(*)	30,000	1.52	Venkatesh Gadiyar(*)	90,000	3.61
		Murali R(#)	3,60,940	5.21	Murali R(#)	81,930	4.14	Murali R(#)	1,34,315	5.39
		Krishnakanth G.V.	25,250	0.36	Krishnakanth G.V.	11,000	0.56	Krishnakanth G.V.	6,000	0.24
		Total	14,88,397	21.49	Total	4,24,887	21.48	Total	5,32,315	21.36
		(*)Mr. Venkatesh Gadiyar, CFO from 26 th Oct 2016								
		(#)Mr. Murali R, CFO till 26 th Oct 2016								
	(b) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year; and	Nil								
		Name	No. of Options	Percentage of total options granted	Name	No. of Options	Percentage of total options granted	Name	No. of Options	Percentage of total options granted
		Arnob Roy	251,304	12.70	Arnob Roy	250,000	10.04			
		Kumar N. Sivarajan	196,304	9.92	Kumar N. Sivarajan	180,000	7.23			
		Sukhvinder Kumar	125,000	6.32						
		Total	5,72,608	28.94	Total	4,30,000	17.27	Total	4,30,000	17.27
	(c) Identified employees who were granted option, during any one year, equal to or	Nil			Nil			Nil		

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
	exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.			
(vii)	A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:			
	(a) The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Not Applicable No Options were granted during the year	For Estimating the fair value of options our Company has adopted the Black Scholes method with the following assumptions: Inputs: Stock Price 57.00 Strike Price 85.00 Assumptions: Volatility (v) 0.00% Risk-free Rate 7.61% Life of the Option 5-8 years Time to expiration (T) 6.22 years Dividend Yield 0.00%	For Estimating the fair value of options our Company has adopted the Black Scholes method with the following assumptions: Inputs: Stock Price 57.00 Strike Price 85.00 Assumptions: Volatility (v) 0.00% Risk-free Rate 7.61% Life of the Option 5-8 years Time to expiration (T) 6.24 years Dividend Yield 0.00%

SI No	Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
	(b) the method used and the assumptions made to incorporate the effects of expected early exercise	Not Applicable	No assumptions were made to incorporate the effects of expected early exercise of options	No assumptions were made to incorporate the effects of expected early exercise of options
	(c) how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Not Applicable	As the shares of the company were not listed as on the date of grant, the expected volatility was considered as zero which is in accordance with the ICAI guidance note on Accounting for Employee share based payments.	As the shares of the company were not listed as on the date of grant, the expected volatility was considered as zero which is in accordance with the ICAI guidance note on Accounting for Employee share based payments.
	(d) whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Not Applicable	Apart from the above, no other features were incorporated into the measurement of fair value of option	Apart from the above, no other features were incorporated into the measurement of fair value of option

ANNEXURE 1

DISCLOSURES RELATED TO EMPLOYEE STOCK OPTION SCHEMES FOR THE FINANCIAL YEAR ENDING MARCH 31, 2017

Particulars	ESOP Plan 2014	ESOP Plan 2014-A	ESOP Plan 2016
Option outstanding at the beginning of the year	69,26,635	-	-
Option granted during the year	-	19,78,215	24,91,215
Weighted average exercise price per option	₹65.00	₹85.00	₹85.00
Options vested during the year	17,88,007	-	-
Options exercised during the year	18,68,122	-	-
Number of shares arising as a result of exercise of options	18,68,122	-	-
Money realized by exercise of options (INR), if scheme is implemented directly by the company	₹ 12,14,27,930	-	-
Options forfeited/ lapsed during the year	11,297	7,200	13,600
Options outstanding at the end of the year	50,47,216	19,71,015	24,77,615
- Vested	32,02,509	-	-
- Balance to be vested	18,44,707	19,71,015	24,77,615
Options available for grant	1,75,132	21,785	25,08,785
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)	14.50 years	5.72 years	5.99 years