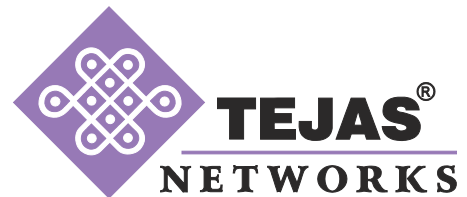


## Tejas Networks Ltd.

Regd. Office: Plot No. 25, 5th Floor  
J.P. Software Park, Electronic City Phase 1  
Hosur Road, Bengaluru 560 100, India  
Tel : +91- 80- 4179 4600/700/800  
Fax: +91- 80- 2852 0201



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

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

**August 07, 2020**

Dear Sir/Madam,

**Re: 20<sup>th</sup> Annual General Meeting – Compliances under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015**

In continuation to our letter dated July 6, 2020, we hereby inform you that the 20<sup>th</sup> Annual General Meeting of the Company was held on July 28, 2020 through Video-Conferencing. Towards this, please find enclosed Annual Report and Business Responsibility Report for the year ended March 31, 2020 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015. The Business responsibility report has been prepared in accordance with the Listing Regulations and forms part of the Annual Report.

Kindly take the above information on record and acknowledge.

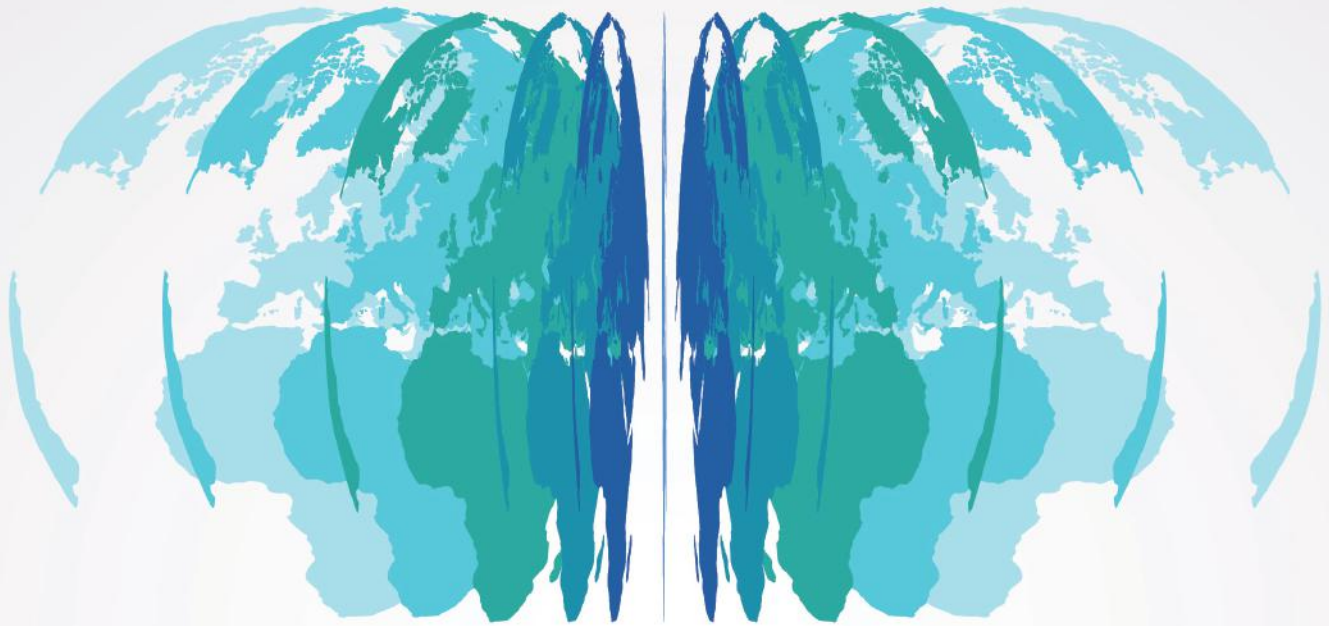
Thanking you,

Yours sincerely

**For Tejas Networks Limited**

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

**Encl: as above**



# 20 Years

of Enabling Global Data  
and Broadband Networks

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Annual Report  
2019-20

# Table of Contents

Corporate Overview	1-40
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## Statutory Reports

Board's Report and Annexures	41-76
Management's Discussion and Analysis	77-91
Corporate Governance Report	92-115
Shareholders' Information	116-120
Risk Management Report	121-124
Business Responsibility Report	125-130

## Financial Statements

Standalone Financial Statements	131-178
Consolidated Financial Statements	179-225

### Forward-looking Statements

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

# About Us



## WHO WE ARE

We are India's largest R&D-driven telecom equipment company, founded by technocrats, with over 750+ employees.

We are India's first deep-technology product company to be publicly listed in the Indian Stock Exchanges in June, 2017.



## WHAT WE DO

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



## OUR MISSION

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



## OUR VISION

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

CELEBRATING

20  
YEARS

# Snapshot of FY 2019-20

Based on Ind AS Consolidated Financial Statements

In ₹ Crore

Particulars	2020	2019	Change(%)
<b>Financial Performance</b>			
Revenue (net of taxes and component sale)	379.79	876.73	(57)
Gross Profit	135.24	366.06	(63)
Operating profit/(loss) after depreciation & impairment	(164.50)	130.33	(226)
Profit/(Loss) before tax	(138.57)	150.02	(192)
Profit/(Loss) after tax	(237.12)	147.24	(261)
EPS (par value of ₹ 10 each) : Basic	(25.76)	16.13	(260)
Diluted	(25.76)	15.39	(267)
<b>Financial Position</b>			
Cash and cash equivalents <sup>(1)</sup>	280.27	369.72	(24)
Net current assets <sup>(2)</sup>	547.73	590.75	(7)
Fixed assets (including assets under development) <sup>(3)</sup>	84.35	140.50	(40)
Total Assets	1,241.15	1,585.28	(22)
Borrowings <sup>(4)</sup>	-	1.19	(100)
Total Equity	1,080.94	1,320.24	(18)
Net cash generated flow from/(used in) operations	0.61	(81.59)	(101)
Free cash generated/(used)	(92.16)	(161.91)	(43)

in days

Particulars	2020	2019	Change
DSO	382	236	146
DPO	117	132	(15)
Inventory	211	64	147
Net Working capital	452	206	246

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

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

<sup>(3)</sup> Excludes right of use assets.

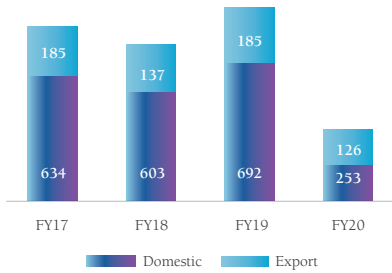
<sup>(4)</sup> Borrowings include long term borrowings, short term borrowings and current maturities of long term debt.



# Financial Trends

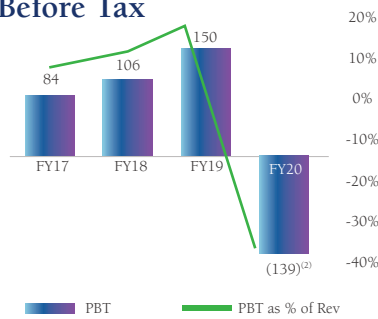
## Revenue<sup>(1)</sup>

In ₹ Crore



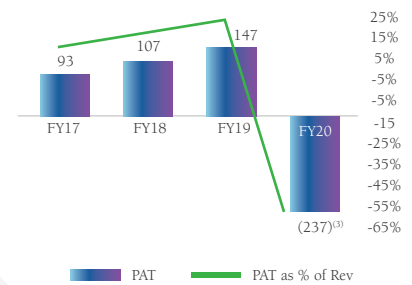
## Profit/(Loss) Before Tax

In ₹ Crore



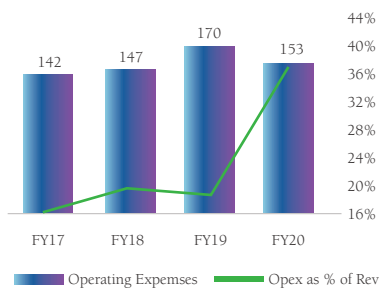
## Profit/(Loss) After Tax

In ₹ Crore



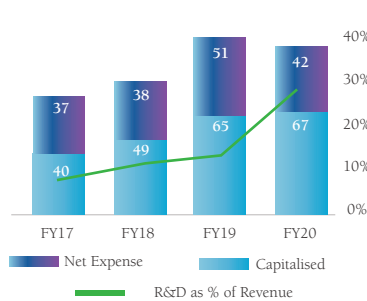
## Operating Expenses (Net)

In ₹ Crore



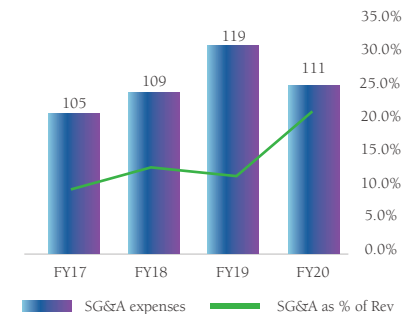
## R&D Expenses

In ₹ Crore



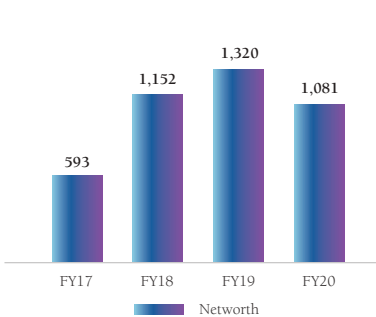
## SG&A Expenses

In ₹ Crore



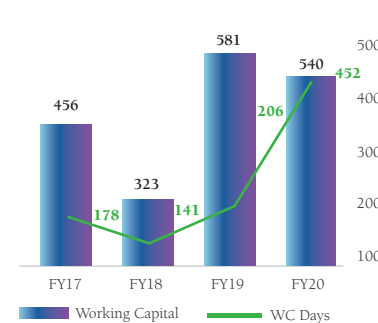
## Networth

In ₹ Crore



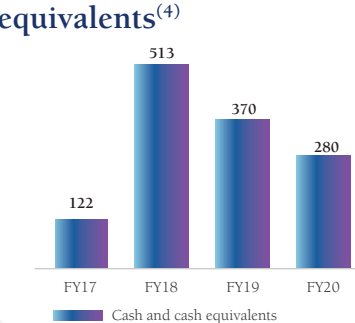
## Working Capital

In ₹ Crore



## Cash and cash equivalents<sup>(4)</sup>

In ₹ Crore



<sup>(1)</sup> Net of taxes and component sales.

<sup>(2)</sup> Includes the impact of an impairment loss of ₹ 70 crore on intangible R&D assets, which include ₹ 33 crore of impairment of intangible assets and ₹ 37 crore of intangible assets under development.

<sup>(3)</sup> Includes the impact of an impairment loss of ₹ 70 crore on intangible R&D assets, which include ₹ 33 crore of impairment of intangible assets and ₹ 37 crore of intangible assets under development and ₹ 99 crore of reversal of deferred tax assets.

<sup>(4)</sup> Cash and cash equivalents include fixed deposits under other bank balances, deposits with financial institutions and investment in mutual funds.



# Chairman's Message

The recent pandemic caused by COVID-19, has resulted in the need for high-quality networks. We are in a sweet-spot, since we provide the telecom equipment required for building such networks, especially with an increasing demand for designed and manufactured in India products.

## Dear Shareholders,

We are living in a world which is getting more connected and digitized with every passing day. Robust, high-speed, ubiquitous telecom networks is now a critical infrastructure for any country. The recent pandemic caused by COVID-19, has resulted in a new normal, with work-from-home, remote learning, tele-medicine, entertainment, e-commerce etc., gaining traction, thereby reinforcing the need for such high-quality networks. We are in a sweet-spot, since we provide the telecom equipment required for building such networks, especially with an increasing demand for designed and manufactured in India products.

FY20 was a challenging year for us. Both our revenues and profitability declined primarily due to weak business environment in India coupled with COVID-19 disruption towards the end of the year. The economic environment continues to be uncertain globally which makes it difficult to predict our near term performance. However, we believe that as a company we are well positioned to emerge stronger from the current challenges.

We are a zero-debt company with a strong balance sheet that enables us to invest and grow even in this challenging environment. Add to that, the new geo-political situation provides us with a greater market opportunity as our products are completely designed and manufactured in India. Our focus to seek opportunities in the global markets is gaining traction as customers seek to de-risk their sourcing countries. Our continued focus on R&D from cost competitive country like India provides us the

required competitive advantage. We built a highly scalable and agile model as a software-defined hardware™ company. We design hardware and outsource manufacturing for speed and scale. Our competitive strength comes from the power of our software with internally designed hardware providing the competitive thrust. Our continued investments in Sales & Marketing is opening up new markets for us. We believe that the long term growth potential of our company is intact despite these short term challenges.

The global telecommunication market is witnessing rapid advances in connected devices, networking technologies and surge in fixed as well as mobile data traffic. Post-Covid19, significant growth is expected in fiber-based home broadband due to wider adoption of work-from-home, videoconferencing, video streaming and video calling applications. This will require more aggressive investments by internet service providers to keep pace with the huge growth in network traffic. Similarly, it is estimated that the average monthly data usage per smartphone user will grow by almost 4X in the next five years driven by 4K/8K video streaming, high-bandwidth VR/AR applications and massive proliferation of IoT/M2M connections worldwide. Emergence of new technologies such as 5G and WiFi 6 technologies will support this data surge by enabling faster access speeds on increasingly powerful smartphones, tablets and connected TV sets both in developing and developed markets. By 2025, over 65% of the world population is expected to be covered by 5G, ~80% of India's population will have an LTE connection and over 200 million homes in India will have a fiber-based broadband connection.

Post-Covid19, significant growth is expected in fiber-based home broadband due to wider adoption of work-from-home, videoconferencing, video streaming and video calling applications. This will require more aggressive investments by internet service providers to keep pace with the huge growth in network traffic.

At Tejas, we have been focused on creating products that enable high-speed broadband access and backbone networks, using technologies such as GPON, DWDM, OTN, PTN etc. which enable high-capacity optical fiber networks. In addition, we have invested in creating leading-edge wireless products based on LTE technology for 4G and 5G radio networks. During FY20, we employed our software-defined hardware™ approach to launch an industry-leading hyper-scalable multi-terabit switch with a unique pay-as-you-grow design, for use in 4G/5G core and data center networks. We also introduced advanced capabilities in our current products such as 10G PON fiber broadband, 200G/400G/400G+ Metro DWDM transport and multi-technology access/edge convergence. We believe that with these new product and feature additions, we are well-positioned to win new customers and gain market share in existing accounts.

De-risking our business is of greater focus to us. A large majority of our revenues come from India as we are one of the leading suppliers of optical networking and broadband access equipment to both Private and Government segments. During FY20, our India revenues declined significantly due to the macro environmental issues that dogged the telecom sector, resulting in reduced capex spending. Add to that, major delays in government defence projects like “Bharatnet” and those in utility and defence sector had impacted our revenue growth. Going forward, we expect that demand for bandwidth in India will continue to increase and India will deliver strong revenues for us.

We continue to focus on the India market while increasing sales investments in international markets. Our current international focus is on countries in Africa and Middle East, South East Asia, Mexico and USA which together account for ~\$9 billion of total addressable market for our products. Moreover, many of the countries in emerging markets have “India-like” needs and our success in India serves as a strong reference in winning new customers in these markets. In FY20, our Africa business grew ~20% year-on-year, while other regions showed a revenue decline on account of delays in orders and shipments in Q4 due to Covid-19. Overall, we are pleased with the strong traction for our products in our target geographies, as evidenced by our signing up 5 Tier-1 service providers this year (including 3 in Africa), which lays the foundation for a firm recovery in the coming fiscal year.

Our focus is to de-risk the business by having at least 50% of our revenues from export markets in the next 2-3 years.

We are enthused by the Honorable Prime Minister of India’s call to build an «Atmanirbhar Bharat» which is self-reliant in critical areas

of technologies, such as telecom, which have long-term security as well as economic significance. As India’s leading telecom equipment company with a focus on design-led manufacturing, we are fully capable to step-up and meet the critical network requirements within the country. We see strong intent from the Government to strengthen policies such as Preference to Make in India (PMI), to promote Indian products, that have high domestic content and with significant Indian R&D and IPR.

As the world struggles to come to grips with the Covid-19 pandemic, we are taking all possible steps to ensure health and safety of our employees and all our stakeholders. We have implemented a comprehensive business continuity plan that addresses the full lifecycle of customer ordering, order fulfillment, post-sales support through virtualized meetings, greater use of internal collaboration tools, close tracking of critical components, preventive health measures in all our offices and facilities. We have implemented a work-from-home policy, which gives flexibility to employees, who can do so without resulting in any loss of productivity.

We are actively monitoring the situation as it evolves and responding in real-time to ensure that there is limited impact on our business operations or customer services without compromising the safety and well-being of any stakeholder.

On behalf of the Board of Directors of Tejas Networks, we thank the Government of India, Government of Karnataka, all Government agencies, Governments of various countries where we have business operations and we look forward to their continued support. We are grateful to our customers, employees, shareholders, suppliers and bankers, all of whom have supported us during these challenging times.

As Charles Dickens said, “It was the best of times, it was the worst of times”. While the near-term challenges remain and are continuing, the medium to long-term opportunities in front of us gives us a lot of confidence. As a company, today, we are well positioned to capitalize on the opportunities and grow. I wish you all good health and inner strength to tide over these testing times.

Warm regards,

Bengaluru  
April 21, 2020

**Balakrishnan V.**  
Chairman, Board of Directors





# CEO and MD's Statement

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

## Dear Shareholders,

FY2019-20 was a challenging year for our company in terms of revenues and profitability. Summary of our FY2019-20 financial performance is as follows:

- Consolidated revenue (net of taxes and component sales) were at ₹ 379.79 crore- YoY decline of 56.7%
- India revenues declined 63.5% YoY, while our international revenues declined by 30.8%
- Gross margins was 35.6% of our net revenues
- Profit After Tax was ₹(237.12) crore
- Working capital increased by 246 days to 452 days, primarily due to increased inventory.
- Our order book at the end of the year was ₹ 483 Cr, out of which around 40% is expected to be realized revenues in FY21.

The 57% y-o-y decline in FY20 revenues was primarily due to a major decline in India business, which had contributed 79% of total revenues in FY19. The impact of the capex slowdown in India on our revenues was further aggravated by the global outbreak of COVID-19 pandemic in Q4FY20, resulting in shipment delays for orders in hand and pushouts of few international orders to FY21.

The cash position of the company remains strong at ₹ 280 Cr cash with no debt, ensuring that we are adequately covered to meet our cash flows needs for growth over the medium term, even under adverse business conditions. With receivables of ₹ 456 Cr and

inventory of ₹ 252 Cr, we expect to improve our cash position during FY21. We will continue to focus on expense management in FY21, given the near-term uncertainties arising out of COVID-19.

While we expect volatility in our business in the near-term, the macro drivers of our business continue to be robust. With growing adoption of work-from-home, e-commerce and high-bandwidth video applications, data traffic on telecom networks has seen a surge. Telcos are expected to increase their investments in upgrading capacity of their access and backbone networks and also for increased fiberization- both to homes as well as cell towers (for 4G and 5G). COVID-19 has accelerated the demand for home broadband, especially in countries like India, that have less than 3% penetration for fixed broadband subscribers. Globally, the number of high-speed broadband connections (> 100 Mbps) is also expected to grow by 200% over the next three years, creating a strong demand for our optical and broadband access products.

## India Business

At a macro level, India continues to be a large and growing telecom market, with increased digitization of its economy and pent-up demand for data by consumer. In 2019, average customer consumed almost 10 GB data per month which is almost 40% more than North America and fifty times more than it did five years ago. Currently, with only 25% of cell towers in India fiberized and less than 3% homes having a high-speed broadband connection, the country is playing catch-up both in terms of optical network capacities as well as fiber coverage. With telecom seen as an essential service during the COVID-19 pandemic, there has been a 25% rise in broadband usage witnessed during the lockdown period, and this trend will accelerate the deployment of high-capacity and reliable broadband services.

The telecom network requirements of service providers in the developing economies of Asia and Africa closely mirror those of Indian telcos, thus enabling us to leverage our success in the Indian market to expand in these regions.

However, during FY2019-20, there were multiple factors that resulted in decline in capex in Indian telecom, which in turn adversely affected our India revenues. It started with hyper-competition, which caused financial stress on the telcos, which was followed by ruling on the AGR (adjusted gross revenues) issue by the Supreme court, that further strained the financials of the operators. In addition, Government spending in the form of capex for BSNL, investments in Bharatnet Phase-2 and execution of projects in utilities sector were also delayed, leading to an overall reduction of telecom capex in the country which in turn resulted in our India revenues declining 63.5% YoY.

Our India-Government business declined 88% year-on-year and constituted only 15% of our FY20 net revenues compared to 55% in FY19. Our India-Government business comprises two segments—business from BSNL/BharatNet and critical infrastructure business from utility companies (power, railways, oil and gas), smart cities and defence. In FY20, business from BSNL and Bharatnet was only 2% of the total net revenues and showed a year-on-year decline of 98%. Government of India has extended the deadline for completion of BharatNet in all 250,000 gram panchayats (up from 125,000) to FY21 and we expect some of the state-led BharatNet projects, to be executed in FY21. There was a 71% year-on-year decline in critical infrastructure business due to delays in project execution, while contributing 13% to our total revenues. In this segment, the company has won several new orders that will be executed in the coming year.

In FY20, India Private business declined by 6% year-on-year on account of slowdown in capex in second half of FY20 following the AGR judgement of Supreme Court of India. We are an incumbent supplier to all telcos in India, and expect to see an uptick in our business, based on our wins in new application areas. As telcos start increasing their capex in FY21 and beyond, especially to cater to the sharp rise in home broadband usage and enterprise connectivity, we should expect a growth in our business as well.

In the light of new geo-political developments, Government of India has stated its intent to become self-reliant in critical areas such as telecom and promote the use of trusted domestic products with policies like “Preference to Make in India”. COVID-19 has further highlighted the need for a secure, reliable telecommunications infrastructure in the country and to diversify supply-chain risks. As one of the leading domestic telecom equipment company, we expect to play a larger role in the domestic telecom eco-system.

### International Business

On a YoY basis, international direct business declined by 33% primarily due to COVID-19 related delays in order placement and fulfilment in Q4 of FY20. Our international revenues (including OEM business) constituted 33% of our total revenues in FY20. Presently, we are focusing on three international geographies—(a) South and South-East Asia (b) Africa and Middle East and (c) Americas. The three regions together, offer a US\$9.4 billion cumulative addressable market for our products in FY21, which is nearly 40% of the global telecom capex spend. The telecom network requirements of service providers in the developing economies of Asia and Africa closely mirror those of Indian telcos, thus enabling us to leverage our success in the Indian market to expand in these regions. Also, in the backdrop of recent geo-political developments post-COVID, we are being increasingly viewed as a neutral and safe alternate provider of world-class telecom equipment by our customers.

In FY20, Africa and Middle East (MEA) region registered healthy revenue growth of 20.1%. We signed up 3 new Tier-1 service providers in Africa and received significant repeat business from an existing Carrier of Carrier customer for their bandwidth capacity upgrades. We continued to make necessary investments to grow our footprint in the MEA region and have hired experienced senior sales leadership in the region. We have a strong funnel for FY21 from existing customers, since this region is witnessing strong investment activity in broadband networks and large-scale build-outs by web-scale companies.

Our revenues from the South and South East Asia region declined by 58.5% year-on-year due to push-out of orders by our customers in Malaysia, Bangladesh and Vietnam. During the year, we won our first order from a large Tier-1 win in Hong Kong. For FY21, we have a good order funnel from our existing customers.

Our sales activity in the Americas is mainly focused on USA and Mexico. FY20 revenues were largely derived from Mexico where we continued to win repeat orders from existing customers and also secured business from one of the country's leading enterprise service providers. Our USA business has shifted from OEM channels to direct channels. During the year, we strengthened our senior leadership team in the USA by appointing a Head-North America Sales and a CTO-North America. During the year, we made good progress by winning 6 new customers and appointing multiple system integrators as our channel partners to address Tier-3 accounts.

Telcos are expected to increase their investments in upgrading capacity of their access and backbone networks and also for increased fiberization- both to homes as well as cell towers

### Strategy

In terms of R&D and product strategy, we will continue to maintain our investments and stay focused on strengthening our product portfolio. We are seeing growing traction for our state-of-the-art optical, broadband and data networking products and will continue to make appropriate R&D investments to increase our product competitiveness, which is reflected in new application wins against global competitors.

On the sales front, for FY21, especially with possible travel restrictions due to COVID-19, our focus will be to broaden our customer-base in countries where we already have local presence. We will also focus on getting a larger walletshare from customers where we have incumbency, by winning new applications for our products. Our India business is expected to recover in the coming year, especially with a new focus on “Atmanirbhar Bharat” in the post-COVID scenario, which should benefit domestic telecom companies like us. The new geo-political developments are also motivating customers to diversify their sourcing and reduce their supply chain risks, and we are well positioned to benefit from this trend. We remain committed to reduce our country-concentration and expand our exports business, so as to achieve 50% of our revenues from international, in the medium term.

### Innovation and Awards

In FY20 we introduced TJ1600S/I, our latest packet and optical switching product at the India Mobile Congress (IMC), the biggest technology event of South Asia. TJ1600S/I is the world’s largest disaggregated packet-optical switch that can be used in 5G core networks, interconnecting hyperscale data centers and for building multi-terabit backbone networks. We continued to be recognized for our technology innovations and excellence. TJ1400 UCB, the world’s first ultra-converged broadband access/edge product that we had launched at the Mobile World Congress (MWC) in February 2019, was a finalist at “2019 Leading Lights Award (USA)” and “2019 Fierce Innovation Award (USA)”. Meanwhile Tejas continues to be a leading technology innovator in optical networking and broadband access with 349 patent applications, 116 global patent grants and a rich portfolio of 280+ semiconductor IPs. We are actively contributing to global 5G standards through our work in India’s telecom standards organization (TSDSI), which is a full organizational partner of 3GPP.

### Our People and Community

We take great pride in our ability to attract and nurture highly skilled, knowledgeable and innovative individuals across all functions in the organization and in all countries where we operate. While there is intense competition for talent in our industry, our annual attrition rates have remained consistently below the industry average over last several years. This is also evident from the fact that many of our senior employees have been with the company for 10+ years and more than 25 employees from our original team from year 2000 are still with us.

As a responsible business, we support a wide range of societal initiatives by reputed partner organizations that positively influence the lives of people in our local communities in areas such as mid-day meals, healthcare and education. In FY20, we spent Rs 0.98 crore towards various Corporate Social Responsibility (CSR) projects in education, skill development and disaster relief. To address the challenges of COVID-19 pandemic, we donated Rs 11 Lacs to the Karnataka Chief Minister’s Relief Fund (CMRF) and Rs 40 Lacs to support Akshaya Patra Foundation Bangalore, that runs the world’s largest mid-day meal programme and is now providing food and ration as a part of our country’s COVID-19 relief efforts.

### Looking Ahead

In May 2020, Tejas completed 20 years of our successful journey. Our company was established in 2000 with a vision to create a pioneering, global networking product company from India. Over these 20 years, we had a truly exciting journey and have created 45+ world-class products, successfully graduated from being a startup to a publicly listed company, shipped more than 500,000 systems to customers in 75+ countries while generating over US\$ 1 Billion in revenues and we are currently a top-10 vendor in the worldwide optical aggregation market.

Today, we are in the midst of the COVID-19 pandemic and are witnessing significant uncertainty and challenges in the near-term across all sectors. However, telecom is one of the few bright spots in this global landscape, since it is playing a critical role in ensuring that people and business stay connected. With work-from-home becoming the new normal and high-bandwidth video applications becoming more popular, data traffic on telecom networks has seen a massive surge and global telcos are expected to increase their investments in home broadband and upgrade capacities on their metro and backbone networks. The macro drivers of our business namely increasing data usage, growing fiberization, extensive build-outs of hyperscale data centers and 4G networks continue to remain strong. We look forward to capitalizing on these opportunities, especially in the new and ever changing geo-political situation.

I extend my sincere appreciation to the Board of Directors for their continued guidance and support. I also wish to thank all stakeholders, including our employees, customers and shareholders for their continuing faith in the company, especially in showing resilience during these challenging times. I am optimistic of the opportunities that are ahead of us and I look forward to taking our company to greater heights and achieving many more successes in the years to come.

Warm regards,

Bengaluru  
April 21, 2020

**Sanjay Nayak**  
CEO and Managing Director

# Board of Directors



## Balakrishnan V

*Non-Executive Chairman, Independent Director*

Mr. Balakrishnan is an associate member of the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretaries of India. He has received the Best CFO award from Finance Asia in 2011 and Best Performing CFO Award for IT and ITES sector from CNBC in 2009. He is the founder and chairman of Exfinity Venture Partners LLP and has also served as the group chief financial officer and member of the board of directors at Infosys Limited.

## Sanjay Nayak

*CEO & Managing Director*

Mr. Nayak is the Co-founder, CEO and Managing Director of Tejas Networks. He has over 30 years of experience in the field of telecommunications and networking. Prior to Tejas, Mr. Nayak was the Managing Director of Synopsis (India). He is currently the Chairman of FICCI's Sectoral Committee for Science, Technology and Innovation, was the former Co-Chairman of India's Telecom Export Promotion Council (TEPC) and has been inducted as a fellow of the Indian National Academy of Engineering (INAE).



## Dr. Gururaj Deshpande

*Non-Executive Director*

Dr. Deshpande has several years of experience in heading a private family investment group. He is the President and Chairman of Sparta Group MA LLC. He also serves as a life-member of the MIT Corporation, USA. Dr. Deshpande has a PhD degree from Queen's University.





## Amb. Leela K. Ponappa

*Non-Executive Independent Director*

Amb. Ponappa was an officer of the Indian Foreign Service for several years. She has served as the ambassador of India to Thailand and Netherlands. She has also held the post of Deputy National Security Adviser and Secretary, National Security Council and Additional Secretary in the Ministry of External Affairs. Amb. Ponappa was also appointed as a permanent representative to the Organization for the Prohibition of Chemical Weapons.

## Arnob Roy

*Executive Director & COO*

Mr. Roy is the Co-founder, Executive Director and Chief Operating Officer of Tejas Networks. He has over 30 years of high-technology industry experience in research & development, operations and sales. Prior to joining Tejas Networks, Mr. Roy worked as the Manager, research and development in Synopsys (India) Private Limited.



## Chandrashekhar Bhaskar Bhawe

*Non-Executive Independent Director*

Mr. Bhawe served as the Chairman of Securities and Exchange Board of India (SEBI), India's capital market regulator, from 2008 to 2011, prior to which he was the Chairman and Managing Director of National Securities Depositories Limited (NSDL) from its inception in 1996 till 2008. He was a 1975 batch Indian Administrative Services (IAS) officer and has worked with the Central and State Governments in various capacities and roles. Mr. Bhawe has won several awards from the Government of Maharashtra for his outstanding work.



# Business Summary



## Customers

### Customer Segments

- Telecom Operators
- Internet Service Providers
- Carrier of Carriers
- Critical Infrastructure
- Web-scale Companies
- Government Agencies

### Customer Applications

- Mobile Backhaul
- Wholesale Bandwidth Services
- Residential Broadband
- Network Transformation
- Enterprise Services
- Data Center Interconnect
- Critical Infrastructure Communications
- Government Networks



## Offerings

### Products

- Optical Transmission Equipment
- Broadband Access Equipment
- Ethernet/IP Switches
- Network Management Software
- Lifecycle Management Services

### Sustainable Advantages

- Software-defined Hardware™
- Ultra-converged Access/Edge Products
- Rich IPR Repository
- Unique Business Model leveraging Low-cost India R&D
- Technology + Quality + Cost-effectiveness



## Markets

### Focus Geographies

- India
- South & South East Asia
- Middle East and Africa
- USA, Mexico, Canada and Brazil

### Key Milestones

- 500,000+ Products Shipped
- 75+ Countries
- \$1 Billion in Cumulative Revenues
- TL9000 Certified

# Our History and Milestones



## 2016-2020

- Crossed important milestone of 500,000 product shipments with deployments in 75+ countries
- Selected as an optical and broadband equipment supplier for the world's largest 4G network by subscribers
- Supplied GPON and Ethernet switches for one of the world's largest rural broadband and public WiFi networks
- Procured international orders from 25+ Tier-1 international customers in Africa, South-East Asia and Mexico
- Won prestigious national technology award from TDB/DST and national IPR award from Ministry of Commerce
- First deep-technology startup from India to do an IPO and list on BSE/NSE
- **Cumulative Gross Revenues since Inception > \$1 Billion**



## 2011-2015

- 250,000+ products shipped with deployments in 50+ countries
- Signed OEM contracts for supply of our packet-optical products with two leading international vendors from USA and Japan.
- Launched and deployed POTP and DWDM products in three Tier-I 3G networks in India
- Deployed one of Asia's first and largest pure-packet PTN networks for mobile backhaul in Malaysia
- Selected as a supplier for Africa's largest carrier of carriers and for Bangladesh's national broadband network
- Recognized as Top-5 domestic patent filer in IT by India Patent Office
- Won the prestigious CSIR Diamond Jubilee Technology Award twice from the Honorable Prime Minister of India
- **Cumulative Gross Revenues since Inception > \$750 Million**



### 2006-2010

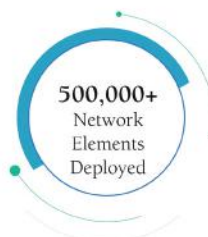
- 80,000+ products shipped with deployments in 25+ countries
- Registered first customer wins at Airtel, Tata Communications, Power Grid (PGCIL), Oil India (OIL), Gas Authority of India (GAIL)
- Executed our first global OEM agreement with Nortel Networks
- Won and executed large BSNL order for Optical MADM equipment
- Launched STM-64 and Carrier Ethernet products; Obtained MEF CE1.0 certification and first to demonstrate a commercial version of ERPS standard at Carrier Ethernet World Congress (CEWC)
- Won prestigious “Deloitte Fast 50 India”, “Red Herring 100 Asia” and “Red Herring 100 Global” awards; Featured as a Harvard Business School case study
- **Cumulative Gross Revenues since Inception > \$400 Million**



### 2000-2005

- Incorporated in Bangalore. Founding team included Sanjay Nayak (CEO & MD), Dr. Kumar Sivarajan (CTO) and Arnob Roy (President - Optical)
- Procured first order from Tata Power and helped build India's first Metro DWDM network in Mumbai
- Launched our first product - TJ100 STM-1 Multiplexer; Introduced a range of STM-1/4/16 MSPPs
- Successfully won and built Railtel's first pan-India network using Tejas MSPP products
- Received award for Excellence in R&D from DSIR, Government of India
- **Cumulative Gross Revenues since Inception > \$20 Million**

# Expanding Global Footprint





# Innovative Business Model

## India-based R&D

4X R&D productivity compared to global peers by using talented yet low-cost workforce based in India, use of mass-market FPGA devices with ownership of silicon IPR

## Asset-light Manufacturing

Outsourced manufacturing to a diversified set of electronic contract manufacturers enabling us to scale-up manufacturing, while making only incremental investments.

## Low Operations Costs

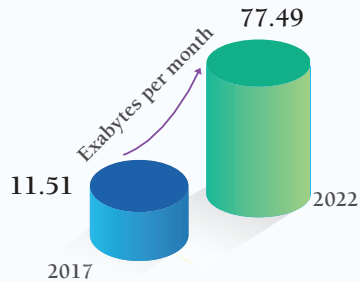
S,G&A costs are half of our global peers creating a large growth potential. Our gross margins are competitive despite lower economies of scale.

**Superior  
Operating  
Leverage**

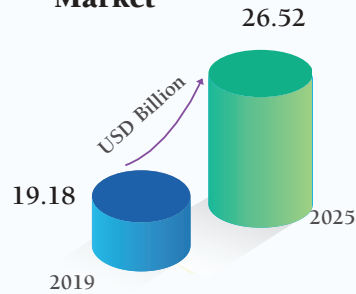


# Macro Trends Fostering Growth

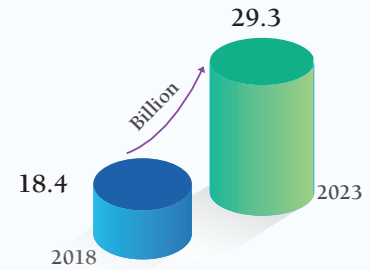
## Global Mobile data traffic



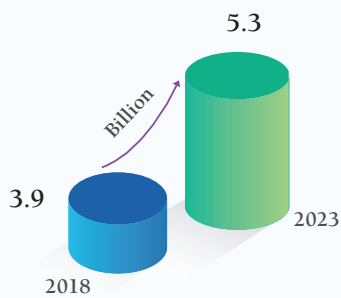
## IoT Connections Market



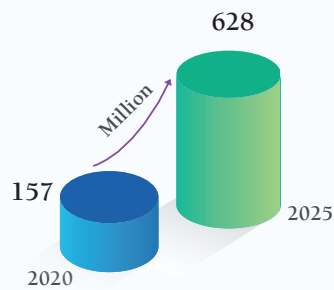
## Networked Devices



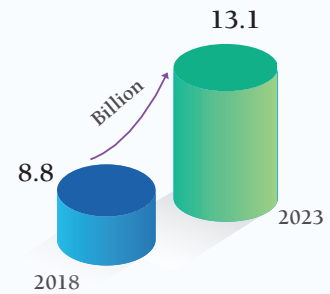
## Internet Users



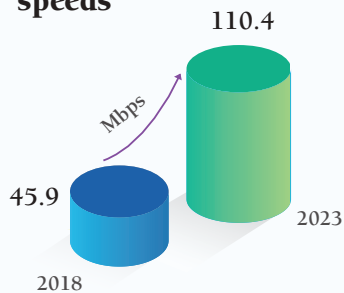
## Public Wifi Hot spots



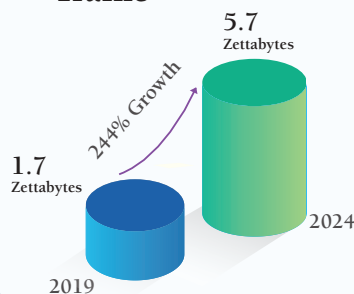
## Mobile Devices



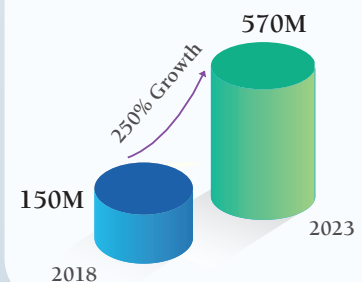
## Fixed Broadband speeds



## Network Data Traffic



## High-speed Broadband Subscribers (> 100Mbps)

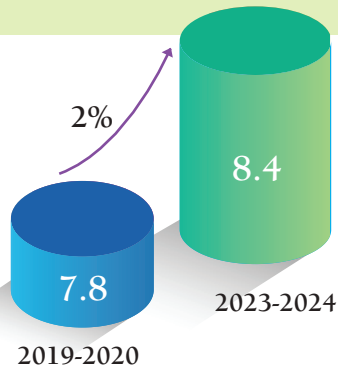


# Our Growth Strategy

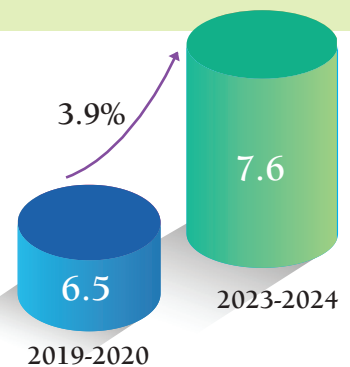


# Technology Focus on Large and High Growth Markets

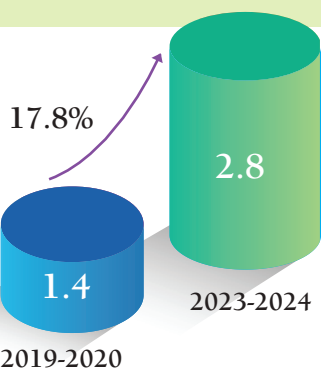
## Global Optical/Ethernet Aggregation (\$Billions)



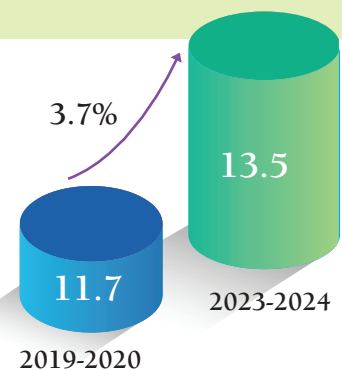
## Global Fiber-to-the-Home Equipment (\$Billions)



## Global Fixed Wireless Access Equipment (\$Billions)



## Global Access & Metro WDM (\$Billions)



# Powering Global Data and Broadband Networks

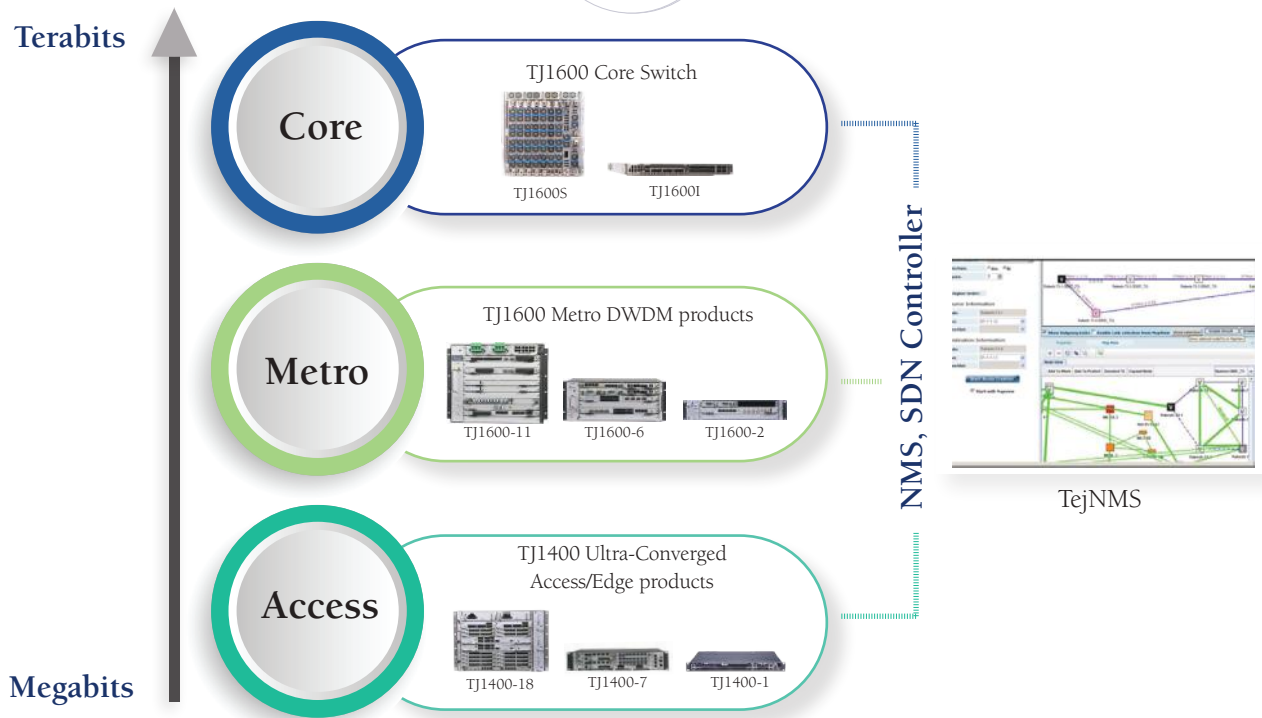
Tejas Networks is a global R&D-driven telecom equipment company headquartered in India. Tejas designs, develops and manufactures high-performance optical and data networking products that are used by telecom service providers, utilities, government and defence networks. Tejas has an extensive portfolio of leading-edge telecom products for building end-to-end broadband networks based on latest technologies and global standards. Tejas products include carrier-grade optical transmission, fiber broadband, broadband wireless (based on LTE 4G/5G) as well as multi-gigabit Ethernet/IP switching and routing products that are fully designed and made in India.



## Future-ready Products

Tejas products utilize a novel software-defined hardware™ architecture that enables us to deliver highly differentiated network solutions. Tejas products can seamlessly transcend multiple technology generations (2G/3G to 4G/5G) without network disruption and can scale from few megabits to multi-terabits of switching capacity. TJ1400UCB, a 5G-ready ultra-converged platform, innovatively combines fiber/wireless/copper based broadband access with packet transport services on the same shelf. TJ1600S/I, a disaggregated packet-optical product, is capable of scaling up to 48 terabits of switching capacity.

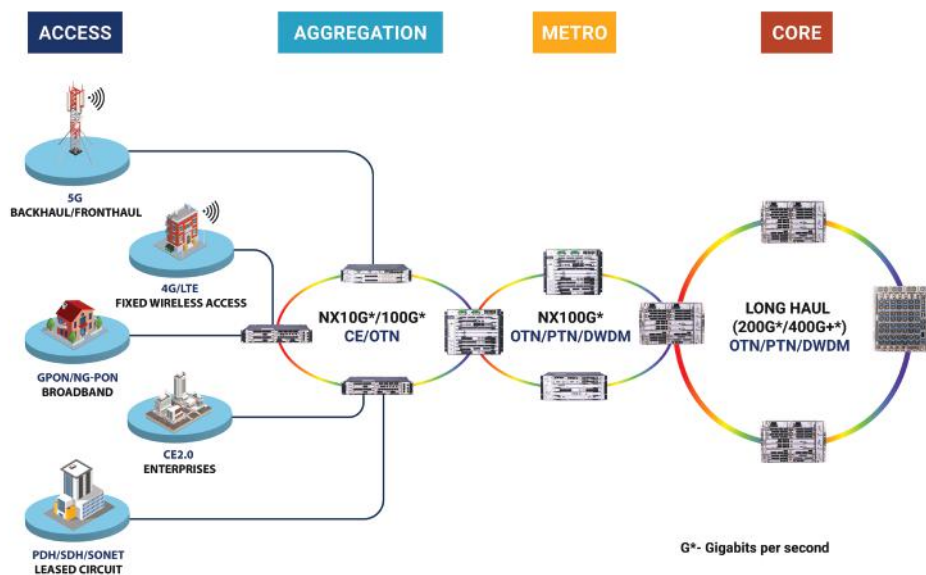




Tejas Network Management System (TejNMS) is SDN-Ready. It simplifies network deployments and service implementation across all our products. With a web-based graphical user interface for point-and-click provisioning of services, wizards to speed up operational tasks and profiles to automate repetitive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

## 5G-Ready Converged Packet Optical Transport

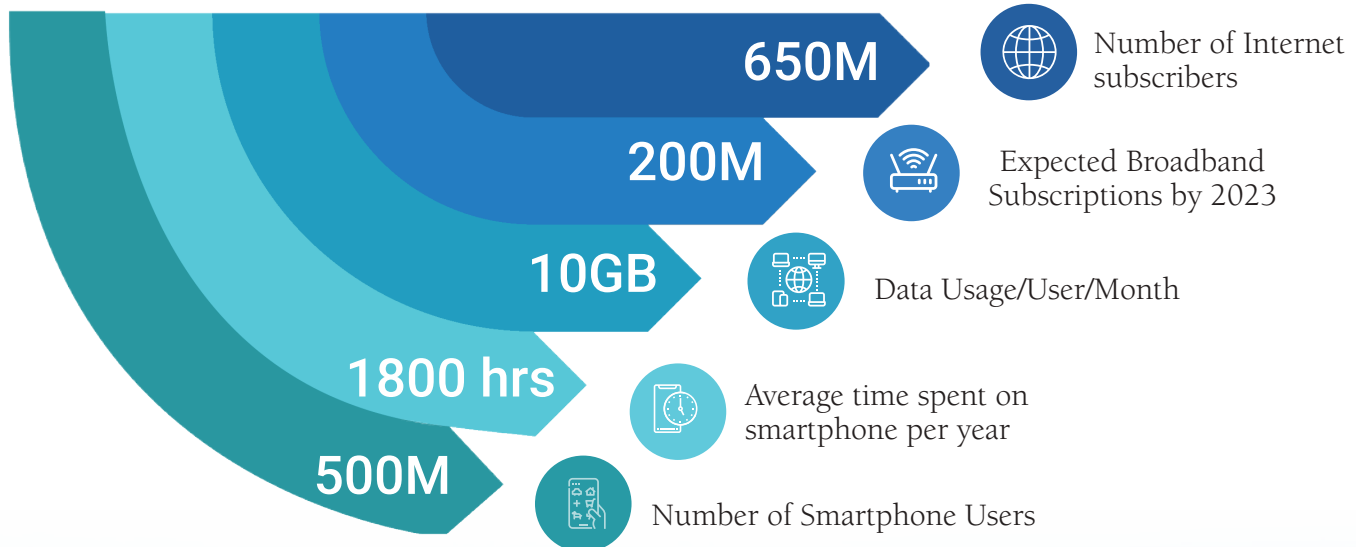
5G will drive a new network architecture. The transport infrastructure is the key to secure the best 5G experience. Our products are 5G-Ready to support telecommunication service providers in providing a high-performance and highly reliable end-to-end optical fiber network that can cost-effectively fulfil end-user demands.





# Well Positioned to Leverage India's Telecom Growth

Over the last two decades, India has transitioned from a voice-centric telecom market to the world's largest carrier of mobile data traffic. With a huge pent-up demand for fiberization and home broadband, today India is one of the fastest growing optical equipment markets in the world with an annual spend in the range of \$1 billion. Our target customer segments in India include Private Telcos, India Government-Critical Infrastructure and India Government-PSU Telcos (Public Sector Units) and USOF (Universal Service Obligation Fund) Projects.



**India-Private Segment:** We have a strong incumbent advantage in India and are present in all large pan-India telecom networks in the country. In India-Private segment, our products are deployed in the country's largest enterprise service provider network, two of the world's top-10 mobile operator networks for 2G/3G services, and the world's largest 4G network in terms of subscribers. Growth opportunities in this segment include new application wins for pan-India FTTx services, metro capacity expansion projects and gigabit speed enterprise connectivity for cloud and data center applications.

# Powering Telecoms for India's Critical Infrastructure



## Oil & Gas

- Large installed base in India's Oil and Gas sector
- Inter-connecting oil refineries, pipelines and pumping stations
- Captive networks for SCADA, video surveillance, LAN and Voice/VoIP applications



## Power Sector

- Leading supplier of communication equipment to India's power sector
- 8000+ nodes deployed in national and state electricity networks
- SCADA, ULDC and Carrier of Carrier applications



## Rail Sector

- Large presence in Indian Railways communications network
- 10,000+ SDH/PTN nodes in RailTel
- Deployed in RailTel's public WiFi project covering 4700+ stations



## Defence

- Modernization of strategic networks
- Supplier of networking equipment to defence tri-services in India; deployed in AFNET/MRSAM/MAFI, Army CIDSS, Navy NFS networks
- 10,000+ nodes of SDH/PTN, DWDM and Switches installed



## Smart and Safe Cities

- Deployments in city-wide and campus-scale network infrastructure
- Industrial-grade Ethernet switches and GPON OLT/ONT products
- Video Surveillance, Public WiFi and IoT-based Municipal Services delivered using Smart Poles



# Proven Experience in Large-scale Country-wide Rollouts

## BharatNet



- Fiber optic network reaching 250,000 villages across India
- Over 600,000 kilometres of new fiber
- Guaranteed 100 Mbps broadband connectivity to every village office
- GPON technology used for FTTx (Fiber to the Home/Premise) application
- Tejas supplied and installed solar-powered GPON ONTs at 75,000+ villages and GPON OLTs in 2600+ towns across India



Awarded “**Best Performing Equipment Supply Partner**” by the Government of India for BharatNet Project, Phase-1

## Railway WiFi

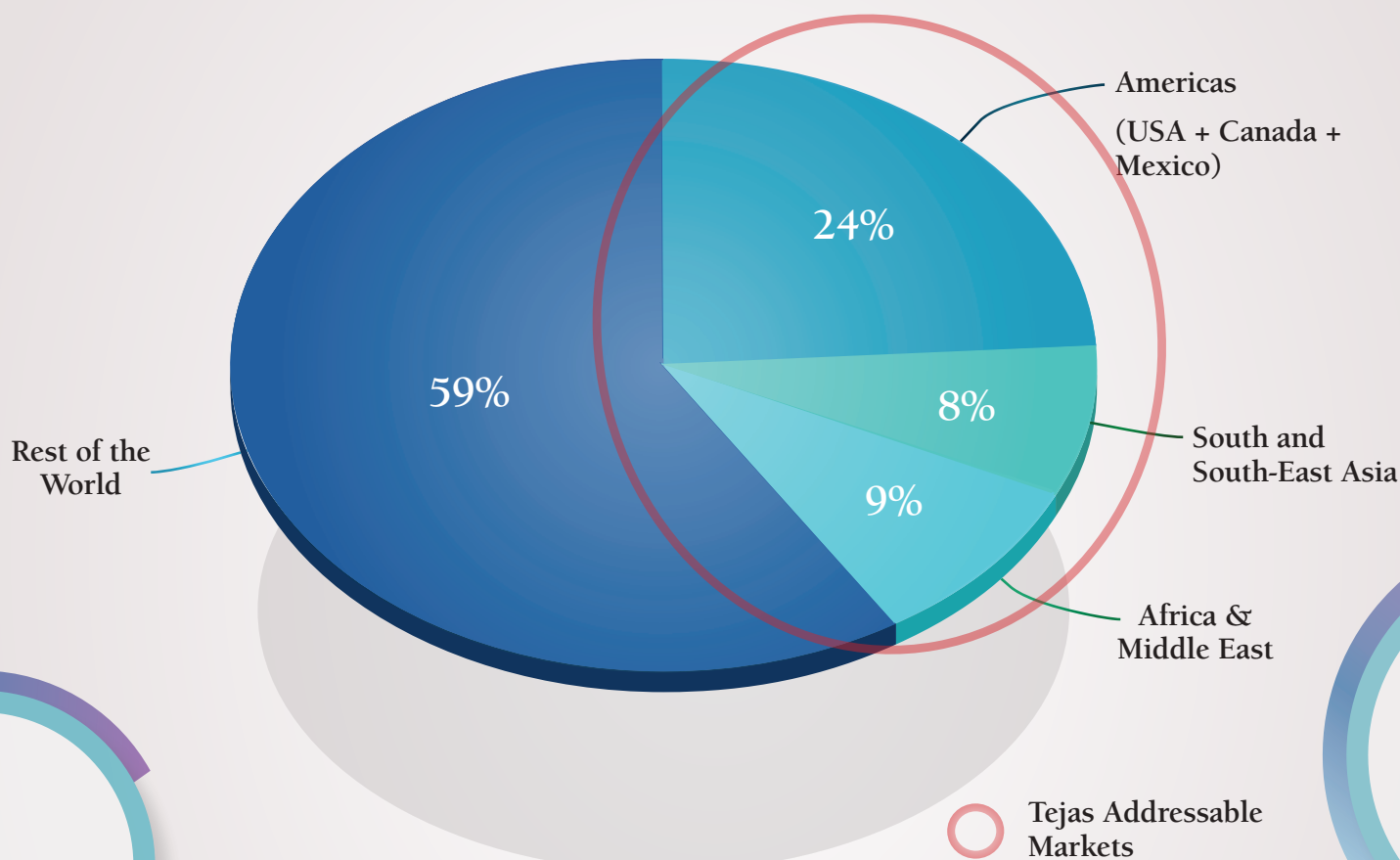


- One of the world's largest public WiFi networks; Pan-India network covering 4000+ railway stations primarily in small towns and rural areas
- GPON OLT, ONT and WiFi access points supplied and installed
- Complex network providing reliable bandwidth connectivity to thousands of remote stations backhauling internet traffic
- Live network currently being accessed by 1.5 crore users, consuming over 10 petabytes of data every month



Completed supply and installation of over 10,000 equipment nodes across India in record time of 4 months

# Sizeable International Opportunities



Addressing ~40% of  
Global Market



Tejas TAM for FY21:  
\$9.4 Billion





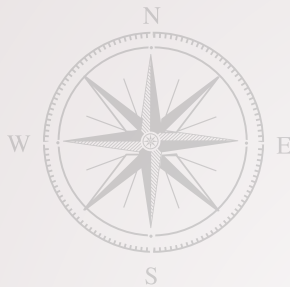
# Africa and Middle East

Region targeted through four regional offices and local sales teams in Nigeria, Kenya, South Africa and Dubai

Key applications: Alien Wavelength, Micro-OTN, Ultra-converged Access

Total Addressable Market of ~\$2b in target countries; expected to grow to ~\$2.5b by 2023





# Americas

Focus on USA, Mexico, Canada and Brazil

Presence in leading networks of Mexico

Targeting primarily Tier-2 and Tier-3 operators in USA

Key Applications: Network Modernization, Rural Broadband

Total Addressable Market of ~\$5.1b in target countries; expected to reach ~\$5.9b by 2023





## South and South-East Asia

Targeted countries: Bangladesh, Sri Lanka, Bhutan, Malaysia, Vietnam, Cambodia, Indonesia, Philippines, Myanmar, Laos, Taiwan

Key Applications: PTN, Metro DWDM/OTN, Fixed Wireless

Total Addressable Market of ~\$2.3b in target countries; expected to grow to ~\$2.8b by 2023






# International Success Stories


A leading global wholesaler that provides capacity to African telcos deployed TJ1600-2 Micro-OTN product, which is an innovative OTN/DWDM Tejas solution that effectively scaled to meet the growing bandwidth requirements in the access network with significantly reduced capex.

A leading US carrier was exploring a cost-effective replacement of ageing legacy equipment. Tejas' TJ1400 family of Ultra-Converged broadband access/edge products for modernization was deployed to upgrade to a high capacity packet network, which supports dense PDH and SONET circuit emulation with transmux.





Tejas successfully deployed an end-to-end alien wavelength solution on TJ1600-11 for a leading telecom carrier in Mexico. The requirement was to upgrade the existing DWDM network capacity to address the growing bandwidth demands with Nx100G lambdas. A major part of Alien lambda links were for long haul with some links more than 2000 kilometres.



A leading wireless ISP in South-East Asia wanted to replace their existing WiMAX network and explore a solution that could build a future-proof and reliable network. Tejas deployed a robust end-to-end TD-LTE solution to replace existing WiMAX network. The solution included TJ1602W to process traffic from 1500 LTE CPEs per cell and TJ6003W EPC to handle up to 48Gbps worth of backhaul traffic.

# Innovation-driven R&D Strategy

Our company's business success is driven by a targeted focus and a continuous zeal to be at the forefront of technological advancements in the field of telecommunications. As an R&D-driven organization, our R&D team comprises more than 50% of the organization strength. We have continued to invest in the development of new product capabilities and in expanding our portfolio breadth to align with the changing technological landscape and to dynamically meet customer demands.

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

## Industry Leadership

Standards  
**tsdsi**  
India's Telecom SDO

Tejas is founding member of India's Telecom SDO and actively driving new standards for optical and 5G technologies



Tejas is a key member of India's Telecom Export Promotion Council



Tejas CEO is Chairman of FICCI's Committee on Science, Technology and Innovation

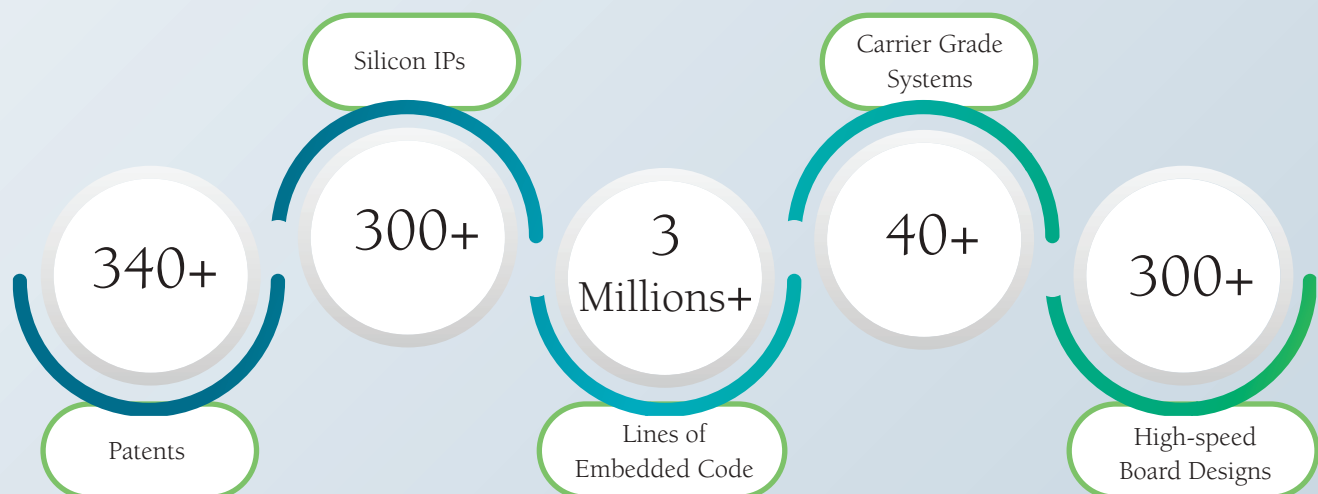


Active member of India's leading industry confederation



Key member of India's premier electronics and semiconductor association

## Intellectual Property



## Competitive Differentiators

### Software-defined Hardware™

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



### Future-Ready Products

Support multiple technology generations from same platform

(2G/3G 4G/5G),  
(GPON -> XGS-PON/NG-PON)



## Latest Innovations

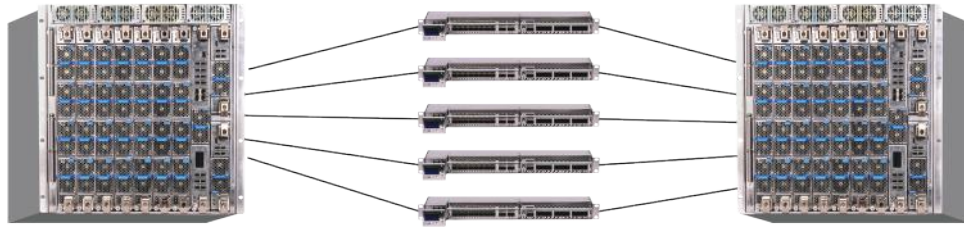
### TJ1600 Core Switch - Hyperscale Disaggregated Optical Transport & Switching

TJ1600 Core Switch (TJ1600S/I) is the world's largest disaggregated multi-terabit packet-optical switch optimized for 5G, cloud and broadband networks. TJ1600S/I was unveiled by Shri Ravi Shankar Prasad, Hon'ble Minister for Communications, Electronics & Information Technology and Law & Justice, Government of India in the presence of Shri Anshu Prakash, Chairman DCC and Secretary (T), Department of Telecommunications (DoT) at the India Mobile Congress 2019, New Delhi.

TJ1600S/I is the latest addition to Tejas' TJ1600 series of carrier-class products for optical aggregation, metro and core networks. TJ1600S/I is a future-proof packet and optical switching product that enables service providers to efficiently handle up to 48 terabits of data traffic while optimizing shelf space and power consumption. TJ1600S/I adopts an innovative disaggregated architecture vis-a-vis the traditional industry approach of building large monolithic systems that are highly inefficient in terms of space and power utilization. The novel architecture enables dynamic and incremental scaling of switching capacity from a few hundred gigabits to tens of terabits by coupling a central TJ1600S fabric shelf with multiple compact TJ1600I interface shelves in a non-blocking fashion.



## Highly Scalable Disaggregated Switch Architecture



TJ1600 Core Switch

## High-capacity Micro-OTN Switch



TJ1600-2

## Versatile Line and Service Cards

Terabit DWDM Card



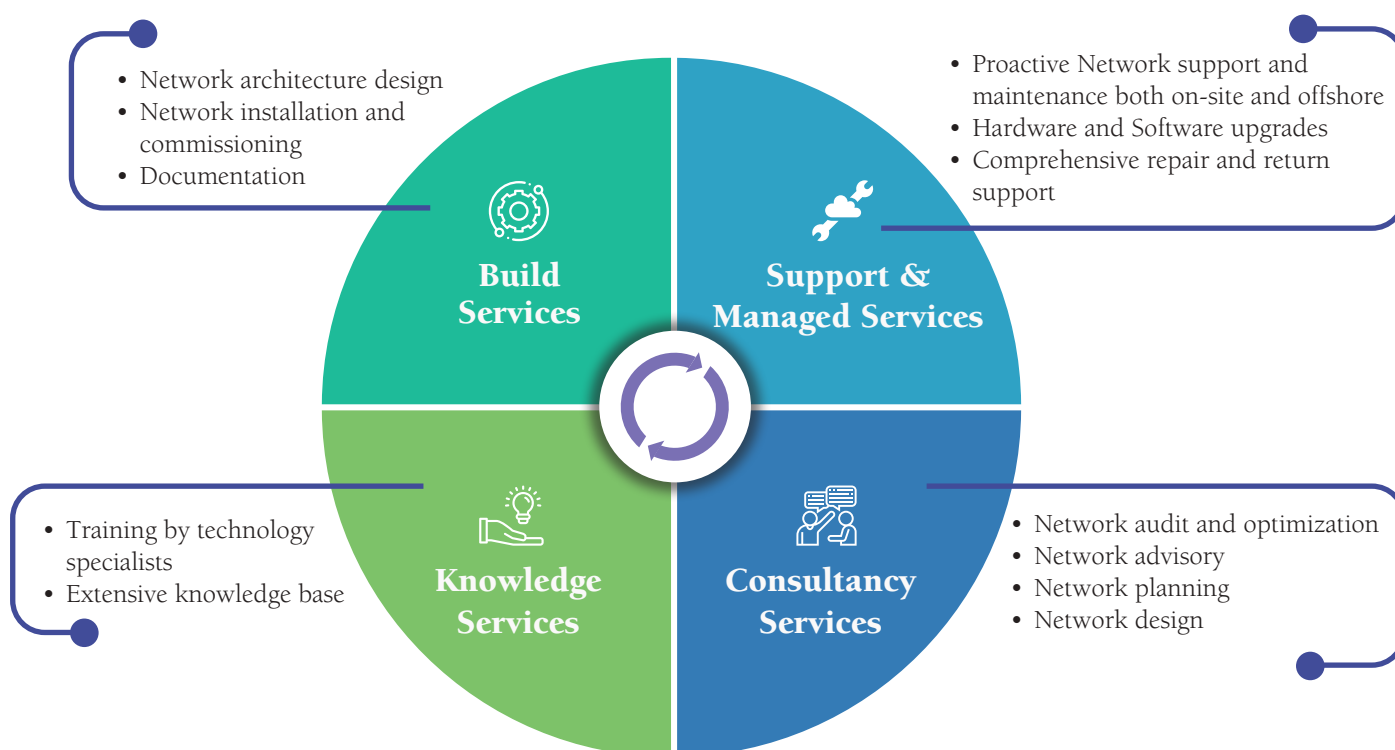
LTE/LTE-A Radio Access Card





# Enabling Great Customer Experience

With 350+ multi-technology product specialists and 200+ trained vendor teams, Tejas Networks is well-equipped to support deployments in 75+ countries with 440+ customers. Our 24\*7 Technical Assistance(TAC) Centre in Bangalore with 26 support centres across India, Asia, Africa and Central America are trained to leverage the latest technologies to deliver a world-class network service. Our services support team has extensive experience in Packet Optical, DWDM, PTN, MPLS, OTN and other networking technologies. Our end-to-end services portfolio is designed to optimize Total Cost of Ownership (TCO) through well researched transformation programs and technology enablers.



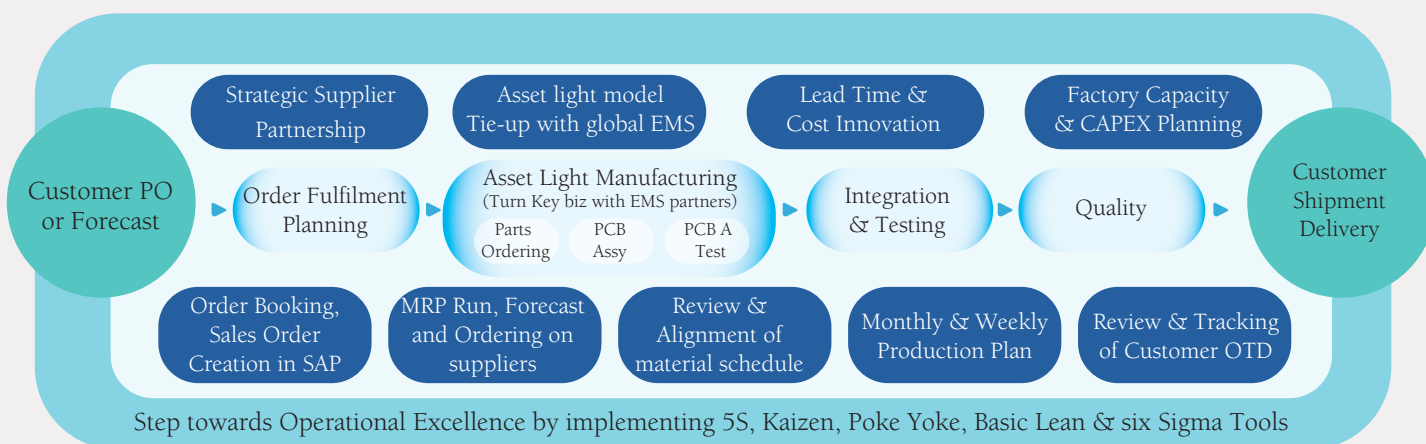
## Service Excellence Highlights

Our geographically diverse customer support resources and our technical support team provided emergency support 24x7 virtually across the globe, during the COVID-19 lockdown ensuring business continuity.

# Asset-Light Manufacturing and Supply Chain

Our supply chain employs an efficient and lean manufacturing model. Our objective is to create a best-in-class global supply chain, which exceeds customer expectations with timely deliveries and consistent high quality, while minimizing inventory levels and reducing manufacturing cost

## SUPPLY CHAIN MODEL



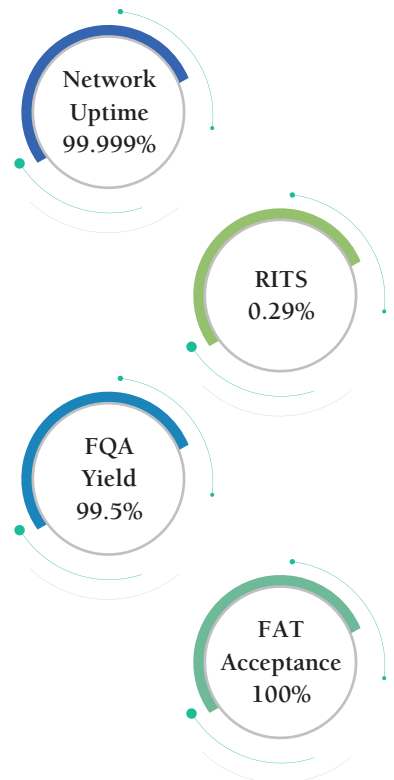
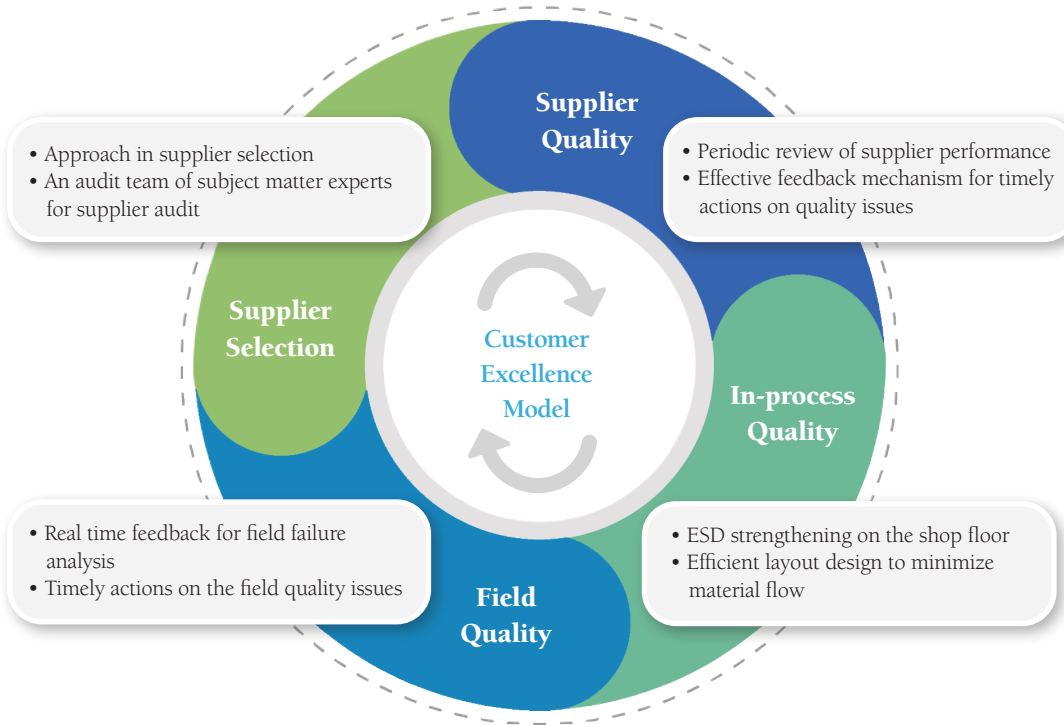
We manufacture our products in India through partnerships with reputed EMS companies which help us to stay asset-light and cost-efficient in production. We have an in-house manufacturing facility focused on final integration, testing and quality control in order to ensure that only high-quality products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



## Focus on Quality and Innovation

Quality is an important element of our culture and the field performance of our products is more than 99.999% uptime. We are TL 9000 & ISO 9001 certified for our quality management system with reference to our supply chain, R&D and manufacturing processes. We have established sophisticated design, development and testing infrastructure in-house, which helps us monitor our quality management closely. Our optical networking products have received type/interface approvals from the Telecommunication Engineering Centre (TEC) and have received Technical Specification Evaluation Certificate (TSEC) in India. We have also been approved under various international standards such as MEF CE2.0, CE marking, cTUVus mark, FCC, ICES, Safety standard IEC60950-1 in connection with our products. We also comply with European Union directives on electronics waste, Waste of Electrical and Electronics Equipment (WEEE) and Restriction on the use of Hazardous Substances (RoHS).

### Customer Satisfaction



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

200+ Kaizens Implemented



### ISO 9001 & TL 9000 Certification



# World-class Team

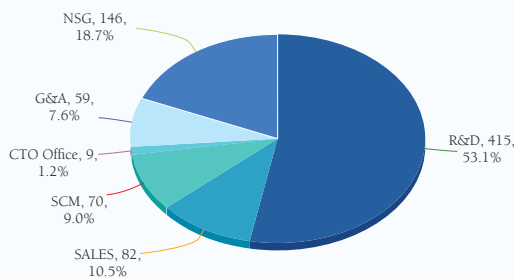
Over the last 20 years, Tejas Networks has emerged as a truly global company with 15 offices in 12 countries. More than 50% of our workforce is in R&D and a majority of them are from top colleges and universities of India. Tejas Networks, with its collaborative work environment, has been able to retain 4% of its employees for more than 15 years.

## Total Headcount



781

### Function- wise Headcount



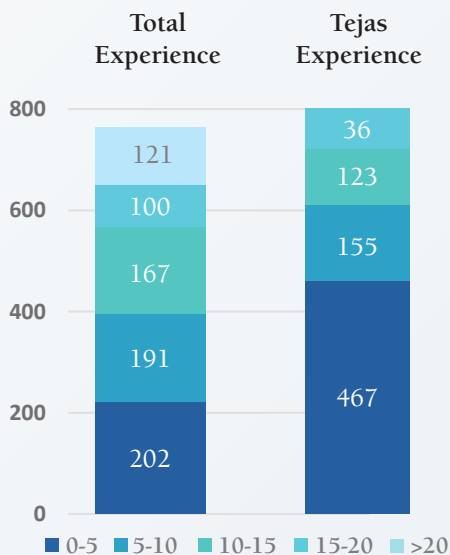
## Experienced Team



**R&D Team** Avg experience **25.3** years  
(Avg 12.2 years @ Tejas)

**Sales Team** Avg experience **23.4** years  
(Avg 8.6 years @ Tejas)

### Experienced Team



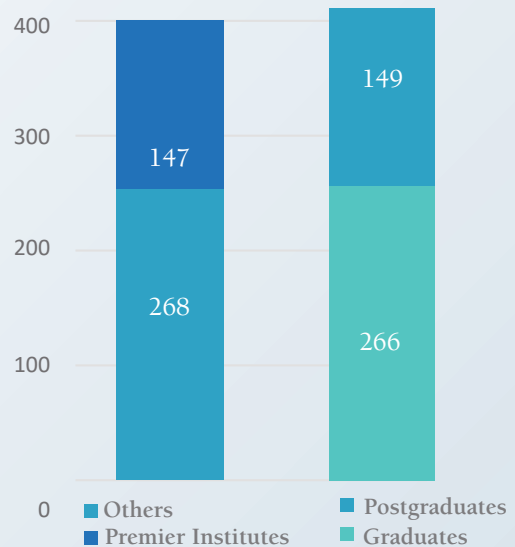
Experienced Team

~50% with > 10 yrs industry experience

Stable Team

~40% of team has been @ Tejas > 5 years

### Qualified R&D Team



~40% of R&D team from premier institutes

~40% of R&D team holds Masters/PhD degrees



# CSR Initiatives



Tejas Networks collaborated with ICT Academy for student skill development in Tamil Nadu. To support the Academy's cause, Tejas Networks provides vocational skills to higher education teachers and students that enhance employment opportunities by making the students work-ready upon graduation. The company has contributed a sum of INR 50 lakhs towards this collaboration.



The Akshaya Patra Foundation operates the world's largest mid-day meal programme that serves wholesome food to over 1.8 million school children every day in India. As part of their COVID-19 relief efforts, the organization has served 2,62,37,703 cooked meals and provided essential grocery kits to 7,15,084 families affected by the pandemic. Tejas Networks donated INR 40 lakhs to this cause.



Tejas Networks donated INR 11 lakhs to the Karnataka Chief Minister's Relief Fund (CMRF) to support the state's relief efforts to contain the damage caused by the COVID-19 outbreak. With the pandemic increasing the demand for digital connectivity, Tejas is providing timely support to the customers so that businesses, government offices, hospitals, homes and other essential services stay connected.



The International Institute of Information Technology, Bengaluru (IIIT, Bengaluru) which was established with a vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation is working on a research proposal on ML-based Network Node Reliability Prediction. Tejas Networks has contributed an amount of INR 25 lakhs towards the work.



Tejas Networks has contributed an amount of INR 40 lakhs towards "Project Inclusion" by Sri Aurobindo Society, Puducherry. The project aims to bring children with hidden disability who are unable to cope-up with the world around by giving them equal and quality education.



Tejas Networks has supported the Deshpande Foundation, Hubballi towards its initiative, "Skill in Village" with a contribution of INR 26 lakhs. The foundation works towards nurturing entrepreneurial mindsets by impacting grassroots problems through innovation, collaboration and sustainability.



Tejas Networks has contributed INR 5 lakhs to SELCO Foundation, Bengaluru for its Solar Powered Digital Education Program. The program improves the quality of classroom education and increases learning effectiveness by implementing digital educational content and digital tools powered by solar energy in rural schools.



# Awards and Accolades



**Launch of TJ1600S/I - World's Largest Disaggregated Multi-terabit Packet-optical Switch** – by Shri Ravi Shankar Prasad, Hon'ble Minister for Communications, Electronics & Information Technology and Law & Justice, Government of India at India Mobile Congress, 2019.

**Finalist at Fierce Innovation Award- Telecom Edition 2019** in the "Next-gen Deployment Wireline" category. Tejas was shortlisted for its TJ1400 Ultra-Converged Broadband Access/Edge (UCB) Product Family



**Finalist for Leading Lights 2019 awards** in the "Most Innovative Telecoms Product (Optical/IP/Carrier Ethernet/ FTTH)" category. Tejas was selected for its TJ1400 Ultra-converged Broadband Product Family.

"Awarded **"CNBC Awaaz 2019 award - Technology Company of the Year"** for commitment towards developing best practices and quality products and services.



**Awarded Visvesvaraya Trade Promotion Centre Export Excellence Award** by Honorable Chief Minister of Karnataka, Shri B. S. Yediyurappa

# Strengthening Our Brand Through Global Events & Trade Shows





## Board and Committees

### Board of Directors

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

Sanjay Nayak  
*Managing Director and Chief Executive Officer*

Arnob Roy  
*Whole-time Director and Chief Operating Officer*

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

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

Chandrashekhar Bhaskar Bhave  
*Non-Executive and Independent Director*

### Board Committees

#### Audit Committee

Chandrashekhar Bhaskar Bhave  
*Chairperson*

Amb. Leela K Ponappa  
Balakrishnan V

#### Nomination and Remuneration Committee

Amb. Leela K Ponappa  
*Chairperson*

Balakrishnan V  
Chandrashekhar Bhaskar Bhave  
Dr. Gururaj Deshpande

#### Stakeholders Relationship Committee

Dr. Gururaj Deshpande  
*Chairperson*

Balakrishnan V  
Sanjay Nayak  
Arnob Roy

#### Corporate Social Responsibility Committee

Amb. Leela K Ponappa  
*Chairperson*

Balakrishnan V  
Sanjay Nayak  
Arnob Roy

#### Risk Management Committee

Balakrishnan V  
*Chairperson*

Amb. Leela K Ponappa  
Dr. Gururaj Deshpande  
Chandrashekhar Bhaskar Bhave

### Management Team

Sanjay Nayak  
*Managing Director and Chief Executive Officer*

Arnob Roy  
*Whole-time Director and Chief Operating Officer*

Kumar N Sivarajan  
*Chief Technology Officer*

Venkatesh Gadiyar  
*Chief Financial Officer*

Sukhvinder Kumar  
*President, Global Manufacturing Operations*

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

Abhijat Mitra  
*Chief Human Resource Officer*

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



## Board's Report

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and the Companies Act, 2013 (the "Act") and forms part of this Annual Report for the year ended March 31, 2020.

Dear Members,

The Directors are pleased to present the 20th Annual Report together with the audited financial statements for the financial year ended March 31, 2020. The consolidated performance of the Company has been referred to wherever required.

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

in ₹ crore except per share data

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Revenue from operations	386.20	894.03	390.54	900.32
Other Income	33.71	36.64	33.65	36.69
<b>Total income</b>	<b>419.91</b>	<b>930.67</b>	<b>424.19</b>	<b>937.01</b>
<b>Expenses</b>				
Cost of materials consumed	203.58	463.70	203.58	463.70
Employee benefit expense	103.22	117.60	110.52	123.66
Finance costs	7.57	16.88	7.72	17.00
Depreciation and amortization expense	77.05	65.88	77.05	65.88
Impairment of non-current assets	69.87	-	69.87	-
Allowance for expected credit loss (net)	18.81	5.17	20.03	5.24
Other expenses	77.42	111.97	73.99	111.51
<b>Total expenses</b>	<b>557.52</b>	<b>781.20</b>	<b>562.76</b>	<b>786.99</b>
<b>Profit/(Loss) before tax</b>	<b>(137.61)</b>	<b>149.47</b>	<b>(138.57)</b>	<b>150.02</b>
Income tax expense				
Current tax	-	19.63	-	19.63
Deferred tax expense/(benefit)	98.55	(16.85)	98.55	(16.85)
<b>Total tax expense</b>	<b>98.55</b>	<b>2.78</b>	<b>98.55</b>	<b>2.78</b>
<b>Profit/(Loss) after tax</b>	<b>(236.16)</b>	<b>146.69</b>	<b>(237.12)</b>	<b>147.24</b>
<b>Other comprehensive income/(loss)</b>				
Items that will not be reclassified to profit or loss	(1.07)	(1.72)	(1.07)	(1.72)
Items that will be reclassified to profit or loss	-	-	0.64	0.77
<b>Total comprehensive income/(loss) for the year</b>	<b>(237.23)</b>	<b>144.97</b>	<b>(237.55)</b>	<b>146.29</b>
Retained earnings-opening balance	265.56	120.59	266.49	120.97
Add: Transferred from other reserve	-	-	-	-
Less: Items that will be reclassified to profit or loss	-	-	0.64	0.77
Impact on account of adoption of Ind AS 116	4.69	-	4.69	-
Dividend paid	9.19	-	9.19	-
Dividend distribution tax	1.89	-	1.89	-
Retained earnings- closing balance	12.56	265.56	12.53	266.49
<b>Earnings/(Loss) per equity share</b>				
Equity shares of par value ₹ 10 each				
Basic	(25.66)	16.07	(25.76)	16.13
Diluted	(25.66)	15.33	(25.76)	15.39

### Financial Position

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Bank balances and deposits with maturity up to three months	66.05	16.41	66.48	16.90
Bank balances other than above				
Current <sup>(1)</sup>	76.71	106.15	76.71	106.15
Deposits with original maturity of more than twelve months	1.11	0.12	1.11	0.12
Investment in mutual funds	50.97	86.55	50.97	86.55
Deposits with financial institutions disclosed under other current financial assets	85.00	160.00	85.00	160.00
<b>Cash and cash equivalents including margin money</b>	<b>279.84</b>	<b>369.23</b>	<b>280.27</b>	<b>369.72</b>
Net current assets <sup>(2)</sup>	522.47	578.73	534.06	590.59
Property, plant and equipment	30.55	30.68	30.55	30.68
Right-of-use assets	21.29	-	21.29	-
Intangible assets (including under development)	53.80	109.82	53.80	109.82
Other non-current assets <sup>(3)</sup>	194.31	233.22	183.47	222.37
<b>Total assets</b>	<b>1,102.26</b>	<b>1,321.68</b>	<b>1,103.44</b>	<b>1,323.18</b>
Borrowings <sup>(4)</sup>	-	1.19	-	1.19
Non-current provisions	0.59	1.75	0.59	1.75
Lease Liabilities	21.91	-	21.91	-
<b>Total equity</b>	<b>1,079.76</b>	<b>1,318.74</b>	<b>1,080.94</b>	<b>1,320.24</b>
<b>Total equity and borrowings</b>	<b>1,102.26</b>	<b>1,321.68</b>	<b>1,103.44</b>	<b>1,323.18</b>

<sup>(1)</sup> Deposits with original maturity of more than three months but less than twelve months & Balances held as margin money or security against bank facilities or guarantees

<sup>(2)</sup> current assets net of current liabilities as disclosed in balance sheet excluding the bank balances considered as cash and cash equivalents

<sup>(3)</sup> excluding bank balances considered as cash and cash equivalents

<sup>(4)</sup> including current borrowings and current maturities of long-term debt

## Revenues

During the year ended March 31, 2020 our revenues declined by 57%, largely due to decline in the revenues from India Govt by 88%, India Private by 6% and International by 31% on YoY basis. The India revenues declined due to 2 major factors- delays/deferment of capital spending by India Govt. customers (such as BSNL/Bharatnet) and reduction in capital expenditure by private telecom operators, post the supreme court judgement on AGR issue, which led to a significant financial stress in the sector. While we made significant progress in our international sales efforts, few of the deal closure were pushed out into FY21. Some of the orders in hand could not be fulfilled in Q4 due to logistics challenges arising from the COVID-19 outbreak.

### • Standalone

Our net revenues (net of taxes and component sales) from operations on a standalone basis declined by 56.9% to ₹ 375.45 crore in fiscal 2020. Domestic and export revenues constituted 68% and 32% of our total revenues respectively. Out of total revenue, 68% (previous year 80%) came from India, 11% (previous year 8%) came from Americas and 21% (previous year 12%) came from Rest of the World.

### • Consolidated

Our net revenues (net of taxes and component sales) from operations on a consolidated basis declined by 56.7% to ₹ 379.79 crore in fiscal 2020. Domestic and export revenues constituted 68% and 32% of our total revenues respectively. Out of total revenue, 68% (previous year 79%) came from India, 11% (previous year 8%) came from Americas and 21% (previous year 13%) came from Rest of the World.

## Profits / (Loss)

The loss was primarily on account of lower revenues while most of our operating cost are fixed in nature related to manpower.

### • Standalone

Our gross profit on a standalone basis amounted to ₹ 130.90 crore (34.9% of net revenue) as against ₹ 359.77 crore (41.3% of net revenue) in the previous year. The gross and net Research and Development (R&D) expenses were 29.1% and 11.2% of our net revenues respectively for the year ended March 31, 2020 compared to 13.3% and 5.8% respectively for the year ended March 31, 2019. Selling and marketing costs were 22.0% (previous year 9.7%) of our net revenue for the year ended March 31, 2020. The General and administrative expenses were 6.2% (previous year 3.3%) of our net revenue for the year ended March 31, 2020. The operating profit amounted to ₹ (93.88) crore (-25.0% of net revenue) as against ₹ 129.71 crore (14.9% of net revenue) in the previous year. The profit before tax was ₹ (137.61) crore (-36.7% of net revenue) as against ₹ 149.47 crore (17.2% of net revenue) in the previous year. The net profit was ₹ (236.16) crore (-62.9% of net revenue) as against ₹ 146.69 crore (16.9% of net revenue) in the previous year.

On account of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55 crore on account of the loss and based on the projected profitability. Hence the reduction in net profit in the current fiscal.

### • Consolidated

Our gross profit on a consolidated basis amounted to ₹ 135.24 crore (35.6% of net revenue) for the year ended March 31, 2020 as against ₹ 366.06 crore (41.8% of net revenue) in the previous year. The gross and net Research and development costs were 28.8% and

11.1% of our net revenue for the year ended March 31, 2020 as compared to 13.2% and 5.8% for the year ended March 31, 2019. Selling and marketing costs were 23.0% (previous year 10.2%) of our net revenue for the year ended March 31, 2020. The General and administrative expenses were 6.2% (previous year 3.4%) of our net revenue for the year ended March 31, 2020. The operating profit amounted to ₹ (94.63) crore (-24.9% of net revenue) as against ₹ 130.33 crore (14.9% of net revenue) in the previous year. The profit before tax was ₹ (138.57) crore (-36.5% of net revenue) as against ₹ 150.02 crore (17.1% of net revenue) in the previous year. The net profit was ₹ (237.12) crore (-62.4% of net revenue) as against ₹ 147.24 crore (16.8% of net revenue) in the previous year.

On account of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55 crore on account of the loss and based on the projected profitability. Hence the reduction in net profit in the current fiscal.

## Expenditure on property, plant and equipment – Standalone and Consolidated

On a standalone and consolidated basis, during the year, we incurred expenditure on property, plant and equipment of ₹ 13.41 crore (previous year ₹ 13.40 crore), comprising, ₹ 2.06 crore (previous year ₹ 3.96 crore) in Laboratory equipment, ₹ 0.21 crore (previous year ₹ 0.14 crore) in Networking equipment, ₹ 1.00 crore (previous year ₹ 0.41 crore) in Electrical Installation, ₹ 1.44 crore (previous year ₹ 2.86 crore) in Furniture and fixtures, ₹ 0.82 crore (previous year ₹ 0.21 crore) in Office Equipment, ₹ 0.98 crore (previous year ₹ 1.68 crore) in Computing Equipment, ₹ 6.01 crore (previous year ₹ 2.54 crore) in Cards/Prototypes and ₹ 0.89 crore (previous year ₹ 1.60 crore) in Servers.

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

Our intangible assets comprise computer software and product development expenditures. Additions of ₹ 4.83 crore made in computer software, as against ₹ 6.58 crore in the previous year. During the year, ₹ 44.60 crore (previous year ₹ 70.39 crore) was capitalised from intangible under development to product development. Capitalised product development gets amortised over a period of 24 months.

Additions to intangible under development for the year amounted to ₹ 67.31 crore (previous year ₹ 64.92 crore) on account of capitalisation of employee benefit expense and other expenses (refer note 24 and note 26 of standalone/consolidated financials).

We carry the R&D assets in two forms - as CWIP and as capitalized product development. During the year, the Company has recognised an impairment loss of ₹ 69.87 crore on specifically identified R&D assets. The Company has discontinued further development of certain products, R&D assets for which were captured as intangible assets under development, as we do not foresee any future economic benefits from such assets and consequently the entire development expenditure of ₹ 37.10 crore related to such intangible assets under development has been impaired. Further, in respect of certain identified product development, having a written down value of ₹ 32.77 crore, as Company does not foresee any future economic benefits based on the likely demand for such products from the customers. Therefore, the related product development costs have also been fully impaired as at March 31, 2020.

## Liquidity

We are a debt-free Company and maintain sufficient cash to meet our business requirements. We believe that there should be sufficient liquidity in the Balance Sheet to cover financial and business risks and support future growth. Our principal sources of liquidity are cash and cash equivalents and the cash flow we generate from the business.

We have liquid assets of ₹ 279.84 crore and ₹ 280.27 crore on a standalone and consolidated basis respectively as of March 31, 2020 as compared to ₹ 369.23 crore and ₹ 369.72 crore on standalone and consolidated basis respectively as of March 31, 2019.

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

## Earnings Per share

Basic earnings per share declined by 259.7% to ₹ (25.66) (previous year ₹ 16.07) at standalone level and by 259.8% to ₹ (25.76) (previous year ₹ 16.13) on consolidated basis.

## Dividend

The Board of Directors periodically review the Company's ability and necessity to distribute dividends to its Shareholders, with a view to preserve the profitability and long term growth plans for the Company. While reviewing the necessity to distribute dividend, the Board of Directors take into account various factors including current and future earnings projections, current and future cash flow projections, capital expenditure requirements for current and future projects, contingencies, regulatory, political, economic factors while making a determination to transfer retained earnings to reserves in entirety or partially for a given year and consequently may recommend to distribute dividend upto 25% of the free cash flow of the corresponding financial year, out of retained earnings, after taking into account the relevant provisions of the Act.

The Board of Directors after considering holistically the relevant circumstances and keeping in view the Company's dividend distribution policy and the adverse impact of the pandemic-COVID-19 had on the operational performance of the Company and also since the Company has incurred a loss have decided that it would be prudent, not to recommend any Dividend for the year under review. The Company paid Re.1/- per equity share on a face value of ₹10/- per share for year ended March 31, 2019 as approved by the Shareholders in their 19<sup>th</sup> Annual General Meeting.

In line with Clause 43A of the Listing Regulations, the Board of Directors adopted a Dividend distribution policy which sets out the parameters in determining the payment / distribution of dividend. The details of Dividend Distribution Policy is placed on the Company's website at <https://www.tejasnetworks.com/policies-codes.php>

## Share Capital

During the year under review, the Company has issued 4,91,256 shares consequent to the conversion of the 3,84,591 stock options and 1,06,665 Restricted Stock Units into equity shares of the Company by the eligible employees of the Company and hence the outstanding paid up equity share capital stands at ₹ 92,21,08,350 comprising of 9,22,10,835 equity shares of ₹10/- each fully paid up, as on March 31, 2020.

## Particulars of loans, guarantees or investments

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

## Transfer to reserves

Since there were no profits during the year, there was no transfer of amounts to the reserves. The loss for the year amounting to ₹ 238.19 crore on a consolidated basis and ₹ 237.23 crore on a standalone basis for the year ended March 31, 2020 is debited to the profit and loss account.

## Borrowings including fixed deposits

The Company is a debt free Company and has not accepted any fixed deposit including from the public and as such, no amount of principal or interest was outstanding as of March 31, 2020. However, the Company has Non- fund based limit of ₹ 162.20 up (utilized) (previous year ₹ 179.91 crore).

## Micro, Small and Medium (MSME) Enterprises

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

The Company as on March 31, 2020 has made payments to all MSME suppliers within 45 days from the date of acceptance and there are no outstanding as on March 31, 2020 Further the Company has registered with Trade Receivables Discounting System (TReDS) in compliance with Notification No. 5621 dated November 2, 2018 issued by Ministry of Micro, Small and Medium Enterprises which requires companies with a turnover of more than ₹ 500 crore to be registered on the platform. The Company as on March 31, 2020 continues to be an MSME and categorized as "Small Enterprise" by the Ministry of Micro, Small and Medium Enterprises.

## Credit Rating

ICRA Limited have reaffirmed the long term rating for the captioned Line of Credit (LOC) at [ICRA] A (pronounced ICRA A). The outlook on the long term rating has been revised from Positive to Stable. The rating Committee of ICRA has also reaffirmed the short term rating for the captioned LOC at [ICRA] A1 (pronounced ICRA A one).

## Related party transactions

The Company has adequate procedures to identify and monitor related party transactions and the Company's major related party transactions are mainly with its subsidiaries. The related party transactions are entered into based on considerations of various



business exigencies, such as synergy in operations, sectoral specialization and the Company's long-term strategy for sectoral investments, optimization of market share, profitability, legal requirements, liquidity and capital resources of subsidiaries.

All related party transactions reported were entered into with the prior approval of the Audit Committee and are at arm's length and in the ordinary course of business. The policy on related party transactions ensures that the proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. The transactions with the related parties as per requirements of Indian Accounting Standard 24 are disclosed in Note 31.6 to the financial statements in the Annual Report and that they are not in conflict with the interest of the Company at large. Further, the interested directors are not present for discussion and voting where any related party transactions being taken up.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, in the prescribed Form AOC-2, is attached as 'Annexure 2' to the Board's Report. The details of the Related Party transaction as required under the Listing Regulations for the year ended March 31, 2020 is available on the Company's website at <https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php>.

### Management's Discussion and Analysis

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

### Business Integrity and Ethics

Integrity is one of the fundamental values of the Company. In this complex and heavily regulated industry, it is the core responsibility to do everything ethically to earn and keep the trust of all stakeholders. The Company's deep legacy of integrity and ethical conduct engrains into compliance with the law and with the Company's policies. Under the pillar of Business Integrity, the Company communicates its Code of Business Principles ("Code") internally and externally. All Company employees are required to undertake mandatory annual training on our Code and which extends through our entire value chain including our employees, contractors and third parties. The Company also requires its third-party business partners to adhere to business principles consistent with its own. These expectations are set out in our Code of Conduct for Vendors/Suppliers which is available at the Company's website at <https://www.tejasnetworks.com/policies-codes.php>

### Indian Accounting Standards

The financial statements have been prepared in accordance with Indian Accounting Standards (IND- AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under next 133 of the Act and other relevant provisions of the Act. Significant accounting policies have been consistently applied except where a

newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy in use.

### Risk management

The Company's Risk Management framework is to identify and evaluate business risks and opportunities. This framework seeks to minimize adverse impact on the business objectives and enhance the Company's competitive advantage. The business risk framework included robust and a proactive compliance program which includes monitoring, risk assessment, compliance education, coaching and active encouragement of whistle blower system. The Company's open door and anti-retaliation policies provides tremendous encouragement and offers a retaliation free environment to ask questions and raise concerns. The policies, compliance training and resources put in place aimed at identifying and resolving potential issues in timely manner and making all efforts to make compliance systematic in all our operations.

The Risk Management Committee implements and monitors the risk management plan for the Company and reviews the key risks and its mitigation measures and provides an oversight to the Board on Company's risk management plan. The Company has also an elaborate Risk Charter and Risk policy defining risk management governance model, risk assessment and prioritisation process. The Audit Committee also provides additional oversight in the area of financial risks and controls. The Risk Management Charter and Policy is available on the Company's website at <https://www.tejasnetworks.com/policies-codes.php>

### Board Charter / Policies

The Company has Charters for the Audit Committee, the Nomination and Remuneration Committee, the Risk Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee and also policies and codes as required, which are in line with the requirements of the Act and the Listing Regulations. There are no changes or amendments made in the Board Charters/Policies during the year ended March 31, 2020. The details of the charter/policies/codes as adopted by the Board are provided in 'Annexure 9' to the Board's Report.

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

There are no reportable matters on the material changes and commitments affecting financial position between the end of the financial year and date of the report.

## 2. Company Overview

Tejas is a pioneering R&D-driven telecom equipment company which has successfully grown from a startup to a publicly-listed global company. Tejas designs, develops and manufactures high-performance optical and data networking products that are used by telecom service providers, utilities, government and defence networks. Tejas is currently recognized as a top-10 supplier in the global optical aggregation market (source: Ovum) and our products are deployed in 75+ countries.

Tejas has an extensive portfolio of leading-edge telecom products for building end-to-end broadband networks based on latest technologies and global standards. Tejas products includes carrier-grade optical transmission (based on DWDM/PTN/OTN

technologies), fiber broadband (based on GPON/NG-PON), broadband wireless (based on LTE 4G/5G) as well as multi-gigabit Ethernet/IP switching and routing products that are fully designed and made in India. Tejas products utilize a novel software-defined-hardware™ architecture that enables us to deliver highly differentiated network solutions. Tejas is also one of the leading innovators in India's ICT sector with over 349 patents and a large repository of 285+ semiconductor IPs.

Today, all large private telecom operators, telecom PSUs and utilities in India use Tejas products in their networks. Tejas is also the leading domestic supplier of optical and data networking products for various Government of India projects of national importance, having security/strategic implications such as National Fiber Optic Network (Bharatnet), defence networks and smart cities. Tejas GPON products are installed in over 70,000+ Gram Panchayats and 2500+ towns across India for BharatNet project. Tejas products are also used to deliver public WiFi services in 4000+ railway stations in the country.

We remain committed to reduce our country-concentration on India and expand our exports business, so as to achieve 50% of our revenues from international in the medium term. We have been focusing on 3 major regions- South and South East Asia, Africa and Mid-East and North America. During the year, we hired experienced local sales leaders for Africa (based in Johannesburg) and for the USA (based in Dallas) and also increased our sales and marketing investments in these regions. We won many new customers and also won new applications from our existing customers, so as to get a large wallet share of their business.

#### Subsidiaries

The Company has 2 subsidiaries (including a stepdown subsidiary) as on March 31, 2020

- Tejas Communication Pte. Limited (wholly owned subsidiary of Tejas Networks Limited)
- Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communication Pte. Limited and stepdown subsidiary of Tejas Networks Limited)

In line with the requirements of the Act and also in accordance with IND AS 110 and IND AS 111 as specified in the Companies (Indian Accounting Standards) Rules, 2015, the Company prepared a consolidated financial statement of itself and of its subsidiaries in the form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statements of its subsidiaries which forms part of the annual report. Moreover, a statement containing the salient features of the financial statement of the Company's subsidiaries in the prescribed Form AOC-1 is attached as 'Annexure 1' to the Board's Report which provides details of the performance and financial position of each subsidiary. The financial statement of the subsidiaries is available on the Company's website at [www.tejasnetworks.com/financial-information-subsidiaries.php](http://www.tejasnetworks.com/financial-information-subsidiaries.php)

#### Quality Initiatives

At Tejas we define quality as "fitness for use" with an end result of delighted customers, in order to achieve this, our quality journey ensures constant quality Improvement program to monitor, assess, and improve the quality of our products / processes. Based on quality/failure data from field deployments, we continually make specific improvements on our platforms- both on hardware as well as software, to improve reliability, quality and ease-of-use. One such example for pertaining to use of specific kind of storage media

used on some of our platforms. By implementing these changes, our failure rate reduced by upto 90%, across multiple large deployment.

### 3. Human Resource Management

Several key initiatives were initiated by Human Resources (HR) during the financial year with focus on capability development and change management.

The focus of the talent acquisition team was to attract and onboard senior talent especially in international geographies in the Sales function. The Company made key hires in international markets like the United States of America, Mexico, Africa (especially South Africa) and the Middle-East. In addition, strategically, top-tier colleges were approached at the right cusp of their campus placement process - getting us key talent from the IITs (Indian Institutes of Technology), NITs (National Institutes of Technology) and other premier colleges like Birla Institute of Technology and Science (BITS).

The Company revamped its training of campus and junior talent by making it more experiential. The 'Tejas Academy' - an in house training initiative was launched to provide training inputs for the faster deployment of campus talent.

The Company has put in significant focus on Leadership Development by sustaining Leadership programs in partnership with Tata Management Development Center across the year in three tranches. This initiative now covers 95%+ leaders with responsible people who have undergone a rigorous program for leadership development.

The Prevention of Sexual Harassment (POSH) committee conducted a series of open sessions for all to refresh awareness and sensitization of POSH. Along with this, the committee continued to meet on regular basis to be up-to-speed on the latest happenings in this field.

The HR team also did a comprehensive outreach with managers and employees to understand ground-level feedback. Through this process emerged empowered teams – like Tejas cultural and Sports committee (Tejotsav) which conducted several fun and engaging initiatives throughout the year – including a cultural night, cricket tournament and celebrating key festivals.

In the last part of the year, the HR team also acted as emergency response team during testing times. The HR team ensured productivity during COVID-19 lockdowns by various initiatives like enabling and implementing detailed best practices regarding "Work-From-Home" (WFH), helping procure movement passes for critical employees, enabling key productivity-enabling upgrades to our HR information system etc.

#### Particulars of employees

The ratio of the remuneration of each Director and Key Managerial Personnel (KMP) to the median of employees' remuneration and statement containing the names of top 10 employees in terms of remuneration drawn as per Section 197(12) of the Act, read with Rule 5(1) clauses (i) to (xii), Rule 5(2) and Rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in 'Annexure 8' which forms part of the Board's Report.

The statement containing particulars of employees posted in India throughout the year and in receipt of a remuneration of ₹ 1.02 crore or more per annum, employees posted in India for part of the year and in receipt of ₹ 8.5 lakhs or more a month and employees posted

outside India and in receipt of a remuneration of ₹ 60 lakhs or more per annum or ₹ 5 lakhs or more a month is available on the Company's website at <https://www.tejasnetworks.com/disclosures.php>.

The Annual Report is being sent to Shareholders excluding the aforesaid exhibit. Shareholders interested in obtaining this information may access the same from Company website or send a written request to the Company.

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

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

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

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

#### The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company provides equal opportunities and is committed in creating a healthy working environment that enables the employees to work with equality and without fear of discrimination, prejudice, gender bias or any form of harassment at workplace. The Company has in place a Prevention of Sexual Harassment (POSH) policy in accordance with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The policy is frequently communicated at regular intervals through assimilation programs to the employees. Further, in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, the Company has constituted Internal Committees (IC) at the Head Office which takes care of corporate office /factory situated in Bangalore and branches situated in India. The IC has equal representation of men and women and is chaired by senior woman employee and has an external independent member who worked in this area and has the requisite experience in handling such matters as one of its members.

The following are some awareness programs / training imparted to the employees and IC during the year:

- Every New Hires / Trainees / Interns / Third-party business partners are trained on Prevention of Sexual Harassment during induction program.
- The Internal Complaints Committee is trained by an external agency when the committee members are on-boarded to the committee.
- The Policy of "Prevention of Sexual Harassment" at workplace is available on the intranet portal for the employee to access as and when required.
- Communication is sent to all employees on a regular basis on various aspects of prevention of sexual harassment at work through e-articles and other means of communication.

- The women employees are made aware and are discouraged from working beyond 8.00 p.m. In circumstances where late working becomes unavoidable, women employees are made aware and are required to take a drop home from the Company approved car vendor only and be escorted by a male colleague/security back home.

## 4. Corporate Governance

The Company's corporate governance philosophy ensures transparency in all dealings and in the functioning of the management and the Board. The Company's policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stakeholders. The corporate governance philosophy of the Company has been further strengthened by its policies like Code of Conduct, Prevention of Insider Trading and Code of Corporate Disclosure Policies. Further, the Company recognizes that a Board composed of appropriately qualified members with a broad range of experience relevant to the business is important for effective corporate governance and sustained commercial success. The Company recognizes the benefits of a Board that possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the business of the Company.

The Company has three-tier structure of Corporate Governance which is as follows:

- Governance by Shareholders** – Shareholders appoint and authorize the Board of Directors to conduct business ethically, objectively and ensure accountability.
- Governance by the Board and its Committees** – The Board leads the strategic management on behalf of the stakeholders, exercises supervision through direction and control, and appoints various committees to handle specific areas of responsibilities.
- Governance by Executive Management** – Based on the strategies and targets set by the Board, the executive management and its committees take up specific responsibilities and day-to-day tasks to attain those strategies and targets set by the Board.

By integrating the above stakeholders with the workforce and strategic business planning and with the necessary financial and human resources in place, the Company benchmarks its Corporate Governance practices with the best in the World as well as to achieve its objectives in an ethical and transparent manner.

#### Board Diversity

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

### Board Governance Guidelines

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

### Number of meetings of the Board and Committees

The Board met five (5) times during the financial year ended March 31, 2020, the details of which are given in the Corporate Governance Report that forms part of this Annual Report. The Committees of the Board also met four (4) times during the financial year other than Nomination and Remuneration Committee which met five (5) times. The intervening gap between any two meetings is within the period prescribed by the Act read with Listing Regulations.

### Policy on directors' appointment and remuneration

The current policy is to have an appropriate mix of Executive, Non-Executive and Independent Directors to maintain the Independence of the Board and separate its functions of governance and management. As on March 31, 2020, the Board consists of six members with One Non-Executive and Non-Independent Director, Two Executive and Whole-time Directors, and Three Non-Executive and Independent Directors. The Board periodically evaluates the need for change in its composition and size.

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

In line with the requirements of the Act and in view of the adverse impact of the pandemic - COVID-19 had on the operational performance of the Company and since the Company has incurred a loss, the Independent Directors have not been paid remuneration in the form of commission for the year ended March 31, 2020, other than sitting fees of ₹ 1,00,000/- for attending each Board / Committee Meeting. The Executive Directors have been paid remuneration in accordance with Part II of Section II of Schedule V of the Act, the details of which are mentioned in the Corporate Governance report. Further, the Independent Directors have voluntarily decided to take a 10% reduction in their proposed remuneration (other than sitting fees) for the fiscal 2021.

### Declaration by Independent Directors

The Independent Directors have submitted a declaration stating that they meet the criteria of independence and that they are not aware of any circumstance or situation which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. In this context, the Company definition of 'Independence' of Directors is based on Regulation 25 of the Listing Regulations and Section 149(7) of the Act and rules framed thereunder.

### Board, its Committee and Individual Director's Evaluation

In terms of the requirement of the Act and the Listing Regulations, the Company devised an annual performance evaluation framework which sets a mechanism for the evaluation of the Board, the Board Committees and the Individual Directors. During the year and as mandated, the Board of Directors has carried out an annual evaluation of its own performance, the Board Committees and the Individual Directors based on detailed questionnaire drafted in accordance with the Guidance Note on the Board Evaluation issued by the Securities and Exchange Board of India. The performance of the Board was evaluated on the basis of various criteria such as composition of the Board, information flow to the Board and its dynamism, strategic issues, roles and functions of the Board, relationship with the management, engagement with the Board and external stakeholders and other development areas. The Corporate Governance report details the process undertaken by the Board in evaluating itself, its Committees and Individual Directors.

### Familiarization programmes for Directors

The Non-Executive and Independent Directors as part of familiarization exercise are introduced to the Company culture through orientation sessions. Executive Directors and Senior Management provide an overview of operations and familiarize them on matters relating to our values and commitments and are also provided with an information kit containing documents about the Company such as its annual reports, annual presentations, recent press releases, research reports, code of business conduct and ethics and the memorandum and articles of association etc. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company, global business environment, business strategy and risks involved apart from regular presentations on Company's business strategies and associated risks, expositions are made on various topics covering the telecom industry. Detailed presentations on the Company business segments are made in the separate meetings of the Independent Directors from time to time.

The Non-Executive and Independent Directors meet with Board Member(s) and Senior Management on frequent basis either on call or in person as appropriate. Visits to plant location are organized for the Non-Executive and Independent Directors to enable them to understand and get acquainted with the operations of the Company. Further, as part of our annual strategy planning process, the Company organizes a management strategy session with the Board to deliberate on various topics related to strategic alternatives, progress of ongoing strategic initiatives, risks to strategy execution and the need for new strategic programs required to achieve the Company objectives. This serves the dual purpose of providing a platform for Board Members to bring their expertise to the projects, while also providing an opportunity for them to understand detailed aspects of execution and challenges in achieving the Company goals.

The details of the familiarization programs for Directors is available on the Company's website <https://www.tejasnetworks.com/policies-codes.php>.

### Directors/ Senior Management / Key Managerial Personnel Inductions/ Appointments

There are no inductions/ appointments in the Board of Directors or its Committee thereof, the Senior Management and Key Managerial Personnel of the Company for the year ended March 31, 2020.



### Re-appointment

The following re-appointments were made for the year ended March 31, 2020:

- The Shareholders by way of postal ballot dated January 3, 2020 re-appointed Balakrishnan V (DIN: 02825465) as Non-Executive Chairman and Independent Director for a period of five (5) years with effective from February 2, 2020 till February 1, 2025, not liable to retire by rotation.
- The re-appointment of Dr. Gururaj Deshpande (DIN: 01979383) as a Non-Executive and Non-Independent Director liable to retire by rotation, subject to the approval of the Shareholders in the ensuing 20<sup>th</sup> Annual General Meeting of the Company.
- The Shareholders in their 19<sup>th</sup> Annual General Meeting held on July 25, 2019 re-appointed Sanjay Nayak as Managing Director and Chief Executive Officer for a further period of 5 years from January 1, 2020 till December 31, 2024 on terms and conditions including remuneration as set out in the Notice of the 19<sup>th</sup> Annual General Meeting.

### Continuance of Independent Directorship

Amb. Leela K Ponappa (DIN: 07433990) Independent Director was re-appointed on February 16, 2018 for a period of 5 years in terms of Act and SEBI (LODR) Regulations, 2015. At the time of the appointment her age was 72 years. SEBI has amended the LODR, Regulations, 2015 vide circular dated May 9, 2018 which require re-appointment/ continuance of any Non-Executive Director who has attained the age of 75 years to be approved by the Shareholders by way of a Special Resolution. Though Amb. Leela K Ponappa can hold office under the erstwhile resolution till February 16, 2023, she will attain the age of 75 years during the term of her current appointment. She will attain the age of 75 years on June 26, 2021 and her continuance of Independent Directorship is subject to the approval of the Shareholders in the ensuing 20<sup>th</sup> Annual General Meeting of the Company.

### Resignations

There are no resignations in the Board of Directors or its Committee thereof, the Senior Management and Key Managerial Personnel of the Company for the year ended March 31, 2020.

Other than the above, there were no changes to the Directors/ Senior Management/ Key Management Personnel during the year ended March 31, 2020.

### Committees of the Board

The Company has constituted the following committees in line with the requirements of the Act and the Listing Regulations, namely:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Stakeholders Relationship Committee
- Risk Management Committee

The composition, functions, scope, number of meetings held and attended by the members, etc., of each Committee are furnished in the Corporate Governance Report which forms part of this Annual Report. All the recommendations of the Committee including that of Audit Committee were considered and approved by the Board as appropriate.

### Internal Financial controls

The Company has adequate systems for Internal Audit and Corporate risk assessment and mitigation. These controls ensure

transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. In addition, there are operational controls and fraud risk controls, covering the entire spectrum of internal financial controls. An extensive program and coverage plan of internal audit which is approved by the Audit Committee on yearly basis and the management reviews and supplements the process of internal financial control framework. Documented policies, guidelines and procedures are in place for effective management of internal financial controls.

The Internal Audit covers all the factories, sales offices, warehouses and centrally controlled businesses and functions, as per the annual plan agreed with the Audit Committee, comprising entirely of Independent Members and is in line with requirements of the Act which includes adherence to the Company's policies, safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial disclosures. Every quarter, the Audit Committee reviews adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk assessment procedures, operating controls and compliance with Corporate Policies.

The Company based on the recommendations of the Audit Committee has appointed an independent auditor M/s. Singhvi, Dev and Unni, Chartered Accountants LLP as Internal Auditors of the Company to reviews the controls across the key processes and submits reports periodically to the Management and significant observations are also presented to the Audit Committee for review. The Internal Auditors for the year ended March 31, 2020, have submitted a summary report to the Audit Committee confirming the completeness and effectiveness of key controls tested on a quarterly and annual frequency. The summary report states the key controls that were required to be tested were carried out and the annual requirement of testing key controls under the Act has been concluded. The report further states that the significant processes were reviewed during the year and the process documentations have been accordingly updated, where necessary.

### Vigil Mechanism / Whistle Blower Mechanism

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal or unethical behavior. Towards this, the Company has established a robust Vigil Mechanism and a Whistle-blower policy and also a policy on the reporting of incidents of leak or suspected leak of Unpublished Price Sensitive Information (UPSI)" in terms of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviors, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The Company's Vigil mechanism / Whistle blower Policy aims to provide the appropriate platform and protection for Whistle blowers to report instances of any actual or suspected incidents of unethical practices, violation of applicable laws and regulations including the Code of Conduct for Prevention of Insider Trading in the Company's securities, Code of Fair Practices and Disclosure. The said mechanism provides for adequate safeguards against victimization and direct access to the Audit Committee and in appropriate and exceptional cases; directly to the Chairperson of the Audit Committee.

The Vigil Mechanism / Whistle Blower Mechanism are supervised by 'Ethics & Compliance' team headed by the Chairman of the Audit Committee which comprises of the Chief Financial Officer, Chief Compliance Officer and other executives of the Company. The Vigil Mechanism and Whistle-blower policy is put up on the Company's website at <https://www.tejasnetworks.com/policies-codes.php>.

#### Significant or Material Orders passed by Regulators or Courts or Tribunal

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

#### Share Suspense Account (Unclaimed Shares)

The Securities Exchange Board of India by its circular dated November 5, 2019 issued in terms of Regulation 40 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (IV Amendment) Regulations, 2018 (LODR) states that the transfer of securities held in physical mode is not permitted with effect from April 1, 2019.

The Company is having certain physical share certificates belonging 60 shareholders who are former employees of the Company who have been issued / allotted 79,778 equity shares (110 share certificates) in the Company consequent to the employees exercising Stock Options. These employees to whom these equity shares and share certificates belongs have since left the Company and their whereabouts are not known though the Company has taken sufficient steps to inform them based on the records available with the Company but these employees have not since claimed the same.

In line with the above said circular, the Company opened a Demat account as Tejas Networks limited - Unclaimed Share Suspense Account with the ICICI Bank Limited and transferred all unclaimed shares into one physical folio and further dematerialised the said equity shares under a demat account. As and when any shareholders claim the same the Company will transfer the same to his demat account by following the procedure as prescribed under the regulations.

#### Investor Education and Protection Fund (IEPF)

The Act read with the IEPF Rules states that all the shares in respect of which dividend has remained unclaimed or unpaid for seven consecutive years or more are required to be transferred to the demat Account of the IEPF Authority. The Company has declared its maiden dividend during the year ended March 31, 2019 and hence the amount of dividend remaining unclaimed or unpaid for a period of seven years from the date of transfer has not arisen till date. As such the transfer of the unpaid dividend nor the shares in respect of which the dividend were unclaimed by the respective Allottees, to IEPF are not applicable to the Company. However, the Company the details of Unpaid/ Unclaimed dividend as on March 31, 2020 is available on the Company's website at <https://www.tejasnetworks.com/unclaimed-dividend.php>.

#### Annual return

The extracts of Annual Return in Form No. MGT-9 as required under Section 134(3)(a) of the Act for the financial year ending March 31, 2020 is annexed hereto as 'Annexure 3' and forms part of this report. A copy of the Annual Return has also been placed on the website of the Company at <https://www.tejasnetworks.com/disclosures.php>.

#### Directors' Responsibility Statement

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

- In the preparation of the annual accounts for the financial year ended March 31, 2020, the applicable accounting standards had been followed and there are no material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the annual accounts on a going concern basis;
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;
- The financial statements have been audited by M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016, the Company's Statutory Auditors);
- The Audit Committee meets periodically with the Internal Auditors and the Statutory Auditors to review the manner in which the Auditors are discharging their responsibilities and to discuss audit, internal control and financial reporting issues;
- To ensure complete independence, the Statutory Auditors and the Internal Auditors have full and free access to the Members of the Audit Committee to discuss any matter of substance.

#### Cyber Security

The increased demands for Information Technology support services are occurring across nearly all industries. It is vital that organizations focus more on cybersecurity awareness, education, training, and use of simulations to create a stronger human firewall to protect the vital digital assets. With the outbreak of COVID-19, the industry has seen a sharp rise in cyber-attacks which focused on spear-phishing and ransomware, impersonation attacks combined with business email compromise targeting financial systems, supply chain cyber-attacks and distributed denial of service cyber-attacks on the energy, hospitality, and travel industries.

To ward off this threat and to reduce both the probability of a cyber-attack or significant data breach and to mitigate the negative financial and reputational impacts, the Company has done the following:

- Created an organizational culture of cyber security which consistently promotes and supports all employees practicing effective cybersecurity policies, processes and procedures via comprehensive cyber security awareness, education, and training program including spear-phishing campaigns and cyber data breach table-top exercises.

- Implemented advanced cyber diagnostic assessments, on a regular basis, including email cyber-attack assessments, network and endpoint cyber-attack assessments, vulnerability scanning assessments, penetration testing and spear-phishing campaign.
- Established a rapid cyber-attack incident response plan and periodically tested an enterprise-wide well-coordinated information system incident response plan to quickly identify, contain, eradicate, and recover from cyber-attacks.
- Conducted 24 x 7 x 365 monitoring, detection and response which monitored, detected, and responded to all cyber incidents including email systems, network, software applications and all information system endpoints, using advanced Security Information Event Management (SIEM) software, data visualization tools, automation and Artificial Intelligence (AI) capabilities.
- Ensured information system resilience and implemented and periodically tested an enterprise-wide Business Continuity Plan and Disaster Recovery Plan.

#### COVID-19

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock-downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

#### Combatting COVID-19

To effectively combat the unprecedented challenges brought in by COVID-19, the company has taken proactive and preventive measures to ensure business continuity, while giving utmost priority to the health and safety of its employees, partners, customers and other stakeholders. All this has been done, while taking care of all applicable Governmental and statutory guidelines as well as health and safety advisories from various authorities.

Given that telecom networks are critical infrastructure, the company took specific measures to ensure business continuity, including offering continued 24x7 customer service and technical support, keeping our manufacturing operations going for all customer orders for spares, network expansion etc., and maintaining constant communication with our customers. A letter was sent by our CEO to all our customers and stakeholders, highlighting this commitment.

The Company has also evolved effective guidelines for identifying critical personnel needed for business continuity, smooth running of manufacturing operations and meeting our customer requirements. We have also enabled flexible work-from-home guidelines, with an objective of maintaining/improving employees productivity, ensuring employee and public health and safety, protecting safety and security of our confidential and proprietary company information, while complying to all applicable laws and guidelines.

#### Assessment of COVID-19

The Company is in the business of providing optical and data transmission equipment to telecom service providers. Since telecom networks have been identified as an essential service, the Company is in a position to provide continual customer and technical support to its customers in India and worldwide, so that their network uptime remains high. With more people working remotely and many services being accessed from home, there has been a significant increase in data traffic in telecom networks, which is expected to

drive demand for higher bandwidth and more optical and data transmission equipment. Telecom operators are expected to invest more in upgrading their network capacities, especially to address home broadband needs. The Company's products address the broadband equipment requirements of telecom operators and also are used for augmenting the data capacity of their networks. The net impact of COVID-19 on our business is positive in the medium and long term with Optical and xPON (for FTTX) spending is expected to be strong due to increase in residential bandwidth demand, Significant bandwidth upgrades expected in access and backbone networks, Fiberization will continue to increase. Telcos will continue to invest in their existing 4G networks with some delays in 5G rollouts. However, uncertainty caused by the current situation has resulted in delays in confirmation of customer orders and in executing the orders in hand and an increase in lead times in sourcing components. This situation is likely to continue for the next two quarters based on current assessment.

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory, and Investments as at the balance sheet date. The Company believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to monitor any material changes to future economic conditions.

#### Register of Members

For the purpose of 20<sup>th</sup> Annual General Meeting and for the financial year ended March 31, 2020, the Register of Shareholders and Share Transfer Books of the Company will remain closed from July 21, 2020 to July 28, 2020 (both days inclusive).

#### Convening of the General Meeting through Video-conferencing

In view of COVID-19 and restrictions on movement of persons at several places in the country, the Ministry of Corporate Affairs, Government of India vide its General Circular No. 14/2020 dated April 8, 2020 and General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 has allowed the Companies to conduct the AGM through Video-Conferencing (VC) or Other Audio Visual Means (OAVM) for the Financial year 2019-20.

In line with above Circulars, the Company is convening this 20<sup>th</sup> AGM by VC/OAVM and the procedure and the manner of participating in the VC/OAVM by the Members are stated in the Notice of the 20<sup>th</sup> AGM.

## 5. Auditors

### Auditors

#### a. Statutory Auditors

M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) were appointed by the Shareholders in their 17<sup>th</sup> Annual General Meeting held on September 27, 2017 as the Statutory Auditors of the Company for a period of five consecutive years from the conclusion of the 17<sup>th</sup> Annual General Meeting of the Company, till the conclusion of the 22<sup>nd</sup> Annual General Meeting, subject to ratification of the said appointment at every annual general meeting. However, the Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018

has omitted the requirement of ratification of appointment of statutory auditors by shareholders at every subsequent Annual General Meeting. Consequently, M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016), continues to be the Statutory Auditors of the Company.

M/s. Price Waterhouse Chartered Accountants LLP has furnished a certificate of their eligibility and consent for their continuance as the Statutory Auditors of the Company for the FY 2020-21 and also in terms of the Listing Regulations, the Statutory Auditors have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The remuneration in the form of fees paid for the year ended March 31, 2020 to M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) as the statutory auditors of the Company are as follows.

in ₹ crore	
Engagement	Charged during the year
Statutory audit including limited reviews	0.48
Other audit related services	0.18
Total	0.66

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

#### b. Internal Auditors

The Board based on the recommendations of the Audit Committee has appointed an Independent auditor M/s. Singhvi, Dev and Unni, Chartered Accountants LLP as Internal Auditors of the Company for the fiscal 2021 to carry out the internal audit functions. The remuneration in the form of fees paid for the year ended March 31, 2020 to M/s. Singhvi, Dev and Unni, Chartered Accountants LLP as Internal Auditors of the Company are as follows.

in ₹ crore	
Engagement	Charged during the year
Audit fees	0.25
Total	0.25

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

#### c. Secretarial Auditor

The Board based on the recommendations of the Audit Committee has appointed Dwarakanath C, Company Secretary in Practice (FCS No. 7723 and Certificate of Practice No. 4847) as the Secretarial Auditor of the Company to conduct Secretarial Audit for fiscal 2021. The Secretarial Auditor's Report for the year ended March 31, 2020 is enclosed as 'Annexure 5' to the Board's Report. The remuneration in the form of fees paid for the year ended March 31, 2020 to Dwarakanath C, Company Secretary in Practice as the Secretarial Auditor of the Company are as follows.

in ₹ crore	
Engagement	Charged during the year
Audit fees	0.04
Other audit related services	0.02
Total	0.06

Note: The above fees exclude GST.

#### d. Cost Auditors

The rules governing maintenance of cost accounting records and cost audit as per Section 148 of the Act and also in line with the Central Government issued Companies (Cost Records and Audit) Rules 2014 and subsequently, various amendments are carried out in the above rules are not applicable to the Company. Hence the Company has not appointed the Cost Auditor for the year ended March 31, 2020.

#### Key Audit Matter

M/s. Price Waterhouse Chartered Accountants LLP (Firm Registration No.012754N/N500016), Statutory Auditors of the Company, audited the Financial Statements prepared under the IND- AS. The Independent Statutory Auditor renders an opinion regarding the fair presentation in the financial statements of the Company's financial condition and operating results. Their audits are conducted in accordance with generally accepted auditing standards and include a review of the internal controls, to the extent necessary, to determine the audit procedures required to support their opinion. M/s. Price Waterhouse Chartered Accountants LLP Statutory Auditors of the Company has issued an Audit Report with unmodified opinion on the Audited Financial Results of the Company (Standalone and Consolidated) for the year ended March 31, 2020. The said report forms part of this Annual Report.

The Key Audit Matter are those matters which in the opinion of M/s. Price Waterhouse Chartered Accountants LLP, Statutory Auditors of the Company were of most significance in the Audit of the Standalone / Consolidated IND AS financial statements for the year ended March 31, 2020 and these matters were addressed in the context of the audit of the Standalone / Consolidated IND AS financial statements for the year ended March 31, 2020 as a whole. The Key Audit Matter forms part of the Audit report of Standalone / Consolidated IND AS financial statements.

## 6. Corporate Social Responsibility

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

In pursuance of the CSR Policy and in line with the requirement of the Act, The Company spent ₹ 1.97 crore being 2% of the average net profits of the Company for the preceding three years. The Company supports projects mainly that promote education, energy, health, national disaster etc. and therefore contributed to recognized Non-Profit Organization as below.

The CSR policy and initiatives taken by the Company on Corporate Social Responsibility during the year is available on the Company's website at <http://www.tejasnetworks.com/policies-codes.php>. The Annual Report on the CSR activities in the format prescribed under Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, is given in 'Annexure 6' to the Board's Report. The said initiative is over and above the statutory requirement.



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

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

## 8. Business Responsibility Report (BRR)

Business Responsibility Report as stipulated under Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by the Company from an environmental, social and governance perspective, forms part of this Report and annexed herewith. The BRR is available on the Company's website at <https://www.tejasnetworks.com/disclosures.php>.

## 9. Green initiatives

Electronic copies of the Annual report for the year 2020 and the Notice of the 20<sup>th</sup> Annual General Meeting are sent to all shareholders whose email addresses are registered with the Company/ depository participant (s). For Members who have not registered their email addresses, physical copies are sent in the permitted mode. To support the "Green Initiative", Members who have not registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronics form and with RTA in case the shares are held by them in physical form.

Bengaluru  
April 21, 2020

## 10. Cautionary Note

Certain statements in this report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, our ability to successfully implement our strategy and our growth and expansion plans, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, changes in the laws and regulations that apply to the industry in which the Company operates. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

## 11. Acknowledgement

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

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

### For and on behalf of the Board of Directors

Sd/-  
Balakrishnan V  
Chairman  
DIN No: 02825465

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

## Annexure – 1

## FORM NO. AOC -1

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

## Part “A”: Subsidiaries

(in ₹ crore except % of shareholding)

Name of the Subsidiary	Financial period ended	Reporting currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit / (loss) before Taxation	Provision for Taxation	Profit / (loss) after Taxation	Proposed Dividend	% of share holding
Tejas Communication Pte Ltd. Singapore	April 01, 2019 to March 31, 2020	USD	15.56	0.13	18.99	3.55	0.25	10.68	0.27	-	0.27	-	100%

Notes:

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

Reporting Currency Reference	For Conversion		
	Currency	Average Rate (in ₹)	Closing Rate (in ₹)
Tejas Communication Pte Ltd.	USD	71.05	75.67

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

## Part “B”: Associates and Joint Ventures

The Company does not have any Associate or Joint Ventures Companies

For and on behalf of the Board of Directors

	Sd/- Balakrishnan V Chairman (DIN:02825465)	Sd/- Sanjay Nayak Managing Director and CEO (DIN:01049871)
Bengaluru April 21, 2020	Sd/- Chandrashekar Bhaskar Bhawe Director (DIN:00059856)	Sd/- Arnob Roy COO and Whole Time Director (DIN:03176672)
	Sd/- Venkatesh Gadiyar Chief Financial Officer	Sd/- N R Ravikrishnan General Counsel, Chief Compliance Officer and Company Secretary

## Annexure – 2

### FORM NO. AOC -2

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

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

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not at arm's length basis.

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

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2020 are as follows:

(in ₹ crore)

Name of related party	Nature of relationship	Nature of contracts /arrangements /transactions	Duration of the contracts /arrangements /transactions	Salient terms <sup>1</sup>	Amount
Tejas Communication Pte. Limited	Wholly-owned subsidiary	Sale of Goods	Ongoing	Based on transfer pricing guidelines	5.20
		Rendering of Services	Ongoing	Based on transfer pricing guidelines	1.04
		Reimbursement of expenses	Ongoing	Based on transfer pricing guidelines	8.97
Clonect Solutions Private Limited	Entity where a Director is interested	Professional charges	Ongoing	Service Agreement	0.08
Darwinbox Digital Solutions Private Limited	Entity where a Director is interested	Professional charges	Ongoing	Service Agreement	0.07
Deshpande Foundation	Entity where a Director is interested	CSR	One time	Based on CSR policy	0.26
Akshaya Patra Foundation	Entity where a Director is interested	CSR	One time	Based on CSR policy	0.40
ICT Academy	Entity where a Director is interested	CSR	One time	Based on CSR policy	0.50

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

Bengaluru  
April 21, 2020

Sd/-  
Balakrishnan V  
Chairman  
DIN No: 02825465

For and on behalf of the Board of Directors

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

## Annexure – 3

### Form No. MGT-9

#### Extract of annual return as on the financial year ended on March 31, 2020

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

#### I. Registration and Other Details:

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

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

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

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

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

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

Name of the parties	Country	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held as at March 31, 2019
Tejas Communication Pte Ltd. ("TCPL")	Singapore	NA	Subsidiary	100%
Tejas Communications (Nigeria) Limited	Nigeria	NA	Subsidiary of TCPL	100%

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



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

##### i. Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Company and Trust)	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	-	-	-	-	-	-	-	-
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total Promoter Shareholding (A)=(A)(1)+ (A) (2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	1,09,00,590	-	1,09,00,590	12.00	1,68,78,748	-	1,68,78,748	18.30	6.30
b) Banks / FI	45,797	-	45,797	0.05	41,013	-	41,013	0.04	(0.01)
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign institutional Investors/ Foreign Portfolio Investors	22,98,5120	-	22,98,5120	25.87	2,07,67,733	-	2,07,67,733	22.52	(3.35)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Foreign Venture Capital Funds					-	-	-	-	
i) Others -specify									
• Foreign PE and Trusts	-				-	-	-	-	
• Alternate Investment Fund	4,32,613	-	4,32,613	0.47	5,69,891	-	5,69,891	0.62	0.15
Sub-total (B)(1)	<b>3,43,64,120</b>	-	<b>3,43,64,120</b>	<b>38.39</b>	<b>3,82,57,385</b>	-	<b>3,82,57,385</b>	<b>41.49</b>	
2. Non Institutions									
a) Bodies Corp.	34,37,180	-	34,37,180	3.75	9,82,337	-	9,82,337	1.07	(2.68)
b) Individuals									
(i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	36,73,977	1,87,153	38,61,130	4.21	51,45,961	1,69,338	53,15,299	5.76	1.55
(ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	24,55,937	78,299	25,34,236	2.76	39,37,828	78,299	40,16,127	4.36	1.59
c) Others(Specify)	-	-	-	-	-	-	-	-	-
• Trust	2	96,379	96,381	0.11	2	96,379	96,381	0.10	(0.01)
• HUF	1,55,219	-	1,55,219	0.17	2,49,341	-	2,49,341	0.27	0.10
• NRI	3,73,506	28,800	4,02,306	0.44	6,48,581	28,800	6,77,381	0.73	0.29
• Foreign Companies	3,66,51,261	3,53,550	3,70,04,811	40.35	3,31,91,276	-	3,31,91,276	35.99	(4.36)
• Clearing members	1,58,248	-	1,58,248	0.17	95,825	-	95,825	0.10	(0.07)
• Director or Director's Relatives	33,54,324	-	33,54,324	3.65	33,99,324	-	33,99,324	3.69	0.04
• Employees	63,07,862	585	63,08,447	6.88	59,30,084	75	59,30,159	6.44	(0.45)
• NBFC registered with RBI	41,972	-	41,972	0.05	-	-	-	-	(0.05)
• Foreign National	1,205	-	1,205	0.00	-	-	-	0.00	0.00
Sub-total (B)(2)	5,66,10,693	7,44,766	5,73,55,459	62.54	5,35,80,559	3,72,891	5,39,53,450	58.51	
B. Total Public Shareholding (B)=(B)(1)+ (B)(2)	9,09,74,813	7,44,766	9,17,19,579	100.00	9,18,37,944	3,72,891	9,22,10,835	100.00	
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>9,09,74,813</b>	<b>7,44,766</b>	<b>9,17,19,579</b>	<b>100.00</b>	<b>9,18,37,944</b>	<b>3,72,891</b>	<b>9,22,10,835</b>	<b>100.00</b>	

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

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

iv. Shareholding Pattern of top ten Shareholders as of March 31, 2020 (Other than Directors, Promoters and Holders of GDRs and ADRs)

SL No	Name of The Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>	No. of shares	% of total shares of the Company <sup>(2)</sup>
<b>1</b>	<b>Cascade Capital Management Mauritius</b>				
	At the beginning of the year	1,65,13,184	18.00	1,65,13,184	17.91
	Purchase(s) during the year	-	-	1,65,13,184	17.91
	Sale(s) during the year	-	-	1,65,13,184	17.91
	At the end of the year	-	-	1,65,13,184	17.91
<b>2</b>	<b>Samena Spectrum Co</b>				
	At the beginning of the year	94,41,649	10.29	94,41,649	10.24
	Purchase(s) during the year	-	-	94,41,649	10.24
	Sale(s) during the year	-	-	94,41,649	10.24
	At the end of the year	-	-	94,41,649	10.24
<b>3</b>	<b>Reliance Capital Trustee Co. Ltd</b>				
	At the beginning of the year	58,17,754	6.34	58,17,754	6.31
	Purchase(s) during the year	24,04,174	2.62	82,21,928	8.92
	Sale(s) during the year	(1,95,000)	0.21	80,26,928	8.70
	At the end of the year	-	-	80,26,928	8.70
<b>4</b>	<b>Mayfield XII, Mauritius</b>				
	At the beginning of the year	71,06,628	7.75	71,06,628	7.71
	Purchase(s) during the year	-	-	71,06,628	7.71
	Sale(s) during the year	-	-	71,06,628	7.71
	At the end of the year	-	-	71,06,628	7.71
<b>5</b>	<b>East Bridge Capital Master Fund I Limited</b>				
	At the beginning of the year	37,93,508	4.14	37,93,508	4.11
	Purchase(s) during the year	10,00,000	1.09	47,93,508	5.20
	Sale(s) during the year	-	-	47,93,508	5.20
	At the end of the year	-	-	47,93,508	5.20
<b>6</b>	<b>HDFC Trustee Co. Ltd</b>				
	At the beginning of the year	-	-	-	-
	Purchase(s) during the year	47,63,329	5.19	47,63,329	5.17
	Sale(s) during the year	-	-	47,63,329	5.17
	At the end of the year	-	-	47,63,329	5.17
<b>7</b>	<b>Kuwait Investment Authority Fund</b>				
	At the beginning of the year	-	-	-	-
	Purchase(s) during the year	41,74,921	4.55	41,74,921	4.53
	Sale(s) during the year	-	-	41,74,921	4.53
	At the end of the year	-	-	41,74,921	4.53
<b>8</b>	<b>Consilium Extended Opportunities Fund L.P.</b>				
	At the beginning of the year	17,76,482	1.94	17,76,482	1.93
	Purchase(s) during the year	19,10,411	2.08	36,86,893	4.00
	Sale(s) during the year	-	-	36,86,893	4.00
	At the end of the year	-	-	36,86,893	4.00
<b>9</b>	<b>East Bridge Capital Master Fund Limited</b>				
	At the beginning of the year	35,99,997	3.93	35,99,997	3.90
	Purchase(s) during the year	-	-	35,99,997	3.90
	Sale(s) during the year	-	-	35,99,997	3.90
	At the end of the year	-	-	35,99,997	3.90
<b>10</b>	<b>Aditya Birla Sun Life Trustee Private Limited</b>				
	At the beginning of the year	39,63,521	4.32	39,63,521	4.30
	Purchase(s) during the year	50,000	0.05	40,13,521	4.35
	Sale(s) / Transfer(s) during the year	(10,69,862)	1.17	29,43,659	3.19
	At the end of the year	-	-	29,43,659	3.19

<sup>(1)</sup>Percentage calculated on the paid-up share capital (9,17,19,579 shares) as at the beginning of the year

<sup>(2)</sup>Percentage calculated on the paid-up share capital (9,22,10,835 shares) as at the end of the year

## v. Shareholding of Directors and Key Managerial Personnel

SL No	Name of the Director/KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company <sup>(1)</sup>	No. of shares	% of total shares of the Company <sup>(2)</sup>
<b>1</b>	<b>Sanjay Nayak</b>				
	At the beginning of the year	25,13,991	2.74	25,13,991	2.73
	ESOP's / RSU's exercised during the year	15,000	0.02	25,28,991	2.74
	Purchase(s) during the year	30,000	0.03	25,58,991	2.78
	Sale(s) during the year	-	-	25,58,991	2.78
	At the end of the year			25,58,991	2.78
<b>2</b>	<b>Balakrishnan V</b>				
	At the beginning of the year	1,76,133	0.19	1,76,133	0.19
	ESOP's / RSU's exercised during the year	-	-	1,76,133	0.19
	Purchase(s) during the year	-	-	1,76,133	0.19
	Sale(s) during the year	-	-	1,76,133	0.19
	At the end of the year			1,76,133	0.19
<b>3</b>	<b>Arnob Roy</b>				
	At the beginning of the year	6,64,200	0.72	6,64,200	0.72
	ESOP's / RSU's exercised during the year	-	-	6,64,200	0.72
	Purchase(s) during the year	-	-	6,64,200	0.72
	Sale(s) during the year	-	-	6,64,200	0.72
	At the end of the year			6,64,200	0.72
<b>4</b>	<b>Venkatesh Gadiyar</b>				
	At the beginning of the year	1,95,875	0.21	1,95,875	0.21
	ESOP's / RSU's exercised during the year	-	-	1,95,875	0.21
	Purchase(s) during the year	-	-	1,95,875	0.21
	Sale(s) during the year	-	-	1,95,875	0.21
	At the end of the year	-	-	1,95,875	0.21
<b>5</b>	<b>N R Ravikrishnan</b>				
	At the beginning of the year	3,000	0.003	3,000	0.003
	ESOP's / RSU's exercised during the year	6,153	0.007	9,153	0.01
	Purchase(s) during the year	-	-	9,153	0.01
	Sale(s) during the year	-	-	9,153	0.01
	At the end of the year	-	-	9,153	0.01

<sup>(1)</sup> Percentage calculated on the paid-up share capital (9,17,19,579 shares) as at the beginning of the year

<sup>(2)</sup> Percentage calculated on the paid-up share capital (9,22,10,835 shares) as at the end of the year

The following Directors did not hold any shares as of March 31, 2020:

a) Dr. Gururaj Deshpande b) Amb. Leela K Ponappa c) Chandrashekhhar Bhaskar Bhawe



## V. Indebtedness

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

in ₹ crore

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

## VI. Remuneration of Directors and Key Managerial Personnel

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

in ₹ crore

Sl. No.	Particulars	CEO & Managing Director	COO & Whole-time Director
		Sanjay Nayak <sup>1</sup>	Arnob Roy <sup>2</sup>
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	2.06	1.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 <sup>#</sup>	0.18	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Restricted Stock Units^ (in Nos)	75,000	53,000
3.	Sweat Equity		
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5.	Others		
6.	RSU's lapsed during the year (in Nos) <sup>3</sup>	15,113	11,741
	Total	2.24	1.45

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20 .

In view of the Loss, the Managing Director and CEO/Whole-time Director and COO have been paid remuneration in accordance with Part II of Section II of Schedule V of the Act for the year ended March 31, 2020.

1. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.25 crore ( 22.5% of target variable pay )

2. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.18 crore ( 22.5% of target variable pay )

3. RSU's lapsed indicate units which did not vest due to individual/ Company performance.

<sup>#</sup>Value of perquisites includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

<sup>^</sup>RSU granted during the year.

## B. Remuneration to other Directors:

in ₹ crore

Particulars of Remuneration	Name of the Directors			
	Chairman & Independent Director	Independent Director	Independent Director	Total
	Balakrishnan V	Chandrashekhar Bhaskar Bhawe	Amb. Leela K Ponappa	
Fee for attending Board / Committee meetings	0.04	0.05	0.05	0.14
Commission	-	-	-	-
Others	-	-	-	-
Total	0.04	0.05	0.05	0.14

- Dr. Gururaj Deshpande, being Non-Independent and Non-Executive Director is not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2020.
- In view of the loss and in line with requirements of Act, the Independent Directors have not been paid any commission for the year ended March 31, 2020.

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

in ₹ crore

Sl. No.	Particulars of Remuneration	Chief Financial Officer	General Counsel, Chief Compliance Officer & Company Secretary
		Venkatesh Gadiyar <sup>1</sup>	N R Ravikrishnan <sup>2</sup>
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961*	0.83	0.52
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961 <sup>#</sup>	-	0.07
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2.	Restricted Stock Units <sup>^</sup> (in No's)	32,000	4,200
3.	Sweat Equity	-	-
4.	Commission	-	-
	- as % of profit	-	-
	- others, specify	-	-
5.	Others	-	-
6	RSU's lapsed during the year (in Nos) <sup>3</sup>	7,440	882
	Total	0.83	0.59

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20 .

1. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.10 crore ( 22.5% of target variable pay )
2. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.04 crore ( 25.5% of target variable pay )
3. RSU's lapsed indicate units which did not vest due to individual/ Company performance.

<sup>#</sup>Value of perquisites includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

<sup>^</sup>RSU granted during the year

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

There were no Penalties / Punishment/ Compounding of Offences for breach of any section of Companies Act, 2013 against the Company or its Directors or other Officers in default, if any, during fiscal 2020.

## Annexure – 4

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

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

#### (A) Conservation of Energy

The steps taken or impact on conservation of energy;	Replacement of AC unit with new and high efficient units. Currently all AC units are very old and working with lesser efficiency, the unit consumption of each units are very high. UPS upgradation is in pipeline. Currently UPS system is installed across floor very old and working with lesser efficiency, the unit consumption of each units are very high.
The steps taken by the Company for utilizing alternate sources of energy;	No steps were undertaken by the Company for utilizing alternative sources of energy.
The capital investment on energy conservation equipment;	During year under review, the Company had not made any investment on the energy conservation equipment as the same were not warranted.

#### (B) Technology Absorption

- i. Tejas products are developed with high domestic value-addition through indigenous R&D, in-house IPR creation and local manufacturing. We have a strong commitment to R&D and over 50% of our employees are engaged in R&D activities. Today, all large private telecom operators, telecom PSUs and utilities use Tejas products in their pan-India networks in lieu of imported equipment from foreign multinational companies thereby realizing valuable foreign exchange savings for the country. Tejas is the leading domestic supplier of optical and data networking products for various government projects of national importance, having security/strategic implications such as Bharatnet, defence networks and smart cities. As one of the leading innovators in India's ICT sector, Tejas has generated 349 patents and 270+ semiconductor IPs that underpin our wide range of home-grown telecom products. In addition, Tejas is actively contributing to global 5G standards through its work in India's telecom standards organization (TSDSI) thereby ensuring that Indian requirements are effectively captured in all emerging telecom standards.

Tejas R&D team conceived, designed and developed the following leading-edge products in FY20:

- Developed Wireless Access Point for public WIFI service applications.
- Developed low-cost, low-capacity GPON OLT (1400-1) for cost-effective broadband services.
- Upgraded DWDM platforms with 400Gbps/600Gbps line interfaces.
- Developed IP/MPLS software functionality on our PTN access platform.

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

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

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

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

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

Expenditure on R&D for the year ended March 31, 2020 and March 31, 2019 towards development of the Company's products is as follows:

in ₹ crore

Particulars	Standalone	
	2020	2019
Capital Expenditure	8.65	3.36
Revenue expenditure*	109.40	115.51
Total R & D expenditure	118.05	118.87
Total R&D expenditure/ Standalone Revenue net of taxes and components (%)	31.44%	13.66%

\*A portion of the Revenue Expenditure amounting to ₹ 65.92 (March 31, 2019: ₹ 62.43) (Refer Note 24) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts in compliance with the relevant Indian Accounting Standards (Ind AS). An amount of ₹ 36.15 of the aforesaid amount has been impaired and charged to the Statement of Profit and Loss and a net amount of ₹ 29.77 has been shown as Intangible assets under Development/Intangible assets as at March 31, 2020.

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

in ₹ crore

Particulars	Standalone	
	2020	2019
Foreign exchange earnings	143.07	123.69
Foreign exchange outgo	281.83	286.19

## Annexure – 5

### Secretarial Audit Report

For the financial year ended 31st March 2020

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

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

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020 (“**Audit Period**”), complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 and the rules made there under (“Act”);
- (ii) The Securities Contracts (Regulation) Act, 1956 and the Rules made there under;
- (iii) The Depositories Act, 1996 and the regulations and bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under (“FEMA”) to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [The Company has not raised any External Commercial Borrowings during the Audit Period];
- (v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) :
  - a. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- c. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- e. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable during the audit period;
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable during the audit period;
- i. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable during the audit period; and

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

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

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

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

#### I further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (and by complying with prescribed procedure where the meetings are called with less than seven days' notice), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions at the Board Meetings and Committee Meetings are carried out unanimously, as recorded in the minutes



I further report that:

- there are systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- the Company during the Audit period didn't have any material unlisted subsidiaries incorporated in India and therefore there is no requirement to undertake Secretarial Audit.

Bengaluru  
April 21, 2020

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

Sd/-  
C. Dwarakanath  
Company Secretary in Practice  
FCS No: 7723; CP No: 4847  
UDIN - F007723B000194349

## Annexure – 1 to Secretarial Audit Report

List of Other Laws Applicable

### A. Corporate laws

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

### B. Labour laws

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

### C. Taxation laws

1. The Income Tax Act, 1961;
2. The Customs Act, 1961;
3. Service Tax under Chapter V of the Finance Act, 1994;
4. Goods & Service Tax Act, 2017
5. The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976;
6. The West Bengal Tax on Entry of Goods into Local Areas Act, 2012;
7. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975; and

Bengaluru  
April 21, 2020

8. The West Bengal State Tax on Professions, Trades, Calling and Employments Act, 1979.
9. The Maharashtra State Tax on Professions, Trades Callings and Employment Act, 1975; and
10. The West Bengal State Tax on Professions, Trades Callings and Employment Act, 1979

### D. Intellectual property laws

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

### E. Environmental laws

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

### F Laws & policies applicable to Telecommunication Sector

1. Notifications dated 10th February 2012 and 5th October 2012 of The Department of Information Technology, Ministry of Communications and Information Technology;
2. Electronic Hardware Technology Park Scheme;
3. Public Procurement Policy for Micro and Small Enterprises Order, 2012;
4. Karnataka Electronic System Design and Manufacturing Policy 2013;
5. Foreign Trade Policy 2015-2020;
6. Service Export from India Scheme;
7. Information Technology Act, 2000;
8. Telecom Regulatory Authority of India Act, 1997;
9. Indian Telegraph Act, 1885;
10. Indian Wireless Telegraphy Act, 1933; and
11. Telegraph Wires (Unlawful Possession) Act, 1950

### G. Miscellaneous laws

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

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

## Annexure - 2 to Secretarial Audit Report

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on the audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on random test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc., is the responsibility of the management of the Company. My examination was limited to the verification of procedures on random test basis.
5. Wherever required, I have obtained the management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The list of laws applicable to the Company enclosed as Annexure-1 to the Secretarial Audit Report is as confirmed by the management of the Company. The Secretarial Audit Report is neither an assurance nor a confirmation that the list is exhaustive.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Bengaluru  
April 21, 2020

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

## Annexure – 6

### Report on Corporate Social Responsibility



The Corporate Social Responsibility (“CSR”) is the continuing commitment by business to behave ethically and contribute to economic development while improving quality of life of the workforce and their family as well as the local community and society at large

*- The World Business Council for Sustainable Development*

The practice of the CSR as a paradigm for firms and businesses to follow has evolved from its early days to the present day realities where it is a business requirement to be socially responsible. This evolution has been necessitated both due to the changed environment under which firms operate as well realize that profits as the sole reason for existence can no longer hold good.

At Tejas, our relentless pursuit has always been to not just become a leading telecom networking Company but also one that cares for the society. Our mission is to build inclusive society and to make a meaningful difference to the community around us. We partner with our stakeholders to create shared benefit by generating economic value, community investment and optimally utilizing the resources which are an integral part of our stakeholder engagement initiatives. It is this quest that enthuses us to approach our corporate responsibility with all seriousness. We aim to positively impact not just our financial performance, but our future generations as well.

1

A brief outline of the Company's Corporate Social Responsibility (CSR) policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

Tejas Networks Limited works towards removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women and children, and preserving Indian art and culture. The Company's focus has been to contribute to the sustainable development of the society and environment, and to make our planet a better place for future generations.



Tejas' CSR activities will focus on:

- Eradicating extreme hunger, poverty and malnutrition, promoting preventive healthcare, sanitation and ensuring availability of safe drinking water;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
- Ensuring environmental sustainability, ecological balance, and conservation of natural resources and maintaining the quality of soil, air and water;
- Protecting national heritage, art and culture including restoration of buildings and sites of historical importance and works of art.

The projects undertaken are within the broad framework of Schedule VII of the Act. The details of the CSR projects or programs undertaken by the Company are given below:

#### 1) Akshaya Patra Foundation, Bengaluru - COVID-19 relief effort

The Foundation provides mid-day meals as an attempt to feed the millions of children in India and give them the motivation and nourishment they need to pursue an education and a better future. Now as a part of our country's COVID-19 relief efforts, the foundation is providing food and ration – Amount contributed ₹ 0.40 crore

#### 2) The International Institute of Information Technology, Bengaluru - Research Proposal on ML-based Network Node Reliability Prediction

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



### 3) Sri Aurobindo Society, Puducherry – “Project Inclusion” – All Teachers Geared Up for Mental Health Awareness and Support

“Project Inclusion” aims to assist children with hidden disability by giving them equal and quality education thereby making inclusive education a reality. Through Project Inclusion, regular school teachers are trained to identify such students and provide them with right kind of training and education. The “Project Inclusion” operates in states such as Uttar Pradesh, Jharkhand, Chhattisgarh, Uttarakhand, Puducherry, Bihar, Sikkim, Punjab – Amount contributed ₹ 0.40 crore

### 4) ICT Academy, Chennai – Creating the Next Generation Talent Pool

The Academy is an initiative of the government of India in collaboration with the state Governments and industries. It is a not-for-profit society, and a joint venture under the Public-Private-Partnership model. Through its various initiatives, ICT Academy has been part of strengthening the India’s four important visions on Skill India, Digital India, Startup India and Make in India - Amount contributed ₹ 0.50 crore.

### 5) Deshpande Foundation, Hubballi – “Skill in Village”

The Foundation creates an ecosystem that nurtures entrepreneurs who create deeper impact working on grassroots problems through innovation, collaboration and sustainability. The foundation realized that a better social impact could be achieved by refining the pedagogical practices early in childhood education. The foundation works on the concept of Innovate, Impact and Empower -Amount contributed ₹ 0.26 crore.

### 6) SELCO Foundation, Bengaluru - Solar Powered Digital Education Program

The Digital Education Program aims to provide a holistic solution that improves the quality of classroom education and increases learning effectiveness by implementing digital educational content and digital tools powered by solar energy in rural schools. The Content used in the Program is developed by “Next Education” which is in line with the syllabus prescribed by the Government of Karnataka and enhances learning in the classroom with visual explanations of concepts, tools and videos - Amount contributed ₹ 0.05 crore.

### 7) Karnataka Chief Minister Relief Fund – COVID-19

The Government of Karnataka has set-up the “Karnataka Chief Minister’s Relief Fund” for collecting contributions towards the COVID19 relief efforts - Amount contributed ₹ 0.11 crore.

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

2	The Composition of the CSR Committee	Amb. Leela K Ponappa - Chairperson Balakrishnan V - Member Sanjay Nayak - Member Arnob Roy - Member
3	Average net profit after tax of the Company for last three financial years	₹ 98.65 crore
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)	₹ 1.97 crore
5	Details of CSR spent during the financial year	



a	Total amount to be spent for the financial year	₹ 1.97 crore
b	Amount unspent, if any	Nil
c	Manner in which the amount spent during the financial year is detailed below:	
Particulars		Details
CSR project or activity identified		<ol style="list-style-type: none"> <li>1. Training and educating children, women, elderly and differently and special children and increasing employability.</li> <li>2. Disaster relief, promoting hygienic sanitation.</li> <li>3. Contribution to Relief Fund.</li> </ol>
Sector in which the project is covered		Promoting educational including special education and employment enhancing vocation skills, research and development, health, infrastructure sectors and relief effort disaster Management.
Projects or Programme (1) Local area or other (2) Specify the state and district where projects or programs was undertaken		<p>PAN India includes Karnataka, Tamilnadu and Puducherry.</p> <p>The projects/Programme includes:</p> <ol style="list-style-type: none"> <li>1. Akshaya Patra Foundation, Bengaluru</li> <li>2. The International Institute of Information Technology, Bengaluru</li> <li>3. Sri Aurobindo Society, Puducherry</li> <li>4. ICT Academy, Chennai</li> <li>5. Deshpande Foundation, Hubballi</li> <li>6. SELCO Foundation, Bengaluru</li> <li>7. Karnataka Chief Minister Relief Fund – COVID-19</li> </ol>
Amount outlay (budget project or programme wise)		One time
Amount spent on the project or programme Sub Heads; (1) Direct expenditure on projects or programmes (2) Overheads		₹ 1.97 crore
Cumulative expenditure up to the reporting period		₹ 1.97 crore
Amount Spent direct or through implementing agency		The amount were spent through implementing agencies mentioned in point 1 above.

## Responsibilities of the Committee

The responsibilities of the CSR Committee include:

- Formulate and recommend to our Board a CSR Policy that shall indicate the activities to be undertaken by the Company towards the CSR initiatives.
- Ensuring environmental sustainability, ecological balance and conservation of natural resources and maintaining the quality of soil, air and water.
- Monitor and provide guidance on the Company's policies on environment management, social responsibilities, health and safety, product stewardship, community development, principles of managing branded operations, etc.
- Provide guidance on welfare activities including eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects.

## Disclosure of Interest

1. Balakrishnan V, Chairman of the Board and Member of the CSR Committee is in the Board of the Akshaya Patra Foundation, Bangalore as Trustee and in the Board of Governors in ICT Academy, Chennai.
2. Dr. Gururaj Deshpande, Non-Executive and Non-Independent Director of the Board is a co-founder of the Deshpande Foundation, Hubballi.
3. Sanjay Nayak, Managing Director and CEO and a Member of the Board and CSR Committee is in the Board of Deshpande Foundation, Hubballi as Trustee.
4. Arnob Roy, Whole time Director and COO and a Member of the Board and CSR Committee is in the Board of Deshpande Foundation, Hubballi as Trustee.

## Confirmation

The CSR Committee hereby confirms:

- That the Company has fully spent the amount of CSR that has to be contributed by the Company as prescribed under Section 135 of the Act and there is "NIL" amount that is unspent.
- That the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company and in pursuance of the statutory obligations as laid down in Section 135 of the Act.
- That the CSR activities undertaken by the Company
  - » do not include the activities that are in the normal course of business of the Company.
  - » have been carried out in India and not outside India.
  - » contribution has not been made to any political party either directly or indirectly.
  - » is not to the benefit of the of employees of the Company nor the employees' families.
- That the calculation of Net Profits for the purpose of determining the CSR contribution does not contain any profit arising from any overseas branch or branches of the Company nor any dividend received from other Companies in India.

**Note:** The Ministry of Company Affairs vide its circular dated March 23, 2020 allowed companies to use their Corporate Social Responsibility (CSR) spending on measures to fight COVID-19. In accordance with this circular, the Company on March 28, 2020 has made the contribution of ₹ 0.11 crore to Karnataka Chief Minister Relief Fund for COVID-19 as a qualifying CSR expenditure, based on the Ministry of Corporate Affairs (MCA) circular dated March 23, 2020. Subsequent MCA issued a revised circular date April 10, 2020 clarifying through an FAQ that contribution to Chief Minister Relief Fund for COVID-19 is not included in Schedule VII of the Act and therefore any contribution to such funds shall not qualify as admissible CSR expenditure. The Company believes that the amount contributed to Karnataka Chief Minister Relief Fund for COVID-19 is for "Disaster Management", the contribution made to Chief Minister Relief Fund was much earlier to the subsequent revised circular and hence shall qualify as CSR.

Bengaluru  
April 21, 2020

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

Sd/-  
Sanjay Nayak  
Managing Director and CEO

## Annexure – 7

### Details Of ESOP / Restricted Stock Unit Plan

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

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

The details of the ESOP Plan 2014 as on March 31, 2020 are given below:

ESOP Plan 2014	
Options granted	69,26,635
Options vested	68,78,205
Options exercised	47,05,196
Total number of shares arising as a result of exercise of option	47,05,196
Options lapsed	97,003
Exercise price	₹ 65.00
Variation of terms of options	Pursuant to a resolution of the Board of Directors dated March 2, 2016 and a resolution of the Shareholders dated March 28, 2016, the size of the ESOP pool was amended. Further, pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2014 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Act.
Money realized by exercise of options	₹ 30.58 crore
Total number of options in force	21,24,436
Employee wise details of options granted to:	No options were granted to the KMP's during the year
(i) Key managerial personnel	
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

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

The details of the ESOP Plan 2014-A as on March 31, 2020 are given below:

ESOP Plan 2014-A	
Options granted	19,78,215
Options vested	18,87,859
Options exercised	4,74,486
Total number of shares arising as a result of exercise of option	4,74,486
Options lapsed	1,23,980
Exercise price	₹ 85/-
Variation of terms of options	Pursuant a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 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 Act.
Money realized by exercise of options	₹ 4.03 crore
Total number of options in force	13,79,749
Employee wise details of options-granted to:	No options were granted to the KMP's during the year
(i) Key managerial personnel	
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

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

The details of the ESOP Plan 2016 as on March 31, 2020 are given below:

ESOP Plan 2016	
Options granted	26,26,415
Options vested	21,44,343
Options exercised	5,45,345
Total number of shares arising as a result of exercise of option	5,45,345
Options lapsed	2,07,387
Exercise price	Weighted average exercise price of options granted - ₹ 86.29/-
Variation of terms of options	Pursuant to a resolution of the Board of Directors dated September 23, 2016 and a resolution of the Shareholders dated November 19, 2016, the exercise period under ESOP 2016 was amended in order to ensure compliance with the SEBI Regulations. Further, amendments were made to the definitions of 'employee', 'promoter', 'promoter group' and 'independent director' to ensure compliance with the SEBI ESOP Regulations and the Act.
Money realized by exercise of options	₹ 4.70 crore
Total number of options in force	18,73,683
Employee wise details of options granted to:	No options were granted to the KMP's during the year
(i) Key managerial personnel	
(ii) Any other employee who receives a grant of options amounting to 5% or more of options granted during the year.	Nil
(iii) Identified employees who were granted option equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

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

The details of the RSU 2017 as on March 31, 2020 are given below:

RSU 2017	
RSU granted	19,51,340
RSU vested	3,13,700
RSU exercised	1,10,792
Total number of shares arising as a result of exercise of RSU	1,10,792
RSU lapsed*	1,56,047
Exercise price	10.00
Variation of terms of RSU	Nil
Money realized by exercise of RSU	₹ 0.11 crore
Total number of units in force	16,84,501
Employee-wise detail of RSU's granted to:	Sanjay Nayak 75,000 Arnob Roy 53,000 (i) Key managerial personnel Venkatesh Gadiyar 32,000 N R Ravikrishnan 10,000
(ii) Any other employee who receives a grant of RSU amounting to 5% or more of RSU granted during the year.	Sanjay Nayak 5.45%
(iii) Identified employees who were granted RSU equal to or exceeding 1% of the issued capital of the Company at the time of grant.	Nil

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

RSU vesting is based on company and individual performance.

\*a. RSU's lapsed indicate units which did not vest due to individual/ Company performance.

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



## Annexure – 8

### Particulars of Employees

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

Particulars	Disclosures
The ratio of the remuneration of Managing Director to the median remuneration of the employees of the Company for the financial year	11
	Sanjay Nayak, MD and CEO had a decrease of 13% in FY 20 as compared to FY 19 due to reduction in performance linked variable pay of FY 20 to be paid in FY 21
The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<p>Arnob Roy, COO and Whole-time director had a decrease of 10% in FY 20 as compared to FY 19 due to reduction in performance linked variable pay of FY 20 to be paid in FY 21</p> <p>Venkatesh Gadiyar, CFO had a decrease of 14% in FY 20 as compared to FY 19 due to reduction in performance linked variable pay of FY 20 to be paid in FY 21</p> <p>N R Ravikrishnan, Company Secretary had a decrease of 6% in FY 20 as compared to FY 19 due to reduction in performance linked variable pay of FY 20 to be paid in FY 21</p>
The percentage increase in the median remuneration of employees in the financial year	13.05%
The number of permanent employees on the rolls of Company as of March 31, 2020	781
Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in salaries excluding KMP is 7.92% The average decrease in salaries for KMP is 10.79%
Affirmation that the remuneration is as per the remuneration policy of the Company	Yes

Notes: Computation does not include the perquisite value of stock options exercised or the value of stock options/RSUs granted during the period.

## II. Top 10 Employees on rolls of the Company in terms of remuneration drawn during fiscal 2020:

Employee Name	Designation	Age	Educational Qualification	Experience in years	Location	Date of Commencement of employment	Gross Remuneration (in ₹.)*	Perquisites on exercise of stock options (in ₹. )#	Total Remuneration (in ₹. )	Previous Employment and Designation
Kumar N Sivarajan	Chief Technology Officer	54	MS. & PhD, EE, California Institute of Technology, Pasadena, USA	29	India	01-May-00	1,26,31,726	1,25,84,718 <sup>1</sup>	2,52,16,444	Indian Institute Of Science, Associate Professor
Sanjay Nayak	CEO & Managing Director	56	MS. ECE, North Carolina State University, Raleigh, USA	33	India	06-May-00	2,05,55,385	18,18,375 <sup>2</sup>	2,23,73,760	Synopsys India, Managing Director
Arnob Roy	Whole-time Director & Chief Operating Officer	56	MS. CS, University of Nebraska, Lincoln, USA	31	India	10-May-00	1,44,62,186	-	1,44,62,186	Synopsys India, Senior Manager
Paul Harrison	Senior Vice President - Sales North America	59	MS. Marketing, Coventry Univeristy Business School	33	USA	01-Jul-19	1,28,18,579	-	1,28,18,579	Infinera Inc, VP Metro Sales
Sooraj Vasudevan	Director - International Sales	41	M.Tech, OE & OC, IIT Delhi	15	India	04-Oct-16	1,10,38,134	-	1,10,38,134	Lumos Design Technology Pvt Ltd, Sales
Abhijat Mitra	Chief Human Resource Officer	43	MBA, IIM Indore	19	India	22-Oct-18	1,06,54,791	-	1,06,54,791	Mckinsey, HR-Head
Ranajit Hajra <sup>3</sup>	Executive Vice President, NSG	54	MBA, The Nottingham Trent University UK	30	India	02-Jul-18	1,04,23,723	2,33,450 <sup>3</sup>	1,06,57,173	Alcatel Lucent India Limited/Nokia, Regional Director
Sukhvinder Kumar	Global Manufacturing Operations-President	48	Advanced Management Programme, IIM Bangalore	25	India	18-Aug-16	1,01,11,094	-	1,01,11,094	Eolane Electronics India Pvt Ltd, MD & CEO
Shirish Purohit	Head-Sales (India and Emerging Markets)	57	MTech, IIT Madras	33	India	01-Mar-12	1,00,29,378	-	1,00,29,378	Midas Communication Technologies Pvt Ltd, CEO
Allan Phillips	Group Director, Sales, International BD	54	BE. CS, Acadia University	34	USA	12-Apr-10	99,12,533	-	99,12,533	Yokogawa, (USA), Product Manager

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20 .

#Value of perquisites includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

<sup>1</sup>Perquisite value on the exercise of 2,32,032 ESOP's during fiscal 2020

<sup>2</sup>Perquisite value on the exercise of 15,000 ESOP's during fiscal 2020

<sup>3</sup>Perquisite value on the exercise of 2,500 RSU's during fiscal 2020

Employees mentioned above are neither relatives of any directors of the Company, nor hold 2% or more of the paid-up equity share capital of the Company as per Clause (iii) of sub-rule (2) of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## Annexure – 9

### Board Governance Policies

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

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

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

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



# Management's Discussion and Analysis

## I. Overview

Tejas Networks designs, develops, manufactures and sells high performance carrier-class equipment required for building telecommunication networks. We provide an end-to-end portfolio of optical and data networking products that are sold to telecommunications service providers, internet service providers, utility companies, defence and government entities. Our products are deployed at cell towers, exchanges, businesses, homes, data centers and utility sites and are used to build high-speed communication networks that provide broadband services to homes and enterprises and carry data, voice and video traffic from mobile (2G/3G/4G/5G) or fixed line networks over optical fibre. The Company has developed an extensive portfolio of leading-edge telecom products to realize end-to-end networks that includes carrier-grade multi-terabit optical transmission and switching, fiber broadband access, broadband wireless access as well as multi-gigabit Ethernet/IP switching and routing products. Our products are based on global technology standards such as ITU/IEEE/IETF/MEF/3GPP and are used at different locations in a telecom network including at base stations, at exchanges, in data centers, utility sites, on customer premises as well as at the point-of-presence (POP) sites of a metro, state-wide or national network. The Company's optical transmission equipment can address bandwidth requirements starting from a few megabits up to tens of terabits and are used for network applications such as mobile backhaul, broadband access, enterprise services, wholesale bandwidth services, critical infrastructure and optical network modernization. We have an end-to-end product portfolio that spans access (i.e., the outer perimeter of a telecommunications network which connects to the end consumers), metro (i.e., networks that aggregate and distribute traffic collected from access networks within a large city or region) and core (i.e., networks that interconnect metro networks using high bandwidth transmission) networks with a universal network management software. Our products are modular and our programmable software-defined-hardware™ architecture employing field-programmable silicon allows us to remotely upgrade our hardware with new capabilities and features as per new customer requirements, standards or technology trends. This enables our customers to adopt a “pay-as-you-grow” approach (i.e., purchase our products/ services incrementally as needed) while adopting new services, and also enables them to extend the life of installed systems through regular feature upgrades without having to invest in new hardware purchases. Our software-defined-hardware™ architecture also enables us to deploy the same products in multiple geographies by making country-specific adaptations, thus allowing us to save costs and realize economies of scale. Our products have been deployed in 75+ countries and we are ranked as a top-10 global supplier of optical aggregation equipment.

### Industry Structure and Developments

The optical networking market is characterized by rapid change and evolution of new technologies and applications, primarily driven by a major transformation in telecommunication networks that are transitioning to a software-defined network architecture. A combination of factors such as proliferation of powerful mobile devices such as smart phones, tablets and IoT devices, emergence of new mobile and fixed broadband standards such as 5G and NG-PON, and increasing adoption of bandwidth-intensive applications

such as high-speed business Ethernet, cloud connectivity, high-capacity wireless backhaul, and data center inter-connections are resulting in an expansion of the optical network equipment market. The emergence of new software-enabled networking paradigms (e.g., SDN), greater adoption of Network Function Virtualization (NFV) and migration of enterprises to the cloud are also expected to yield larger investments in high-capacity optical fiber connectivity in the medium term. SDN will lead to open programmable networks that decouple data and control layers of an optical network using Application Programming Interfaces (APIs). SDN will enable higher levels of network and service automation such as on-demand and elastic bandwidth provisioning as per customer requirements. SDN, NFV and Cloud will together have a substantial impact on telecom networks as well as the underlying optical transport layers.

The continuing global trend of increased data consumption by consumers, enterprises and intelligent devices is a favorable driver for our business. With internet becoming more ubiquitous and use of high-bandwidth services such as video streaming, social networking and e-commerce becoming commonplace, there is a dramatic increase in data traffic in telecom networks. The global outbreak of COVID-19 and stringent social distancing restrictions are likely to accelerate this trend. As a result, telecom operators are increasing capital investments in optical transmission and broadband access equipment to ensure that mobile and home broadband services are delivered with requisite quality and in a cost-effective manner. While optical capital expenditure is growing in large parts of the globe, India and other developing countries in SAARC, South East Asia, Africa and Americas are growing faster than other geographies. Developing countries have a huge pent-up demand for optical fiber and fiber-based equipment in the access and backhaul to serve an exponential growth in high-speed data traffic driven by expansion of 4G networks while preparing for impending 5G rollouts, fiber-to-the-home (FTTH) and fixed wireless access (FWA) applications for broadband access, and growing bandwidth consumption by consumers and businesses due to preference for video-conferencing, video calling and virtualized events. India is expected to have one of the highest compounded annual growth rate (CAGR) of optical capex in the coming years and one of the highest proportion of optical capex to total telecom capex in the world in the next few years.

The recent pandemic caused by COVID-19, has accelerated the need for high-bandwidth, reliable and secured networks, given the new trends such as work-from-home, remote learning, tele-medicine, entertainment, e-commerce etc.

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

1. Mobile backhaul is defined as the transport of cell phone traffic between the cellular base station and the mobile switching centre. In the case of 2G networks that were dominated by low speed voice services, cellular traffic was largely backhauled over microwave radio but with the arrival of 3G and 4G networks that are dominated by higher-speed data traffic, optical fiber based backhaul will become the norm. The fiberization trend is further accelerating with the advent of 5G due to a 10x increase in backhaul capacity requirements and a 10x densification of cell

towers. In India, less than 25% of close to 600,000 cell sites are currently fiberized (compared to 70-80% in developed countries) which is expected to increase to 60% by 2022. India has approximately 650 million mobile broadband subscribers today compared to a mobile voice subscription base of over 1.1 billion (source: TRAI statistics, January 2020) so there is a latent demand for higher speed services which will lead to higher investments in optical networks.

While the number of mobile broadband subscribers in India is close to 650 million, only 19 million homes had a wired broadband connection as of January 2020 (source: TRAI). As the mobile broadband market gets rapidly saturated, large telecom operators are preparing to launch residential gigabit/ten gigabit fiber-to-the-home (FTTx) services which are expected to increase the number of fiberized homes to 100 million by 2022. A similar trend is being witnessed in other developing countries as well. Fixed Wireless Access based on 4G/LTE technology is emerging as an alternative in areas where it is difficult to extend fiber to the customer premises.

Adoption of cloud services is growing today as there is more data residing in cloud data centers than in private enterprise servers. Globally, Carrier Ethernet has emerged as the de-facto technology of choice for business and data center connectivity due to its scalability, flexibility, low cost-per-bit and security features. Enterprise customers are increasingly migrating to higher-speed Ethernet services including 100GE/200GE connections that can only be served on optical fiber. The total optical capex invested in optical networks is directly linked to the connection speed and level of fiberization thus driving demand for optical products.

The Internet has emerged as a basic necessity in modern life around the world. However, approximately half of the world's population, living largely in rural and remote areas of developing countries, continue to remain unconnected to the Internet resulting in a growing "digital divide" between their rural and urban areas. As per ITU over 150 countries around the world, primarily in the developing countries of Asia, Africa and Latin America have announced national broadband initiatives to construct country-wide fiber-optic infrastructure and thereby bridge this gap. India's BharatNet is an ongoing multi-year, multi-billion dollar government project funded by a Universal Service Obligation Fund (USOF) that seeks to connect 2.5 lac Gram Panchayat's (GPs) in the country with a national fiber optic network using GPON technology by August 2021. We were the largest supplier of GPON products for Phase-1 of BharatNet that covered 1.2 lac GPs and are participating in Phase-2 rollouts as well. India is also using USOF funds to build voice and data networks in LWE (Left Wing Extremism) affected areas, extending WiFi to villages and augmenting network capacity in the North East. Other large government projects such as pan-India defence networks, network transformation projects in the power and rail sectors, and Smart City projects also have a large optical capex component.

## II. Impact of COVID-19 pandemic

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

As the situation is constantly evolving, the Company has considered various internal and external information available up to the date of approval of financial statements in assessing the

impact of COVID-19 pandemic in the financial statements for the year ended March 31, 2020.

The Company is in the business of providing optical and data transmission equipment to telecom service providers. Since telecom networks have been identified as an essential service, the Company is in a position to provide continual customer and technical support to its customers in India and worldwide, so that their network uptime remains high.

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmations of customer orders and in executing the orders in hand and an increase in lead times in sourcing components. Based on current assessment, management is of the view that this situation is likely to continue for the next two quarters.

From a macro industry outlook, with more people working remotely and many services being accessed from home, there has been a significant increase in data traffic in telecom networks, which is expected to drive demand for higher bandwidth and more optical and data transmission equipment. Telecom operators are expected to invest more in upgrading their network capacities, especially to address home broadband needs. The Company's products address the broadband equipment requirements of telecom operators and also are used for augmenting the data capacity of their networks.

The Company does not have borrowings as at year end and in the view of the management, there is no major impact on the immediate liquidity position of the company based on sensitivity analysis and detailed cash flow assessment carried out for the next one year from the date on which the financial statements are approved.

As part of its review of the year-end balance sheet, the Company has made an assessment of recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31, 2020. (Refer Note No. 4(a), Note No. 4(b), Note No. 12, Note No. 28 and Note No. 29).

In the case of Inventory, Management has performed the year-end 'wall to wall' inventory verification at each of its locations and again at a date subsequent to the year end in the presence of its internal auditor (an external firm of Chartered Accountants) to obtain comfort over the existence and condition of inventories as at March 31, 2020 including roll-back procedures etc.

In view of the above, the Company has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

## III. Financial condition

### A. Sources of Funds

#### 1. Equity share capital

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

During the year ended March 31, 2020, the Company has issued 4,91,256 equity shares consequent to the exercise of the employee

stock options and restricted stock units by the eligible employees of the Company. The outstanding paid up equity share capital stands at ₹ 92,21,08,350 comprising of 9,22,10,835 equity shares of ₹ 10 each fully paid up, as on March 31, 2020.

Employee Stock Option Plans (ESOPs) and Restricted Stock Units (RSUs):

The total option pool authorised for grant across three ESOP schemes (ESOP 2014, 2014-A and 2016) shall not exceed 1,41,01,767. Of these, 53,77,868 options which have been granted and are outstanding as on March 31, 2020. The Company does not plan to grant any new options from the pool available from the aforesaid ESOP schemes.

Pursuant to Shareholders resolution, the RSU 2017 plan was approved during FY 2018. The aggregate number of Equity Shares, which may be issued under RSU Plan - 2017, shall not exceed 30,00,000 Equity Shares. During the year 9,08,000 RSUs were granted and 16,84,501 RSUs are outstanding as on March 31, 2020.

## 2. Other equity

### Securities premium reserve

On standalone and consolidated basis, the share premium account increased from ₹ 931.17 crore as at March 31, 2019 to ₹ 937.80 crore as at March 31, 2020. The increase in share premium is due to the issue of shares during the year on account of exercise of employee stock options totalling ₹ 2.33 crore. In accordance with Ind AS 102, a sum of ₹ 4.30 crore was transferred from employee stock compensation reserve to securities premium reserve.

### Employee stock compensation reserve

On standalone and consolidated basis, the employee stock compensation reserve increased from ₹ 27.02 crore as at March 31, 2019 to ₹ 33.92 crore as at March 31, 2020, on account of ESOP as well as RSU grants resulting in employee share based payment expenses of ₹ 11.20 crore (previous year ₹ 15.10 crore) as per Ind AS 102 and transferring ₹ 4.30 crore (previous year ₹ 3.22 crore) to securities premium reserve.

### Retained earnings

On a standalone basis, the balance in retained earnings as at March 31, 2020 and March 31, 2019 was ₹ 12.56 crore and ₹ 265.56 crore respectively. On a consolidated basis, the balance retained in the surplus as at March 31, 2020 and March 31, 2019 was ₹ 12.53 crore and ₹ 266.49 crore respectively. The reduction during the current year on a standalone basis and consolidated basis was on account of losses to the extent of ₹ 237.23 crore and ₹ 238.19 crore respectively. Further reduction on account of payment of dividend during the year which was recommended by the Board for the financial year ended 31.03.2019 (including dividend distribution tax) of ₹ 11.08 crore and impact on account of adoption of Ind AS 116 towards accounting of leases to the extent of ₹ 4.69 crore both on a standalone and consolidated basis. As per the Company's dividend policy, the Board may recommend to distribute dividend upto 25% of the free cash flow of the corresponding Financial Year, out of retained earnings, after taking into account the relevant provisions of the Companies Act. For the year ended March 31 2020, since the Company has incurred a loss, the Board has not recommended any dividend.

### Networth

On a consolidated basis our networth has declined to ₹ 1,080.94 crore as at March 31, 2020 compared to ₹ 1,320.24 crore as at March 31, 2019, primarily as a result of the loss in the current financial year. Our book value per share reduced to ₹ 117.23 as of March 31, 2020 from ₹ 143.94 as of March 31, 2019.

## 3. Borrowings

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Non-current borrowings	-	-	-	-
Current maturities of long term borrowings	-	1.19	-	1.19
<b>Total</b>	<b>-</b>	<b>1.19</b>	<b>-</b>	<b>1.19</b>

As on March 31, 2020 we are a debt free company. On a standalone basis and consolidated basis, our total borrowings including current maturities of long term debt as at March 31, 2020 was Nil as against ₹ 1.19 crore as at March 31, 2019.

## B. Application of funds

### 4. Property, plant and equipment

#### Additions to gross block

On a standalone basis and consolidated basis, during the year, we incurred expenditure on property, plant and equipment of ₹13.41 crore (previous year ₹ 13.40 crore), comprising ₹ 2.06 crore (previous year ₹ 3.96 crore) in Laboratory equipment, ₹ 6.01 crore (previous year ₹ 2.54 crore) in Cards/Prototypes, ₹ 1.44 crore (previous year ₹ 2.86 crore) in Furniture and Fixtures, ₹ 0.98 crore (previous year ₹ 1.68 crore) in Computing Equipment, ₹ 0.89 crore (previous year ₹ 1.60 crore) in Servers, ₹ 1.00 crore (previous year ₹ 0.41 crore) in Electrical Installation, ₹ 0.82 crore (previous year ₹ 0.21 crore) in Office Equipment and ₹ 0.21 crore (previous year ₹ 0.14 crore) in Networking equipment.

#### Deductions to gross block

During the year, we deducted from the gross block ₹ 0.01 crore of Furniture and Fixtures (₹ 0.31 crore in the previous year), ₹ 0.01 crore on Electrical Installation (₹ 0.38 crore in the previous year), Nil on Office Equipment (₹0.04 crore in the previous year), ₹ Nil on Computing Equipment (₹0.02 crore in the previous year), ₹ Nil on Vehicles (₹ 0.09 crore in the previous year) primarily on account of disposal of old assets related to shifting of our Mumbai office.

#### Capital expenditure commitments

We have a capital expenditure commitment of ₹ 1.88 crore as at March 31, 2020, as compared to ₹ 2.40 crore as at March 31, 2019.

### 5. Right-of-use assets

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'. The adoption of Ind AS 116 has resulted in recognition of Right-of-use assets of ₹ 22.65 crore. During the year Company has added ₹ 3.87 crore to the right-of-use assets. Total additions amounts to ₹ 26.52 crore.

### 6. Intangible assets and Intangible under development

Additions to intangible under development for the year amounted to ₹ 67.31 crore (previous year ₹ 64.92 crore) on account of capitalisation of employee benefit expense and other expenses (refer note 24 and note 26 of standalone/consolidated financials).

We carry the R&D assets in two forms - as CWIP and as capitalized product development. During the year, the Company has recognised

an impairment loss of ₹ 69.87 crore on specifically identified R&D assets. The Company has discontinued further development on certain products, R&D assets for which were captured as intangible assets under development, as we do not foresee any future economic benefits from such assets and consequently the entire development expenditure of ₹ 37.10 crore related to such intangible assets under development has been impaired. Further, in respect of certain identified product development, having a written down value of ₹ 32.77 crore, as Company does not foresee any future economic benefits based on the likely demand for such products from the customers. Therefore, the related product development costs have also been fully impaired as at March 31, 2020.

The remaining balance of product development and intangible assets under development have been tested for impairment as at March 31, 2020 and the management has concluded that no impairment is considered necessary as the recoverable amounts of the individual cash generating units (CGUs) are higher than their respective carrying amounts. The recoverable amounts of the individual CGUs have been determined based on management's estimate of the future cash flows under the value-in-use method. The future cashflows include management's estimate for increased demand for the Company's products that address the broadband equipment requirements of telecom operators, although management expects certain delays in customer orders in the next two quarters on account of uncertainties arising from COVID-19 pandemic situation.

#### 7. Financial assets

On a standalone and consolidated basis, inventory balance was ₹ 251.99 crore as at March 31, 2020, compared to ₹ 181.39 crore as at March 31, 2019. The higher inventory was built in anticipation of few customers orders, which got pushed out from Q4 of FY 20 due to Covid-19. We expect to consume these inventories during FY 21, since the same are for currently shipping products. As a result of higher inventory levels, the Inventory days outstanding (based on gross revenues) increased to 211 days as at March 31, 2020 as against 64 days as at March 31, 2019.

#### 8. Financial assets

##### a) Investments

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

Other investment comprise of investment in liquid mutual funds amounting to ₹ 50.97 crore as at March 31, 2020 (previous year ₹ 86.55 crore), and investment in ELCIA ESDM cluster of ₹ 11,000/- as at March 31, 2020 (previous year ₹ 11,000/-).

##### b) Trade receivables

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

Since our exports are expected to be a large portion of our revenues, we have taken ECGC insurance cover, to minimise the risk on the collection of international trade receivable.

On a standalone basis, trade receivables amounted to ₹ 444.52 crore and ₹ 650.20 crore as of March 31, 2020 and March 31, 2019, respectively. On a consolidated basis, trade receivables amounted to ₹ 455.91 crore and ₹ 664.93 crore as of March 31, 2020 and March 31, 2019, respectively. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost

using the effective interest method, less provision for impairment. On a consolidated basis, Days Sales Outstanding (DSO) increased by 146 days to 382 days as at March 31, 2020, compared to 236 days as at March 31, 2019. Our DSO increased by 146 days, primarily due to delays in collection from a Public Sector operator in India and lower revenues.

During the year we have collected ₹ 88 Crore from BSNL/BBNL towards the Bharatnet project. However, since a large portion from this project is still overdue, the Expected Credit Loss provisioning was done for BSNL/BBNL, contributing to a majority of the total ECL provisioning for the year.

We expect to collect the balance outstanding overdue amount from BSNL/BBNL during FY 21.

As per Ind AS 109, the Group is required to apply Expected Credit Loss (ECL) model for recognising the allowance for doubtful debts. The group uses a provision matrix to compute the expected credit loss allowance for trade receivables based on the movement in ECL during fiscals 2020 and 2019 as follows:

Particulars	in ₹ crore	
	Standalone	Consolidated
Loss allowance as on March 31, 2019	8.19	15.10
Changes in loss allowance	18.79	20.20
Loss allowance as on March 31, 2020	26.98	35.30

##### c) Cash and cash equivalents

Particulars	in ₹ crore			
	Standalone		Consolidated	
	2020	2019	2020	2019
Bank balances and deposits with original maturity up to three months	66.05	16.41	66.48	16.90
Bank balances other than above				
Deposits with original maturity of more than 3 months and upto 12 months	76.71	106.15	76.71	106.15
Deposits with original maturity of more than twelve months	1.11	0.12	1.11	0.12
Investment in mutual funds	50.97	86.55	50.97	86.55
Deposits with financial institutions disclosed under other current financial assets	85.00	160.00	85.00	160.00
Cash and cash equivalents including margin money	279.84	369.23	280.27	369.72

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

On a standalone basis, our total cash and cash equivalents (including investment in liquid mutual funds and deposits with financial institutions) stood at ₹ 279.84 crore as at March 31, 2020, as compared to ₹ 369.23 crore as at March 31, 2019. On a consolidated basis, our total cash and cash equivalents stood at ₹ 280.27 crore as at March 31, 2020, as compared to ₹ 369.72 crore as at March 31, 2019. Our cash and cash equivalents comprise balances with banks in current accounts, EEFC accounts and deposits with original maturity of less than three months. These cash and cash equivalents include Nil as at March 31, 2020 and ₹ 0.31 crore as at March 31, 2019 which is



subject to repatriation restriction. Other bank balances comprise of deposits with banks with original maturity of more than three months but less than twelve months and balances held as margin money or security against bank facilities or guarantees. Investment in mutual funds as at March 31, 2020 includes ₹ 7.65 crore in Aditya Birla Sun Life Liquid Fund - Growth Direct Plan, ₹ 18.61 crore in Axis liquid fund Direct Growth - CFDG, ₹ 18.32 crore in Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option, and ₹ 6.39 crore in Tata liquid fund direct plan growth.

Deposits with financial institutions as at March 31, 2020 comprise of deposit with Bajaj Finance Limited of ₹ 60.00 crore and HDFC Limited of ₹ 25.00 crore.

#### d) Loans

On a consolidated and standalone basis, outstanding balance in loans to employees has marginally increased to ₹ 1.07 crore and ₹ 0.97 crore as at March 31, 2020 respectively compared to ₹ 0.87 crore and ₹ 0.71 crore respectively as at March 31, 2019. The current and non-current security deposits comprises of earnest money deposit and other deposits receivable in cash. No expected credit loss allowance has been created for security deposits, since the Group considers lifetime credit risk of these to be very low.

#### e) Other financial assets

The details of other financial assets are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Unbilled Revenue	5.72	10.58	5.91	10.58
Interest accrued but not due	0.68	9.86	0.68	9.86
<b>Total</b>	<b>6.40</b>	<b>20.44</b>	<b>6.59</b>	<b>20.44</b>

Unbilled revenue is revenue in excess of billing and represent the right to consideration in exchange of deliverables which are conditional upon passage of time. As of March 31, 2020 the unbilled revenues were ₹ 5.72 crore (previous year ₹ 10.58 crore).

Interest accrued but not due of ₹ 0.68 crore as on March 31, 2020 (previous year ₹ 9.86 crore) represents deposits kept with financial institutions and banks.

#### 9. Other assets

The details of other assets are as follows:

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
<b>Non-current</b>				
Prepaid expenses	0.14	0.14	0.14	0.14
Capital Advances	0.02	-	0.02	-
Balances with government authorities (other than income taxes)	6.81	-	6.81	-
<b>Current</b>				
Advances to suppliers	18.16	19.20	18.17	19.25
Advances others	0.02	0.01	0.02	0.01
Balances with government authorities (other than income taxes)	18.35	5.97	18.35	5.97
Prepaid expenses	0.93	2.30	0.96	2.68
<b>Total</b>	<b>44.43</b>	<b>27.62</b>	<b>44.47</b>	<b>28.05</b>

On a consolidated basis, balances with government authorities (other than income taxes) increased to ₹ 25.16 crore as at March 31, 2020 from ₹ 5.97 crore as at March 31, 2019.

#### 10. Tax assets

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Income Tax Asset (net)	47.80	36.93	47.80	36.92
Deferred Tax Asset	41.70	138.00	41.70	138.00
<b>Total</b>	<b>89.50</b>	<b>174.93</b>	<b>89.50</b>	<b>174.92</b>

Effective the Ind AS transition date, the Company has recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable income. Deferred tax assets primarily comprise of deferred taxes on property, plant and equipment, tax losses, tax credits and unabsorbed depreciation of previous years. As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55 on account of the loss and based on the projected profitability.

Standalone basis the Company continue to pay the income tax on MAT basis. An amount of MAT credit as per the Income tax return filed by the Company for Assessment Year 2019-20 is ₹ 51.93 (March 31, 2019 - ₹ 51.93).

#### 11. Financial liabilities

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

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Trade payables for goods & services	77.92	163.86	74.77	163.53
Lease Liabilities	27.88	-	27.88	-
Due to employees	14.47	31.24	15.04	32.74
Capital Creditors	1.42	8.62	1.42	8.62
Accrual for expenses	23.58	37.16	25.69	38.97
Unpaid dividend	0.03	-	0.03	-
Other liabilities	0.09	0.20	0.09	0.20
<b>Total</b>	<b>145.39</b>	<b>241.08</b>	<b>144.92</b>	<b>244.06</b>

Trade payables for goods & services stood at ₹ 74.77 crore as at March 31, 2020 as compared to ₹ 163.53 crore as at March 31, 2019 on a consolidated basis. On a consolidated basis, amount due to employees decreased from ₹ 32.74 crore as at March 31, 2019 to ₹ 15.04 crore as at March 31 2020, comprising of the employee compensation benefits (including yearend performance linked variable pay) payable as of the respective year end. Accrual for expenses decreased from ₹ 38.97 crore as at March 31, 2019 to ₹ 25.69 crore, including expenses accrued towards the unbilled revenues as at March 31, 2020. On a consolidated basis, our Days Payable Outstanding (DPO) decreased by 21 days to 111 days as at March 31, 2020, compared to 132 days as at March 31, 2019.

Upon adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. As of March 31, 2020 the lease liabilities on a consolidated stood at ₹ 27.88 crore.

#### 12. Other liabilities

The details of other financial liabilities are as follows:

Particulars	in ₹ crore			
	Standalone		Consolidated	
	2020	2019	2020	2019
Advances received from customers	0.29	0.48	0.38	0.58
Deferred revenue	2.60	3.02	2.60	3.39
Statutory dues	4.13	5.92	4.28	5.93
<b>Total</b>	<b>7.02</b>	<b>9.42</b>	<b>7.26</b>	<b>9.90</b>

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

## IV. Results of our operations

Our statement of function wise profits and losses is as below

Particulars	in ₹ crore except for share data							
	Standalone				Consolidated			
	2020	%	2019	%	2020	%	2019	%
Revenue net of taxes and component sales {Revenues(net)} (A)	375.45	100.0	870.44	100.0	379.79	100.0	876.73	100.0
Cost of Sales excluding component sales	193.11	51.4	441.25	50.7	193.11	50.8	441.25	50.3
Manufacturing Expenses	14.74	3.9	18.30	2.1	14.74	3.9	18.30	2.1
Service Expenses	36.70	9.8	51.12	5.9	36.70	9.7	51.12	5.8
Total Cost of Goods Sold (B)	244.55	65.1	510.67	58.7	244.55	64.4	510.67	58.2
Gross Profit (C) = (A) - (B)	130.90	34.9	359.77	41.3	135.24	35.6	366.06	41.8
Operating Expenses:								
Research & Development (Gross)	109.40	29.1	115.51	13.3	109.40	28.8	115.51	13.2
Less: R&D Capitalized	(67.31)	(17.9)	(64.92)	(7.5)	(67.31)	(17.7)	(64.92)	(7.4)
Research & Development (Net)	42.09	11.2	50.59	5.8	42.09	11.1	50.59	5.8
Selling, Distribution & Marketing	82.46	22.0	84.56	9.7	87.32	23.0	89.50	10.2
General & Administrative	23.18	6.2	29.03	3.3	23.41	6.2	29.76	3.4
Operating Expenses (Net) (D)	147.73	39.3	164.18	18.9	152.82	40.2	169.85	19.4
Profit/(Loss) from operations (EBITDA) (E) = (C) - (D)	(16.83)	(4.5)	195.59	22.5	(17.58)	(4.6)	196.21	22.4
Other Income	24.66	6.6	35.99	4.1	24.66	6.5	36.13	4.1
Foreign exchange loss/(gain)	(9.05)	(2.4)	(0.65)	(0.1)	(8.99)	(2.4)	(0.56)	(0.1)
Finance costs	7.57	2.0	16.88	1.9	7.72	2.0	17.00	1.9
Depreciation and amortization	77.05	20.5	65.88	7.6	77.05	20.3	65.88	7.5
Impairment of non-current assets	69.87	18.6	-	-	69.87	18.4	-	-
Profit/(Loss) before tax	(137.61)	(36.7)	149.47	17.2	(138.57)	(36.5)	150.02	17.1

#### 13. Provisions

The details of provisions are as follows:

Particulars	in ₹ crore			
	Standalone		Consolidated	
	2019	2019	2019	2019
Non-current provisions				
Warranty	0.59	1.75	0.59	1.75
Current provisions				
Compensated absences	4.19	4.91	4.55	4.91
Gratuity	-	-	-	-
Warranty	2.89	3.23	2.89	3.23
<b>Total</b>	<b>7.67</b>	<b>9.89</b>	<b>8.03</b>	<b>9.89</b>

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

The gratuity has been fully funded as of March 31, 2020 and March 31, 2019

Tax expense:									
Current tax	-	-	19.63	2.3	-	-	19.63	2.2	
Deferred tax expense/(benefit)	98.55	26.2	(16.85)	(1.9)	98.55	25.9	(16.85)	(1.9)	
Profit/ (Loss) for the year	(236.16)	(62.9)	146.69	16.9	(237.12)	(62.4)	147.24	16.8	
Earnings per share (Par Value ₹ 10 each)									
(a) Basic	(25.66)		16.07		(25.76)		16.13		
(b) Diluted	(25.66)		15.33		(25.76)		15.39		

## Revenue

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Product revenue (net of taxes and component sales)	329.14	812.73	333.07	817.45
Service revenue				
Installation and commissioning revenue	14.44	15.75	14.44	15.75
Annual maintenance revenue	26.99	31.89	27.40	33.52
Other service revenue	4.88	7.66	4.88	7.60
Total services revenue	46.31	55.30	46.72	56.87
Other operating income	-	2.41	-	2.41
Revenue (net of taxes and component sales)	375.45	870.44	379.79	876.73

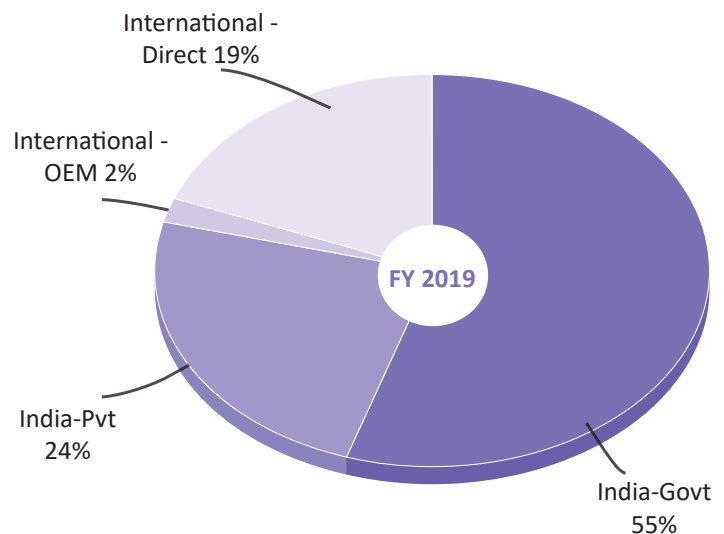
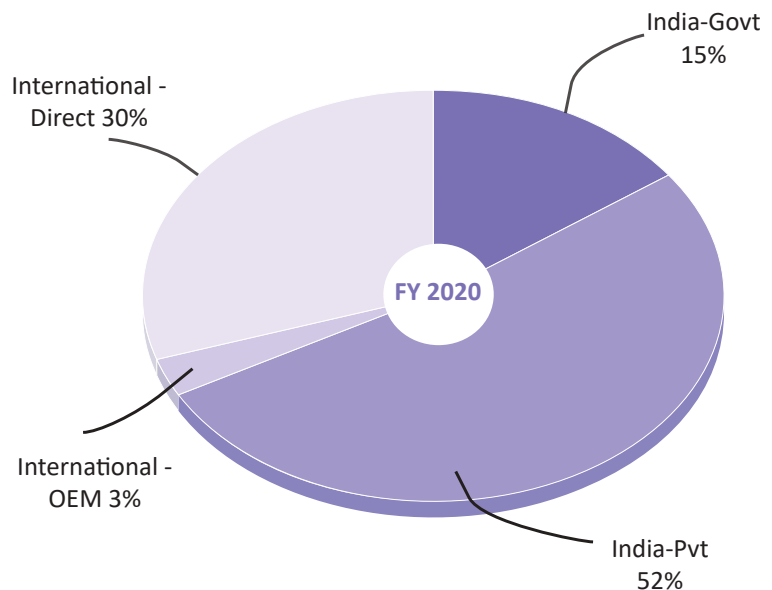
All the below discussions are based on consolidated financials

### Revenue from operations

Our revenue from operations (net of taxes and component sales) declined by 56.7 % from ₹ 876.73 crore for FY 2019 to ₹ 379.79 crore for FY 2020, primarily due to weakness in India business and due to COVID-19 disruptions late in Q4.

Revenues from India Govt. reduced by 88% on YoY basis, during FY 2020, primarily due to lack of capex spending by BSNL and Bharatnet and delays in execution of projects in the critical infrastructure segment (consisting of Power, Rail, Oil & Gas, Defence, etc.). Revenue from India Govt came down to 15% of net revenues as compared to 55% in the previous year. Out of the total India government revenues, the critical infrastructure segment was 13% of the net revenues during FY 2020 compared to 19% of net revenues during FY 2019. During the year revenues from India Private reduced by 6% and contributed to 52% of the total revenues on a larger revenue base compared to 24% in the previous year. The private sector telcos in India were financially stressed due to severe price competition and in addition, the Supreme Court judgement on AGR issues further stressed their balance sheets and thereby causing them to defer their capex.

During the year total export revenue share was 33% of our revenue base as against 21% during the previous year. However on an absolute basis, our international revenues declined by 31% during FY20 primarily due to delays in orders that were expected in Q4. Our international revenues came from 3 geographies- namely the North America (including Mexico) which declined by 51%, South and South East Asia which declined by 59% and Africa and Middle East which grew by 20% on YoY basis.



Our OEM business declined by 9% on YoY basis as was expected and was only 3% of our total revenues as against 2% during the previous year.

Our non-Government revenues (India Private and International) were 85% of total, as compared to 45% during the previous.

### Sale of products

Our revenue from the sale of products declined by 59.3% from ₹ 817.45 crore for FY 2019 to ₹ 333.07 crore for FY 2020. The

revenue decrease was primarily due to decrease in our Government, international and India critical infrastructure revenues. Product revenues were 88% of net revenues for the year ended March 31, 2020 (previous year 93%).

#### Sale of services

Our revenue from the sale of services declined by 17.8% from ₹ 56.87 crore for FY 2019 to ₹ 46.72 crore for FY 2020. This was primarily due to lower installation & commissioning revenues (linked to project execution) as compared to the previous year. However, as a percentage of total revenues, our service revenues were 12% of net revenues for the year as compared to 7% during the previous year.

#### Geographic segment

Out of total revenue including component sales, 68% (previous year 79%) came from India, 11% (previous year 8%) came from Americas and 21% (previous year 13%) came from Rest of the World.

#### Customer concentration

Our revenues are lumpy in nature and we experience quarterly fluctuation in the revenues and seasonality depending on customer requirement. We are in a B2B business and significant portion of our revenues are derived from small number of customers, which is inherent in our industry. We also have a high-dependence on India revenues, which is our home market, as is typical in our industry.

The net revenue contribution of our top-two customers during FY 2020 was 38% as against 34% during the previous year.

Our backlog was ₹ 483 crore as of March 31, 2020. Our backlog represents the PO's received from the customers which remain unexecuted as of March 31, 2020 and consists of product as well as service orders. Out of this, the Company expects to recognize revenue of around 40% within the next financial year and the remaining in future years. We usually don't carry any significant order backlog from customers with whom we have a rate-contract, since we are expected to deliver within a short lead time.

#### Cost of materials consumed

Our cost of materials consumed decreased by 56.1% from ₹ 463.70 crore for FY 2019 to ₹ 203.58 crore for FY 2020, as a consequent of year on year decrease on product sales.

The material cost as a percentage of revenues were in line with the previous year, which was around 50%, indicating that we were able to hold our prices/margins with our customers, despite lower volumes.

#### Function wise expenses

- Our manufacturing expenses declined by 19.5% from ₹ 18.30 crore for FY 2019 to ₹ 14.74 crore for FY 2020 primarily due to an decrease in our rental expenses on account of adoption of Ind AS 116 and lower employee benefit expenses due to lower revenues during the current year. However, as a percentage of our net revenues, the manufacturing expenses in FY 2020 increased to 3.9% from 2.1% in FY 2019.
- Our service expenses declined by 28.2% from ₹ 51.12 crore for FY 2019 to ₹ 36.70 crore for FY 2020 primarily due to decrease in installation and commissioning cost in line with lower installation and commissioning revenues in FY 2020 compared to the previous year. However, as a percentage of our net revenues the services expenses increased to 9.7% in FY 2020 as compared to 5.8% in FY 2019.
- As a result, our gross profit in absolute terms declined by 63.1% from ₹ 366.06 crore for FY 2019 to ₹ 135.24 crore for FY 2020.

During the year the gross margin declined by 614 basis points to 35.6% of net revenues due to lower revenues while incurring manpower and operational costs which were fixed in nature.

- Our research and development expenses on a gross basis declined by 5.3% from ₹ 115.51 crore (13.2 % of net revenues) for FY 2019 to ₹ 109.40 crore (28.8% of net revenues) for FY 2020 primarily attributable to decrease in rental expenses on account of adoption of Ind AS 116, lower travel costs and lower spend on professional charges. Our research and development expenses, net of capitalisation declined by 16.8% from ₹ 50.59 crore for FY 2019 to ₹ 42.09 crore for FY 2020. As of March 31, 2020 we have filed for 349 Patents and we were granted cumulatively 116 Patents.
- Our selling and marketing expenses declined by 2.5% to ₹ 87.32 crore (23% of net revenues) during FY 2020 from ₹ 89.50 crore (10.2% of net revenues) during FY 2019 primarily due to a decrease in variable pay and lower travel cost but the same was offset by an increase in allowance for expected credit loss.
- Our general and administrative expenses declined by 21.3% to ₹ 23.41 crore (6.2% of net revenues) during FY 2020 from ₹ 29.76 crore (3.4% of net revenues) during FY 2019 primarily on account of write off of FPS incentive receivable to the extent of ₹ 3.17 crore during the previous year and reduction in legal and professional charges.

#### Employee benefits expense

Our gross employee benefits expenses declined by 5.2% from ₹ 186.09 crore for FY 2019 to ₹ 176.44 crore for FY 2020. This was primarily due to 4.3% decrease in amount of salaries and wages from ₹ 158.17 crore for FY 2019 to ₹ 151.41 crore for FY 2020 which was due to decrease in variable pay accruals, which is lower due to company's weak financial performance. At the end of FY 2020 our total employee headcount was 781, as compared to 766 during the end of FY 2019.

The employee benefit expense includes share based compensation expense (for ESOP/RSU granted), recognised in accordance with Ind AS 102 of ₹ 11.20 crore for FY 2020 compared to ₹ 15.10 crore for FY 2019.

#### Other Expenses

Our other expenses decreased by 19.5% to ₹ 94.02 crore for FY 2020 from ₹ 116.75 crore for FY 2019. These was primarily due to decrease in installation and commissioning expenses from ₹ 18.05 crore in FY 2019 to ₹ 3.70 crore in FY 2020, decrease in travel expenses from ₹ 18.26 crore in FY 2019 to ₹ 14.63 crore in FY 2020 and decrease in legal and professional expenses from ₹ 14.70 crore in FY 2019 to ₹ 8.57 crore in FY 2020.

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

Our earnings before interest, tax, depreciation and amortization ("EBITDA") as a % of net revenues declined during the year to -4.6% compared to 22.4% in the previous year. The EBITDA decline was primarily due to decline in revenues resulting in lower gross margin, as compared to previous year while our operating costs did not decrease in the same ratio, since a lot of our costs such as manpower, are quasi-fixed in nature.

#### Finance Costs

Our finance costs decreased by 54.6%, from ₹ 17.00 crore for FY 2019 to ₹ 7.72 crore for FY 2020. The reduction was primarily on account of lower factoring done in the current financial year.



### Depreciation and amortization

Our depreciation and amortization costs grew by 17%, from ₹ 65.88 crore for FY 2019 to ₹ 77.05 crore for FY 2020. This was attributable to increase in amortization of right-to-use assets by ₹ 5.23 crore, increase in amortisation of intangible assets by ₹ 11.01 crore and decrease in depreciation on property, plant and equipment by ₹ 5.07 crore.

### Impairment

We carry the R&D assets in two forms - as CWIP and as capitalized product development. During the year, the Company has recognised an impairment loss of ₹ 69.87 crore on specifically identified R&D assets. The Company has discontinued further development on certain products, R&D assets for which were captured as intangible assets under development, as we do not foresee any future economic benefits from such assets and consequently the entire development expenditure of ₹ 37.10 crore related to such intangible assets under development has been impaired. Further, in respect of certain identified product development, having a written down value of ₹ 32.77 crore, as Company does not foresee any future economic benefits based on the likely demand for such products from the customers. Therefore, the related product development costs have also been fully impaired as at March 31, 2020.

### Other income

Other income decreased from ₹ 36.69 crore for FY 2019 to ₹ 33.65 crore for FY 2020. This was primarily on account of decrease in interest income on deposits kept with banks and financial institutions and reduction in the yields corresponding to the previous year from ₹ 24.15 crore for FY 2019 to ₹ 11.82 crore for FY 2020. The decrease was partially offset by increase in export incentives by ₹ 5.64 crore during FY 2020.

### Profit before tax

As a result of lower revenues and all the above reasons our profit before tax reduced by 192.4% from ₹ 150.02 crore for FY 2019 to a loss before tax of ₹ 138.57 crore for FY 2020. As a % of net revenues, our profit before tax for FY 2020 was -36.5% compared to 17.1% for FY 2019.

### Tax expense

Due to the book loss in the current financial year, there was no MAT tax under section 115 JB of the Income Tax Act, 1961, for FY2020 compared to ₹ 19.63 crore for FY 2019.

During the year as a part of the ongoing review of the deferred tax assets, the carrying amount of deferred assets has been reduced to ₹ 98.55 crore, since we expect the utilization of the carry forward amount may take longer than what we had anticipated in earlier period, owing to the overall sluggishness in the telecom industry in India in particular. The unabsorbed depreciation and the accumulated 35(2AB) expenditure can be carried forward as per the income tax law. This accounting is according to Ind AS income taxes and the company is expected to utilize the carry forward losses based upon our future profitability.

During FY 2020, we have taken deferred tax expense of ₹ 98.55 crore compared to a credit of ₹ 16.85 crore for FY 2019 based on the ongoing review of the deferred taxes. As a result, our net tax expense for FY 2020 was ₹ 98.55 crore compared to ₹ 2.78 crore for FY 2019.

### Profit after tax

As a result of the foregoing, our profit declined by 261% from ₹ 147.24 crore for FY 2019 to a loss of ₹ 237.12 crore for FY 2020. As a % of net revenues, our profit after tax for FY 2020 was -62.4% compared to 16.8% for FY 2019

### Earnings per share (EPS)

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

in ₹ crore

Particulars	Standalone			Consolidated		
	2020 (₹)	2019 (₹)	% decrease	2020 (₹)	2019 (₹)	% decrease
Basic	(25.66)	16.07	-259.7%	(25.76)	16.13	-259.8%
Diluted	(25.66)	15.33	-267.3%	(25.76)	15.39	-267.4%

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

in No's

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Basic	9,20,38,454	9,13,08,108	9,20,38,454	9,13,08,108
Diluted	9,20,38,454	9,56,67,708	9,20,38,454	9,56,67,708

On a consolidated basis, our basic and diluted EPS declined by 259.8% and 267.4% respectively on a year on year basis. The increase in weighted average basic share numbers for the year ended March 31, 2020 was on account of the shares issued pursuant to the exercise of employee stock options and RSUs by the eligible employees.

### V. Liquidity

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

in ₹ crore

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Cash generated from operating activities	23.74	224.24	25.03	226.40
Movement in working capital	(12.35)	(281.68)	(13.55)	(283.94)
Less: Taxes paid	10.87	24.05	10.87	24.05
Net cash generated from/(used in) operating activities	0.52	(81.49)	0.61	(81.59)
Cash flows from investing activities				
Capital expenditure	(92.77)	(80.32)	(92.77)	(80.32)
Other investing activities	164.05	(24.07)	164.05	(24.07)
Net cash generated by/ (used in) investing activities	71.28	(104.39)	71.28	(104.39)
Cash flows from financing activities				
Proceeds from ESOP/RSU	2.82	6.77	2.82	6.77
Repayment of borrowings	(1.19)	(1.08)	(1.19)	(1.08)
Others	(23.79)	(16.88)	(23.94)	(17.00)
Net cash (used in) financing activities	(22.16)	(11.19)	(22.31)	(11.31)
Net increase/ (decrease) in cash and cash equivalents	49.64	(197.07)	49.58	(197.29)

On a consolidated basis, the net cash generated in operations for the year ended March 31, 2020 was ₹ 0.61 crore, as compared to net cash used of ₹ 81.59 crore for the year ended March 31, 2019. The increase in operating cash flows is primarily due to decrease in receivables by ₹ 195.85 crore as compared to the previous year which was partially offset by increase in inventory by ₹ 70.60 crore and decrease in trade payables by ₹ 88.88 crore. The free cash outflow for the year ended March 31, 2020 and March 31, 2019 was ₹ (92.16) crore and ₹ (161.91) crore respectively.

Net cash generated in investing activities was ₹ 71.28 crore for the year ended March 31, 2020 and net cash used ₹ 104.39 crore for the year ended March 31, 2019, respectively. Investing activity comprises of the investment in Mutual fund and the deposit kept with the financial institutions. The capital expenditure comprises of expenditure on property, plant and equipment and expenditure on intangible assets (including under development)

Net cash used in financing activities was ₹ 22.31 crore for the year ended March 31, 2020, as compared to net cash generated of ₹ 11.31 crore for the year ended March 31, 2019. During the year ended March 31, 2020, the group received ₹ 2.82 crore towards issue of shares and borrowings worth ₹ 1.19 crore were repaid. (Previous year the group received ₹ 6.77 crore towards issue of shares and paid borrowings worth ₹ 1.08 crore)

As a result of the above, the net cash and equivalent increase for the year was ₹ 49.58 crore compared to decrease in the net cash and equivalent of ₹ 197.29 crore for the previous year.

The closing cash and cash equivalents including the investment in liquid mutual funds and deposits with financial institutions stood at ₹ 280.27 crore as at March 31, 2020, as compared to ₹ 269.72 crore as at March 31, 2019.

#### Key Financial Ratios

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

The Company has identified the below ratios as key financial ratios

Particulars	Standalone		Consolidated	
	2020	2019	2020	2019
Net Revenue Growth (%)	-56.9	18.7	-56.7	18.5
Research and development expenses to revenue (on a fully expensed basis) (%)	29.1	13.3	28.8	13.2
Operating Profit Margin (%)	-25.0	14.9	-24.9	14.9
Net Profit Margin (%)	-62.9	16.9	-62.4	16.8
Allowance for expected credit loss (net)	18.81	5.17	20.03	5.24
Return on Networth (%)	-19.7	11.9	-19.8	11.9
Working Capital (days)	NA	NA	452	206

#### Note:

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

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

The increase in DSO days was primarily on account of delays in collection from a Public Sector operator in India. We believe there is no collection risk since the dues pertains to India Government's BhartNet project, for which specific funds have been set aside from the Universal Obligations (USO) Fund. During the year we have partially collected the overdue amount and expect to collect the overdue amount and normalize our DSOs during FY 2021.

#### Detailed explanation of ratios

##### (i) Research and development expenses to revenue (on a fully expensed basis)

The major expense of the Company involves expenditure towards research and development. This ratio is calculated by dividing the gross research and development expenditure as per function wise P&L by net revenue.

##### (ii) Operating Profit Margin

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

##### (iii) Profit before tax (PBT)

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

##### (iv) Net Profit Margin

The net profit margin is equal to how much net profit is generated as a percentage of revenue. It is calculated by dividing the net profit for the year by net revenue.

##### (v) Return on Networth

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

##### (vi) Working Capital days

Working capital days describes how many days it takes for a company to convert its working capital into cash. It is calculated by dividing working capital (currents assets excluding cash and cash equivalents minus current liabilities) by Gross revenue including GST. Our Gross revenue including GST was ₹ 437.27 crore and ₹ 1,027.28 crore for FY 2020 and FY 2019 respectively.

#### Government support

Government of India has formulated various supportive policy measures for encouraging Indian electronics and telecom industry and proposed several incentive schemes which are applicable to the Company. These policies and schemes are available both from Central Government (e.g., National Digital Communication Policy (NDCP) 2018, National Electronics Policy 2019) as well as from the state government (Karnataka ESDM Policy). The Company's products are eligible for Preference to Make in India (PMI) policy which is applicable for government procurement of telecom equipment. The company is also eligible to receive capital subsidy from the Modified Special Incentive Package (MSIPS) scheme. The Company has been registered as a Karnataka ESDM company and is eligible for certain incentives as specified under the state ESDM policy from time to time. The Company is a Government-recognized exporter and is eligible for various export incentives under the Merchandise Export Incentive Scheme (MEIS) which has been extended till March 31, 2021. As a Department of Scientific and Industrial Research (DSIR) approved R&D center we are also eligible for benefits as specified by DSIR from time to time.

### Research and development expenses

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

The Company maintains requisite R&D facilities, core competence and skill sets that ensures compliance of regulations and also to reduce product development time to meet market requirements. As of March 31, 2020, we have filed 349 Patents and 116 Patents were granted (28 were granted by IPO, 79 by USPTO and 9 by EPO) and 193 patent applications (179 with IPO and 14 with USPTO) were pending for approval with patent authorities and 40 international applications were filed under PCT.

## VI. COMPETITION AND STRENGTHS

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

### Software-Defined Hardware™ Architecture:

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

### Low-Cost Business Model:

Our business model is based on locating substantially all of our operations in India, except for international sales and support, which results in significantly lower operating expenses as compared to our global competitors. Further, since all our research and development is based in India, we are able to develop state-of-the-art products and are able to generate significantly better returns on our research and development investments, by leveraging the availability of qualified and cost-effective engineering talent in India. We manufacture our products in India through partnerships with reputed Electronics Manufacturing Services (EYMS) companies helping us to stay asset-light and cost-efficient in production. We have an in-house manufacturing facility focused on final integration, testing and quality control in order to ensure only high quality products are delivered to our customers. Our turn-key EMS model

allows us to adjust our manufacturing capacity to meet changes in customer demand, while optimizing our working capital since the EMS takes the responsibilities of sourcing and managing long-lead components. For our international sales, in addition to our direct sales force, we also leverage our partnerships with leading global optical and integrated systems vendors as OEMs to sell in to their customer base in the global markets. This allows us to keep our sales costs low while selling to the OEMs. Customers that may otherwise not be accessible to us.

### Customer Retention and Significant Repeat Business:

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

### Professional Management with Industry Experience:

We have a strong and experienced management team which provides us with a competitive advantage. Our key management personnel comprising our Chief Executive Officer, Chief Technology Officer and Chief Operating Officer have advanced degrees in engineering from US universities and have an average of over 30 years of global experience. Several key members of our management team have been with us for more than ten years and have extensive experience in the industry. During the fiscal year 2019, we have added experienced sales leaders for Africa and Americas. We have built our management team to include personnel having deep experience in R&D, Sales, Marketing, Support, Supply Chain Management, Finance, Human Resources, Administration etc. Our R&D leadership team has experience in optical communication systems, networking protocols, FPGA design, embedded system software, application software, high-speed PCB design, thermal and mechanical design, product management, quality and test engineering and reliability engineering, working both in India as well as internationally.

### Technology and Thought Leadership:

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

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

Government focus on building an “Atmanirbhar Bharat” that is self-reliant in core technology areas is expected to benefit domestic telecom equipment companies like us with strong R&D capabilities and in-house IPR. Both Central and State Governments in India are investing in telecommunications infrastructure projects such as Bharatnet Phase-II and Smart Cities, which have a significant telecom component. In addition, we stand to benefit from Government policies such as Preference to Make in India (“PMI”) Policy, which are targeted towards encouraging indigenous technology/ product development and design-led manufacturing companies like ours. PMI policy will expand our accessible share of government procurements in the telecommunication sector. Further, we are also expanding our product portfolio to meet the technical requirements of large upcoming government projects.

### **Innovative Products for Focus Applications:**

We have developed a strong suite of products with a highly differentiated feature set for certain target applications with large market potential. Our unique software-defined hardware architecture gives a competitive edge to our products and enables us to win against global competitors. TJ1400, our ultra-converged broadband access/edge product, is a unique offering that enables a broadband operator to offer high-speed Internet services over fiber (FTTx)/copper (Ethernet)/wireless (LTE) while also integrating packet and optical transmission services. TJ1600S/I is a versatile cross-connect product for backbone networks with a novel disaggregated “pay-as-you-grow” architecture that can realize multi-terabits of packet-optical switching. We have one of the densest realizations of circuit emulation function in the industry today that allows a service provider to efficiently support legacy TDM services while transitioning to a next-generation packet switched infrastructure. Our advanced alien wavelength solution for seamlessly transporting high-capacity 100G/100G+ wavelengths without guard bands on a third-party 10G DWDM network is field-proven with multiple optical vendors and is gaining strong market traction with Tier-1/Tier-2 bandwidth service providers in emerging markets. Our mobile backhaul products can transcend multiple technology generations and the same base platform can transition from 2G/3G to 4G/5G through suitable hardware and software upgrades. With our efficient R&D processes and investments, we have developed an end-to-end product portfolio, starting from the edge of the network (fiber or wireless access) and going all the way to multi-terabit capacity optical metro core networks. Our products are optimized for building converged services networks that support multiple applications such as mobile backhaul, wholesale and enterprise bandwidth services, broadband access, critical infrastructure and optical network modernization. Unlike competitive offerings in this space, all our products can be managed from a single network management system (NMS) that can provision services across multiple technology layers viz., Ethernet, MPLS-TP, DWDM, OTN and GPON.

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

Tejas is a leading Company in India's optical networking market. Our products have been deployed by leading telecommunications operators in India, such as Bharti Airtel Limited, Vodafone-Idea, Tata Communications, Tata Tele services and Bharat Sanchar Nigam Limited, and many others, with whom we have long-standing customer relationships. Further, large public sector utilities such as Power Grid Corporation of India, RailTel Corporation of India, Indian Oil Corporation, Oil India Limited, Delhi Metro, Gas Authority of India Limited are also our customers. Our products

incorporate several key requirements of emerging markets and are hence well suited for Indian market conditions. Our products have also been selected by a large pan- India 4G mobile operator for a national FTTx rollout. As a domestic company, Tejas is able to build deeper customer relationships through superior local market support and first-hand knowledge of domestic customer needs to build more relevant products. Further, the optical and data networking products business is characterized by a high-entry barrier because of the initial investment required in research and development, demand for skilled professionals across multiple domains and the up-front time taken to successfully develop the networking products and solutions. Due to our extensive history of operations in India and incumbency with key customers, we stand to benefit from the high-entry barrier against domestic competition.

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

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

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

The recent geo-political developments have motivated our customers to consider a diversification of their sourcing from specific countries so as to reduce their supply chain risks and address their security concerns. We have proven ourselves be a very credible alternative and are seeing increased interest from our customers as a source of trusted, reliable, high-quality, technically and cost-competitive products.

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

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



## VII. OPPORTUNITIES

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

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

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

The recent pandemic caused by COVID-19, has further accelerated the need for high-speed, reliable and secured networks, given the new trends such as work-from-home, remote learning, tele-medicine, entertainment, e-commerce etc.

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

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

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

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

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

In addition, while India has over 650 million mobile broadband connections, less than 20 million homes have wired broadband connections. Large private operators are therefore planning to roll out pan-India fiber-to-the-home (FTTx) networks based on GPON technology to serve this market and it is projected that by 2022, over 100 million homes in India will have a fiber broadband connection.

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

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

### **Optical Network Modernization:**

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

## VIII. RISKS AND CONCERNS

### Business Risks:

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

### Industry Risk:

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

### Technology Risk:

Our industry is characterized by rapid technological changes, customer requirements, evolving industry standards and launch of new products and services by our competitors. Our future success will depend largely on our ability to effectively anticipate and adapt to such changes by incorporating these in the form of new hardware or software features in our products. We have developed our solutions based on certain widely accepted industry standards that may either undergo changes, become obsolete or have reduced market acceptance owing to competing standards. Moreover, the use of open standards makes it possible for our competitors to develop similar products and services that are based on the same technology which can increase competitive pressure. Unless we respond quickly enough to such market challenges, either by repositioning our solutions or introducing new solutions with superior characteristics, our business, revenue and growth prospects would be adversely affected. However, developing new products and services in this industry is complex, expensive and often requires long hardware and software development cycles that require significant amount of resources which may not always be possible. In many cases, we may be required to obtain special

certifications or approvals before our solutions can be introduced in new geographies or to new customers in existing geographies. Our ability to expand our international operations may sometimes be constrained by such country specific regulations or standards that may require us to redesign our existing solutions or develop new products suitable for these countries. The cost of complying with evolving standards and regulations, or our failure to obtain timely domestic or foreign regulatory approvals or certifications, may prevent us from selling our solutions where such standards or regulations apply, thus adversely affecting our operating results and growth prospects.

### Operational Risk:

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

### Environment Risk:

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

### Legal and Regulatory Risk:

There are outstanding legal proceedings against the Company and certain subsidiaries that are incidental to our operations, related to various tax proceedings which are pending at different levels of adjudication before courts, tribunals and appellate tribunals. While we are contesting the same, if these are not decided in our favour, it may adversely affect our business and reputation. Intellectual Property (IP) is a critical element of our business and we will continue to apply for both domestic and international patents to improve our competitive advantage in the market. However, it is possible that some of these patent rights may be overturned by our competitors that will prevent us from selling the products that make use of

these patents in their manufacture or compel us to pay royalties or licensing fees to our competitors. The telecommunication industry is driven by regulations and standards. Evolution or emergence of new standards that directly impinge on the types of products we manufacture or regulations that have a bearing on the services that these products deliver can affect our development costs or lower the business potential of these products. Sometimes, there may be alternate standards that may evolve in parallel and our investments in a standard that eventually loses out can lead to a decline in sales for associated products.

**Credit Risk:**

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

**Liquidity Risk:**

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

**Pandemic Risk COVID-19:**

We are exposed to the business risk due to the global outbreak of COVID-19 pandemic. This has resulted in an unprecedented global health crisis, economic crisis, logistics and supply chain disruptions, governmental restrictions, lock-downs and new compliance requirements and international geo-political and trade tensions. With no specific clarity on the extent of impact and the timelines for finding suitable cure, there is significant amount of uncertainty on the extent of economic slowdown, the time for economic recovery and businesses, including ours, will be exposed to such uncertainties. We have seen delays in customer orders, delays in execution of ongoing projects and orders, delays in payments by customers and logistics and supply chain challenges to keep our operations running smoothly. While we have made all efforts and resumed our operations as well as customer support to as normal as possible in the current situation, we will be exposed to the overarching impact of this pandemic. We will continue to monitor the situation and business outlook, while closely watching our cash position and expenses and respond appropriately with corrective actions.

# Corporate Governance Report



Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations, capital flowed towards companies that practiced this type of good governance.

-Mervyn King (Chairman: King Report)

This report is prepared in accordance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations"), the Companies Act, 2013 (the "Act") and the report contains the details of Corporate Governance systems and processes at Tejas Networks Limited (Tejas). This report forms part of the Annual report for the year ended March 31, 2020.

The Corporate Governance concept emerged in India after the second half of 1996 due to economic liberalization and deregulation of industry and business. With the changing times, there was also need for greater accountability of companies to their shareholders and customers. The report of Cadbury Committee on the financial aspects of Corporate Governance in the U.K. has given rise to the debate of Corporate Governance in India. The "Corporate Governance Concept" existed in India even from the ancient times but it was in different form. During ancient times kings used to have their ministers and used to have ethics, values, principles and laws to run their state but today it is in the form shareholders and corporates having same rules, laws, ethics, values, and morals etc. which helps in running corporate bodies in the more effective ways so that in the age of globalization the corporate bodies become global giants. Today, shareholders and corporate replace kings and ministers but the principles still remain same and unchanged i.e. transparent and ethical governance.

The Cadbury Committee (U.K.), 1992 has defined corporate governance as "Corporate governance is the system by which companies are directed and controlled. It encompasses the entire mechanics of the functioning of a Company and attempts to put in place a system of checks and balances between the shareholders, directors, employees, auditor and the management." It can also be explained as "process and structure by which the business and affairs of the Company are directed and managed in order to enhance long term shareholder value through enhancing corporate performance and accountability, whilst taking into account the interests of other stakeholders". Corporate Governance is concerned with ways of bringing the interests of investors and manager together and ensuring that the firms are run for the benefit of investors. Corporate Governance includes 'the structures, processes, cultures and systems that engender the successful operation of organizations.

## Elements of good Corporate Governance

The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the Board, Managers, and Stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it provides the structure through which the Company objectives are set, and the means of attaining those objectives and monitoring performance.

The various management reports states that good corporate governance comprise of complete and full transparency of corporate structures and operations, the accountability of Managers and the Boards to stakeholders, and corporate responsibility towards

stakeholders. The major elements of Corporate Governance are below:

- i. Transparency in Board's processes and independence in the functioning of Boards.
- ii. Accountability to stakeholders through strong and sustained communication processes.
- iii. Impartiality to all stakeholders.
- iv. Adherence to social, regulatory and environmental regulations.
- v. Good management environment with established performance evaluation measures.
- vi. Ethical practices and code of conduct are followed by each member of the organization.
- vii. Recognition of a long-term corporate strategy with achievable and measurable performance targets and milestones.
- viii. Audit Committee - liaison with the management, internal and statutory auditors, reviewing the adequacy of internal control and compliance with significant policies and procedures, reporting to the Board on the key issues.
- ix. Risk should be clearly acknowledged, analysed for taking appropriate corrective measures.
- x. Whistle Blower Policy whereby the employees may without fear report to the management about unprincipled behavior, actual or suspected frauds or violation of Company's code of conduct.

## Corporate Governance Framework at Tejas

The World Bank describes Corporate Governance "as blend of law, regulation and appropriate voluntary private sector practices which enables the firm to attract financial and human capital to perform efficiently, prepare itself by generating long term economic value for its shareholders, while respecting the interests of stakeholders and society as a whole". According to the Institute of Company Secretaries of India, "Corporate Governance is the application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders".

At Tejas, the Board and Management engages with various stakeholders and discloses appropriate, transparent and ethical management practices for the long-term interests of the Company and its stakeholders. Further, the Board considers the interests



of employees, customers, suppliers and the community in which the Company does business to building long-term ethical value creation

The Corporate Governance framework at Tejas is based on the following constituents:

**i) The Board** – The Board approves corporate strategies that are intended to build sustainable long-term value; selects a Chief Executive Officer (CEO); oversees the CEO and Senior Management in operating the Company's business, including allocating capital for long-term growth and assessing and managing risks; and sets the "tone at the top" for ethical business conduct.

**ii) The Management** – The Management develops and implements corporate strategy and operates the Company's business under the Board's oversight, with the goal of producing sustainable long-term value creation and also produces financial statements that fairly present the Company's financial condition and results of operations of the company.

**iii) The Audit committee** – The Audit Committee of the Board oversees the Company's annual financial statement and internal controls over financial reporting, the Company's risk management and compliance programs.

**iv) The Nomination and Remuneration committee** – The Nomination and Remuneration Committee of the Board play a leadership role in shaping the corporate governance of the company, strives to build an succession planning for the Board, develops, adopts and oversees the implementation of compensation policies and develops meaningful goals for performance-based compensation that support the Company's long-term value creation strategy.

#### Corporate Governance Philosophy at Tejas

Tejas Corporate Governance focuses on creating and sustaining a deep relationship of trust, ethics and transparency with all stakeholders. Tejas follows ethical business standards in all its operations globally and considers stakeholders as partners in its journey forward despite business challenges and economic volatilities. The norms and processes of Corporate Governance reflect the commitment towards integrity and ethics and disclose timely and accurate information regarding the financial and operational performance, as well as our leadership and governance structure. Over the years, the stakeholder commitment has enhanced the respect and recall of the Company brand nationally and internationally.

The Board of Directors shapes the long-term vision and policy approach of the organisation to steadily elevate the quality of governance in the organisation. The objective is to emerge as a market leader in the industry, nationally and internationally, with focus on creating greater value for all those who have a stake in the progress of the organisation directly or indirectly.

Tejas has set the following as its Corporate Governance Philosophy:

- i) Compliance and act in the spirit of law and with integrity and not just the letter of law.
- ii) Transparent procedures and practices and decisions based on adequate information and provide complete transparency in the operations – when in doubt disclose.
- iii) Do what is ethically, legally and statutorily right and not what is convenient and comfortable.

iv) Complete, timely and high levels of disclosure of relevant financial and operational information to all stakeholders and follow openness and clarity in the communication with all our stakeholders.

v) Well-defined policies on tenure of Directors, rotation of Auditors and a Code of Conduct for Directors and Senior Management. Constitution of various Committees for Audit, Nomination and Remuneration, Corporate Social Responsibility, Stakeholders' Relationship, Risk Management etc.

vi) Well-defined corporate structure that establishes checks and balances and delegate decision making to appropriate levels in the organisation though the Board always remains in effective control of affairs.

At Tejas, we believe that as we move closer towards our aspirations of being a global corporation, our Corporate Governance standards must be globally benchmarked. Tejas not only adheres to the prescribed Corporate Governance practices as per the Act and the Listing Regulations, but is also committed to sound corporate governance principles and practices. We constantly strive to adopt emerging best practices being followed worldwide. Our corporate governance framework ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

In line with the our commitment to good corporate governance practices and compliance with the provisions of Act and Listing Regulations, the Company has constituted Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Risk Management Committee consisting of majority of Independent Directors. The Company has complied with all applicable norms of Corporate Governance as applicable to Listed Public Company as envisaged under the Act, the Listing Regulations and applicable Secretarial Standards on Board and General Meetings issued by the Institute of Company Secretaries of India. The operations of the Company are conducted under the supervision and directions of the Board within the framework set by the Act and its Memorandum and Articles of Association, SEBI Guidelines and Listing Regulations.

### 1. The Board

The Board of Directors ('The Board') is at the helm of our Corporate Governance practice and has ultimate responsibility for the management, general affairs, direction, performance and long-term success of business as a whole. The Board recognizes that governance expectations are constantly evolving and it is committed to keeping its standards of transparency and dissemination of information under continuous review to meet both letter and spirit of the law and demanding levels of business ethics and integrity. The Board oversees the Company Management's ('the Management') functions and protects the long-term interests of our stakeholders and sets higher standards and provide oversight and guidance to the management in strategy implementation, risk management and fulfilment of stated goals and objectives. The Board has delegated the operational conduct of the business to the Managing Director and CEO of the Company. The composition of the Board and directorships held as on March 31, 2020 are as follows:

Name of the Director	Age	Executive / Non-executive	Position	Name of Indian listed companies	All Companies around the world <sup>1</sup>	Committee memberships <sup>2</sup>	Chairperson of Committee <sup>2</sup>
Balakrishnan V	56	Non-Executive / Independent	Chairman	Tejas Networks Ltd.	9	3	-
Sanjay Nayak	56	Executive	MD/ CEO	Tejas Networks Ltd.	3	1	-
Dr. Gururaj Deshpande	70	Non-Executive/ Non- Independent	Director	Tejas Networks Ltd.	3	-	1
Amb. Leela K Ponappa	74	Non-Executive / Independent	Director	Tejas Networks Ltd.	1	1	-
Chandrashekhar Bhaskar Bhave	69	Non-Executive/ Independent	Director	Tejas Networks Ltd. Avenue Supermarkets Limited Mahindra and Mahindra Financial Services Limited Max Bupa Health Insurance Company Limited	6	-	3
Arnob Roy	56	Executive	WTD/ COO	Tejas Networks Ltd.	1	1	-

<sup>1</sup>Directorships in companies around the world (listed, unlisted and private limited companies) including Tejas Networks Limited and its subsidiaries.

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

#### Notes:

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

#### Board Membership Criteria

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

- The composition and size of the Board, which is commensurate with the size of the Company, its portfolio, geographical spread with optimal balance of skills and experience and balance of Executive and Non-Executive Directors consistent with the requirements of law;
- The desired age and diversity of the Board Members;

- The professional qualifications, expertise and experience in specific area of relevance to the Company;
- The balance of skills and expertise in view of the objectives and activities of the Company;
- The avoidance of any present or potential conflict of interest;
- The availability of time and other commitments for proper performance of duties;
- The personal characteristics being in line with the Company's values, such as integrity, honesty, transparency, pioneering mindset.

While nominating a Director to the Board, the Nomination and Remuneration Committee ensures diversity of qualification, experience, expertise and gender in the composition of the Board and is appointed through a transparent process. The Board provides leadership, strategic guidance, objective and independent views to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosure.

#### Key Board qualification, expertise and attributes

The Board comprises qualified members who bring in the required skills, competence and expertise with expertise in the fields of business strategy, finance, marketing and business management that allow them to make effective contribution to the Board and the Committees.

The Board has identified the following skills / expertise / competencies fundamental for effective functioning of the Company which are currently available with the Board:

- i. **Technological expertise:** Background in technology, anticipation of technological trends, suggestions and creation of emerging business ideas.
- ii. **Industry and sector experience or knowledge:** Knowledge and experience in telecom sector to provide strategic guidance to the management.
- iii. **Business Leadership and Operations:** Deep knowledge of the telecom industry to provide important insights and perspectives to the Board on the Company's commercial, strategic, manufacturing, legal and other functions. Leadership experience resulting in a practical understanding of the Company's processes, develop talent, succession planning and driving the long term growth strategy of

the Company and also appreciation of long-term trends, strategic choices and experience in guiding and leading management teams.

- iv. **Financial and Risk Management:** Wide-ranging financial skills, accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls identify the key risks to the Company and monitor the effectiveness of the risk management framework and practices.
- v. **Governance:** Experience in developing governance practices, serving the best interest of all stakeholders, maintaining board and management accountability, effective stakeholder engagements and commitment to highest standards of corporate ethics and values.

## Board Composition

Tejas has an optimal combination of Executive and Non-Executive directors. As on March 31, 2020, the Company has 6 directors and the composition of the Board of Directors is as provided herein below. The Chairman of the Board is a Non-executive and Independent Director and 67% of the Board members are Non-executive Directors. The Non-executive and Independent Directors constitute 50% of the Board with one woman member who is an Independent Director.

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

## Term of Board Membership

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

## Selection and Appointment of New Director

The Nomination and Remuneration Committee of the Board is responsible for recommending any new member on the Board based on the existing composition of the Board, the tenure as well as the years left of the existing members to serve on the Board and the need for new domain expertise for the appointment of new member on

the Board. When such a need becomes apparent, the Nomination and Remuneration Committee of the Board reviews potential candidates in terms of their expertise, attributes, personal and professional backgrounds and their ability to attend meetings. The Nomination and Remuneration Committee then places the details of shortlisted candidates to the Board for its consideration. If the Board approves, the person is appointed as an Additional Director of the Company and subject to the approval of Shareholders in the Company's next general meeting they are appointed as Director of the Company either as Independent Director / Non-Executive and Non-Independent Director / Executive Director as the case may be.

## Board Process

The Board meets at regular intervals or atleast once in each quarter to discuss and decide on Company / Business policy and strategy apart from other Board business specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board/ Committee Meetings are pre-scheduled and a tentative annual calendar of the Board and Committee Meetings is circulated to the Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which are noted and confirmed in the subsequent Board Meeting. The Notice of Board / Committee meeting is given well in advance to all the Directors. The meetings of the Board / Committees are held in Bengaluru. The Agenda of the Board / Committee Meetings is set by the Company Secretary in consultation with the Chairman and the Managing Director and CEO of the Company. The Agenda is circulated a week prior to the date of the meeting. The Board Agenda includes an Action Taken Report comprising the actions emanating from the Board Meetings and status update thereof. The Agenda for the Board and Committee Meetings covers items set out as per the guidelines in Listing Regulations to the extent it is relevant and applicable and also includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision. Important decisions taken by the Board are promptly communicated to the concerned departments or divisions for their implementation and action.

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

- Quarterly and annual result announcements and its operating divisions or business segments;

- Oversight of the performance of the business and key business risks faced by the Company;
- Declaration of dividends;
- Development and approval of overall business strategy;
- Board succession planning;
- Review of the functioning of the Committees
- Strategic, transactional and governance matters as required under the Act, Listing Regulations and other applicable legislations;
- Annual operating plans, capital budgets and any updates.

## Board meeting and attendance of Directors

Five (5) meetings of the Board were held during the year ended March 31, 2020 (i.e) on April 22, 2019, July 24, 2019, October 23, 2019, November 20, 2019 and January 21, 2020 and the maximum gap between any two Board meetings did not exceed 120 days during the year. The attendance of Directors at Board Meeting ("BM") for the year ended March 31, 2020 and at the 19<sup>th</sup> Annual General Meetings ("AGM") held on July 25, 2019 are as under:

Name of the Director	Whether attended last AGM	Board Meeting Number					Held during tenure (A)	Attended (B)	% of attendance (B/A)
		1	2	3	4	5			
Balakrishnan V	Yes				NA*		4	4	100
Dr. Gururaj Deshpande	Yes						5	5	100
Sanjay Nayak	Yes						5	5	100
Amb. Leela K Ponappa	Yes						5	5	100
Chandrashekhhar Bhaskar Bhawe	Yes						5	5	100
Arnob Roy	Yes						5	5	100

Attended in person; Attended through video conference; NA Not Applicable

\* Balakrishnan V did not participate in this meeting as his re-appointment was taken up by the Board.

## Board Evaluation

The Board of Directors, based on the Guidance Note on Board Evaluation issued by the SEBI, has carried out an annual evaluation of its own performance, its Committees and Individual Directors pursuant to the provisions of the Act and the Listing Regulations. The performance of the Directors was evaluated after seeking inputs from all the Directors other than the one who is being evaluated and the performance of the Committees was evaluated after seeking the inputs of committee members on the criteria such as understanding the terms of reference, committee composition, independence, contributions to Board decisions, etc. The evaluation was also based on the criteria such as Director's knowledge, understanding and commitment of their role, Company's vision and mission, market potential, qualification, skill and experience, openness in communication, etc. The performance of the Board Chairperson was evaluated after seeking the inputs from all the Directors other than the Board Chairperson, on the basis of the criteria such as Chairperson's role, accountability and responsibilities, promotion of effective relationship and open communication, positive and appropriate working relationship with CEO, commitment, etc. The Chairman of the Board have one-on-one meetings with the Independent Directors and the Chairman of Nomination and Remuneration Committee have one-on-one meetings with the Executive, Non-Executive and Non-Independent Director. These meetings were intended to obtain Directors' inputs on effectiveness of the Board/ Committee processes. In a separate meeting of Independent Directors, performance of Non-Independent Director and the Board as a whole were evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The Board evaluation report was submitted to the Board Chairperson and the Chairperson of Nomination and Remuneration Committee. The Board Chairperson discussed the outcome of evaluation of the individual Directors separately with them in detail. The evaluation report contains an executive summary of findings and several

key recommendations from the evaluation process. The report of the Board evaluation then was adopted at the Nomination and Remuneration Committee and the Board.

In the annual evaluation of the Board and its Committees, the following major observations/suggestions emerged:

- The Board and its Committees had been functioning in a professional manner, under the effective guidance of the respective Chairpersons. Deliberations at these meetings have been constructive with active participation by Board/ Committee members. Board meetings were crisp and focused, and were well conducted by the Chairman;
- There has been strong focus on compliance and governance, good engagement on key business issues, and increasing focus on the core business;
- In order to strategize for the next level of profitable growth, plan and execute such growth, the Board needed to consider talent across various functions including management, technical and operational;
- Management performance should be benchmarked against industry standards and selection of the right benchmarks was critically important and the Management remuneration should also be in line with its performance, and with industry peers;
- An increased focus on safety is essential and should be emphasized across the Company;
- The Company should follow a policy of zero tolerance for all ethical violations or misconducts and any such violation should be promptly reported by the Chief Compliance Officer to the Chairman of the Audit Committee and the Chairman of the Board.



## Directors' Remuneration

The Company has a policy for the remuneration of Directors including that of Independent Directors. The remuneration policy lays down principles and parameters to ensure that remunerations are competitive, reasonable and in line with corporate and individual performance. The Executive Directors are appointed by a Shareholders' Resolution which includes the remuneration to be paid to them which is in line with the statutory requirements and Company's policies and competitive market data. The annual remuneration, is recommended by the Nomination and Remuneration Committee to the Board for its consideration. While recommending the remuneration, the committee also

takes into account corporate performance in a given year and the Key Performance Indicators (KPIs). The remuneration is within the limits approved by Shareholders. Perquisites and retirement benefits are paid in accordance with the Company's compensation policies, as applicable to all employees. Independent Directors are entitled to receive sitting fees, commission based on the net profits of the Company and reimbursement of any expenses for attending meetings of the Board and its Committees. Such remuneration, including commission payable, is in conformity with the provisions of the Act, and has been considered and approved by the Board and the Shareholders. The Company has not granted any stock options to Independent Directors.

### Remuneration to the Directors for fiscal 2020

in ₹ crore

Name of the Director	Designation	Gross Remuneration*	Perquisites on account of exercise of stock options <sup>#</sup>	Commission	Sitting Fees	Total
Balakrishnan V	Chairman & Independent Director	-	-	-	0.04	0.04
Sanjay Nayak <sup>1</sup>	CEO & Managing Director	2.06	0.18	-	NA	2.24
Amb. Leela K Ponappa	Independent Director	-	-	-	0.05	0.05
Arnob Roy <sup>2</sup>	COO & Whole-time Director	1.45	-	-	NA	1.45
Chandrashekhar Bhaskar Bhave	Independent Director	-	-	-	0.05	0.05

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20 .

In view of the Loss, the Managing Director and CEO/Whole-time Director and COO have been paid remuneration in accordance with Part II of Section II of Schedule V of the Act for the year ended March 31, 2020.

1. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.25 crore ( 22.5% of target variable pay )
2. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.18 crore ( 22.5% of target variable pay ) .

<sup>#</sup>Value of perquisites includes the perquisite value of stock options/RSSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSSUs granted during the period is not included.

- Dr. Gururaj Deshpande being a Non-Independent and Non-Executive Director is not entitled for remuneration either in the form of sitting fees or commission for the fiscal 2020.
- The Independent Directors, in line with the requirements of the Act, have not been paid commission for the year ended March 31, 2020 in view of the adverse impact of the pandemic - COVID-2019 had on the operational performance of the Company and also since the Company has incurred a Loss.
- The Independent Directors have been paid Sitting fee of ₹ 1,00,000/- per meeting for attending each Board / Committee Meeting for the year ended March 31, 2020.
- The Independent Directors have voluntarily decided to take a 10% reduction in the proposed remuneration(other than sitting fees) for fiscal 2021

### Details of shares held by Directors of the Company as on March 31, 2020

Name of the Director	No. of shares held
Balakrishnan V	1,76,133
Sanjay Nayak	25,58,991
Arnob Roy	6,64,200

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

## 2. Independent Directors

The Company has three (3) Independent Directors including one Woman Independent Director on the Board. The Chairman of the Board is Non-Executive and Independent and all the Independent Directors satisfy the criteria of Independence as laid down in the Act and the Listing Regulations.

### Appointment

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

- The appointment and tenure of Independent Directors to be in line with the requirements with the Act and the Listing Regulations.
- The Independent Director must meet the baseline definition and criteria on 'independence' as set out in the Listing Regulations and the Act and other applicable regulations.
- The Independent Director must not be disqualified from being appointed as Director in terms of the applicable provisions of the Act.
- The Independent Directors will serve a maximum of two terms of five years each in line with the requirements of the Act.
- The Independent Directors are not to be on the Board of more than seven listed companies. However, pursuant to the Listing Regulations if the Independent Director is serving as a Whole-time Director in any listed Company then he shall not serve as an Independent Director in more than three listed companies.
- The Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by provisions of the Act and the Listing Regulations.
- The Company shall ensure that the continuation of the appointment of any Non-Executive Director / Independent Director who has attained the age of 75 years is approved by the Members by way of a Special Resolution.
- At the time of appointment and thereafter at the beginning of each financial year, the Independent Directors submit a self-declaration, confirming their independence and compliance with various eligibility criteria laid down by the Company, among other disclosures to the Board. The Board ensures that its Directors meet the eligibility criteria for the appointment as independent director and are independent to the management.

### Meeting of Independent Directors

During the financial year 2019-20, one meeting of the Independent Directors was held on January 21, 2020. The Independent Directors also met informally on various occasions without the presence of Non-Independent Directors and members of the management in compliance with Regulation 25 (3) of the Listing Regulations and Schedule IV of the Act. In the said meeting, the Independent Directors inter-alia considered the following:

- Review of performance of Executive Director and Non-Executive /Non-Independent Directors and the Board as a whole;
- Review of performance of the Chairman of the Company, taking into account the views of Executive Directors and Non-Executive Directors;
- The performance of the Company, Corporate Strategy, risks, competition, succession planning of the Board and the management;
- Assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Formal letter of appointment to the Independent Directors

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

### Re-appointment of Independent Director and Continuation of Independent Directorship

In line with the Company Policy of appointing Independent Director and also in line with Regulation 17(1) of Listing Regulations, the following re-appointment and continuation of Independent Directorship was made during the year ended March 31, 2020:

- The Shareholders by way of Special Resolution re-appointed Balakrishnan V as Non-Executive Chairman and Independent Director, not liable to retire by rotation, for a period of 5 years with effect from February 2, 2020.
- The Board, based on the recommendation of Nomination and Remuneration Committee and subject to the approval of the shareholders by way of special resolution in the ensuing 20th Annual General Meeting, continued the appointment of Amb. Leela K Ponappa as Independent Director for the remainder of her term. Amb. Leela K Ponappa can hold office under the erstwhile special resolution passed in the 18th Annual General Meeting only upto the age of 75 years. She will attain the age of 75 years on June 26, 2021 and her continuance of Independent Directorships is subject to the approval of the shareholders in the ensuing 20th Annual General Meeting of the Company.


























## 3. The Committees of the Board

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

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

## Composition of the Committee

The composition of the Committee as on March 31, 2020 is as follows:

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

 Chairman/Chairperson  Member

## Audit Committee

The Audit Committee comprises entirely of Independent Directors. The constitution of the Committee as on March 31, 2020 is as follows:

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

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

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

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement are correct, sufficient and credible;
- Reviewing and examining with management the quarterly and annual financial results and the auditors' report thereon before submission to the Board for approval;

- Reviewing management discussion and analysis of financial condition and results of operations;
- Reviewing, approving or subsequently modifying any Related Party Transactions in accordance with the Related Party Transaction Policy of the Company;
- Recommending the appointment, remuneration and terms of appointment of Statutory Auditors, Internal Auditors and Secretarial Auditors of the Company and approval for payment of any other services;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process; reviewing management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Reviewing with Management, Statutory Auditor and Internal Auditor, the adequacy of internal control systems and risk management systems and also discussing with Internal Auditor any significant finding and reviewing the progress of corrective actions on such issues;
- Reviewing the functioning of the Whistle Blowing / Vigil mechanism;
- Oversee, review, and periodically update the Company's code of conduct and the Company's system to monitor compliance with and enforce this code and also reviewing of compliance of the Code of Conduct for Prevention of Insider Trading;
- Review, with the management team, legal compliance and legal matters that could have a significant impact on the Company's financial statements;
- Reviewing the adequacy of Internal Audit function and discussing with Internal Auditors of any significant findings and follow up thereon;
- Any other matter referred to the Audit Committee by the Board of Directors of the Company.

### Audit Committee attendance for the year ended March 31, 2020

The committee met four (4) times during the year ended March 31, 2020. The meetings were held on: April 22, 2019, July 24, 2019, October 23, 2019 and January 21, 2020. The attendance details of the Committee are as follows:

Name of the Director	Committee Meeting Number				Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4			
Chandrashekhar Bhaskar Bhawe					4	4	100
Balakrishnan V					4	4	100
Amb. Leela K Ponappa					4	4	100

Attended in person

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

### Audit Committee Report for the year ended March 31, 2020

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

The committee comprises Independent Directors and fulfills the requirements of audit committee charter, as well as Section 149 of the Act. The committee complies with the Listing Regulations relating to its composition, independence of its members, financial expertise of members and the audit committee charter.

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

The audit committee met four times during fiscal 2020. The Management shared the Company's financial statements, prepared in accordance with the Indian Accounting Standards (IND-AS) as specified under the Act, read with the relevant rules thereunder with the committee. The committee held discussions with the statutory auditors (whenever necessary, without any member of the Management being present) regarding the Company's audited financial statements, including the auditors' judgment about the quality and applicability of the accounting principles, the reasonableness of significant judgment and the adequacy of disclosures in the financial statements.

Besides discussing the overall scope and plan for the Internal audit, requirements of SEBI and other regulatory bodies, the committee also reviewed with the Statutory auditors the adequacy and effectiveness of the Company's legal, regulatory and compliance programs. As part of continuous improvements, revisions under the SEBI (Prohibition of Insider Trading) Regulations, 2015 relating to the Insider Trading Policy, Code of Conduct and Ethics, Code of practices and procedures for fair disclosures of unpublished price sensitive information were duly approved. The committee also reviewed the other financial policies of the Company with the auditors. The committee, on a periodic basis, reviewed the process adopted by the Management on impairment of assets including financial assets, goodwill and intangibles. The committee granted omnibus approval for the related party transactions proposed to be entered into by the Company during fiscal 2020. On a periodic basis, the committee reviewed and approved related party transactions. The committee monitored and reviewed investigations of the whistleblower complaints received during the year.

During the year, there were three (3) Insider Trading Violations by the Designated Persons for their failure to obtain pre-clearance for sale of shares. The Committee took note of the same and levied a fine of ₹ 80,000 and advised the Designated Employees to donate to any Charitable Institution and advised the Company to comply with Statutory requirements.

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

- To approve and adopt the audited Standalone financial statements (including Consolidated financial statements) of the Company under IND-AS for all the quarter(s) and year ended March 31, 2020 as a true and fair statement of the financial status of the Company.
- The payment of remuneration/ fees payable to M/s. Price Water House, Chartered Accountants LLP (Firm Registration No. 012754N/N5000016).
- The appointment of M/s. Singhvi, Dev & Unni, LLP Chartered Accountants, as the internal auditors of the Company for the year ended March 31, 2021 to review various operations of the Company.
- The appointment of Dwarakanath C, Company Secretary in Practice, as Secretarial Auditor for the year ending March 31, 2021 to conduct the secretarial audit as prescribed under Section 204 and other applicable sections of the Act.



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

Bengaluru  
April 21, 2020

Sd/-  
Chandrashekhar Bhaskar Bhawe  
Chairperson

### Stakeholders Relationship Committee

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

The constitution of the Committee as on March 31, 2020 is as follows:

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

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





















- Formulation of policies and procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from Stakeholders from time to time;

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

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

### Stakeholders Relationship Committee attendance for the year ended March 31, 2020

The committee met four times during the year ended March 31, 2020 on April 22, 2019, July 24, 2019, October 23, 2019 and January 21, 2020. The details of the attendance of the members are as follows:

Name of the Director	Committee Meeting Number				Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4			
Dr. Gururaj Deshpande					4	4	 100
Balakrishnan V					4	4	 100
Sanjay Nayak					4	4	 100
Arnob Roy					4	4	 100

 Attended in person;  Attended through video conference

### Stakeholders Relationship Committee report for the year ended March 31, 2020

The Stakeholder Relationship Committee assists the Board and oversees the mechanisms for redressing grievances and complaints from stakeholders including shareholders, debenture holders, other security holders, vendors, customers, employees and others. The mechanisms include the whistleblower mechanism, the Internal Committee, Hearing Employees and Resolving (HEAR), and the Grievance Redressal Board (GRB).

During the year, the Committee inter-alia:

- Reviewed complaints related to transfer of shares, non-receipt of annual report, statutory notices, if any.
- Approved the issue of duplicate certificates and new certificates on split / consolidation / renewal etc., and approved transfer / transmission, dematerialization and rematerialization of equity shares in a timely manner.
- Reviewed the performance of the Registrar and Share Transfer Agents, and recommended measures for overall

improvement in the quality of investor services and also the Company's attention to the environmental, health and safety interests of stakeholders.

- Noted that during the year the Company has paid the listing fees for the year 2020-2021 to the National Stock Exchange Limited and BSE Limited and also custodial fees to National Securities Depository Limited and Central Depository and Securities Limited.
- Noted that an amount of ₹3,14,415/- was unclaimed dividend and steps taken by the Company in this regard.
- Noted that there were no legal cases filed against the Company or the Company was made as a party to the same in respect of securities of the Company.
- Noted that the shareholding in dematerialized mode as on March 31, 2020 was 99.60% (99.15% as of March 31, 2019).

The committee expresses satisfaction with the Company's performance in dealing with investor grievances and its share transfer system. The details of the complaints resolved during the year ended March 31, 2020 are as follows:

Opening Balance	Received	Resolved	Closing
0	1	1	0

Bengaluru  
April 21, 2020

Sd/-  
Dr. Gururaj Deshpande  
Chairperson

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in accordance with the Act and the Listing Regulations.

The Nomination and Remuneration Committee and the Board coordinate to come out with a leadership succession plan to ensure orderly succession in the appointments to the Board and in the Senior Management and is responsible for maintaining appropriate balance of skills and experience within the organisation and the Board while maintaining experience and continuity and also for evaluating the balance of skills, experience, independence, diversity and knowledge on the Board and for drawing up selection criteria, ongoing succession planning and appointment procedures for both internal and external appointments.

The Nomination and Remuneration Committee consist of four directors with majority of them being Independent Directors with the Chairperson of the Committee being an Independent Director. The constitution of the Committee as on March 31, 2020 is as follows:

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

The role of Nomination and Remuneration Committee, inter alia, includes:-

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

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

### Nomination and Remuneration Committee attendance for the year ended March 31, 2020

Five (5) meetings of the Committee were held during the year ended March 31, 2020 on April 22, 2019, July 24, 2019, October 23, 2019, November 20, 2019 and January 21, 2020. The details of the attendance of the members are as follows:

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

Attended in person; Attended through video conference; NA Not Applicable

\* Balakrishnan V did not participate in this meeting as his re-appointment was taken up by the Board.

### Nomination and Remuneration Committee report for the year ended March 31, 2020

The Nomination and Remuneration Committee helps the Board to monitor the Company's key processes in recruiting new members to the Board and also the processes through which the Company recruits, motivates and retains outstanding senior management and oversees the Company's overall approach to human resources management. It also carries out the evaluation of the Board

performance and develops leadership and maintains corporate governance policies applicable to the Company.

The committee is constituted with the majority of the Independent directors and fulfills the requirements of Nomination and Remuneration Committee Charter, as well as the requirements of the Act and the Listing Regulations relating to its composition, independence of its members and expertise of the members.

During the year, the Committee performed the following functions:

- Reviewed the performance of the Executive Directors and also the Key Managerial Personnel and the Senior Management of the Company and their compensation and the variable payout for the year ended March 31, 2020.
- Granted 9,08,000 Restricted Stock Units to the employees under Tejas Restricted Stock Unit plan 2017.
- Recommended to the Board, subject to the approval of the Shareholders by way of postal ballot, the re-appointment of Balakrishnan V, (DIN No: 02825465) Non-Executive Chairman and as Independent Director of the Company for a period of 5 years with effective from February 2, 2020 till February 1, 2025.
- Recommended to the Board and subject to the approval of Shareholders, the re-appointment of Dr. Gururaj Deshpande (DIN: 01979383) as Non-Executive and Non-Independent Director of the Company, liable to retire by rotation.

- Recommended to the Board and subject to the approval of Shareholders, the continuation of directorship of Amb. Leela K Ponappa, (DIN: 07433990) as Independent Director in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Formal Evaluation of the Board performance and its Committees and Individual Directors.
- Approved the variable payout for other employees of the Company for the year ended March 31, 2020.
- Approved the compensation (including variable payout) for Key Managerial Personnel, Senior Management and other employees of the Company for the financial year 2020-2021 including Targets and Restricted Stock Units.

Bengaluru  
April 21, 2020

Sd/-  
Amb. Leela K Ponappa  
Chairperson

## Corporate Social Responsibility Committee

Our Corporate Social Responsibility (CSR) initiatives are carefully selected to ensure that they are novel, scalable and sustainable, while also aligning with our global imperative to be recognized by society as a good corporate citizen and also leveraging our focus on technology and education. Each initiative is designed to meet one or more of our social goals. These initiatives are assessed based on their approach and ability to address the originality, sustainability and scalability. By focusing our attention and committing resources to projects, our CSR initiatives are designed to ensure maximum benefit to communities.

### Composition of the Committee

The constitution of the committee as on March 31, 2020 are as follows:

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

The CSR committee's primary functions are to:

- Formulate and recommend to our Board a CSR Policy that shall indicate the activities to be undertaken by the Company towards the CSR initiatives;
- Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects;
- Monitor and provide guidance on the Company's policies on environment management, social responsibilities, health and safety, product stewardship, community development, principles of managing branded operations, etc;
- Provide guidance on welfare activities including eradicating hunger, poverty and malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water.

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

### Corporate Social Responsibility Committee attendance for the year ended March 31,2020

The committee met four (4) times during the year ended March 31, 2020 on April 22, 2019, July 24, 2019, October 23, 2019 and January 21, 2020. The details of the attendance of the members are as follows:

Name of the Director	Committee Meeting Number				Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1	2	3	4			
Amb. Leela K Ponappa					4	4	100
Sanjay Nayak					4	4	100
Balakrishnan V					4	4	100
Arnob Roy					4	4	100
Attended in person							

### Corporate Social Responsibility report for the year ended March 31, 2020

The CSR committee Report as required under the Act forms part of the "Annexure 6" of the Board report.

## Risk Management Committee

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

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






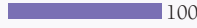


The Committee's charter is available on Company's website <https://www.tejasnetworks.com/policies-codes.php>


The Committee consists of four Directors with majority being Independent Directors. The constitution of the committee as on March 31, 2020 are as follows:

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

### Risk Committee attendance for the year ended March 31, 2020

The Committee met once (1) during the year ended March 31, 2020. The meeting was held on January 21, 2020. The attendance details of the Committee are as follows:

Name of the Director	Committee Meeting Number	Held during tenure (A)	Attended (B)	% of attendance (B/A)
	1			
Balakrishnan V		1	1	 100
Chandrashekhar Bhaskar Bhawe		1	1	 100
Amb. Leela K Ponappa		1	1	 100
Dr. Gururaj Deshpande		1	1	 100

 Attended in person

### Risk Committee Report to the Shareholders as on March 31, 2020

Tejas Networks Limited (the "Company") is one of the leading providers of optical telecommunication equipment that enables telecom service providers to build converged networks that can seamlessly deliver voice, video and data services. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks, inter alia, are changes in regulations, competition, business environment, technology, investments, and retention of talent and expansion of facilities, disruptions in global supply chain and health and business risks resulting out of pandemics.

The responsibility of the Risk Management Committee of the Board of Directors of the Company shall be:

- To periodically assess risks to the effective execution of business strategy and review key leading indicators in this regard and approve the Risk Management Framework and processes of the Company.
- To ensure that the Company is taking the appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities and to assess management's actions to mitigate the exposures in a timely manner.
- To coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities.

Towards the above, the risk management committee reviewed the Company's progress on strategy execution, risk management practices and activities. This included review of strategic programs for the achievement of short and long term business goals

covering growth, profitability, business model, human resource, leadership and operational excellence of various business units. The Committee reviewed the strategic, operational and compliance risks associated with achieving the business objectives and the actions taken to achieve these risks.

The committee also reviewed the potential impact of the COVID-19 on company's business and the company's strategy in mitigating the risks.

The Committee reviewed risks in cyber security, employee engagement, customer environment, external and internal environment, credit assessment process, incident management, data protection, subsidiaries, critical projects and immigration risks. The members of the committee also conducted in-depth exercises in certain of those above areas. The committee prioritized critical risk areas and approach towards risk mitigation.

Further, the committee also reviewed the Company's enterprise risk management framework, corporate strategy execution process, trends of the top risks in terms of impact likelihood of occurrence, potential exposure and progress of mitigation actions.

Taking into account the competitive and dynamic nature of the business environment and based on the information made available to them by the Management, the Committee believes that the Company Risk Framework and the risk assessment, monitoring and mitigation and reporting practices is adequate to effectively manage the foreseeable material risk.

Bengaluru  
April 21, 2020

Sd/-  
Balakrishnan V  
Chairperson



## 4. Remuneration Policy

In order to adapt to the changing business context and the highly competitive environment that the Company operates in, the Company policy on remuneration for the Directors including Independent Directors, Key Managerial Personnel ('KMP') and Senior Executives of the Company ensures that the remuneration are competitive, reasonable, and are in line with the corporate and individual performance and is market-driven and aims at attracting and retaining the high performance talent. The overall remuneration shall be reflective of size of the Company, complexity of the sector in which the Company operates and the Company's capacity to pay the remuneration.

The Remuneration Policy provides the framework to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration including statutory provisions and provisions of the Corporate Governance regulations, market trends and the interests of stakeholders. This policy is guided by the principles and objectives as enumerated in Section 178 of the Act and Regulation 19 read with Part D of C Schedule II of the Listing Regulations.

The Nomination and Remuneration Committee ('Committee') is responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Personnel ('KMP') and Senior Executives of the Company from time to time. The Board reserves the right to set such milestones as it deems fit for the payment of variable component of the remuneration in the Executive Director compensation.

### I. Remuneration of Non-Executive Director/ Independent Directors

The Independent Directors are paid remuneration by way of Sitting Fees and Commission, as approved by the Shareholders. Commission is paid at a rate not exceeding 1% of the profits of the Company computed in accordance with Section 198 of the Act.

The Sitting fees are paid for attending each meeting of the Board/ Committees of the Board. An annual commission/ Board fees based on the profits of the Company. The Non-Executive Directors/ Independent Director are also reimbursed of any out of pocket expenses incurred by them for the purpose of the Company.

The payment of Commission to the Independent Director is placed before the Board every year for its consideration and approval before the payment is effected. The sitting fee is reviewed periodically in line with the requirements of regulations and aligned to comparable best in class companies. The remuneration / commission payable to each Non-Executive Independent Director shall be based on a remuneration structure depending on individual contribution, the Company's performance and shall be in accordance with the provisions of the Act, and the rules made thereunder for the time being in force.

### Remuneration Structure for Independent Directors are given below

	in ₹ crore
<b>a) Sitting Fee</b>	
Board Meeting Attendance Fees (per meeting)	0.01
<b>b) Directors Commission</b>	
Fixed Fees for each Independent Director (per annum)	0.05
Non-Executive Chairman Fees (per annum)	0.10
Chairperson -Audit Committee (per annum)	0.03
Member – Audit Committee (per annum)	0.01
Chairperson – Other Committees (NRC, CSR, SRC) – (per annum)	0.01
Member- Other Board Committees (per annum)	0.005

#### Note:

- At the end of financial year, Independent Directors may in addition to Sitting fees be given additional commissions (as % of net profits), based on Company's performance, subject to the overall 1% limit.
- The Independent Directors are not eligible to receive Stock Options / Restricted Stock Units under the existing Employee Stock Options scheme/ Restricted Stock Unit Plan of the Company
- The Independent Directors, in line with the requirements of the Act, have not been paid commission for the year ended March 31, 2020 in view of the adverse impact of the COVID-2019 on the operational performance of the Company and the Company has incurred loss. Further, the Independent Directors have voluntarily decided to take a 10% reduction in their proposed remuneration (other than sitting fees) for the fiscal 2021.
- The Independent Directors have been paid Sitting fee of ₹ 1,00,000/- per meeting for attending each Board/ Committee Meeting for the year ended March 31, 2020.

### II. Remuneration for Executive Director, Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

The Company's remuneration policy is market-driven and aims at attracting and retaining high performance talent. The executive compensation policy moves away from a predominantly cash based compensation to a total reward structure whereby a significant portion of the compensation is in the form of stock incentives to reward sustained long-term performance. The Company follows a compensation mix of fixed pay, performance linked variable pay, benefits and RSU, which is paid based on the individual/Company performance.

The Executive Directors are paid remuneration by way of fixed pay, performance linked variable pay, benefits and RSU. Annual compensation changes are decided by the Nomination and Remuneration Committee after considering external benchmark data and overall business performance within the salary scale approved by the Board and Shareholders. The structure of the remuneration package for the Executive Directors, KMP and SMP are designed to balance short term operational performance with the medium and long term objective of creating sustainable value within the Company, while taking into account the interests of its stakeholders. To ensure that highly skilled and qualified KMP/ SMP can be attracted and retained, the Company aims for a total remuneration level that is comparable to levels provided by other

companies that are similar to in terms of size and complexity. The Company policy is to offer the Executive Directors, KMP and SMP a total compensation comparable to the peer group. If the Executive Directors, draw or receive, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act, or without the prior sanction of the Shareholders/ Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government. The Company has not paid any sitting fees to the Executive directors for attending any meetings of the Board and its Committees.

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

- i) Base Compensation (57% of gross compensation): This is paid on a monthly-basis.
- ii) Performance-linked variable pay (43% of gross compensation): This is paid annually. The Performance-linked variable pay aligns Company's performance and individual contribution.
  - a) 70% of the performance-linked variable pay is based on Company financial performance
  - b) 30% of the performance-linked variable pay is linked to individual's performance

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

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

- a. 57% of the RSU vests on the anniversary of the grant
- b. 43% of the RSU vesting is linked to performance (company as well as individual). At the end of the financial year, the remuneration committee assesses the actual performance against targets and recommends what portion of RSU should vest during that year.

For FY 20 KMPs performance linked incentive was evaluated at 22.5% of target. This performance linked pay will be paid during the year FY 21. In addition, performance linked portion of the RSUs of KMPs lapsed for the period ended 31<sup>st</sup> March 2020 is 35,176 RSUs.

For FY 20, the Company has not paid the performance-linked variable pay portion, linked to Company financial performance, to any employee or KMP, since the revenue growth and profitability targets were not met.

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

The remuneration paid to Executive Directors is within the overall limit approved by the Shareholders. It shall be market competitive; driven by the role played by the individual and will be within the overall limits specified in the Act and any other regulatory requirements. The elements of compensation of the Executive Directors include the fixed compensation (55% of gross compensation), performance linked variable pay (45% of gross compensation), benefits, work related facilities, Employee Stock Option, Restricted Stock Units and Perquisites. The Nomination and Remuneration Committee determines the annual variable pay compensation in the form of annual incentive and annual increment based on Company's and individual's performance as against the pre agreed objectives for the year. In case of inadequacy of profit in any financial year, the remuneration payable shall be further subject to the relevant provisions of the Act. The Executive Directors are not paid sitting fees for any Board/ Committee meetings attended by them. The term of Executive Directors is generally for a period of five years, subject to liable to retire by rotation and as approved by the Shareholders and renewed for similar periods from time to time. However, the Board reserves the right to increase/decrease the period as it may deem fit.

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

in ₹ crore except Unit data

Name	Designation	Gross Remuneration*	Perquisites#	Total	RSU granted during the year
Sanjay Nayak <sup>1</sup>	CEO & Managing Director	2.06	0.18	2.24	75,000
Arnob Roy <sup>2</sup>	COO & Whole-time Director	1.45	-	1.45	53,000

Note:

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20 .

In view of the Loss, the Managing Director and CEO/Whole-time Director and COO have been paid remuneration in accordance with Part II of Section II of Schedule V of the Act for the year ended March 31, 2020.

1. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.25 crore ( 22.5% of target variable pay )

2. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.18 crore ( 22.5% of target variable pay )

#Value of perquisites includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

- i. Period of employment shall generally be for a period of five years, subject to liable to retire by rotation and as approved by the Shareholders and renewed for similar periods from time to time. The Board reserves the right to increase/decrease the period as it may deem fit.
- ii. The retirement benefit shall include benefits such as provident fund and gratuity.
- iii. No loan is granted to Executive Directors.

### b. Remuneration to Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)

The Company's total compensation for KMP and SMP consist of Fixed compensation, Variable compensation in the form of annual incentive, the benefits and other work related facilities and perquisites. In addition, KMP and SMP are eligible for long-term incentive plan in the form of ESOPs / RSUs as per the scheme in force from time to time. Grants under the ESOP/ RSUs Scheme are approved by the Nomination and Remuneration Committee. The Fixed compensation is determined on the basis of size and scope of the job typically as reflected by the level or grade of the job, trends in the market value for the job and the skills, experience and performance of the employee. Fixed compensation includes Basic Salary, Housing Allowance, Leave Travel Allowance and certain other allowances. The Annual Incentive (variable pay)/ increments of KMP and SMP are linked directly to the performance of the Business Unit, ratings and the Company in accordance with policies of the Company.

The benefits for KMP and SMP include the Health (hospitalization) insurance, the Accident and Life insurance, the contribution to Provident Fund account, Gratuity, etc. The KMP and SMP are also eligible for work related facilities and perquisites, loans and advances as may be determined through HR policies issued from time to time based on the Grade of the employee. The overall compensation shall be subject to periodic reviews which takes into account data from compensation surveys as well as factors such as affordability based on the Company's performance and the economic environment. The KMP and SMP may be eligible for severance payments in accordance with the termination clause in their employment agreement subject to applicable regulatory requirements.

#### Remuneration paid / Restricted Stock Units granted to the KMP/ SMP during the year:

in ₹ crore except Unit data

Name of the KMP/SMP	Position	Gross Remuneration*	Perquisites#	Total	RSU granted during the year
Venkatesh Gadiyar <sup>1</sup>	Chief Financial Officer	0.83	-	0.83	32,000
N R Ravikrishnan <sup>2</sup>	General Counsel, Chief Compliance Office and Company Secretary	0.52	0.07	0.59	4,200
Kumar N Sivarajan <sup>3</sup>	Chief Technology Officer	1.26	1.26	2.52	36,000
Sukhvinder Kumar <sup>4</sup>	President-Global Manufacturing Operations	1.01	-	1.01	32,000

Note:

\*Salary includes fixed pay, retiral benefits for FY 20 and performance linked variable pay of FY 19 paid in FY 20.

1. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.10 crore ( 22.5% of target variable pay )
2. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.04 crore ( 25.5% of target variable pay )
3. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.16 crore ( 22.5% of target variable pay )
4. Performance linked variable pay of FY 20 will be paid in FY 21 is ₹ 0.11 crore ( 22.5% of target variable pay )

#Value of perquisites includes the perquisite value of stock options/RSUs exercised during the period, which was granted during earlier years, determined in accordance with the provisions of the Income Tax Act, 1961. Accordingly the value of stock options/RSUs granted during the period is not included.

- i. The retirement benefits shall include benefits such as provident fund and gratuity.
- ii. No loan is granted to Key Managerial Personnel/ Senior Management Personnel.

### III. Remuneration for other Employees

The remuneration paid to other employees of the Company consists of fixed pay and performance linked variable pay which is reviewed on an annual basis. Increase in the remuneration of employees is given based on an annual review taking into account performance of the employee, the performance of the Company and comparable market wage levels. The Company also employs contractual employees as 'consultants' for shorter periods on need basis either directly or through service providers and as permitted by law. The Contract of employment provides for compensation upto 2 or 3 months' pay or advance notice of similar period. The retirement benefits shall include benefits such as provident fund and gratuity.

### IV. Letters of appointment to the Independent Directors

Based on the approval of the Shareholders, each Independent Director have been issued with the Letters of appointment/ re-appointment to the appointment to the Independent Directors which sets out the terms of the appointment / re-appointment as an Independent Director, term of office, duties and responsibilities, remuneration, liabilities etc. The Letter of appointment/ re-appointment so issued to the Independent Directors is available on the Company's website at <https://www.tejasnetworks.com/disclosures.php>.

### V. Employment agreement with the Executive Directors

The Company, based on the approval of the Shareholders in their 19th Annual General Meeting has entered into an Executive Employment agreement for a period of 5 years with Sanjay Nayak (effective from January 1, 2020) as Managing Director and CEO and Arnob Roy (effective from March 25, 2019) as Whole-time Director and COO setting out the key terms of appointment, term, remuneration etc. The Employment agreement is available on the Company's website at <https://www.tejasnetworks.com/disclosures.php>.

### VI. Indemnification agreements

The Company has entered into agreements to indemnify the directors and officers for the claims brought against them for action done for and on behalf of the Company to the fullest extent as permitted under applicable laws. These agreements among other things indemnify the directors and officers for certain expenses, judgements, fines and settlement accounts incurred by such person in any action or proceedings including any action arising out of such persons services as a director or officer, expenses in relation to public relations consultation if required.

## 5. Confirmations and Disclosures

### a. Confirmations

The Board of Directors, to the best of their knowledge and belief, and based on the records and information available, and in line with the requirements of the Act and Listing Regulations as applicable, provide the following confirmations for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020).

#### I. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- The Company has constituted committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and complied with the provisions of the same.
- During the year, One (1) complaint was received, independent investigation was done and based on the recommendation of the ASHI committee appropriate action was taken and there are “Nil” cases pending for closure pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- The process laid down facilitates a formal review and investigation of concerns and undertakes appropriate actions required to resolve the reported matters if the allegations were substantiated and the accused personnel were either provided counselling, a written warning or released from their services.

#### II. Subsidiary, joint venture or associate company

- No Company has become or ceased to be, joint venture or associate Company of the Company within the meaning of Section 2(6) of the Act.
- There has been no material change in the nature of the business of the subsidiaries.
- The Company does not have any material non-listed Indian subsidiary whose income or net worth exceeds 20% of the consolidated income or net worth respectively of the Company in the immediately preceding accounting year.

#### III. Financial Statements

- The Financial statements have been prepared in accordance with Indian Accounting Standards (IND- AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and as notified under Section 133 of the Act (“the Act”) and other relevant provisions of the Act.
- Significant accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy in use.
- The Company has adopted all the applicable IND-AS standards and the adoption was carried out in accordance with applicable transition guidance.

#### IV. Related party transactions:

- The Company has not entered into any materially significant related party transactions with its Directors, or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.
- The Company has received disclosures from the senior managerial personnel confirming that they have not entered into any material, financial and commercial transactions in which they or their relatives may have a personal interest.

- All Related Party Transactions are placed before the Audit Committee for review and approval including transactions which are of repetitive in nature and / or entered in the ordinary course of business and are at Arm’s Length.
- During the year under review, the Non-Executive Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees, commission and reimbursement of expenses, as applicable.
- There are no material related party transactions made by the Company during the year that requires shareholders’ approval under Regulation 23 of the Listing Regulations or Section 188 of the Act.

#### V. Fixed Deposits

The Company has not accepted any fixed deposit including from the public and hence no amount of principal or interest was outstanding as of March 31, 2020.

#### VI. Micro, Small and Medium (MSME) Enterprises

- The Company as on March 31, 2020 has made payments to all MSME suppliers within a period of 45 days from the date of acceptance or the from the day of deemed acceptance.
- There are no outstandings as on March 31, 2020 which exceeded 45 days from the date of acceptance or the day of deemed acceptance.

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

- The Employee Stock Option Plans and Employee Restricted Stock Unit Plan are in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and there have been no material changes to these plans during the Financial Year 2019-20.
- No employee was granted options/ RSU / Shares during the year, equal to or exceeding 1% of the issued capital.
- The Company did not grant any Stock Options under any of the ESOP plan of the Company after the implementation of the RSU plan.

#### VIII. Remuneration to Directors

- The remuneration paid to the directors is as per the terms laid out in the Nomination and Remuneration policy of the Company, statutory regulations and as approved by the shareholders.
- The Independent Directors are paid remuneration by way of Sitting Fees and are also reimbursed of any out of pocket expenses incurred by them for the purpose of the Company.
- The Independent Directors are not granted Stock Options / Restricted Stock Units under the existing Employee Stock Options scheme/ Restricted Stock Unit Plan of the Company.
- The Independent Directors, in line with the requirements of the Act have not been paid commission for the year ended March 31, 2020 in view of the adverse impact of the COVID-19 pandemic on the operational performance of the Company and also since the Company has incurred a loss.
- The Independent Directors have been paid Sitting fee of ₹ 1,00,000/- per meeting for attending each Board / Committee Meeting for the year ended March 31, 2020.
- The Executive Directors (MD and CEO/ WTD and COO) are paid remuneration in accordance with Part II of Section II of Schedule V to the Act in view of Company incurred a loss.



## IX. Independent Directors

- The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Act stating that they meet the criteria of Independence as laid down in Section 149 (6) and 'Regulation 16(1) (b) of the Listing Regulations.
- Balakrishnan V, Chairman and Independent Director and Chandrashekhar Bhaskar Bhawe, Independent Director in accordance with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, notified with effect from December 1, 2019, have included their name in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar for a period of 5 years and they have confirmed that they are not required to clear the proficiency test as they served in aggregate for a period of 10 years as a Director and/ or Key Managerial Personnel in a listed public company or in an unlisted public company having a paid-up share capital of ₹ 10 crore or more as on the date of inclusion of their names in the data bank.
- Amb. Leela K Ponappa, Independent Director, in accordance with the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2019, notified with effect from December 1, 2019, included her name in the data base with the Indian Institute of Corporate Affairs, Manesar for a period of 5 years.

## X. Internal Controls

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors including audit of internal financial controls over financial reporting by the statutory auditors and based on the summary report submitted by the internal auditors and the reviews performed by the management and the relevant Board committees, including the audit committee, the Company's internal financial controls were adequate and operated effectively during the FY 2019-2020.

## XI. Auditors report on qualifications, reservations or adverse remarks or disclaimer made

- The Statutory Audit Report of M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark nor instances of fraud committed by the Company, its officers or employees, the details of which would need to be mentioned in the Board's report and the report is unmodified report which is enclosed with the financial statements and forms part of this Annual Report.
- The Secretarial Audit Report of Dwarakanath C, Company Secretary in Practice and Independent Secretarial Auditor-(FCS No. 7723 and Certificate of Practice No. 4847, for the year ended March 31, 2020 does not contain any qualification, reservation or adverse remark.
- The Corporate Governance certificate of Dwarakanath C, Company Secretary in Practice and Independent Secretarial Auditor - (FCS No. 7723 and Certificate of Practice No. 4847 for the year ended March 31, 2020 states that the Company has complied with the stipulations of Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

- The Statutory Auditors Certificate of M/s. Price Waterhouse Chartered Accountants LLP (Firm registration number No. 012754N/N500016) under SEBI (Share Based Employee Benefits) Regulations 2014 stating that the Company Employee based share schemes have been implemented in accordance with the said regulations.

## XII. Secretarial Standards

The Secretarial Standards issued by the Institute of Companies Secretaries of India and which are mandatory in nature and as applicable to the Company, have been duly complied with by the Company.

## XIII. Payment of listing / custodial fees

- The Listing Fees for the fiscal 2021 are already paid to the both the National Stock Exchange of India Limited and BSE Limited.
- The Custodial fees for the fiscal 2021 are also paid to NSDL and CDSL.

## XIV. Media Companies

The Company has not entered into any agreement with any media Company and/or its associates for the year ended March 31, 2020.

## XV. Share Suspense Account (Unclaimed Shares)

There are 79,778 equity shares (110 share certificates) belong to 60 equity shareholders lying in the unclaimed suspense account of the Company maintained with ICICI Bank Limited.

## b. Disclosures

The Board of Directors, to the best of their knowledge and belief, and based on the records and information they possess, and in line with the requirements of the Act and Listing Regulations as applicable, makes the following disclosures for the year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### i. Compliances by the Company

The Company's compliance status is periodically updated to the Audit Committee including the CEO, CFO, and presentations are given during the quarterly meetings of the Board and Audit Committee. The Company has complied with the applicable compliance requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets and there were no non-compliances, penalties, strictures imposed by the Stock Exchange or the Board or Statutory authority on matters relating to capital markets from the date the shares are listed at the Stock Exchanges. The equity shares were listed at BSE Limited and National Stock Exchange of India Limited on June 27, 2017.

### ii. Capital Expenditure (Capex)

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

### iii. Code on Insider Trading

The Company has adopted a code of conduct to regulate, monitor and report trading by insiders ("Code") under the SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to all designated employees and insiders who are expected to have access to unpublished price sensitive information. The Company has a policy prohibiting insider trading which is in conformity

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

#### iv. Code of Practices and procedures for fair disclosure of Unpublished price sensitive information

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

#### v. Management Council

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

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

#### vi. Archival Policy for website content

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

#### vii. Details of adoption of the non-mandatory requirements under Listing Regulations

The Company adopted the following non-mandatory requirement as required under Schedule II Part E of the Listing Regulations:

- The Company has separate posts of Chairman and Managing Director and CEO.
- M/s. Singhvi, Dev and Unni, LLP Internal Auditors of the Company duly appointed by the Audit Committee of the Board and make quarterly presentations to the Audit Committee directly.
- M/s. Price Waterhouse Chartered Accountants LLP Statutory Auditors of the Company has issued an Audit Report with unmodified opinion on the Audited Financial Results of the Company (Standalone and Consolidated) for the year ended March 31, 2020.

#### viii. Reconciliation of Share Capital Audit Report

Based on Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir- 16/2002 dated December 31, 2002, a qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the NSDL and CDSL and the total issued and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. The Report is available on the Company's website at <https://www.tejasnetworks.com/reconciliation-of-share-capital-audit-report.php>.

#### ix. Additional disclosures

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

- Authorisation of Key Managerial Personnel to determine the materiality of the event for the purpose of disclosing to Stock Exchange in terms of Regulation 30(5) of the Listing Regulations.
- Constituted Senior Management Personnel (one level below CEO) in terms of Regulation 16(1) (d) of the Listing Regulations.
- In terms of Regulation 22 of the Listing Regulations, the Company has established vigil mechanism, whistle blower policy and hereby affirm that no Director/employee has been denied access to the Chairman of the Audit Committee and that one complaint has been received during the financial year 2019-2020 and which is satisfactorily closed.
- The Board has accepted all the recommendations made by all the Committees of the Board including Audit Committee and which requires the Board approval/ adoption.
- The policy for determining 'material' subsidiaries is disclosed in <https://www.tejasnetworks.com/policies-codes.php>
- There are no materially significant related party transactions that have potential conflict with the Company at large.

- The Company does not deal in commodity and hence disclosure relating to commodity price risks and commodity hedging activities is not applicable.
- The Company has not raised funds through preferential allotment or qualified institutional placement as specified under Regulation 32 and hence there is no disclosure on the utilization of funds.
- The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments in the past and hence as on March 31, 2020, the Company does not have any outstanding GDRs / ADRs / Warrants or any convertible instruments.
- The Company doesn't have a fixed hedging policy for foreign exchange risk.
- There are no cases pending or filed against the Company or any liabilities attached to the Company in respect of any of the matters pertaining to securities for the year ended March 31, 2020.

### c. Reports and Certifications

The Company during the year under review and in line with the requirements of the Act and Listing Regulations, as applicable, obtained the following certificates and reports and makes the disclosures based on such certificates and reports obtained in this connection. The said certificate / report forms part of this Annual/ Corporate Governance Report and also hosted on the website of the Company at <https://www.tejasnetworks.com/disclosures.php>.

#### (i) Certificate on the Code of Business Conduct and Ethics

In terms of Regulation 34 read with Schedule V of the Listing Regulations, the Company has adopted a Code of Business Conduct and Ethics which applies to all Directors and Employees, Subsidiaries and Affiliates. The Annual declaration affirming compliance with the Code of Conduct by the Directors and Senior Management Personnel of the Company for the financial year 2019- 2020 forms part of the Corporate Governance Report. The Senior Management periodical disclosures relating to all material financial and commercial transactions, if any, where they had or were deemed to have had personal interest, that might have had a potential conflict with the interest of the Company at large were placed before the Board. The Managing Director and CEO has confirmed to the Board that the Company has adopted a Code of Conduct for its employees including the Managing Director, its Non-Executive Director and Independent Directors and that the Company has in respect of the year ended March 31, 2020, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

#### (ii) Certification by the Chief Executive Officer and Chief Financial Officer

In line with Regulation 17(8) of the Listing Regulations, the certificate of the Chief Executive Officer and Chief Financial Officer for the year ended March 31, 2020, forms part of the Annual / Corporate Governance Report.

#### (iii) Certificate on Corporate Governance

The Certificate on Corporate Governance for the year ended March 31, 2020, issued by Dwarakanath C, Company Secretary in Practice and Independent Secretarial Auditor - (FCS No. 7723 and Certificate of Practice No. 4847 pursuant to Schedule V of the Listing Regulations regarding compliance of conditions of corporate governance forms part of the Corporate Governance Report/ Directors report. The Certificate opines that the Company

has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to Regulation 27 and clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2020.

#### (iv) Certificate of Non-disqualification of Directors

Dwarakanath C, Company Secretary in Practice and Independent Secretarial Auditor - (FCS No. 7723 and Certificate of Practice No. 4847 has certified that as on April 1, 2020, the Directors on the Board of the Company have not been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority as per of Part C of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### (v) Annual Secretarial compliance report:

The Annual Secretarial Compliance report issued by Dwarakanath C, Company Secretary in Practice and Independent Secretarial Auditor- (FCS No. 7723 and Certificate of Practice No. 4847 for the year ended March 31, 2020 also states that the Company has complied with all the applicable SEBI Regulations and circulars/ guidelines issued thereunder.

### d. Shareholders

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

##### Appointment

There are no inductions/ appointments in the Board of Directors or its Committee thereof for the year ended March 31, 2020.

##### Re-appointment

The following re-appointments were made for the year ended March 31, 2020:

- The Shareholders by way of postal ballot re-appointed Balakrishnan V (DIN 02825465) as Non-Executive Chairman and Independent Director for a period of five (5) years with effective from February 2, 2020 till February 1, 2025 has been re-appointed, not liable to retire by rotation.
- The re-appointment of Dr. Gururaj Deshpande (DIN: 01979383) as a Director liable to retire by rotation, subject to the approval of the shareholders in the ensuing 20<sup>th</sup> Annual General Meeting of the Company.
- Re-appointment of Sanjay Nayak (DIN: 01049871) as Chief Executive Officer and Managing Director of the Company for a period of five (5) years from January 1, 2020 till December 31, 2024.

##### Continuation

The continuation of Amb. Leela K Ponappa as Independent Director for the reminder of her term subject to the approval of the shareholders in the ensuing 20<sup>th</sup> Annual General Meeting, consequent to her attaining the age of 75 years.

##### Resignations

There are no resignations in the Board of Directors or its Committee thereof for the year ended March 31, 2020.

#### (b) Share transfers

Share transfers are registered and returned in the normal course within a period of 30 days from the date of receipt. Requests for dematerialization of shares are processed and confirmation thereof

is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services India Limited (CDSL) within the statutory time limit from the date of receipt of share certificates provided the documents are complete in all respects.

### (c) Communication to Shareholders

#### • Quarterly and annual results

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

#### • News releases, presentations, etc.

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

#### • Website

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

#### • Annual report

The Company's annual report containing, inter alia, the Boards' report, the corporate governance report, the business responsibility report, management's discussion and analysis (MD&A), audited standalone and consolidated financial statements, auditors' report

and other important information is circulated to Shareholders and others so entitled. The annual report is also available on the Company's website in a user-friendly and downloadable form.

#### • Chairman's speech

The Chairman speech of the 20<sup>th</sup> Annual General Meeting will be made available on the Company's website: [https://www.tejasnetworks.com/shareholders\\_agm.php](https://www.tejasnetworks.com/shareholders_agm.php)

#### • Compliances with stock exchanges

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

#### • Web-casting

The Company is pleased to provide the facility of live webcast of the proceedings of the 20<sup>th</sup> AGM on July 28, 2020. The details of the same is provided in the Notice of the AGM.

### (d) Investor grievance and share transfer system

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

### (e) General body meetings

#### Annual General Meetings

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

Year ended	Date	Time	Venue	Special Resolution passed
2019	July 25, 2019	3:00 PM	Registered Office	<ul style="list-style-type: none"> <li>Re-appointment of Sanjay Nayak (DIN 01049871) as Chief Executive Officer and Managing Director of the Company.</li> <li>Appointment of Arnob Roy (DIN03176672) as Director liable to retire by rotation and as Chief Operating Officer and Whole time Director of the Company.</li> <li>To borrow in excess of paid-up capital and free reserves of the Company</li> </ul>
2018	July 24, 2018	3.00 PM	Registered Office	Appointment of Amb. Leela K Ponappa (DIN 07433990) as Independent Director for a further period of five (5) years, not liable to retire by rotation.
2017	September 27, 2017	3:00 PM	Registered Office	<ul style="list-style-type: none"> <li>Approval of Tejas Restricted Stock Unit Plan 2017 ("RSU 2017" or the "Plan") and grant of Restricted Stock Units under RSU 2017 to eligible employees of the Company.</li> <li>Approval of grant of Restricted Stock Units under Tejas Restricted Stock Unit Plan 2017 to the eligible employees of subsidiary companies.</li> </ul>



### Extraordinary General Meetings

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

### Postal Ballot

In compliance with Section 108 and 110 and other applicable provisions of the Act read with the related rules, the Company provided electronic voting (e-voting) facility in addition to the postal ballot to all its members. For this purpose, the Company has engaged the services of National Securities Depositories Limited (NSDL). The shareholders have the option to vote either by physical ballot or e-voting. The Company dispatches the postal ballot notices and forms along with self-addressed business reply envelope to its shareholders whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to the shareholders in electronic form to the e-mail IDs registered with the DPs/RTA.

The Voting rights are reckoned on the paid-up value of the shares registered in the names of the shareholders as on the cut-off date. Shareholders desiring to exercise their votes by physical postal ballot forms are requested to return the forms duly completed and signed, to the scrutinizer on or before the closing of the voting period. Shareholders desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last day of e-voting. The last date specified by the Company for receipt of duly completed postal ballot forms or e-voting is deemed to be the date of passing of the resolution.

The scrutinizer submits his report to the Chairman of the Board of Directors or any person authorized by him, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced. The results are also displayed on the Company web-site <https://www.tejasnetworks.com/postal-ballot.php> besides being communicated to the stock exchanges, depository and Registrar and Share Transfer Agent and also intimated in the newspapers published in English – All India Edition and one in local language (Kannada).

During the year ended March 31, 2020, the Company obtained the approval of the shareholders through postal ballot for the re-appointment of Balakrishnan V (DIN 02825465), as a Non-Executive Chairman and Independent Director for a period of five (5) years with effective from February 2, 2020 till February 1, 2025 has been re-appointed, not liable to retire by rotation, the details of which is as follows:

<b>Date of the Notice of the Postal Ballot</b>	November 20, 2019
<b>Voting period</b>	December 5, 2019 to January 3, 2020
<b>Date of approval</b>	January 3, 2020
<b>Date of declaration of result</b>	January 4, 2020

Name of the resolution	Type of resolution	No.of. Votes polled	No.of. Votes cast in favour	%	No.of. Votes cast against	%
Re-appointment of Balakrishnan V (DIN 02825465), as a Non-Executive Chairman and Independent Director	Special Resolution	7,12,79,496	6,91,62,594	97.03	21,16,902	2.97

The Board had appointed Dwarakanath C, Company Secretary in Practice (FCS- 7723 and CP No: 4847) failing which Ananta Deshpande, Company Secretary in Practice (ACS - 24319 and CP No.20322) as the scrutinizer ("Scrutinizer") for conducting the Postal Ballot / e-voting process in a fair and transparent manner.

### (f) General Shareholder information

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

On behalf of the Board

Sd/-  
Balakrishnan V  
Chairman

## Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. The code is available on the Company's website <https://www.tejasnetworks.com/policies-codes.php>.

I confirm that the Company has in respect of the year ended March 31, 2020, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

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

Bengaluru  
April 21, 2020

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

## CEO / CFO CERTIFICATION

The Board of Directors  
Tejas Networks Limited

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

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2019-20 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violates of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
  - i. Significant changes in internal control over financial reporting during the year;
  - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bengaluru  
April 21, 2020

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

Sd/-  
Venkatesh Gadiyar  
Chief Financial Officer

## Independent Auditor's Certificate on Corporate Governance

To The Shareholders of Tejas Networks Limited

- I, Chennur Dwarakanath, Company Secretary in Practice, the Secretarial Auditor of Tejas Networks Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time (the Listing Regulations).

### Management's Responsibility

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

### Auditors' Responsibility

- My responsibility is limited to examining the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- I have examined the relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

### Opinion

- Based on my examination of the relevant records and according to the information and explanations provided to me and the representations provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended 31 March 2020.
- I state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company Reporting of internal auditor directly to the Audit Committee.

Bengaluru  
April 21, 2020

Sd/-  
C. Dwarakanath  
Company Secretary in Practice  
C.P: 4847; FCS: 7723

## Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Members,  
Tejas Networks Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Tejas Networks Limited having CIN:L72900KA2000PLC026980 and having registered office at J P Software Park, Plot No 25, Sy.No.13,14,17,18 Konnapana Agrahara Village, Begur Hobli, Bengaluru – 560100 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Balakrishnan Venkatraman	02825465	09/11/2009
2	Dr. Gururaj Deshpande	01979383	24/04/2000
3	Amb. Leela Krishnamurthy Ponappa	07433990	16/02/2016
4	Sanjay Nayak	01049871	06/05/2000
5	Chandrashekhhar Bhaskar Bhawe	00059856	25/03/2019
6	Arnob Roy	03176672	25/03/2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Bengaluru  
May 08, 2020

Sd/-  
C. Dwarakanath  
Company Secretary in Practice  
C.P: 4847; FCS: 7723

## Shareholders' Information

### Corporate

Tejas was originally incorporated as Tejas Networks India Private Limited on April 24, 2000 at Bengaluru as a Private Limited Company under the Companies Act, 1956. Tejas was subsequently converted into Public Limited Company and its name was changed to Tejas Networks India Limited and a fresh certificate of incorporation consequent upon change of name was issued by Registrar of Companies, Karnataka on October 23, 2002. Subsequently, the name of the Company was further changed to Tejas Networks Limited to reflect the global outlook of the Company and a fresh certificate of incorporation consequent upon change of name was issued by the Registrar of Companies on March 18, 2008. The Corporate Identity Number (CIN) of the Company is L72900KA2000PLC026980.

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

### Financial year and Registered office

The Company financial year begins on April 1 and ends on March 31 every year. The address of our registered Office is J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru, Karnataka-560100.

### Investor Services

#### Tentative calendar

Quarter Ending	Earnings release	Trading Window closure (inclusive of both days)
June 30, 2020	July 27, 2020	June 15, 2020 to July 29, 2020
September 30, 2020	October 21, 2020	September 15, 2020 to October 23, 2020
December 31, 2020	January 20, 2021	December 15, 2020 to January 22, 2021
March 31, 2021	April 21, 2021	March 15, 2021 to April 23, 2021

#### Annual General Meeting

<b>Date and time</b>	July 28, 2020, Tuesday, 4.00 p.m IST
<b>Mode</b>	Video Conferencing ("VC")/Other Audio Visual Means ("OAVM")
<b>Transcripts</b>	<a href="https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php">https://www.tejasnetworks.com/stock-exchange-filing-other-filing.php</a>
<b>E-Voting date</b>	July 23, 2020 to July 27, 2020
<b>Book Closure date</b>	July 22, 2020 to July 28, 2020 (both days inclusive).

### Dematerialisation of shares

Tejas shares are tradeable in the electronic form only. We have established connectivity with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through LinkIntime India Private Limited, our Registrar and Share Transfer Agents. The International Securities Identification Number (ISIN) allotted to our equity share under the Depository System is INE 010J01012. As on March 31, 2020, 99.60% of our shares were held in dematerialised form and the rest in physical form. The applicable custodial fees for the year ended March 31, 2021 has also been paid to NSDL and CDSL.

#### Shares held in physical and demat form as on March 31, 2020

Description	No. of Holders <sup>1</sup>	No. of Shares	% to Equity
Physical	152	3,72,891	0.40
Dematerialized	26,281	9,18,37,944	99.60
<b>Total</b>	<b>26,433</b>	<b>9,22,10,835</b>	<b>100.00</b>

<sup>1</sup>The total number of holders will not tally with the number of Shareholders, since Shareholders can have multiple demat accounts with same PAN. The number of Shareholders based on PAN as on March 31,2020 is 25,951.



## Investor awareness

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

## Green initiative

As responsible citizens, we should do our bit to protect our environment and reduce the carbon footprint. As Shareholders and as part of green initiative you should register your email ID to receive all communications electronically. In case the securities are held in demat mode, please furnish the email ID to your depository participant with whom you have opened your demat account. If you hold securities in physical mode, please furnish your email ID to the Share Transfer Agent LinkIntime India Private Limited at their email ID at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or to Company's email ID [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

## Dematerialisation of shares

Regulation 40 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 has mandated that transfer of securities would be carried out only when securities are held in dematerialised form with effect from April 1, 2019. In view of this and to facilitate seamless transfer of shares in future, shareholders holding shares in physical form are requested to dematerialise their securities.

### a) What is dematerialisation of shares

The process of converting physical securities (shares, stocks, mutual fund units, bonds, debentures, etc) into electronic form is known as dematerialisation. Dematerialisation offers flexibility along with security and convenience. Holding share certificates in physical format carries risks like certificate forgeries, loss of important share certificates and consequent delays in certificate transfers. Dematerialisation eliminates these hassles by allowing customers to convert their physical certificates into electronic format.

### b) Benefits of dematerialisation of shares

- Safe and convenient mode of holding securities of multiple companies.
- No risks associated with physical share certificates- such as loss of certificates, mutilation of certificates, bad delivery, fake/ forged certificates or endorsements, etc.
- Easy and instant transfer of securities.
- No stamp duty on transfer of securities in demat mode.
- Direct credit of benefits and corporate actions such as rights shares, bonus shares, stock split, etc. in the demat account of the shareholder.

Shareholders can visit the below mentioned websites of the Depositories viz., CDSL or NSDL for understanding the procedure of dematerialization of shares: CDSL website: <https://www.cdslindia.com/investors/open-demat.aspx> and NSDL website: <https://nsdl.co.in/services/demat.php>. In case of any queries, you may contact the Company or its Registrar and Share Transfer Agent.

## Listing Information

The Company's shares are listed on BSE Limited and National Stock Exchange of India Limited with effect from June 27, 2017. The Company has paid the listing fee as stipulated by the respective stock exchanges for the year ended March 31, 2021.

Name of the Stock Exchanges	Scrip Code
BSE Limited	540595
National Stock Exchange of India Limited	TEJASNET

## Investor Complaints

The details of the complaints resolved during the fiscal ended March 31, 2020 are as follows:

Nature of complaints	Received	Resolved	Closing
Demat Requisition Form	1	1	Nil

The Company normally attends most of the investor grievances within 7 days from the date of receipt of such grievance and the communication in this regard are sent within 15 days from the date of receipt of such grievance unless constrained by certain impediments. The Shareholders may note that the share transfers and all other investor related activities are handled by LinkIntime India Private Limited, our Registrar and Share Transfer Agents. For any escalations, the Shareholders may write to the Company at [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com).

## Shareholding pattern

The total shareholding of the Company for the year ended March 31, 2020 increased due to allotment of shares consequent to the exercise of ESOP and RSU by the eligible employees. The total share capital as on March 31, 2020 is ₹ 92,21,08,350 comprising of 9,22,10,835 equity shares of ₹ 10/- each.

The detailed shareholding pattern of the Company as on March 31, 2020 is stated in MGT- 9 attached to the Board report in Annexure - 3.

## Movement in shareholding for the year ended March 31, 2020

Particulars	No. of Equity shares
Balance as on April 01, 2019	9,17,19,579
ESOP/RSU Allotments made during the year	4,91,256
Balance as on March 31, 2020	9,22,10,835

## Credit rating

Rating agency	Term	Rating	Outlook
ICRA Limited	Long	A	Stable
	Short	A1	NA

## Distribution of Shareholding as on March 31, 2020

No. of Shares held		Number of Shareholders	% of Total Shareholders	Shares	% of Total Share Capital
From	To				
1	500	23,782	89.97	22,43,978	2.43
501	1,000	1,139	4.31	8,96,474	0.97
1,001	2,000	631	2.39	9,45,216	1.03
2,001	3,000	222	0.84	5,66,104	0.61
3,001	4,000	120	0.45	4,21,620	0.46
4,001	5,000	105	0.40	4,89,631	0.53
5,001	10,000	164	0.62	12,06,791	1.31
10,001	and above	270	1.02	8,54,41,021	92.66
Total		26,433	100.00	9,22,10,835	100.00

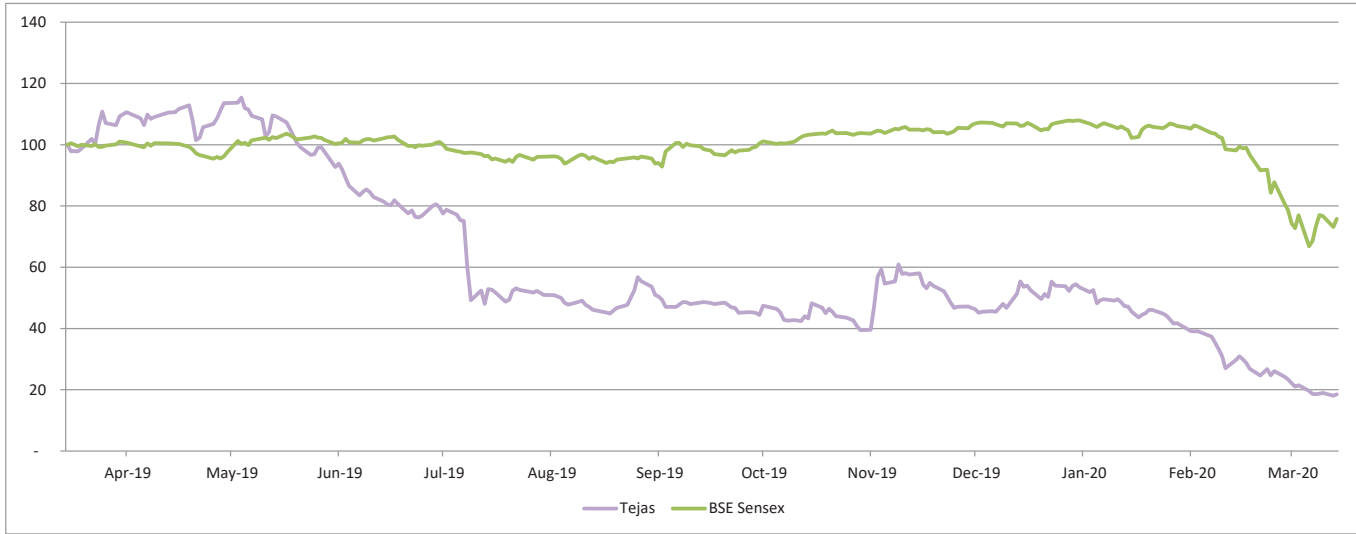
## Stock Data

### (a) Monthly High & Low prices at BSE & NSE

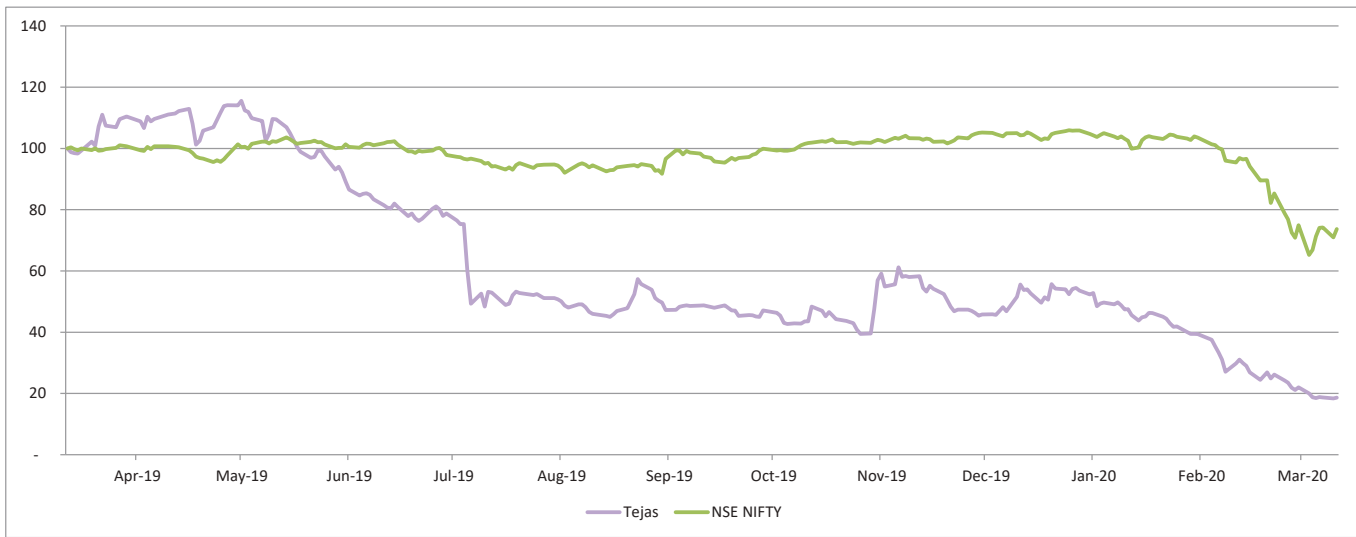
Month	NSE			BSE			Volume (A+B) (No.)
	High (₹)	Low(₹)	Volume A (No.)	High(₹)	Low(₹)	Volume B (No.)	
April 2019	206.00	164.30	49,29,982	206.20	166.00	4,87,546	54,17,528
May 2019	200.45	170.00	35,81,620	199.90	172.10	2,94,779	38,76,399
June 2019	188.40	141.00	11,13,252	189.70	141.20	1,39,740	12,52,992
July 2019	146.90	81.40	1,11,78,423	145.00	81.50	13,32,023	1,25,10,446
August 2019	95.95	78.00	11,91,083	98.70	75.00	1,55,603	13,46,686
September 2019	99.90	76.60	19,33,525	101.50	76.55	2,75,155	22,08,680
October 2019	87.00	66.10	28,39,601	84.20	69.00	13,53,655	41,93,256
November 2019	114.00	64.10	86,73,866	114.10	64.70	12,86,333	99,60,199
December 2019	104.00	77.50	26,40,009	104.00	77.05	3,42,989	29,82,998
January 2020	99.25	80.45	58,35,490	99.00	80.05	17,91,204	76,26,694
February 2020	84.00	45.00	39,79,359	84.00	45.50	4,30,376	44,09,735
March 2020	56.00	30.55	22,64,737	57.00	30.60	2,66,369	25,31,106
<b>Total</b>			<b>5,01,60,947</b>			<b>81,55,772</b>	<b>5,83,16,719</b>

(b) The Company's share performance

### Tejas share price versus the BSE Sensex



### Tejas share price versus the NSE Nifty 50



Note: Base 100 - Tejas Share price on April 1, 2019 and NSE Nifty 50 index, BSE Sensex index value on April 1, 2019 have been base lined to 100.

## Investor Contacts

### 1. For queries relating to financial statements

Venkatesh Gadiyar  
Chief Financial Officer  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

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

N R Ravikrishnan  
General Counsel, Chief Compliance Officer &  
Company Secretary  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

### 3. Investor correspondence

Santosh Kesavan  
Head – Investor Relations  
Tel: +91 80 4179 4600, Fax : +91 80 2852 0201  
Email: [ir@tejasnetworks.com](mailto:ir@tejasnetworks.com)

### 4. Registrar and Transfer Agents

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

#### Contact person:

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

### 5. Depository for equity shares in India

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

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

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



# Risk Management Report

## 1. Introduction

The objective of this document is to establish Process for Risk Management

## 2. Risk Management Process

### 2.1 Tejas Risk Management Framework

Tejas networks has established a framework to identify strategic, business and operational risks. To enable this, our organization has established central risk committee headed by our CFO and few key members of our Senior Management who are part of the Function risk committee members to oversee all the risks are identified and addressed on a timely basis to ensure there is minimal impact on our business and functioning of our organization.

The framework (Refer Figure 1 below) enables Tejas to use past experience and current conditions to identify those risks and make necessary changes to the defined policies and procedures and set objectives to the entire organization, In addition our compliance group also provide additional requirements to

ensure legal and compliance requirements are addressed and any risk pertaining to this gets due attention in a timely manner

Appropriate training is provided as part of our process training to everybody in our organization along with enablers to monitor these through various tools within the organization.

At the operation and tactical level, In every function a function risk committee (Refer Figure 2 below) has been established who will assess the risk at their functional level to address those risks to meet the organizational goals and objectives. Any risk identified will follow through flow of identifying the risks in a timely manner, analyzing the risk on the impact to the business, evaluating the methods to address the risk and treat risk based on the identified mechanisms. During these phases this will be constantly monitored until the risk is treated.

Periodic reporting of the risks are passed by the various functions to the functional risk committee who then communicate it to the Central risk committee through management reports which is then percolated to the Tejas Network Board of Directors for further decision / guidance.

Figure 1:

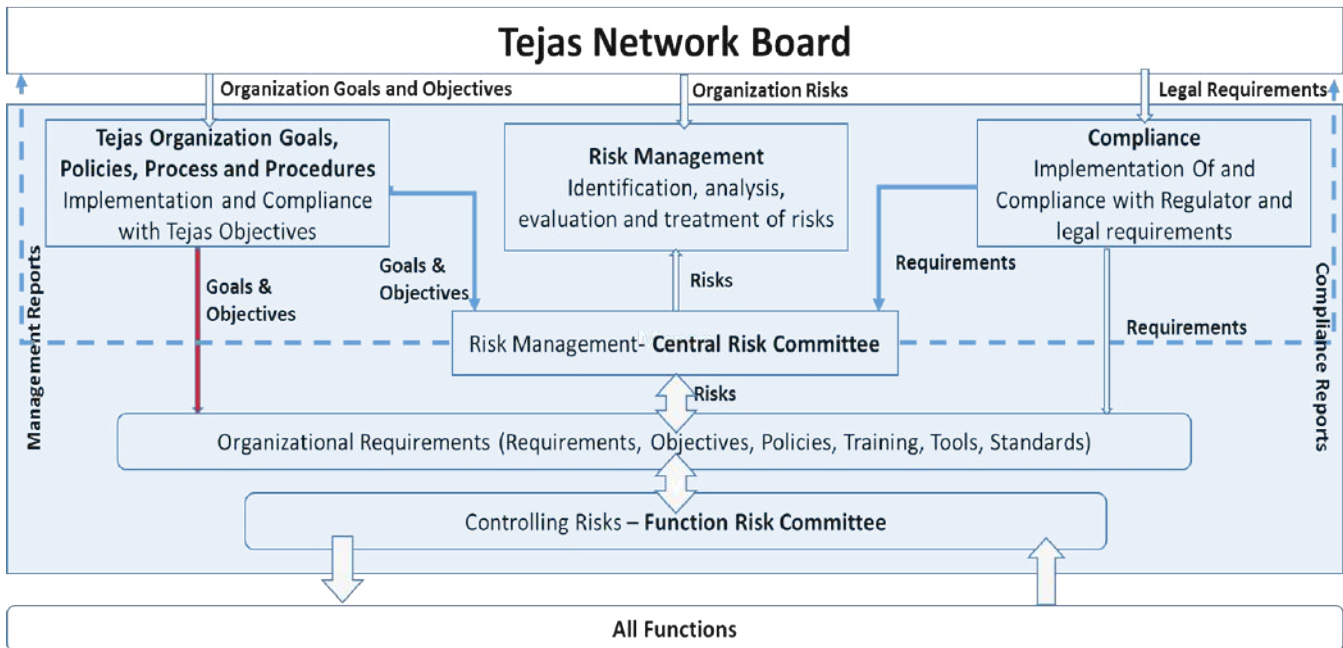
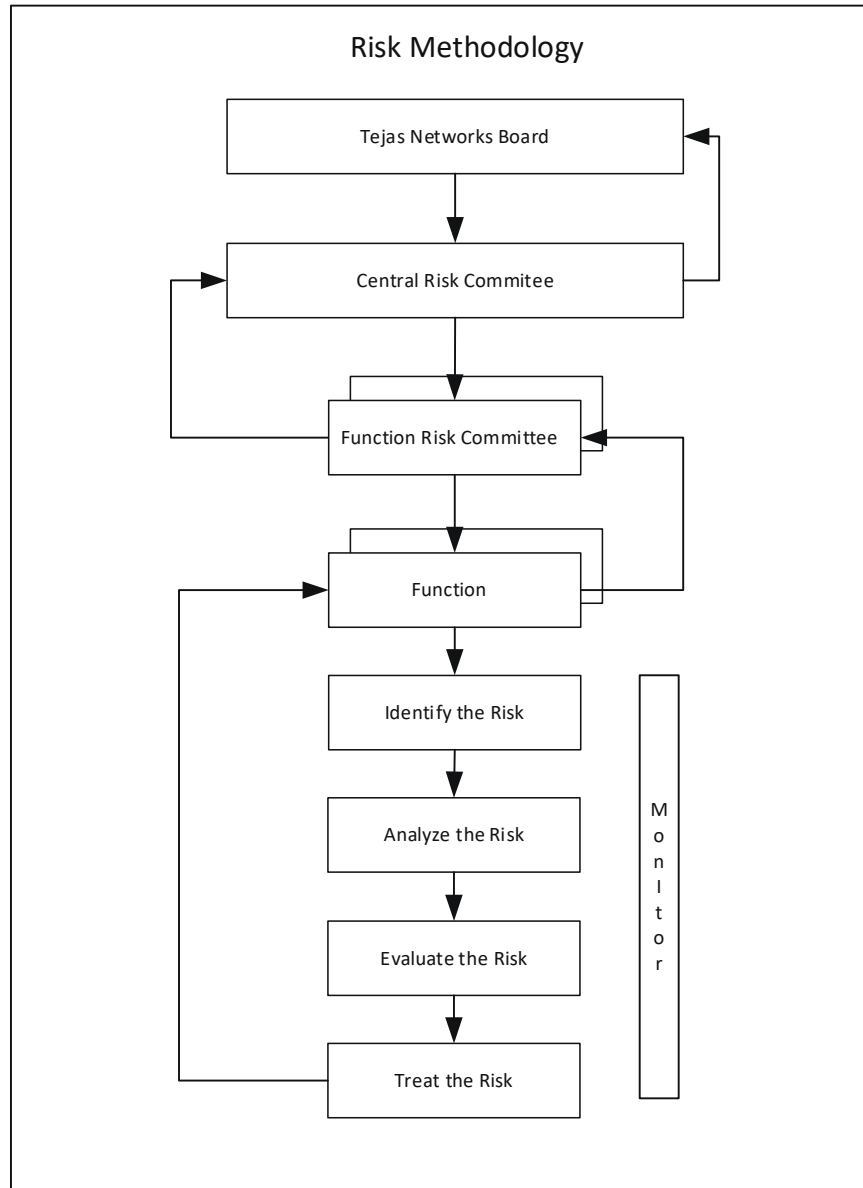


Figure 2:



## 2.2 Tejas Risk Policies and Procedures

Tejas risk policies and procedures is devised in the context of our current business goals, objectives, operations and business directions including new products and services that may be necessary to achieve these goals and objectives. Tejas policies and procedures are meant to ensure continuity of business and protection of interests of our investors and thus covers all the activities within the organization and events outside the organization which have a bearing on our organization's business.

This is to ensure

- All business decisions will be made with the prior information and acceptance of risk involved
- The risk policies, process and procedure will provide for the enhancement and protection of business from uncertainties and consequent losses

- All employees of the organization are made aware of risks in their respective domains and their mitigation measures
- The risk mitigation measures adopted ensures that it is effective in the long-term
- Risk tolerance levels are regularly reviewed by various committees and decided upon depending on the change in strategy
- The occurrence, progress and status of all risks are promptly reported and appropriate actions taken.

### 2.2.1 Risk Strategy

Risk Strategy is adopted to see how the risks can be handled effectively, based on the risk tolerance level determined and reviewed from time to time by the established committees and by choosing one of the methods below :

- **Risk Avoidance:** By not performing an activity that could carry risk.
- **Risk Transfer:** Mitigation by having another party to accept the risk, either partial or total
- **Risk Reduction:** Employing methods/solutions that reduce the severity of the loss
- **Risk Retention:** Accepting the loss when it occurs. All risks that are not avoided are retained by default and possible mitigations arrived to reduce the severity of the risks.

To enable this, various risk committee have been established in Tejas to ensure following steps are performed.

**Plan:** Plans are prepared, which will describe the actions to be taken to address significant risks, this will also describe the actions including media/public relations response to be taken to address crisis or disaster situations.

**Act:** Assessed risks addressed by levels of management appropriate to the nature and magnitude of the risk and an overall view of the portfolio risk to the business are taken. Appropriate cost-efficient actions taken to manage and control risks. Risk is defined as events that may prevent achievement of the business goals. Key characteristics by which risks are identified are: a) Their probability occurrence and severity may be identified by the trigger that caused this, b) Their occurrence is uncertain and may have different extents of likelihood. Recognizing the kind of risks our company may be exposed to, risks are classified broadly into the following categories:

- **Strategic Risk:** include the range of external events that can adversely impact the organization's strategic growth and destroy shareholder value. E.g Risks due product/technology competitiveness, component vendor consolidation, Operator consolidation to fewer number of larger operators

- **Business Risk:** include the risks associated specifically with the company and having an adverse impact on the company's capability to execute activities critical for business growth, thereby affecting performance. E.g Schedule delays, Quality issues
- **Operational Risk:** are those risks which are associated with operational uncertainties like unpredictable changes in force majeure affecting operations, internal risks like attrition, and Epidemic/Pandemic emergencies such as COVID-19 etc.
- **Legal and Compliance Risk:** are those risks which are associated with our financials which may result from litigation or due to violations with laws and regulations.

#### 2.1.1.1 Risk Identification Analysis and Evaluation

Risks are also identified from a number of other sources including: Work place risk assessments, Incident reports, Complaints, External and internal audit reports, Business Plan, Vendors dependencies, Contract Manufacturers' dependencies or Business Decisions.,

Risk analysis and Evaluation will concentrate not only on impacts in one area but on several possible areas of impact such as Human Resource, Revenue, Costs, People, Community, Performance etc. The significance of the identified risk will be assessed in terms of probability of occurrence, and severity of the risk, each of which will be categorized on a scale of 1 to 5 to arrive at the risk index. Based on the Risk index determined for the identified risks they are further categorized into below risk type to appropriately handling of the risk effectively:

Risk Type	Definition	Actions
Major	All major risks will be monitored on a weekly basis and controlled at the earliest. All effort will be taken to ensure to be lowered as quickly as possible.	Periodic risk strengthening is done through training and proactive process management
Medium	These risks are the maximum acceptable by Tejas, provided they are effectively controlled. They will, however, be monitored as the likelihood or impact could increase in the future at least on a fortnightly basis or depending on the situation.	
Minor	These are not significant now and are not likely to increase in future.	

### 2.1.1.2 Risk Treatment

Risk treatment and control are done through selection of the most appropriate option (refer below table) for treating risks involves balancing the cost of implementing each option against the benefits derived from it. Identified risks will be ranked in accordance with their likely impact, the acceptability of each identified risk will be assessed and proposed actions to eliminate, reduce or manage each material risk will be considered and agreed. Responsibilities for the management of each risk will be assigned to appropriate functions and monitored until

the risk is addressed, where large reduction in risk may be obtained with relatively low expenditure, such options would be preferable to be implemented. Judgment is exercised where it is not economically viable as to whether they are justifiable to implement upon which appropriate actions are taken. Risk are proactively assessed on a regular basis and followed up depending on the case on an immediate basis or monthly or Quarterly or Annually depending on the risk index arrived at.

Area	Definition
Risk Description	– Qualitative description of the events by which the occurrence of the risk may be identified
Type of the Risk	– Strategic/ Business/ Operational / legal/compliance
Likelihood of Occurrence	– Loss potential and financial impact of risk on the business – Value at Risk – Probability of occurrence and size of potential losses – Objective(s) for control of the risk and desired level of performance – To consolidate Risk Trigger
Severity	– Probability of occurrence, The significance of the identified risk will be assessed in terms of probability of occurrence, and severity of the risk, each of which will be categorized on a scale of 1 to 5)
Risk Index	– Impact, if risk materializes, provides guidance in terms of monitoring the risk frequently to control and treat.
Mitigation Plan	– Primary means by which the risk is currently being managed – Levels of confidence in existing control system – Identification of protocols for monitoring and review of the process of treatment and control
Contingency Plan	– Proper and immediate follow-up steps to be taken
Status	– Risk Status Open / Close / Pending



# Business Responsibility Report

## About this report

Regulation 34 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") prescribe that top 1000 companies based on market capitalization as per NSE / BSE as on March 31 of every financial year, are required to have "Business Responsibility Report" (BRR) as part of their Annual Report. The BRR as stipulated under the listing regulations describes the initiatives taken by the Company from an environmental, social and governance perspective. The BRR has been prepared as prescribed and in accordance with the Listing Regulations and forms part of the Annual Report.

## About Tejas Networks Limited

Tejas Networks designs, develops and sells high-performance and cost-competitive networking products to telecommunications service providers, internet service providers, utilities, defence and government entities in over 75 countries. Tejas products utilize programmable, software-defined hardware architecture with a common software code-base that delivers seamless upgrades of new features and technology standards. Tejas Networks is ranked among top-10 suppliers in the global optical aggregation segment and has filed over 349 patents.

## SECTION A:

### GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:  
*L72900KA2000PLC026980*
- Name of the Company:  
*Tejas Networks Limited*
- Registered address:  
*J P Software Park, Plot No 25, Sy. No 13, 14,17,18 Konnapana Agrahara Village, Begur Hobli Bengaluru- 560100, Karnataka*
- Website:  
*www.tejasnetworks.com*
- E-mail id:  
*corporate@tejasnetworks.com*
- Financial Year reported:  
*April 1, 2019 –March 31, 2020*
- Sector(s) that the Company is engaged in (industrial activity code-wise):  
*Manufacture of Communication Equipment - NIC Code :263*
- List three key products/services that the Company manufactures/ provides (as in balance sheet):  
*Communication Product, Communication Software, Support Services towards Communication Products and Services.*
- Total number of locations where business activity is undertaken by the Company :  
*(a) Number of International Locations - 5*  
*(b) Number of National Locations - 5*
- Markets served by the Company – Local/State/National/ International:  
*India, USA, Mexico, Africa, Middle East, South Asia and South East Asia*

## SECTION B:

Financial details of the Company as on March 31, 2020

1. Paid- Up Capital (in INR)	₹ 92.21 crore
2. Total Turnover (in INR) (Consolidated)	₹ 390.54 crore
3. Total Profit/(Loss) after taxes (in INR) (Consolidated)	₹ (237.12) crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<i>Pease refer to Annexure - 6 of Board's Report for details.</i>
5. List of activities in which expenditure in 4 has been incurred	

## SECTION C:

Other Details

- Does the Company have any Subsidiary Company/ Companies?  
*Yes. The Company has one wholly owned subsidiary and one step down subsidiary. Please refer to Annexure 1 to the Board's Report for further details.*
- Do the Subsidiary Company/Companies participate in the Business Responsibility (BR) Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)?  
*Yes, Tejas Networks Limited encourages its Subsidiary Companies to participate in its group wide BR initiatives on various activities. All subsidiary Companies are aligned to the activities under the aegis of Tejas Group*
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]  
*We do not mandate that our suppliers and partners participate in the Company's BR initiatives. However, they are encouraged to do so.*

## SECTION D:

BR Information

- Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

Particulars	Details
DIN Number (if applicable)	01049871
Name	Sanjay Nayak
Designation	Managing Director and CEO
Telephone Number	080-41796400

(b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	NA
Name	N R Ravikrishnan
Designation	General Counsel, Chief Compliance Officer and Company Secretary
Telephone Number	080-41796400
E-mail ID	ravikrishnanr@india.tejasnetworks.com

## 2. Principle-wise BR Policy/Policies

As per Regulation 34 of the Listing Regulations read with SEBI Circular No CIR/CFD/CMD/10/2015 dated 4th November 2015, the nine areas of Business Responsibilities are as follows:

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Details of Compliance principle-wise (as per NVGs) BR policy / policies (reply in Y/N)

S.No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Does the Company have the policy for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Indicate the link for the policy to be viewed online?	<a href="https://www.tejasnetworks.com/policies-codes.php">https://www.tejasnetworks.com/policies-codes.php</a>								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	The Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency	Y	Y	Y	Y	Y	Y	Y	Y	Y

Y = Yes

All the policies are approved by the Board and duly signed by the Managing Director and CEO. These policies are based on guiding principles and core values. These policies are mapped to each principle hereunder:

S.No	Principle	Applicable policies
1	<b>Principle 1</b> - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.	<ul style="list-style-type: none"> <li>Whistle Blower Policy</li> <li>Code of Conduct</li> </ul>
2	<b>Principle 2</b> - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.	<ul style="list-style-type: none"> <li>Safety, Health and Environmental Policy</li> <li>Quality Policy</li> </ul>
3	<b>Principle 3</b> - Businesses should promote the well-being of all employees.	<ul style="list-style-type: none"> <li>Safety, Health and Environmental Policy</li> <li>Policy on Prevention of Sexual Harassment at the work place</li> </ul>
4	<b>Principle 4</b> - Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.	<ul style="list-style-type: none"> <li>CSR Policy</li> <li>Stakeholders Relationship Policy</li> </ul>

5	<b>Principle 5</b> - Businesses should respect and promote human rights.	<ul style="list-style-type: none"> <li>Whistle Blower Policy.</li> <li>Policy on Prevention of Sexual Harassment at the work place</li> </ul>
6	<b>Principle 6</b> - Businesses should respect, protect, and make efforts to restore the environment.	<ul style="list-style-type: none"> <li>Safety, Health and Environmental Policy</li> <li>Quality Policy</li> </ul>
7	<b>Principle 7</b> - Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.	<ul style="list-style-type: none"> <li>Code of Conduct</li> </ul>
8	<b>Principle 8</b> - Businesses should support inclusive growth and equitable development.	<ul style="list-style-type: none"> <li>CSR Policy</li> </ul>
9	<b>Principle 9</b> - Businesses should engage with and provide value to their customers and consumers in a responsible manner.	<ul style="list-style-type: none"> <li>Quality Policy</li> </ul>

If answer to the question at serial number 1 against any principle, is 'No', please explain why: Not Applicable

### 3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year  
3-6 months.
- b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
*The Company publishes the Business Responsibility Report. It is published on a yearly basis as part of the Annual Report. The same can be accessed at: [www.tejasnetworks.com](http://www.tejasnetworks.com)*

*from stakeholder (i.e.) Shareholder of the Company. All the complaints have been resolved satisfactorily.*

**Principle 2:-** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities

*TJ1400, TJ1600 product lines. The product lines have several power saving features and are designed to minimize carbon footprint.*

- For each such product, provide the following details in respect of resource use (Energy, water, raw material etc.) per unit of product (optional):

*The above products have several power saving features to lower the carbon footprint of the product. TJ1400 and TJ-1600 are designed using new generation field programmable chips (FPGAs) for reducing static power and clock enable/gating logic to reduce dynamic power in FPGAs. TJI 1400 has been used in providing the rural broadband connections under Bharat Net projects to more than 40000+ villages in India so far.*

- Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

*Our suppliers are categorized into three broad categories – People, Services and Products. Our contracts have appropriate clauses and checks to prevent the employment of child labor or forced labor in any form. We continue to engage with all supplier segments working within our boundary covering People and Services. We engage with local suppliers for our People and Services categories.*

- Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

*We have a comprehensive engagement model, to meaningfully engage with our suppliers on material aspects. Regular capacity building and assessments are conducted for key suppliers. The proportion of spending on domestic suppliers at significant locations was about 75% in fiscal 2020. Today we have a very wide & well established supplier base including number of suppliers from local & small producers and we continue to encourage the strengthening of the local buying from India.*

## SECTION E:

### Principle-wise performance

#### Principle 1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

The Company structure specifies the distribution of rights and responsibilities among different participants of the corporation such as the Board, Managers, Shareholders and other stakeholders and spells out the systems, procedures and practices which ensure that the Company is managed in the best interest of all corporate stakeholders and in a manner that is accountable and responsible to the Shareholders. In a wider interpretation, corporate governance includes the Company's accountability to shareholders and other stakeholders such as employees, suppliers, customers and local community. Our corporate philosophy seeks to ensure truth, transparency, accountability and responsibility and is committed to meet the aspirations of all our stakeholders. Our code of business principles reflects our continued commitment to ethical business practices, values and compliance to all laws of the land. Corporate governance is not merely compliance but also a philosophy to be professed and its objective is to create and adhere to a corporate culture of transparency and openness and to develop capabilities and identified opportunities that best serves the goal of value creation, thereby creating an outperforming organization.

- Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/ NGOs / Others?

*Our Code of Conduct and Whistle Blower policy covers not only the employees but also extended to cover Group/Joint Ventures/Suppliers/Contractors/ NGOs / Other stakeholders.*

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

*During the year 2019-20, 1 share-related complaint was received*

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

*Our integration & testing facility does not produce any hazardous waste. The waste generated is only from packaging etc. Further in line with the requirements of ISO14001 environmental standards we re-use most of the packaging boxes for intermediate packing & movement. We re-use the packaging received from cable vendors & Sheet metal vendors for out Kit packaging. Most of our packaging use carton boxes instead of ply wood/Hardwood packaging.*

**Principle 3: - Businesses should promote the wellbeing of all employees**

The Company ensures a work environment that promotes well-being of all its employees. Focusing on health, safety and preventing discrimination are part of the Company's guiding principles on employees' well-being. The Company provides equal employment opportunities to all irrespective of their caste, creed, gender, race, religion, disability etc., The Company respects the right of employees to freedom of association, participation, and collective bargaining and provides access to appropriate grievance redressal mechanisms. The Company is committed to provide a work environment which ensures that every woman employee is treated with dignity, respect and equality. We have a mechanism in place to foster a positive work place environment free from harassment of any nature. We have institutionalized the Anti-Sexual Harassment Initiative (ASHI) framework, through which we address complaints of sexual harassment at the work place. We follow a gender-neutral approach in handling complaints of sexual harassment. Our ASHI policy applies to everyone involved in the operations of the Company, including vendors and clients. We have also constituted an Internal Complaints Committee (ICC) in all locations across India to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The cases are heard and resolved by an independent group. The Company contributes to the medical insurance of its employees and also organises health check-ups for employees. The Company also enhances employee engagement through various initiatives on an ongoing basis. The Company is deeply committed to safety of its employees at workplace and regularly organises mock fire drills and fire safety training classes at all its locations.

1. Please indicate the Total number of employees.  
*781 as on March 31, 2020*
2. Please indicate the Total number of employees hired on temporary/ contractual/casual basis.  
*Most of our employees work as full-time, permanent employees*
3. Please indicate the Number of permanent women employees  
*The number of our permanent women employees is 86 as on March 31, 2020.*
4. Please indicate the Number of permanent employees with disabilities  
*Being an equal opportunity employer, we encourage employees to disclose their disabilities and seek reasonable accommodation to allow them to perform to their full potential. There were two employees who have voluntarily disclosed their disability status as on March 31, 2020.*
5. Do you have an employee association that is recognized by management?  
*Not applicable.*

6. What percentage of your permanent employees is members of this recognized employee association?  
*Not applicable*
7. Please indicate the number of complaints relating to Child Labour, Forced Labour, Involuntary Labour, Sexual Harassment in the last financial year and pending, as on the end of the financial year

Category	No.of. Complaints filed during the financial year	No.of. Complaints pending as on the end of the financial year
Child labour/ forced labour/ involuntary labour	Nil	Nil
Sexual Harassment	1	Nil
Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year.
  - *Permanent Employees: 38.79 %*
  - *Permanent Women Employees: 56.97%*
  - *Casual / Temporary/ Contractual Employees.: 13.73%*
  - *Employees with Disabilities: 0%*

*Safety: We provide the awareness session on periodic demonstration mock drills related to safety and security of the employees.*

*Skill up-gradation: Our training programs includes on the job training and class room sessions.*

**Principle 4:- Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

The Company is responsive to the requirements of all its Stakeholders and this is enshrined in our Corporate Values & Beliefs of Integrity, Passion, Quality, Respect and Responsibility. These values require that the Company acts as a responsible corporate citizen and change lives for the better and this is to be done in a manner that reflects humility. These values require us to provide everyone equal opportunities to progress and grow. The Company considers its employees, business associates, customers, shareholders/investors and communities surrounding its operations and regulatory authorities as its key stakeholders. The Company continues its engagement with them through various mechanisms such as consultations with local communities, supplier/vendor meets, customer/employee satisfaction surveys, investor forums, etc. The Company's website [www.tejasnetworks.com](http://www.tejasnetworks.com) contains comprehensive information about the Company. The Company also has designated an exclusive email-id for investor services [ir@tejasnetworks.com](mailto:ir@tejasnetworks.com). The Company also promptly intimates the Stock Exchanges about all price-sensitive information or such other matters which in its opinion are material and of relevance to the stakeholders of the Company.

1. Has the Company mapped its internal and external stakeholders  
*Yes. The Company has mapped its internal and external stakeholders. It uses both formal and informal mechanisms to engage with various stakeholders to understand their concerns and expectations*
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?  
*The Company identifies underprivileged communities around its business locations as disadvantaged, vulnerable and marginalised stakeholders and continuously engages with all such stakeholders*



identifying their needs and priorities so as to serve these needs accordingly

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

*The Company has always engaged itself in special initiatives with the disadvantaged, vulnerable and marginalized stakeholders.*

#### Principle 5: Businesses should respect and promote human rights

The Company respects the rights and dignity of all individuals and upholds the principles of human rights. The Company's commitment to human rights and fair treatment is set out in its code of conduct. The policy provides conduct of operations with honesty, integrity and openness with respect for human rights and interests of employees. The Company believes that a sustainable organisation rests on a foundation of ethics and respect for human rights.

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

*The Company's Policy on Human Rights covers not only the Company but extends to its subsidiaries. The Company encourages its suppliers, contractors and others to follow the principles laid down in the five principles of its values and beliefs. Respecting human rights is fundamental to the Company's policies and business dealings and the Company is equally focussed on building awareness around promotion of human rights with every associate and supply chain partners. All employees and contractors are required to respect the human rights of fellow workers and communities where we operate. The Company does not employ child labours and does not permit any occurrence of forced or compulsory labour, conducts proper checks and audits to ensure that our contractors follow the same. The Company's business relationship with its vendors/contractors encourages its vendors to comply with the relevant laws safeguarding labour rights and human rights.*

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

*Please refer Stakeholders Relationship Committee Report of the Corporate Governance report provided in the Annual Report.*

#### Principle 6 : Business should respect, protect, and make efforts to restore the environment

Tejas is committed to meeting ISO14001 Standard requirements and other relevant environmental regulations and undertakes continual improvements in its business management processes.

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

*The Company encourages all its external stakeholders to strictly adhere to safety and restoration of the environment. Our major suppliers for EMS and PCB vendors, cable assembly vendors comply with ISO 14001 standards and have a clear policy to safeguard the environment.*

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc

*As a responsible product Company, we give due consideration to environmental issues like global warming, climate change etc. and our*

*products are designed accordingly. As a global supplier of telecom equipment our products are qualified in various countries including US & Europe to meet strict environmental, emission norms. While selecting components we choose energy efficient chip sets which consume less power. We customize the power supply to ensure we don't overengineer the energy requirement. Most of our parts are ROHS 6/6 compliant & environmentally friendly. In Integration facility we ensured we use lot of daylight and minimize the consumption of power. The Company designs its products in such a way that the total carbon footprint is minimized. The use of next-generation chips that consume less power, programmable slew rate/drive strength, dynamically tristable DCI and HSTL/low power serial links wherever possible minimizes energy use.*

3. Does the company identify and assess potential environmental risks? Y/N

*As a responsible electronics product manufacturer, the Company ensures that its products meet international EU directives such as WEEE (Waste of Electrical and Electronics Equipment) and RoHS (restriction on the use of hazardous substances). The Company thus contributes to a circular economy through improvements in collection, treatment and recycling of electronics at the end of their life*

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

*Tejas Networks complies with the requirements of ISO14001 environmental standards and meets all the statutory & regulatory requirements on environmental aspects. Necessary reports are generated & maintained. We do the study on aspect & impact analysis on activity we do in Tejas. Risks are adequately mitigated. All components selected based on RoHS compliancy and regulatory requirement. We have provided employee safety gears at the rework stations & provided suction units for fumes.*

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

*Tejas has initiated various initiatives towards energy efficiency. The few to mention are atrium in factory premises to use natural light, save water and save electricity campaign with various teasers and visuals, Tejas also recommends compliance to ISO 14001 standard to its suppliers. Many of Tejas suppliers are ISO 14001 certified. In addition, we have designed some of our customer premise equipment, especially those which can potentially be deployed in remote areas with power constraints, to support solar powering.*

6. Are the emissions/waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

*As the nature of Tejas production system is green, the emission and waste generated are well within the permissible limits.*

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

*There were no pending or unresolved show cause/legal notices from CPCB/SPCB as at the end of 2019-20.*

#### Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

*Tejas Networks Limited ('Tejas' or 'the Company') has adopted*

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

2. Are the programmes/projects undertaken through in-house team/ own foundation/external NGO/government structures/any other organization?

The Company undertakes CSR project/programs identified by the CSR Committee and approved by the Board of Directors, in line with the CSR Policy. The CSR activity is carried out through external NGO and also by an organization of repute.

3. Have you done any impact assessment of your initiative?

Yes, the CSR committee internally performs a review and an impact assessment of its initiatives at the end of each year to understand the effectiveness of the programme in terms of delivery of desired benefits to the community and to gain insights for improving the design and delivery of future initiatives.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.

During the year 2019-20, the Company has spent an amount of ₹ 1.97 crore on CSR activities encompassing various community development projects. Details of the projects undertaken are given in Annual Report on CSR Activities enclosed as Annexure '6' to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The CSR Committee of the Board of Directors identifies and implements all CSR projects/ programs and periodic reports are provided for review by the Committee. The responsibilities of the CSR Committee include formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken, recommending the amount of expenditure for the CSR activities, and monitoring CSR activities from time to time

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There were no customer complaints/consumer cases pending as on March 31, 2020.

2. Does the company display product information on the product label, over and above what is mandated as per local laws ?

Yes. Over and above the mandatory requirements, the Company also subscribes to various customer information requirements. Product Information about the physical dimensions and/or compositions.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

There have been no cases relating to unfair trade practices, irresponsible advertising and/or anti-competitive behaviour against the Company.

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, we conduct a customer satisfaction survey every year.

# Standalone Financial Statements

## Independent Auditor's Report

To the Members of Tejas Networks Limited

### Report on the audit of the Standalone financial statements

#### Opinion

1. We have audited the accompanying standalone financial statements of Tejas Networks Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the

Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

4. We draw your attention to Note 40 to the standalone financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification done by the management was impracticable under the current lock-down restrictions imposed by the government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

#### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Description

### Appropriateness of contingent liability disclosed in respect of certain Direct and Indirect tax matters

(Refer note 31.1 and 40 to the Financial statements)

#### (a) Applicability of excise duty on software used for Multiplexer products

The Company, in the previous year, had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10 and inclusion of the value of software for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. During the current year, the Adjudicating Authority has determined the liability of the company in this matter at ₹ 42.92 crores, representing the differential duty and penalty. The Company has filed appeals with CESTAT and with the Supreme Court against the above Order/demand. Further, the Company has received show cause notices in respect of the same matter for the financial years 2010-11 to 2013-14 to which it has responded.

#### (b) Demands/summons/notices from Income Tax Authorities and certain other agencies

The Company had received income tax demands in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income-tax Act, 1961 for earlier years aggregating to ₹ 47.83 crores. Based on a favourable ruling received from the High Court of Karnataka for AY 2004-05, the expenditure approved by the Department of Scientific and Industrial Research (DSIR) has been allowed as a deduction under Section 35(2AB). However, the order giving effect is still pending from the income tax authorities.

In the earlier years and during the current year, Income Tax Department and certain other agencies have sent show cause notices/summons to the Company and its officials to which responses have been filed. The Company has also received income tax demands aggregating to ₹ 26.10 crores for AY 2017-18 and AY 2018-19 for which the Company has filed appeals.

In respect of the above matters aggregating to ₹ 73.93 crores which have been disclosed under contingent liabilities in the financial statements, the Company expects a favourable outcome and no provision has been made.

Further, significant management judgement is required in assessing the appropriateness of the amount of contingent liabilities to be disclosed

and assessing the likelihood of ultimate outcome of the tax disputes supported by, in certain complex matters, opinion obtained from senior tax counsel, and are accordingly, determined as key audit matters.

#### How our audit addressed the matter?

In respect of the direct and indirect tax matters, our audit procedures, which involved applying materiality and sampling techniques, included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of identifying tax exposures, its accounting and disclosures thereof.
- Reading the correspondences from the concerned direct and indirect tax authorities and the status of direct tax cases, as provided by an external tax consultant.
- Evaluating the objectivity, competence and capabilities of such external legal counsel/tax consultants.
- Discussing with management experts in respect of these matters.
- Circularising, where applicable, legal letter to relevant external legal counsel of the Company for obtaining the status of the various litigations.
- Reading the opinion of a legal counsel provided by the management in respect of the applicability of excise duty on software used as part of the multiplexer products.
- Discussions with the Company's external legal counsel in respect of assessment orders received under Section 153A of the IT Act.
- Involving auditor's tax experts to assess management's positions for significant tax exposures in light of the dynamic tax environment and existing jurisprudence, to assess the key judgements made by the Company.
- Validating the completeness and appropriateness of the disclosures relating to the aforesaid direct and indirect tax matters.

Based on the above procedures performed, we found that the judgments made by the Management in considering these tax matters as contingent liabilities and disclosure thereof were reasonable.

#### Description

##### Assessment of the carrying value of Intangible Assets (including intangibles under development)

(Refer to notes 4(b), 31.8 and 40 in the financial statements.)

The Company undertakes the development of various products, and capitalises expenditure that qualifies for recognition as intangible assets (product development). Such expenditure predominantly represents internal manpower costs incurred on such projects. Up to the time the products are ready to be put to use, the Company records the qualifying expenditure as intangible assets under development.

The assessment of the carrying values of intangible assets is dependent on future economic benefits expected to be generated by such assets and if these are below initial expectations, there is a risk that the assets are likely impaired.

The Company has carried out impairment assessment of the intangible assets and has impaired certain intangible assets aggregating to ₹ 32.77 crores during the year as no further significant future economic benefit is expected to be obtained from such intangible items and has also impaired certain Intangibles under development aggregating to ₹ 37.10 crores as the Company has decided to discontinue the development of such products.

We considered this a key audit matter as:

- The amounts involved were material.
- The review of carrying values of intangible assets, including assets under development performed by the Company involves a number of significant judgments and estimates such as expected economic benefit, the probability of success of new product launches, estimated profit margins and discount rates.

#### How our audit addressed the matter?

Our procedures included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for assessing the carrying value of intangible assets (including intangibles under development).
- Testing the capital funding request forms and other documentation to ensure that the projects were appropriately approved by the Chief Operating Officer and Chief Financial Officer as per the delegated authority matrix.
- Obtaining an understanding of the selected capitalized projects, testing time charged to such projects back to time sheet data, agreeing cost of external contractors to vendor invoices,
- Testing a sample of projects to ensure appropriate capitalisation of qualifying employee cost and cost of external contractors.
- Assessing whether initial assumptions applied in determining project feasibility continues to hold true and whether sufficient economic benefits are likely to flow from the projects to support the values capitalised.

- Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis.

Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangibles under development), after accounting for Impairment loss to be reasonable.

#### Description

#### Assessment of recoverability of Deferred Tax Assets (DTA) on tax losses and non-recognition of DTA on respect of Minimum Alternate Tax (MAT)

(Refer Note 2.14, 10, 27 and 40 to the Financial Statements.)

- The Company has recognised deferred tax assets of ₹ 41.70 crores on unabsorbed depreciation and unutilized expenditure on scientific research (together referred to hereinafter as "tax losses") carried forward from the previous years. Further, the Company has not recognised deferred tax asset in respect of Minimum Alternate Tax (MAT) credits aggregating to ₹ 51.93 crores in the absence of reasonable certainty that it will have sufficient taxable profits based on aforesaid business projections to recover such amounts.
- The DTA have been recognised on the basis of the Company's assessment of availability of future taxable profit to offset such tax losses based on business projections for the foreseeable future. The recoverability of the deferred tax assets depends upon factors such as the projected taxable profits of business and the period considered for such projections, the rate at which those profits will be taxed and the period over which tax losses will be available for recovery.
- As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55 crores i.e. to the extent that it is not probable that sufficient future taxable profits will be available in the foreseeable future to absorb the tax losses considering the overall economic slowdown and in particular, the sluggishness in the government telecommunication projects, the overall subdued investments within the telecommunication industry in India and considering that the economic recovery may take longer than what was anticipated in the earlier years.
- The assessment of DTA was considered a key audit matter as the amounts involved are material to the financial statements and significant judgement is required in preparation of forecasts of future taxable profits based on the underlying business plans and determination of the recognition and recoverability of deferred tax assets as the realization of tax benefits is dependent on future taxable profits.

#### How our audit addressed the matter?

Our audit procedures included the following:

- Evaluation of the design and testing operating effectiveness of Company's controls relating to taxation and the assessment of carrying amount of deferred tax assets relating to unabsorbed tax losses;
- Assessing the reasonableness of the period of projections used in the deferred tax asset recoverability assessment considering that the Company operates in a highly competitive industry which is subject to disruptions through changing technology.
- Comparing the Company's projections of future taxable profit to the approved business plans.
- Testing, whether projections prepared were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses can be utilized within the forecast recoupment period.
- Assessing appropriateness of the assumptions used in the projections of future taxable profits.
- Reviewing the adequacy of disclosures made in the financial statements with regard to deferred taxes.

Based on the above procedures performed, our testing did not identify any significant exceptions with respect to the reasonableness of the assumptions and estimates used by the management in assessing the recoverability of Deferred Tax Assets recognised in respect of tax losses and non-recognition of deferred tax assets in respect of MAT at year end.

#### Other Information

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report and Shareholder information, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and those charged with governance for the Financial Statements

- The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with



the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

10. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and regulatory requirements**

16. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31.1 to the standalone financial statements.
    - ii) The Company has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Company does not have derivative contracts as at March 31, 2020.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.
    - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
18. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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

Pradip Kanakia  
Partner  
Membership Number: 039985  
UDIN: 20039985AAAABT1418

Place: Bengaluru  
Date: April 21, 2020

## Annexure A to Independent Auditor's Report

Referred to in paragraph 17(f) of the Independent Auditor's Report of even date to the members of Tejas Networks Limited on the standalone financial statements for the year ended March 31, 2020.

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to financial statements of Tejas Networks Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

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

judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements. Meaning of Internal Financial Controls with reference to financial statements

### Meaning of Internal Financial Controls with reference to financial statements

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

### Inherent Limitations of Internal Financial Controls with reference to financial statements

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

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI. Also refer Paragraph 4 of the main standalone audit report.

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

Pradip Kanakia  
Partner  
Membership Number: 039985  
UDIN: 20039985AAAABT1418

Place: Bengaluru  
Date: April 21, 2020

## Annexure B to Independent Auditor's Report

Referred to in paragraph 16 of the Independent Auditor's Report of even date to the members of Tejas Networks Limited on the standalone financial statements for the year ended March 31, 2020.

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

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

(c) The Company does not own any immovable properties as disclosed in Note 4(a) on Property, Plant and Equipment to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the Order are not applicable to the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on physical verification of inventory as compared to book records were not material. Further, our attendance at the physical inventory verification done by the management was impracticable under the current restrictions imposed by the government and we have relied on the related alternate audit procedures. (refer Note 40 to the financial statements and paragraph 4 of our report on the financial statements).

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties

covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public during the year within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund and income tax and is regular in depositing undisputed statutory dues, including employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of customs, service tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, duty of excise and value added tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

in ₹ crore

Name of the Statute	Nature of Dues	Amount Gross	Period to which the amount relates	Forum where the dispute is pending	Amount paid under protest
Central Excise Act, 1944	Central Excise duty, Interest and Penalty	42.92	2002-2010	Supreme Court; CESTAT, Chennai	2.38
Central Excise Act, 1944	Central Excise duty and Interest	0.71	2012-13	CESTAT, Chennai	0.20
Karnataka Value Added Tax Act, 2003	Tax, Interest and Penalty	0.21	2011-12	DCCT (Audit), Bangalore	-
Central Sales Tax Act, 1956	Central Sales Tax and Interest	0.65	2010-11	DCCT (Audit), Bangalore	-
Central Sales Tax Act, 1956	Central Sales Tax and Interest	0.13	2011-12	DCCT (Audit), Bangalore	-
Karnataka Value Added Tax Act, 2003	Penalty and Interest	0.07	2014-15	DCCT (Audit), Bangalore	-
Karnataka Value Added Tax Act, 2003	Penalty and Interest	0.13	2015-16	DCCT (Audit), Bangalore	-
Central Sales Tax Act, 1956	Central Sales Tax and Interest	0.07	2017-18	DCCT (Audit), Bangalore	-
West Bengal Value Added Tax Act, 2003	Tax and Interest	0.51	2014-15	West Bengal Sales Tax Appellate - Revisionary Board	0.05

Income Tax Act, 1961- TDS Case	Income Tax- TDS	0.09	2000-01	Supreme Court	0.09
Income Tax Act, 1961- TDS Case	Income Tax- TDS	0.16	2001-02	Supreme Court	0.16
Income Tax Act, 1961- TDS Case	Income Tax-TDS	0.02	2002-03	Supreme Court	0.02
Income Tax Act, 1961	Income Tax and Interest	0.13	2006-07	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax and Interest	8.14	2007-08	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax and Interest	17.91	2008-09	Income Tax Appellate Tribunal	0.04
Income Tax Act, 1961	Income Tax and Interest	6.50	2009-10	Income Tax Appellate Tribunal	0.08
Income Tax Act, 1961	Income Tax and Interest	1.19	2010-11	Income Tax Appellate Tribunal	0.05
Income Tax Act, 1961	Income Tax	0.02	2012-13	Income Tax Appellate Tribunal	0.02
Income Tax Act, 1961	Income Tax and Interest	13.67	2013-14	Income Tax Appellate Tribunal	-
Income Tax Act, 1961	Income Tax and Interest	25.62	2016-17	Commissioner of Income Tax (Appeals)	-
Income Tax Act, 1961	Income Tax and Interest	0.48	2017-18	Commissioner of Income Tax (Appeals)	-

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to Government as at the balance sheet date. Further, the Company does not have any loans or borrowings from any financial institution or bank, nor has it issued any debentures as at the balance sheet date, and accordingly to this extent, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 18 of our main standalone audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures, specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with them. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Pradip Kanakia  
Partner  
Membership Number: 039985  
UDIN: 20039985AAAABT1418

Place: Bengaluru  
Date: April 21, 2020



## Standalone Balance Sheet

in ₹ crore

Particulars	Notes	As at	
		March 31, 2020	March 31, 2019
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	4(a)	30.55	30.68
Right-of-use assets	4(a)	21.29	-
Intangible assets	4(b)	26.81	68.44
Intangible assets under development	4(b)	26.99	41.38
Investments in subsidiaries	5(a)	10.87	10.87
Financial assets			
(i) Investments	5(b)	0.00	0.00
(ii) Trade receivables	6	80.28	42.81
(iii) Loans	8	5.58	4.35
(iv) Other financial assets	9	1.11	0.12
Income Tax Asset (net)	10(a)	47.80	36.93
Deferred Tax Assets	10(b)	41.70	138.00
Other non-current assets	11	6.97	0.14
<b>Total non-current assets</b>		<b>299.95</b>	<b>373.72</b>
Current assets			
Inventories	12	251.99	181.39
Financial assets			
(i) Investments	5(c)	50.97	86.55
(ii) Trade receivables	6	364.24	607.39
(iii) Cash and cash equivalents	7(i)	66.05	16.41
(iv) Bank balances other than (iii) above	7(ii)	76.71	106.15
(v) Loans	8	1.07	0.79
(vi) Other financial assets	9	91.40	180.44
Other current assets	11	37.46	27.48
<b>Total current assets</b>		<b>939.89</b>	<b>1,206.60</b>
<b>Total assets</b>		<b>1,239.84</b>	<b>1,580.32</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	13	95.48	94.99
Other equity	14	984.28	1,223.75
<b>Total equity</b>		<b>1,079.76</b>	<b>1,318.74</b>
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease Liabilities	16	21.91	-
Provisions	17	0.59	1.75
<b>Total non-current liabilities</b>		<b>22.50</b>	<b>1.75</b>
Current liabilities			
Financial liabilities			
(i) Trade payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises		10.96	26.83
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		66.96	137.03
(ii) Lease Liabilities	16	5.97	-
(iii) Other financial liabilities	19	39.59	78.41
Provisions	17	7.08	8.14
Other current liabilities	20	7.02	9.42
<b>Total current liabilities</b>		<b>137.58</b>	<b>259.83</b>
<b>Total liabilities</b>		<b>160.08</b>	<b>261.58</b>
<b>Total equity and liabilities</b>		<b>1,239.84</b>	<b>1,580.32</b>

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

As per our report of even date.

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Venkatesh Gadiyar  
Chief Financial Officer

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

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

Place: Bengaluru  
Date: April 21, 2020

## Standalone Statement of Profit and Loss

		(in ₹ crore, except equity share and per equity share data)		
Particulars	Notes	Year Ended March 31,		
		2020	2019	
I	Revenue from operations	21	386.20	894.03
II	Other Income	22	33.71	36.64
III	Total income (I + II)		419.91	930.67
IV	Expenses			
	Cost of materials consumed	23	203.58	463.70
	Employee benefit expense	24	103.22	117.60
	Finance costs	25A	7.57	16.88
	Depreciation and amortization expense	4(c)	77.05	65.88
	Impairment of non-current assets	4(b)	69.87	-
	Allowance for expected credit loss (net)	25B	18.81	5.17
	Other expenses	26	77.42	111.97
	Total expenses (IV)		557.52	781.20
V	Profit/(Loss) before tax (III - IV)		(137.61)	149.47
VI	Income tax expense	27		
	Current tax		-	19.63
	Deferred tax expense/(benefit)		98.55	(16.85)
	Total tax expense (VI)		98.55	2.78
VII	Profit/(Loss) after tax (V - VI)		(236.16)	146.69
VIII	Other comprehensive income/(loss)			
	Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit obligation		(1.07)	(2.20)
	Income tax relating to above		-	0.48
	Other comprehensive income/(loss) for the year, net of tax (VIII)		(1.07)	(1.72)
IX	Total comprehensive income/(loss) for the year (VII + VIII)		(237.23)	144.97
X	Earnings/(Loss) per equity share (Refer Note No: 31.7)			
	Equity shares of par value ₹ 10 each			
	Basic		(25.66)	16.07
	Diluted		(25.66)	15.33
	Weighted average equity shares used in computing earnings per equity share			
	Basic		9,20,38,454	9,13,08,108
	Diluted		9,20,38,454	9,56,67,708

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

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

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Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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

## Standalone Statement of Cash Flows

in ₹ crore

Particulars	Notes	Year Ended March 31,	
		2020	2019
Cash flows from operating activities			
Profit/(Loss) before tax for the year		(137.61)	149.47
Adjustments to reconcile net profit/(loss) to net cash provided by operating activities			
Depreciation and amortization expense	4(c)	77.05	65.88
Impairment of product development	4(b)	32.77	-
Impairment of Intangible assets under development	4(b)	37.10	-
Allowance for expected credit loss (net)	25B	18.79	4.60
Bad Debts written off	26	0.07	0.57
Focus Product Scheme receivable written off	26	-	4.45
Provision for Focus Product Scheme receivable released	26	-	(1.28)
Provision for doubtful advances	26	-	0.09
Investment in subsidiaries written off	26	-	54.33
Provision for investment in subsidiaries released	26	-	(54.33)
Interest Income	22	(11.94)	(27.74)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	22	0.10	(0.32)
Gain on sale of current investment carried at fair value through statement of profit and loss	22	(4.08)	(4.15)
Finance costs	25A	7.57	16.88
Unrealised Exchange Differences (Net)		(7.26)	0.66
Loss/ (profit) on sale of property, plant and equipment	26	(0.02)	0.03
Expense recognized in respect of equity-settled share-based payments	24	11.20	15.10
		23.74	224.24
Movements in working capital:			
(Increase)/decrease in inventories		(70.60)	9.50
(Increase)/decrease in trade receivables		194.15	(360.25)
(Increase)/decrease in loans		(1.39)	0.76
(Increase)/decrease in other financial assets		4.86	(8.36)
(Increase)/decrease in other assets		(16.79)	(6.59)
Increase/(decrease) in trade and other payables		(86.02)	57.31
Increase/(decrease) in provisions		(3.73)	(0.34)
Increase/(decrease) in other financial liabilities		(30.43)	26.55
Increase/(decrease) in other liabilities		(2.40)	(0.26)
Cash generated from operations		11.39	(57.44)
Income taxes paid		(10.87)	(24.05)
a) Net cash generated by/(used in) operating activities		0.52	(81.49)
Cash flows from investing activities			
Expenditure on property, plant and equipment			
Expenditure on property, plant and equipment		(20.63)	(8.82)
Expenditure on intangible assets (including under development)		(72.14)	(71.50)
Sale proceeds of property, plant and equipment		0.03	0.07
Investments in Deposits with banks and financial institutions not considered as cash and cash equivalent		(255.17)	(636.41)
Withdrawals of Deposits with banks and financial institutions not considered as cash and cash equivalent		358.63	596.94
Investments in liquid mutual funds and fixed maturity plan securities		(727.05)	(776.34)
Redemption of liquid mutual funds and fixed maturity plan securities		766.61	770.78
Interest received		21.00	20.89
b) Net cash generated by/(used in) investing activities		71.28	(104.39)

in ₹ crore

Particulars	Notes	Year Ended March 31,	
		2020	2019
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		2.82	6.77
Dividend paid (including Tax on dividend)		(11.08)	-
Repayment of borrowings		(1.19)	(1.08)
Principal payment on lease liabilities		(5.58)	-
Interest payment on lease liabilities		(2.78)	-
Interest paid		(4.35)	(16.88)
c) Net cash (used in) financing activities		(22.16)	(11.19)
d) Net increase/(decrease) in cash and cash equivalents		49.64	(197.07)
Cash and cash equivalents at the beginning of the year		16.41	213.48
Cash & cash equivalents at the end of the year [Refer Note No. 7(i)]		66.05	16.41

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

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

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Chairman and Director  
(DIN:02825465)

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CEO and Managing Director  
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Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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

## Standalone Statement of Changes in Equity

### A. Equity Share Capital

Particulars	Note	Amount
As at April 1, 2018*		94.09
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.90
As at March 31, 2019*		94.99
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.49
As at March 31, 2020*		95.48

\*Includes forfeited shares of ₹ 3.27

### B. Other Equity

Particulars	Notes	Reserves and Surplus			Total equity attributable to shareholders of the Company
		Securities premium	Retained earnings	Employee stock compensation outstanding account	
Balance as at April 01, 2018		922.08	120.59	15.14	1,057.81
Profit for the year	14	-	146.69	-	146.69
Other comprehensive income	14	-	(1.72)	-	(1.72)
Total comprehensive income for the year		-	144.97	-	144.97
Transaction with owners in their capacity as owners:					
Premium on exercise of ESOP	14	5.87	-	-	5.87
Employee Share based payment expenses	24	-	-	15.10	15.10
Premium on issue of equity shares, on exercise of ESOP/RSU	14	3.22	-	(3.22)	-
Balance as at March 31, 2019		931.17	265.56	27.02	1,223.75
Balance as at April 01, 2019		931.17	265.56	27.02	1,223.75
(Loss)/Profit for the year	14	-	(236.16)	-	(236.16)
Other comprehensive income	14	-	(1.07)	-	(1.07)
Total comprehensive income for the year		-	(237.23)	-	(237.23)
Transaction with owners in their capacity as owners:					
Premium on exercise of ESOP	14	2.33	-	-	2.33
Employee Share based payment expenses	24	-	-	11.20	11.20
Premium on issue of equity shares, on exercise of ESOP/RSU	14	4.30	-	(4.30)	-
Impact on account of adoption of Ind AS 116	31.5	-	(4.69)	-	(4.69)
Dividend paid	14	-	(9.19)	-	(9.19)
Dividend distribution tax	14	-	(1.89)	-	(1.89)
Balance as at March 31, 2020		937.80	12.56	33.92	984.28

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

As per our report of even date.

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

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COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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



## Notes forming part of the Standalone Financial Statements for March 31, 2020

### 1 Corporate Information

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

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has branches in USA, Kenya, Mexico and UAE and has a subsidiary and step down subsidiary in Singapore and Nigeria respectively.

These financial statements have been approved by the Company's Board of Directors on April 21, 2020.

### 2 Significant Accounting Policies

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

#### 2.1 Basis of preparation of standalone financial statements

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

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

##### (ii) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

##### (iii) New and amended standards adopted

- Long-term interests in Associates and Joint-ventures - Ind AS 28, Investments in associates and Joint-Ventures \*
- Prepayment Features with Negative Compensation - Amendments to Ind AS 109, Financial Instruments.\*
- Ind AS 103, Business Combination\*
- Ind AS 111, Joint Arrangements\*
- Ind AS 23, Borrowing Costs\*
- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes
- Planned Amendment, Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits\*

\* There has been no impact on adoption of these amendments on the financial statements.

##### (iv) Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

##### (v) Operating cycle

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

#### 2.2 Revenue Recognition:

The Company is engaged in designing, developing and manufacturing products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks.

##### 2.2.1 Sale of manufactured goods and components

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled performance obligations that could affect the customer's acceptance of the products.

Certain contracts with customers provide for variable consideration based on the due date for delivery. The Company estimates the amount of variable consideration by using either the expected value method or the most likely outcome method and the revenue recognised represents the amount of consideration to which the Company will be entitled in exchange for transferring the promised products or services to the customer.

Standard warranty is provided to customers upon sale of products and the same is accounted in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* (Refer Note No. 2.11)

##### 2.2.2 Rendering of Service

Revenue from installation and commissioning services are recognised at a point in time when services are rendered. Revenue from annual maintenance contracts are recognized on an accrual basis pro-rata over the term of the contract. Revenue from other services such as repair and return, managed services, professional services and knowledge services are recognized as and when the services are rendered.

Revenue in excess of invoicing is classified as unbilled revenue, whereas invoicing in excess of revenue is classified as contract liability (which we refer to as deferred revenue).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as contract assets and amortized over the term of the contract. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

The Company presents revenue net of Goods and Services Tax (GST) in its Statement of Profit and loss.

#### 2.3 Property, Plant and Equipment

##### 2.3.1 Measurement

All items of property, plant and equipment are stated at cost less depreciation and accumulated impairment losses if any. Cost

includes expenditure that is directly attributable to the acquisition of the items.

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

### 2.3.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Asset	Useful Life
Laboratory equipment	5 years
Networking equipment	5 years
Electrical Installation	5 years
Furniture & fixtures	5 years
Office equipment	5 years
Computing equipment	5 years
Vehicles	5 years
Cards/Prototypes	4 years
Servers	5 years

Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013.

On Transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

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

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

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

## 2.4 Intangible Assets

### 2.4.1 Software

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

### 2.4.2 Product development

Expenditure pertaining to research activities are charged to the

Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless:

i) Product's technical and marketing feasibility has been established;  
ii) There is likelihood of the project delivering sufficient future economic benefit; and

iii) The Company has the availability of adequate technical, financial and other resources to complete, use or sell the product, in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note No. 2.3.2).

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

### 2.4.3 Amortization

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

Asset	Useful Life
Computer Software	Over the license period
Product development	24 months

## 2.5 Impairment of Non - financial assets

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

### 2.6 Financial instruments

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

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

## 2.7 Investments and Other Financial assets

### 2.7.1 Classification

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

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

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

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

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

#### 2.7.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

#### 2.7.3 Measurement

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

#### Debt instruments

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

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in statement of profit and loss.

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

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

#### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses

to profit or loss following the derecognition of the investment. Dividends from such investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

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

#### 2.7.4 Investment in Subsidiaries

Investment in Subsidiaries is carried at cost.

#### 2.7.5 Impairment of financial assets

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

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer Note No. 29 for details on expected credit loss.

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

#### 2.7.6 Derecognition

A financial asset is derecognized only when

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

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

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

#### 2.7.7 Income recognition

##### Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

## Dividend Income

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

## 2.8 Financial liabilities

### 2.8.1 Classification as liability or equity

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

### 2.8.2 Initial Recognition and Measurement

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

### 2.8.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

### 2.8.4 Derecognition

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

## 2.9 Trade Payables

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

## 2.10 Derivatives

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

Derivative contracts to hedge risks which are not designated as hedges are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income/expenses.

## 2.11 Provisions and Contingencies

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

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

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of

outflow of resources is remote, no provision or disclosure is made.

### Provision for warranty

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

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

## 2.12 Foreign Currency Transactions

### (i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

### (ii) Transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of entity's net investment in that foreign operation. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign exchange differences arising on translation of foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

## 2.13 Earnings per equity share

### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

### (ii) Diluted earnings per share

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

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



- potentially issuable equity shares, that could potentially dilute basic earnings per share, are not included in the calculation of diluted earnings per share when they are anti dilutive for the period presented.

#### 2.14 Income taxes

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

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

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

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

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

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

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

#### 2.15 Employee Benefits

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

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

current employee benefit obligations in the balance sheet.

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

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

The obligation for earned leave (despite not being expected to be settled wholly within 12 months) is presented as current liabilities in the balance sheet as the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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

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

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have maturity terms approximating to the terms of the related obligation.

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

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

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

##### (iv) Defined contribution plans

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

##### (v) Share-based payments

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

The Company has constituted the following plans - 'Tejas Employee



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

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a) including any market performance conditions
- b) excluding the impact of any service and non-market performance vesting conditions
- c) including the impact of any non-vesting conditions

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

### 2.16 Cash Flow Statement

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

### 2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note No. 31.3]

### 2.18 Leases

Till March 31, 2019

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in borrowings or financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Company will obtain the ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the period of lease unless the payments are structured to increase to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from April 1, 2019:

As a lessee

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

Amounts of assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a) fixed payments
- b) amount expected to be payable under residual value guarantees
- c) the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally, the case for lessees, the lessee's incremental borrowing rate used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- b) uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- c) makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged in the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payment occurs.

Right of use assets are measured at cost comprising the following:

- a) the amount of the initial measurement of lease liability
- b) any lease payments made at or before the commencement date,
- c) any initial direct costs, and
- d) restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases and all leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are lease with a lease term of 12 months or less.

### 2.19 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and

the Company will comply with all attached conditions.

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

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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

### 2.20 Inventories

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

### 2.21 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as deferred revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

### 2.22 Cash and cash equivalents

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

### 2.23 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that

some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss under other expenses.

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

### 2.24 Borrowing Cost

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

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

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

### 2.25 Contributed Equity

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

### 2.26 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 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 Company 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 financial statements and notes have been rounded off to the nearest crore with two decimals as per the requirement of Schedule III, unless otherwise stated.

## 3 Critical estimates and judgements

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

This note provides an overview of the areas that involved a higher degree of judgment 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 judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements. The areas involving critical estimates and judgments are:

- (i) Product Development costs (capitalisation of product development cost including intangibles under development) and assessment of their carrying value- [Refer Note No. 2.4.2, Note No. 2.4.3 and Note No. 4(b)]
- (ii) Defined benefit obligations - Refer Note No. 24
- (iii) Impairment of trade receivables - Refer Note No. 29A
- (iv) Recognition and recoverability of deferred tax assets on tax losses - Refer Note No. 10(b)
- (v) Evaluation of tax litigation - Refer Note No. 31.1

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management's assessment of the impact (if any) arising on individual financial statement line items on account of the COVID-19 pandemic situation has been disclosed in the related notes.

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

in ₹ crore

Particulars	Laboratory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	Cards/ Prototypes	Servers	Total	Right-of-use asset*
Gross carrying value as of April 1, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40	-
Additions	3.96	0.14	0.41	2.86	0.21	1.68	-	2.54	1.60	13.40	-
Deletions	-	-	0.38	0.31	0.04	0.02	0.09	-	-	0.84	-
Gross carrying value as of March 31, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96	-
Accumulated depreciation as of April 1, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)	-
Depreciation for the year	(6.25)	(0.21)	(3.64)	(2.78)	(0.21)	(1.71)	(0.07)	(3.31)	(0.42)	(18.60)	-
Accumulated depreciation on deletions	-	-	(0.34)	(0.26)	(0.04)	(0.01)	(0.09)	-	-	(0.74)	-
Accumulated depreciation as of March 31, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)	-
Carrying value as of March 31, 2019	11.96	0.19	1.41	3.39	0.39	2.70	0.13	8.42	2.09	30.68	-
Gross carrying value as of April 1, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96	-
Recognition on adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	22.65
Additions	2.06	0.21	1.00	1.44	0.82	0.98	-	6.01	0.89	13.41	3.87
Deletions (Refer Note No. 38)	-	-	0.01	0.01	-	0.00	-	-	-	0.02	-
Gross carrying value as of March 31, 2020	22.83	0.87	7.31	9.52	1.72	7.24	0.14	28.03	3.69	81.35	26.52
Accumulated depreciation as of April 1, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)	-
Depreciation for the year	(4.50)	(0.13)	(0.60)	(1.30)	(0.33)	(1.76)	(0.04)	(4.21)	(0.66)	(13.53)	(5.23)
Accumulated depreciation on deletions (Refer Note No. 38)	-	-	0.00	(0.01)	-	0.00	-	-	-	(0.01)	-
Accumulated depreciation as of March 31, 2020	(13.31)	(0.60)	(5.51)	(5.99)	(0.84)	(5.32)	(0.05)	(17.81)	(1.37)	(50.80)	(5.23)
Carrying value as of March 31, 2020	9.52	0.27	1.80	3.53	0.88	1.92	0.09	10.22	2.32	30.55	21.29

\* Right-of-use asset pertains to buildings on account of adoption of Ind AS 116 effective April 01, 2019. [Refer Note No. 31.5(b)]

### Notes:

(i) The Company had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Company as on March 31, 2020, has submitted claims aggregating to ₹ 8.98 (March 31, 2019 - ₹ 8.98) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

(ii) Contractual Obligation : Refer Note No. 31.1 (b) for contractual commitments for the acquisition of property, plant and equipment.

(iii) The carrying values of property, plant and equipment have been allocated to their respective cash generating units (CGUs) and assessed for impairment as at March 31, 2020. [Refer Note no 4(b)].

(iv) Refer Note No. 33 for information on property, plant and equipment pledged as security against borrowings by the Company.

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

Particulars	in ₹ crore			
	Computer Software	Product Development	Total	Intangible Assets under development <sup>1</sup>
Gross carrying value as of April 1, 2018	7.81	129.14	136.95	46.85
Additions	6.58	70.39	76.97	64.92
Deletions/Transfers	-	-	-	70.39
Gross carrying value as of March 31, 2019	14.39	199.53	213.92	41.38
Accumulated amortization as of April 1, 2018	(5.19)	(93.01)	(98.20)	-
Amortization expenses for the year	(6.06)	(41.22)	(47.28)	-
Accumulated amortization as of March 31, 2019	(11.25)	(134.23)	(145.48)	-
Carrying value as of March 31, 2019	3.14	65.30	68.44	41.38
Gross carrying value as of April 1, 2019	14.39	199.53	213.92	41.38
Additions	4.83	44.60	49.43	67.31
Deletions/Transfers	-	-	-	44.60
Gross carrying value as of March 31, 2020	19.22	244.13	263.35	64.09
Accumulated amortization as of April 1, 2019	(11.25)	(134.23)	(145.48)	-
Amortization expenses for the year	(6.69)	(51.60)	(58.29)	-
Impairment loss <sup>2</sup>	-	(32.77)	(32.77)	(37.10)
Accumulated amortization and impairment as of March 31, 2020	(17.94)	(218.60)	(236.54)	(37.10)
Carrying value as of March 31, 2020	1.28	25.53	26.81	26.99

Remaining useful life for product development ranges from 3 to 23 months (March 31, 2019: 3 to 23 months).

### Footnotes:-

1. Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note No. 24 and Note No. 26).

2. The Company has recognised an impairment loss of ₹ 69.87 on identified product development and intangible assets under development. During the year, the Company has discontinued further development on certain intangible assets under development as it does not foresee any future economic benefits and consequently the entire development expenditure of ₹ 37.10 related to such intangible assets under development has been impaired. Further, in respect of certain identified product development, having a carrying value of ₹ 32.77, management does not foresee any future economic benefits based on the likely demand for such products from the customers. Therefore, the related product development costs have been fully impaired as at March 31, 2020.

Remaining balance of product development and intangible assets under development have been tested for impairment as at March 31, 2020 and the management has concluded that no impairment is considered necessary as the recoverable amounts of the individual cash generating units (CGUs) are higher than their respective carrying amounts. The recoverable amounts of the individual CGUs have been determined based on management's estimate of the future cash flows under the value-in-use method. The future cash flows include management's estimate for increased demand for the Company's products that address the broadband equipment requirements of telecom operators, although management expects certain delays in customer orders in the next two quarters on account of uncertainties arising from COVID-19 pandemic situation.

Key assumptions used in the value-in-use method include revenue growth rates and discount rate. A decrease in the revenue growth rate in the range of 4% to 11% would result in the recoverable amount being equal to the carrying amount of the CGUs and eliminate the head-room. Marginal change in discount rate will not result in additional impairment loss.

### Sensitivity Analysis

As at March 31, 2020, the net carrying amount of product development was ₹ 25.53 (March 31, 2019 - ₹ 65.30). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹ 14.44 as at March 31, 2020. If the useful life were estimated to be 3 years, the carrying amount would be ₹ 42.39 as at March 31, 2020.

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

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Depreciation on property, plant and equipment [Refer Note No. 4(a)]	13.53	18.60
Depreciation on Right of use assets [Refer Note No. 4(a)]	5.23	-
Amortization of intangible assets [Refer Note No. 4(b)]	58.29	47.28
Total depreciation and amortization expenses	77.05	65.88



## Note No. 5: Investments

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

Particulars	As at	
	March 31, 2020	March 31, 2019
Non-current investments (Unquoted)		
5(a) Investment in subsidiaries		
Equity instruments of subsidiaries (at cost)		
14,64,340 (As at March 31, 2019: 14,64,340) equity shares fully paid up in Tejas Communication Pte Ltd, Singapore	6.69	6.69
Nil (As at March 31, 2019: Nil) equity shares fully paid up in TejasIsrael Limited <sup>1</sup> (cost ₹ 54.19 fully impaired)	-	-
<b>Total equity instruments of subsidiaries</b>	<b>6.69</b>	<b>6.69</b>
Preference shares of subsidiaries (at cost) <sup>3</sup>		
13,68,400 (As at March 31, 2019: 13,68,400) Redeemable Preference Shares fully paid up in Tejas Communication Pte Limited, Singapore	4.18	4.18
<b>Total preference shares of subsidiaries</b>	<b>4.18</b>	<b>4.18</b>
<b>Total investments in subsidiaries</b>	<b>10.87</b>	<b>10.87</b>

<sup>1</sup> During the previous year, Tejas Israel Limited, a wholly owned non-operating foreign subsidiary has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

<sup>2</sup> During the previous year, vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution, and striking off the name of this entity.

<sup>3</sup> Preference shares are redeemable only at the option of Tejas Communication Pte. Ltd and carry a cumulative right of dividend at a fixed rate 0.01% (\$0.0001 per share). This investment has been treated as investment in an equity instrument.

### 5(b) Other Investments (Unquoted) (FVTPL)

Equity instruments of others

Investment in ELCIA ESDM Cluster (No. of shares 1100) (Refer Note 38)	0.00	0.00
<b>Total other investments</b>	<b>0.00</b>	<b>0.00</b>

### 5(c) Current investments (Quoted) (FVTPL)

(in ₹ crore, except as otherwise stated)

Investment in Mutual funds	Number of units	Amount	Number of units	Amount
Aditya Birla Sun Life Liquid Fund - Growth Direct Plan	2,39,547	7.65	-	-
Axis liquid fund Direct Growth - CFDG	84,410	18.61	76,780	15.92
ICICI Prudential Liquid Fund Direct Plan Growth		-	9,31,076	25.74
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (Formerly known as Reliance Liquid Fund Direct Plan Growth Plan-Growth Option-LFAG)	37,768	18.32	76,779	35.02
Tata Liquid Fund Direct Plan Growth	20,397	6.39	33,526	9.87
<b>Total current investments</b>		<b>50.97</b>		<b>86.55</b>
<b>Non Current Investments</b>				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments (Refer Note No. 38)		10.87		10.87
Aggregate amount of impairment in the value of investments		-		-
<b>Current Investments</b>				
Aggregate amount of quoted investments and market value thereof		50.97		86.55
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

## Note No. 6: Trade Receivables

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>Non-current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer Note No. 29B (iv)]	81.89	42.81
Less: Allowance for expected credit loss [Refer Note No. 29A (i)]	(1.61)	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total non-current</b>	<b>80.28</b>	<b>42.81</b>
<b>Current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer Note No. 29B (iv)]	387.89	614.59
Receivables from related parties considered good - unsecured [Refer Note No. 31.6 (iii)]	1.72	0.99
Less: Allowance for expected credit loss [Refer Note No. 29 A (i)]	(25.37)	(8.19)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total current</b>	<b>364.24</b>	<b>607.39</b>

## Note No. 7: Cash and Bank Balances

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>(i) Cash and cash equivalents</b>		
(a) Balances with banks		
(i) In current accounts <sup>1,2</sup>	19.12	8.25
(ii) In EEFC accounts	40.93	8.16
(b) Deposits with original maturity of less than three months	6.00	-
<b>Total cash and cash equivalents</b>	<b>66.05</b>	<b>16.41</b>
<b>(ii) Other bank balances</b>		
Deposits with original maturity of more than three months but less than twelve months	64.15	106.11
Balances held as margin money or security against fund and non-fund based banking arrangements	12.56	0.04
<b>Total other bank balances</b>	<b>76.71</b>	<b>106.15</b>

<sup>1</sup> includes NIL (March 31, 2019 - ₹ 0.31) which is subject to repatriation restriction.

<sup>2</sup> includes ₹ 0.03 (March 31, 2019 - NIL) in Axis bank held for payment of dividend.

The details of balances with banks (all in India, unless stated otherwise) as on Balance Sheet dates are as follows:

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>a) Current Accounts</b>		
Axis Bank*	0.05	-
Citibank	0.01	-
Citibank, Dubai	0.03	0.38
Citibank, USA	0.67	-
Fleet Bank, USA	2.00	0.23
HDFC Bank	0.41	1.61
HSBC Bank	-	0.01
HSBC Bank, Bangladesh	-	0.31
ICICI Bank (Refer Note No. 38)	0.00	0.00
Indian Bank	-	0.01
Kotak Mahindra Bank	0.01	2.32
RBL Bank	0.11	0.05
Standard Chartered Bank	15.50	2.80
Standard Chartered Bank, Nairobi	0.10	0.10
State Bank of India	0.23	0.43
	<b>19.12</b>	<b>8.25</b>
* includes ₹ 0.03 (March 31, 2019 - NIL) held for payment of dividend.		
<b>b) EEFC Accounts</b>		
Axis Bank	-	6.14
Citibank	14.71	0.27
Standard Chartered Bank	26.22	1.75
	<b>40.93</b>	<b>8.16</b>
<b>c) Deposits with original maturity of less than three months</b>		
RBL Bank	6.00	-
	<b>6.00</b>	<b>-</b>
<b>d) Deposits with original maturity of more than three months but less than twelve months</b>		
HDFC Bank	8.70	25.00
IndusInd Bank	10.00	55.00
Kotak Mahindra Bank	6.45	-
RBL Bank	36.00	26.11
Standard Chartered Bank, India	3.00	-
	<b>64.15</b>	<b>106.11</b>
<b>e) Balances held as margin money or security against borrowings or guarantees for less than twelve months</b>		
Citibank, India	0.06	-
Indian Bank	-	0.04
Standard Chartered Bank, India	12.50	-
	<b>12.56</b>	<b>0.04</b>
<b>f) Balances held as margin money or security against fund and non-fund based banking arrangements for more than twelve months (Refer Note 9)</b>		
Citibank	1.11	0.04
Kotak Mahindra Bank	-	0.08
	<b>1.11</b>	<b>0.12</b>
<b>g) Deposits with financial institutions (Refer Note No. 9)</b>		
Bajaj Finance Limited	60.00	55.00
HDFC Limited	25.00	105.00
	<b>85.00</b>	<b>160.00</b>
<b>h) Total cash and cash equivalent (a+b+c)</b>	<b>66.05</b>	<b>16.41</b>
<b>i) Total other bank balances with maturity more than three months but less than twelve months (d+e)</b>	<b>76.71</b>	<b>106.15</b>

## Note No. 8: Loans

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
<b>Non-current</b>		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	5.67	4.44
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	5.67	4.44
Less: Provision	(0.09)	(0.09)
<b>Total non-current loans</b>	<b>5.58</b>	<b>4.35</b>
<b>Current</b>		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.10	0.08
Loans to employees	0.97	0.71
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total current loans</b>	<b>1.07</b>	<b>0.79</b>

## Note No. 9: Other Financial Assets

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
<b>Non-current financial assets</b>		
Deposits with original maturity of more than twelve months		
Balances held as margin money or security against fund and non-fund based banking arrangements	1.11	0.12
<b>Total non-current financial assets</b>	<b>1.11</b>	<b>0.12</b>
<b>Current financial assets</b>		
Deposits with financial institutions	85.00	160.00
Unbilled Revenue	5.72	10.58
Interest accrued but not due	0.68	9.86
<b>Total current financial assets</b>	<b>91.40</b>	<b>180.44</b>

## Note No. 10: Tax assets

Particulars	in ₹ crore	
	As at March 31,	
	2020	2019
<b>10(a) Income Tax Asset</b>		
Advance Income Tax (net)	47.80	36.93
	47.80	36.93
<b>10(b) Deferred Tax Assets</b>		
The balance comprises temporary differences attributable to:		
Expenses allowable on payment basis	14.00	4.73
Difference between carrying amount of property, plant and equipment in books and the income tax return	7.98	6.25
Lease liabilities	9.74	-
Unabsorbed depreciation	17.42	16.95
Unutilised accumulated expenditure on Scientific research u/s 35 (2AB) ('Accumulated 35 (2AB) expenditure')	-	110.07
<b>Total deferred tax assets</b>	<b>49.14</b>	<b>138.00</b>
Right-of-use assets	7.44	-
<b>Net deferred tax assets</b>	<b>41.70</b>	<b>138.00</b>

### Movements in deferred tax assets

Particulars	Provisions allowable on payment basis	Difference between carrying amount of property, plant and equipment in books and the income tax return	Leases	Unabsorbed depreciation	Accumulated 35 (2AB) expenditure	Total
As at April 01, 2018	2.48	4.11	-	16.95	97.62	121.16
(Charged)/Credited						
- to statement of profit and loss	2.25	2.14	-	-	12.45	16.84
As at March 31, 2019	4.73	6.25	-	16.95	110.07	138.00
(Charged)/Credited						
- to statement of profit and loss	9.27	1.73	0.05	0.47	(110.07)	(98.55)
- to retained earnings	-	-	2.25	-	-	2.25
As at March 31, 2020	14.00	7.98	2.30	17.42	-	41.70

### Significant estimates:

The Company had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55.

**Sensitivity Analysis**

The table below provides sensitivity of the carrying amount of deferred tax asset to reasonable possible change in the key assumptions used in estimating the recoverability of the deferred tax assets.

Particulars	As at	
	March 31, 2020*	March 31, 2019
Revenue growth rate increase by 10% (March 31, 2019: 10%)	-	8.16
Revenue growth rate decrease by 10% (March 31, 2019: 10%)	-	(13.80)
Profit margin increases by 10% (March 31, 2019: 10%)	-	4.12
Profit margin decreases by 10% (March 31, 2019: 10%)	-	(21.72)

\* No reasonable change in assumptions used for estimation of projected profits will result in any change in the carrying amount of Deferred tax assets recognised as at year end.

**Note No. 11: Other assets**

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
<b>Other non-current assets</b>		
Prepaid Expenses	0.14	0.14
Capital Advances	0.02	-
Balances with government authorities (other than income taxes)	6.81	-
<b>Total other non-current assets</b>	<b>6.97</b>	<b>0.14</b>
<b>Other current assets</b>		
Advances to suppliers	18.16	19.20
Advances others	0.02	0.01
Balances with government authorities (other than income taxes)	18.35	5.97
Prepaid expenses	0.93	2.30
<b>Total other current assets</b>	<b>37.46</b>	<b>27.48</b>

**Note No. 12: Inventories**

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
Raw material - components including assemblies and sub-assemblies (including goods in transit ₹ 0.73 (March 31, 2019 - ₹ 1.64)*	251.99	181.39
<b>Total inventories</b>	<b>251.99</b>	<b>181.39</b>

\*Net of provision/write down for inventories amounting to ₹ 9.62 (March 31, 2019 - ₹ 13.67).

The Company's products and components have a long shelf life and these can be sold across multiple customers. Based on the current orders in hand, the expected surge in demand for company's products as explained in Note No. 40 and the historical/expected gross margins, the Company is of the view that there is no significant negative impact due to the COVID 19 pandemic on the carrying value of the inventory.

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

in ₹ crore, except share data

Particulars	Number of Shares	Equity Share Capital
<b>a) Authorised Capital</b>		
Equity Share Capital of ₹ 10/- each		
As at April 01, 2018	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2019	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2020	17,64,52,000	176.45
<b>b) Issued, Subscribed and Paid up Capital</b>		
Equity Share Capital of ₹ 10/- each		
Fully paid shares		
As at April 1, 2018	9,08,18,760	90.82
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note No. 32(v)]	9,00,819	0.90
As at March 31, 2019	9,17,19,579	91.72
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note No. 32(v)]	4,91,256	0.49
As at March 31, 2020	9,22,10,835	92.21
<b>c) Forfeited shares (to the extent of amount paid up)*</b>		
As at April 1, 2018	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2019	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2020	3,27,27,930	3.27
<b>Total Equity Share Capital (b+c)</b>		
	95.48	94.99

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

**a) Terms and rights attached to equity shares**

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends declared if any, and to share in the proceeds upon winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>Cascade Capital Management, Mauritius</b>		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	17.91%	18.00%
<b>Samena Spectrum Co.</b>		
Number of shares held	94,41,649	94,41,649
% holding in that class of shares	10.24%	10.29%
<b>Reliance Capital Trustee Co. Ltd-A/C Nippon India Small Cap Fund</b>		
Number of shares held	80,26,928	58,17,754
% holding in that class of shares	8.70%	6.34%
<b>Mayfield XII, Mauritius</b>		
Number of shares held	71,06,628	71,06,628
% holding in that class of shares	7.71%	7.75%
<b>East Bridge Capital Master Fund I Ltd</b>		
Number of shares held	47,93,508	-
% holding in that class of shares	5.20%	-
<b>HDFC Trustee Company Ltd. A/C HDFC Capital Builder Value Fund</b>		
Number of shares held	47,63,329	-
% holding in that class of shares	5.17%	-

c) There are no instances of:

- shares allotted as fully paid up by way of bonus shares in the last five years.
- shares bought back during a period of five years immediately preceding the year end.
- shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

d) Shares reserved for issuance towards outstanding employee stock options, RSU granted and available for grant(Refer Note No. 32):

Particulars	As at	
	March 31, 2020	March 31, 2019
in Nos		
Equity shares of ₹ 10/- each		
ESOP Schemes	53,77,868	59,41,041
Outstanding at the end of the year	53,77,868	59,41,041
Options available for grant	-	-
RSU	27,33,161	29,77,583
Outstanding at the end of the year	16,84,501	10,20,923
Units available for grant	10,48,660	19,56,660

## Note No. 14: Other Equity

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
Securities premium	937.80	931.17
Retained earnings	12.56	265.56
Employee stock compensation outstanding account	33.92	27.02
<b>Total Other Equity</b>	<b>984.28</b>	<b>1,223.75</b>

(i) Securities premium

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
Opening Balance	931.17	922.08
Premium received upon exercise of ESOP	2.33	5.87
Premium recognised on exercise of ESOP/RSU	4.30	3.22
<b>Closing Balance</b>	<b>937.80</b>	<b>931.17</b>

(ii) Retained earnings

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
Opening Balance	265.56	120.59
(Loss)/Profit for the year	(236.16)	146.69
Items of other comprehensive income recognized directly in retained earnings		
Remeasurements of the post employment benefit obligation	(1.07)	(1.72)
Impact on account of adoption of Ind AS 116 [Refer Note No. 31.5(a)]	(4.69)	-
Dividend (including Tax on dividend) (Refer Note No. 39)	(11.08)	-
<b>Closing Balance</b>	<b>12.56</b>	<b>265.56</b>

(iii) Employee stock compensation outstanding account

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
Opening Balance	27.02	15.14
Share based payment expenses	11.20	15.10
Transferred to securities premium on exercise of ESOP/RSU	(4.30)	(3.22)
<b>Closing Balance</b>	<b>33.92</b>	<b>27.02</b>

### Nature and purpose of other reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium can be utilized in accordance with the provisions of the Act.

(b) Employee stock compensation outstanding account

The Employee stock compensation outstanding account is used to recognize the grant date fair value of options and RSUs issued to employees under the Company's share based payment schemes over the vesting period.



## Note No. 15: Non-current Borrowings

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR (Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization)	-	1.19
Less: Current maturities of long term debt (Refer Note No. 19)	-	1.19
<b>Total borrowings</b>	-	-

### Net Debt Reconciliation

Particulars	Non-Current Borrowings and Current maturities of long term debt	Current Borrowings
Debt as on April 01, 2018	2.27	-
Repayment	(1.08)	-
Debt as on March 31, 2019	1.19	-
Additions on account of Ind AS 116	-	29.09
Acquisitions - finance leases	-	4.37
Interest expense	-	2.78
Repayment of interest and principal	(1.19)	(8.36)
Debt as on March 31, 2020	-	27.88

## Note No. 16: Lease Liabilities

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Non-Current Lease Liabilities	21.91	-
<b>Total non-current</b>	21.91	-
Current Lease Liabilities	5.97	-
<b>Total current</b>	5.97	-

## Note No. 17: Provisions

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Non-current provisions		
Other provisions		
Warranty	0.59	1.75
<b>Total non-current provisions</b>	0.59	1.75
Current provisions		
Provision for employee benefits		
Compensated absences*	4.19	4.91

Other provisions		
Warranty	2.89	3.23
<b>Total current provisions</b>	7.08	8.14

\* The amount of provision of ₹ 4.19 (March 31, 2019 - ₹ 4.91) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

Particulars	As at	
	March 31, 2020	March 31, 2019
Leave obligation not expected to be settled within the next 12 months	3.67	4.16

### Movement in Warranty

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

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Opening balance	4.98	5.41
Unwinding of interest on provisions	0.44	0.46
Additions	(0.01)	0.92
Discounting of provision	(0.23)	(0.52)
Utilisation	(1.70)	(1.29)
<b>Closing balance</b>	3.48	4.98
Disclosed as:		
Non-current	0.59	1.75
Current	2.89	3.23
	3.48	4.98

## Note No. 18: Trade Payables

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 31.2)	10.96	26.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	66.96	137.03
<b>Total trade payables</b>	77.92	163.86

### Notes:

Following are the amounts due to Subsidiaries [Refer Note No. 31.6(iii)]

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Tejas Communication Pte Limited, Singapore	3.28	0.41
	3.28	0.41

## Note No. 19: Other Financial Liabilities

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Current		
Current maturities of long-term debt (Refer Note No. 15)	-	1.19
Due to employees	14.47	31.24
Capital Creditors	1.42	8.62
Accrual for expenses	23.58	37.16
Unpaid dividend	0.03	-
Other liabilities	0.09	0.20
<b>Total current</b>	<b>39.59</b>	<b>78.41</b>

## Note No. 20: Other Current Liabilities

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Advances received from customers	0.29	0.48
Deferred revenue	2.60	3.02
Statutory dues	4.13	5.92
<b>Total other current liabilities</b>	<b>7.02</b>	<b>9.42</b>

## Note No. 21: Revenue from Operations

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Revenue from contract with customers		
Sale of goods		
Manufactured goods - Optical and Data Networking products including multiplexers	329.14	812.73
Component sales	10.75	23.59
	339.89	836.32
Rendering of services		
Installation and commissioning revenue	14.44	15.75
Annual maintenance revenue *	26.99	31.89
Other service revenue	4.88	7.66
	46.31	55.30
Other operating income		
Export Incentive	-	2.41
	-	2.41
<b>Total revenue from operations</b>	<b>386.20</b>	<b>894.03</b>

\*Recognised over period of time.

## Note No. 22: Other Income

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Interest income from banks on deposits	11.82	24.15

Gain/(Loss) on current investment carried at fair value through statement of profit and loss	(0.10)	0.32
Gain on sale of current investment carried at fair value through statement of profit and loss	4.08	4.15
Unwinding of discount on fair valuation of financial assets	0.12	3.59
Net gain on foreign currency transactions and translation	9.05	0.65
Export Incentive	5.64	-
Other non-operating income		
Recovery of Focus Product Scheme (FPS) Receivable earlier written off as not recoverable	-	3.00
Bad debts recovered	0.20	-
Profit on sale of property, plant and equipment	0.02	-
Refund of CST	1.78	-
Miscellaneous income	1.10	0.78
<b>Total other income</b>	<b>33.71</b>	<b>36.64</b>

## Note No. 23: Cost of Materials Consumed

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Opening stock	181.39	190.89
Add: Purchases	274.18	454.20
	455.57	645.09
Less: Closing stock	251.99	181.39
<b>Cost of materials consumed*</b>	<b>203.58</b>	<b>463.70</b>

\*includes an amount of ₹ 7.81 (March 31, 2019 - ₹ 11.86) towards write down of inventories.

## Note No. 24: Employee Benefit Expense

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Salaries and wages, including performance incentives	144.47	152.33
Contribution to provident and pension funds [Refer Note No. 24 (i)]	6.72	5.95
Gratuity expenses	2.20	1.72
Employee share based payment expenses [Refer Note No. 32 (vii)]	11.20	15.10
Staff welfare expenses	4.55	4.93
	169.14	180.03
Less: Capitalized during the year [Refer Note No. 4(b) and Note No. 31.8 (i)]	65.92	62.43
<b>Total employee benefit expenses</b>	<b>103.22</b>	<b>117.60</b>

## Employee benefit plans

## (i). Defined contribution plan

The Company makes contributions to Provident Fund and Employee's Pension Scheme, 1995. The contributions payable in this scheme by the Company are at rates specified in the rules of the scheme. The Company has no further obligation towards the scheme beyond the aforesaid contributions. The Company has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Provident Fund Contributions	5.87	5.09
Employee Pension Scheme	0.85	0.86
Total	6.72	5.95

## (ii). Compensated absence

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

The amount of the provision of ₹ 4.19 (March 31, 2019 - ₹ 4.91) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Particulars	Year Ended March 31,	
	2020	2019
Compensated absence expense/(gain) included in salaries and wages	(0.52)	3.10
Actuarial assumptions for long-term compensated absences		
Discount rate	6.63%	7.64%
Salary escalation	6.50%	6.50%
Attrition	7.00%	7.00%

## (iii). Defined Benefit Plans

## a) Gratuity

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

Particulars	Year Ended March 31,	
	2020	2019
Actuarial assumptions for defined benefit plan		
Discount rate	6.63%	7.64%
Salary escalation	6.50%	6.50%
Attrition rate	7.00%	7.00%

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

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

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

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	11.17	(10.44)	0.73
Current service cost	1.77	-	1.77
Interest expense/(income)	0.84	(0.89)	(0.05)
Total amount recognised in profit or loss under employee benefit expenses	2.61	(0.89)	1.72
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.44)	-	(0.44)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.84	-	1.84
Actuarial (Gain)/ Losses due to Experience on DBO	0.76	-	0.76
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.04	0.04
Total amount recognised in other comprehensive income	2.16	0.04	2.20
Employer contributions/premiums paid	-	(4.65)	(4.65)
Benefit payments	(0.42)	0.42	-
As at March 31, 2019 (Refer Note No. 17)	15.52	(15.52)	-

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2019	15.52	(15.52)	-
Current service cost	2.13	-	2.13
Interest expense/(income)	0.99	(0.99)	-
Total amount recognised in profit or loss under employee benefit expenses	3.12	(0.99)	2.13
Remeasurements			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.04)	-	(0.04)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.74	-	1.74
Actuarial (Gain)/ Losses due to Experience on DBO	0.38	-	0.38
Return on Plan Assets (Greater) / Lesser than Discount rate	-	(1.01)	(1.01)
Total amount recognised in other comprehensive income	2.08	(1.01)	1.07

Employer contributions/ premiums paid	-	(3.20)	(3.20)
Benefit payments	(1.14)	1.14	-
As at March 31, 2020 (Refer Note No. 17)	19.58	(19.58)	-

#### b) Sensitivity Analysis

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

Particulars	Year Ended March 31,	
	2020	2019
<b>Discount Rate</b>		
Increase by 100 basis points (March 31, 2019: 100 basis points)	-8.42%	-8.78%
Decrease by 100 basis points (March 31, 2019: 100 basis points)	9.78%	10.17%
<b>Salary Growth Rate</b>		
Increase by 100 basis points (March 31, 2019: 100 basis points)	9.60%	10.11%
Decrease by 100 basis points (March 31, 2019: 100 basis points)	-8.40%	-8.86%
<b>Attrition Rate</b>		
Increase by 100 basis points (March 31, 2019: 100 basis points)	-0.54%	0.09%
Decrease by 100 basis points (March 31, 2019: 100 basis points)	0.61%	-0.14%
Mortality increase by 10% (March 31, 2019: 10%)	-0.01%	-0.01%

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

Composition of the plan assets is as follows:

Particulars	As at March 31,	
	2020	2019
Insurer managed funds	100%	100%

#### c) Risk Exposure

1. Interest rates risk : The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase although this will be partially offset by an increase in value of the plan assets.

2. Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

3. Demographic risks: This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short service employees will be less compared to long service employees.

4. Asset Liability Mismatch: This will come into play unless the funds are invested with the term of the assets replicating the term of the liability.

#### Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans (Gratuity) for the year ending March 31, 2021 are ₹ 2.78.

The weighted average duration of the defined benefit obligation is 12.91 years (March 31, 2019 - 12.43 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31,	
	2020	2019
Year 1	1.06	0.79
Year 2	1.42	0.80
Year 3	1.52	1.14
Year 4	1.90	1.24
Year 5	1.03	1.62
Year 6-10	7.30	5.93
Year 10 and above	26.65	26.66

#### Note No. 25A: Finance Cost

Particulars	Year Ended March 31,	
	2020	2019
Interest expense		
(i) Borrowings	-	3.49
(ii) Unwinding of discount on fair valuation of financial liabilities	3.33	0.68
Other finance cost	4.24	12.71
<b>Total finance cost</b>	<b>7.57</b>	<b>16.88</b>

#### Note No. 25B: Allowance for expected credit loss (net)

Particulars	Year Ended March 31,	
	2020	2019
Allowance for expected credit loss (net) [Refer Note No. - 29A (i)]	18.81	5.17
<b>Total Allowance for expected credit loss (net)</b>	<b>18.81</b>	<b>5.17</b>

#### Note No. 26: Other Expenses

Particulars	Year Ended March 31,	
	2020	2019
Installation and commissioning expenses	3.70	18.05
Other processing charges	1.60	3.02
Power and fuel	5.07	5.02
Housekeeping and security	2.56	2.23
Lease rentals	2.02	8.45
Repairs and maintenance - machinery	0.32	0.47
Repairs and maintenance - others	1.85	2.37
Sub-contractor charges	11.92	11.08
Insurance	0.69	0.48
Rates and taxes	0.11	(0.51)

Communication	1.13	1.17
Royalty	0.07	0.61
Travelling and conveyance	14.11	17.41
Printing and stationery	0.32	0.30
Freight and forwarding	2.29	1.43
Sales expenses	2.46	1.27
Sales commission	3.92	7.39
Business promotion	2.53	1.97
Director sitting fees	0.14	0.11
Director commission	-	0.38
Legal and professional	8.38	13.05
Auditors remuneration and out-of-pocket expenses		
As auditors	0.48	0.45
For taxation matters	0.04	0.03
Certification matters	0.14	0.15
Auditors out-of-pocket expenses	0.05	0.06
Focus Product Scheme (FPS) receivable written off	-	4.45
Less: Provision for FPS receivable released	-	(1.28)
Provision for doubtful advances	-	0.09
Investment in subsidiaries written off	-	54.33
Less: provision for investment in subsidiaries released	-	(54.33)
Bad Debts written off	0.07	0.57
Less: Provision for doubtful debts released	(0.02)	(0.57)
Provision for warranty	(0.24)	0.40
Loss on sale of property, plant and equipment (net)	-	0.03
Expenditure on corporate social responsibility ( Refer Note No. 35)	1.97	0.98
Reimbursement of expenses to subsidiary ( Refer Note No. 31.6)	8.97	10.20
Subscription and Membership	1.15	1.95
Miscellaneous expenses	1.01	1.20
	78.81	114.46
Less: Capitalized during the year [Refer Note No. 4(b)]	1.39	2.49
<b>Total other expenses</b>	<b>77.42</b>	<b>111.97</b>

Note 1: Other expenses include R&D expenses under various line items [Refer Note No. 31.8 (ii)].

## Note No. 27: Income Tax Expense

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
a. Current tax		
Tax on profits for the year	-	20.61
Adjustments for tax of prior periods	-	(0.98)
Total current tax expense	-	19.63
b. Deferred tax		
Decrease/(increase) in deferred tax assets	98.55	(16.85)
Total deferred tax expense/(benefit)	98.55	(16.85)
<b>Total Income tax</b>	<b>98.55</b>	<b>2.78</b>

The Company had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55.

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

Particulars	Year Ended March 31,	
	2020	2019
(Loss)/Profit before income tax expense	(137.61)	149.47
Tax at the Indian tax rate at 34.944% (March 31, 2019: 34.944%)	(48.09)	52.23
Reconciling items:		
Expenses disallowed for tax purposes	0.86	0.52
Mark-to-market loss/(gain) on mutual fund investments not considered for tax purposes	0.04	(1.31)
Remeasurement gains and losses recognised in OCI but considered for tax purposes	(0.37)	(0.77)
Weighted deduction on Scientific Research u/s 35 (2AB)	-	(25.77)
Unrecognised deferred tax assets recognised on 35 (2AB) expenditure pertaining to earlier years	-	(41.75)
Deferred tax assets written down (including relating to current year)	146.11	-
MAT tax charge for the year	-	20.61
Adjustment of tax for prior periods	-	(0.98)
<b>Income Tax (expense)</b>	<b>98.55</b>	<b>2.78</b>

Unrecognised MAT credit amounts to ₹ 51.93 (March 31, 2019 - ₹ 51.93).



## Note No. 28: Fair Value Measurement

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

in ₹ crore

	Level	March 31, 2020		March 31, 2019	
		FVPL	Amortized cost	FVPL	Amortized cost
<b>Financial assets</b>					
<b>Investments</b>					
- Mutual Funds	1	50.97	-	86.55	-
- Others (Refer Note No. 38)	3	0.00	-	0.00	-
Trade receivables	3	-	444.52	-	650.20
Cash and cash equivalents		-	66.05	-	16.41
Bank balances other than cash and cash equivalents		-	76.71	-	106.15
<b>Loans</b>					
- Security deposits	3	-	5.68	-	4.43
- Loans to employees	3	-	0.97	-	0.71
<b>Other financial assets</b>					
- Deposits with original maturity of more than twelve months		-	1.11	-	0.12
- Deposits with financial institutions		-	85.00	-	160.00
- Unbilled Revenue	3	-	5.72	-	10.58
- Interest accrued but not due	3	-	0.68	-	9.86
<b>Total Financial Assets</b>		<b>50.97</b>	<b>686.44</b>	<b>86.55</b>	<b>958.46</b>
<b>Financial liabilities</b>					
<b>Borrowings</b>					
Trade payables	3	-	77.92	-	163.86
<b>Other financial liabilities</b>					
- Current maturities of long-term debt		-	-	-	1.19
- Capital Creditors		-	1.42	-	8.62
- Due to employees		-	14.47	-	31.24
- Accrual for expenses		-	23.58	-	37.16
- Lease liabilities		-	27.88	-	-
- Unpaid dividend		-	0.03	-	-
- Other liabilities		-	0.06	-	0.20
<b>Total Financial liabilities</b>		<b>-</b>	<b>145.36</b>	<b>-</b>	<b>242.27</b>

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

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

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

There are no transfers between levels during the year.

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

#### (ii) Valuation Technique

- The fair values of security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

- Investment in mutual funds are valued using closing NAV.

#### (iii) Valuation Process

The finance department of the Company includes a team that

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

#### (iv) Fair value of financial assets and liabilities measured at amortised cost

- The fair values of the borrowings and security deposits is considered to be approximately same as their carrying amounts.

- 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.

#### COVID-19 evaluation

Investments in mutual funds measured at fair value as at March 31, 2020 is ₹ 50.97. The fair valuation of investments in mutual funds has been classified as Level 1. The fair value of these investments is marked to an active market. Management does not expect any material volatility on account of COVID-19 pandemic situation considering the investments in liquid fund category of the respective mutual funds.

## Note No. 29: Financial risk management

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

### A. Credit Risk

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

#### (i) Expected credit loss for trade receivables under simplified approach

	in ₹ crore
Loss allowance as on April 01, 2018	(4.49)
Changes in loss allowance	(3.70)
Loss allowance as on April 01, 2019	(8.19)
Changes in loss allowance	(18.79)
Loss allowance as on March 31, 2020 (Refer Note No. 6)	(26.98)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumption and selecting the inputs to the impairment calculations, based on the Company's past history and existing market conditions as well as forward- looking estimates at the end of each reporting period.

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

Management has evaluated and determined expected credit loss for security deposits and other financial assets to be immaterial.

#### (ii) Sensitivity Analysis

The sensitivity of profit or loss to changes in the loss allowance

Impact on profit/(loss) after tax

Particulars	in ₹ crore	
	Impact on profit/(loss) after tax	
	March 31, 2020	March 31, 2019
ECL increase by 10%	(1.55)	(0.29)
ECL decrease by 10%	1.55	0.29

### B. Liquidity Risk

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

#### (i) Liquid assets

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

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Cash and cash equivalents	66.05	16.41
Other bank balances - deposits with maturity more than 3 months but less than 12 months and margin money	76.71	106.15
Deposits with financial institutions	85.00	160.00
Current investments - mutual funds	50.97	86.55
	278.73	369.11
Less: Balances held as margin money or security against fund and non-fund based banking arrangements	12.56	0.04
	266.17	369.07

#### (ii) Financing arrangements

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

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Rupee Borrowing		
Fund based	259.30	142.55
Non Fund based	-	-
USD Borrowing (in rupee terms)		
Fund based	-	67.24

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

## (iii) Maturities of financial liabilities

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

in ₹ crore

Contractual maturities of financial liabilities	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
<b>March 31, 2020</b>					
Non-Derivatives					
Trade payables	77.92	-	-	-	77.92
Due to employees	14.47	-	-	-	14.47
Capital Creditors	1.42	-	-	-	1.42
Accrual for expenses	23.58	-	-	-	23.58
Lease Liabilities	4.20	4.06	6.64	21.12	36.02
Other liabilities	0.09	-	-	-	0.09
	121.68	4.06	6.64	21.12	153.50

in ₹ crore

Contractual maturities of financial liabilities	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
<b>March 31, 2019</b>					
Non-Derivatives					
Trade payables	163.86	-	-	-	163.86
Current maturities of long-term debt	-	1.19	-	-	1.19
Due to employees	31.24	-	-	-	31.24
Capital Creditors	8.62	-	-	-	8.62
Accrual for expenses	37.16	-	-	-	37.16
Other liabilities	0.20	-	-	-	0.20
	241.08	1.19	-	-	242.27

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at March 31, 2020 the trade receivable does not include receivables amounting to ₹ Nil (March 31, 2019 - ₹ 57.85) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements (Refer Note No. 6).

## C. Market Risk

## (a) Foreign currency risk exposure

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

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

in ₹ crore

Particulars	March 31, 2020		March 31, 2019	
	USD	MYR*	USD	MYR*
<b>Assets</b>				
Trade receivables	112.81	4.54	80.39	33.40
Advance to suppliers	13.87	-	13.03	-
Balance in EEFC account	40.93	-	8.16	-
Balance with Non scheduled banks	2.00	-	0.23	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>169.61</b>	<b>4.54</b>	<b>101.81</b>	<b>33.40</b>
<b>Liabilities</b>				
Trade payables	31.88	0.13	68.57	0.13
Advance from customers	0.04	-	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>31.92</b>	<b>0.13</b>	<b>68.57</b>	<b>0.13</b>
<b>Net exposure to foreign currency risk</b>	<b>137.69</b>	<b>4.41</b>	<b>33.24</b>	<b>33.27</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

Particulars	Impact on profit/(loss) after tax	
	March 31, 2020	March 31, 2019
in ₹ crore		
<b>USD Sensitivity</b>		
INR/USD - Increase by 10% (March 31, 2019: 10%)*	(11.36)	(0.35)
INR/USD - Decrease by 10% (March 31, 2019: 10%)*	11.36	0.35
<b>MYR Sensitivity</b>		
INR/MYR - Increase by 10% (March 31, 2019: 10%)*	(0.36)	(2.61)
INR/MYR - Decrease by 10% (March 31, 2019: 10%)*	0.36	2.61

\* Holding all other variables constant.

## COVID- 19 evaluation

Financial assets of ₹ 686.44 as at March 31, 2020 carried at amortised cost (excluding ₹ 50.97 being investments in mutual funds which are carried at fair value through profit and loss) significantly includes cash and cash equivalents, bank deposits, trade receivables, security deposits and deposits with financial institutions where the management has assessed the counterparty credit risk. Trade receivables as at March 31, 2020 amounting to ₹ 444.52 constitutes a significant part of the financial assets carried at amortised cost. Management has estimated and recognised life-time expected credit losses on trade receivables in accordance with Ind AS 109. Management's estimate of the expected credit losses is based on historical pattern of credit loss and likelihood of increased credit risk. The Management believes that there is no additional impact on the recovery of trade receivables on account of this COVID 19 Pandemic, as most of the Company's customers are large customers or Government controlled entities. However, given the general liquidity squeeze and reprioritization of payments by customers, there is a possibility of some of the payments getting delayed, which has been factored in the estimate of expected credit losses.

Other financial assets carried at amortised cost or at fair value significantly includes balances with reputed banks, debt mutual funds and intercorporate deposits. Debt mutual funds are being carried at their fair values in the financial statements based on the NAV reports of the relevant fund houses. The Intercorporate deposits are with reputed AAA rated Corporates and have been recorded at their book values. The Company does not foresee any risk of non-recoverability of such intercorporate deposits.

## Note No. 30: Capital Management

For the purpose of capital management, the Company considers the following components of its Balance Sheet as capital:

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

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimize the growth opportunities and return to the shareholders. The capital structure of the company is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of

capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

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

Debt equity ratio	in ₹ crore	
	March 31, 2020	March 31, 2019
Net Debt*	(251.96)	(368.04)
Equity	1,079.76	1,318.74
Debt equity ratio	-	-

\*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds. The Company has no 'net debt' as at March 31, 2020.

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

Particulars	in ₹ crore	
	March 31, 2020	March 31, 2019
<b>31.1 Contingent liabilities and commitments (to the extent not provided for)</b>		
a Claims against the Company not acknowledged as debts		
Disputed Central Excise Demands* (Refer Note 1 below)	43.63	37.46
Disputed Income Tax Demands * (Refer Note 2 and 3 below)	73.93	47.94
Disputed CST and VAT Demand *	1.77	3.64
b Commitments		
Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
Property, plant and equipment	1.88	2.40
c Guarantees	-	0.12

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

**Note 1:** On July 4, 2018, the Company had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as

part of the Multiplexer products during financial years from 2002-03 to 2009-10. The aforesaid CESTAT Order dealt with an earlier Order received during the year 2010-11 with associated demand of ₹ 11.87 and various show cause notices on a similar matter received in earlier financial years leading to an additional demand of ₹ 24.88 i.e. a total demand of ₹ 36.75. The aforesaid CESTAT Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT.

According to the aforesaid CESTAT Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT had remanded the matter back to the adjudicating authority in June 2018 for quantifying the differential duty liability, interest and penalties.

The adjudicating authority vide its order dated October 31, 2019 passed an order quantifying the differential duty liability and penalty amounting to ₹ 42.92 (which includes the demand of ₹ 36.75 by CESTAT as mentioned above) and ordering recovery of appropriate interest. Additionally, the adjudicating authority has also imposed penalty on certain officers of the Company.

The Company had earlier filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned CESTAT Order passed in July 2018. Pursuant to the quantification order of the adjudicating authority in October 2019 as stated above, the Miscellaneous Application has been withdrawn by the Company as the Company has filed a fresh appeal dated February 6, 2020 before the CESTAT against the order of the adjudicating authority dated October 31, 2019. The Company had also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application before the Hon'ble Supreme Court of India against the aforesaid CESTAT order passed in June 2018. The same continues to remain pending for final hearing. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

**Note 2:** Further, the Company had, in previous years, also received show cause notices, from the Department Of Central Excise in respect of financial years 2010-11 to 2013-14 on a similar matter amounting to ₹ 3.01 which are not part of the orders discussed above and for which the company had provided its response. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

**Note 3:** During the year, the Company has received notices of demand from the Income Tax Department for additional tax payable amounting to ₹ 25.62 for AY 2017-18 (after adjusting the brought forward losses) under Section 156 of the IT Act after making additions of various items to income as per assessment orders pertaining to AY 2012-13 to AY 2017-18 issued under Section 143(3) read with Section 153A of the IT Act. The Department has also issued show cause notices for initiating penalty proceedings under Section 274 read with Section 270A/271(1)(c)/ 271AAB(1A) of the IT Act and the Company has filed a stay application against the penalty proceedings. The Company has also received a demand order for AY 2018-19 for additional tax

payable amounting to ₹ 0.48. The Company believes that there are several computational errors in the aforesaid demand orders and therefore the Company has filed an application for rectification of errors in the aforesaid notices, including non-consideration of brought forward losses in AY 2012-13 assessment, u/s 154 of the IT Act. The Company has also challenged the orders passed by the Assessing Officer (AO) and filed an appeal with the Commissioner of Income Tax (Appeals) for the aforesaid assessment years. The Company is of the view that the outcome of these proceedings/summons/ demands will not have any material impact on the Company's financial statements.

**Note 4:** In July, 2017, the Income Tax Department (Department) initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act) and in March 2018, also sent a show cause notice to the company under Section 276(C) of the IT Act. The Company and its officials fully co-operated with the Department. During the previous year, the Company and certain officers of the Company had received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. Post the ongoing proceedings initiated by the Department, during the year, certain other agencies sent notices as part of their preliminary inquiries, which were duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial statements.

**Note 5:** The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor for more than 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial statements.

### 31.2 Dues to Micro Small and Medium Enterprises (MSMEs)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	in ₹ crore	
	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end <sup>1</sup>	10.96	26.83
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-



Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year		
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

<sup>1</sup>Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

### 31.3 Segment Information

(i) The Company's business activity primarily falls within a single business segment based on the nature of activity involved and business risks having regard to the internal organisation and management structure. The Chief Operating Decision Maker (CODM) reviews the Company's performance as a single business segment and not at any other disaggregated level.

#### (ii) Geographical information

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
I. Revenues*		
India	264.08	715.19
Americas	42.83	70.72
Rest of the World	79.29	108.12
	386.20	894.03

\* Determined based on location of customers

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
II. Total Carrying amount of non current assets, by geographical location		
India*	105.64	140.50
Americas	-	-
Rest of the World	-	-

\* Includes an amount of ₹ 21.29 (March 31, 2019 - Nil) being Right of use assets pursuant to adoption of Ind AS 116.

Revenues of approximately ₹ 109.53 are derived from one external customer (March 31, 2019 - ₹ 219.76 from one external customer) exceeding 10% of the total revenue.

### 31.4 Revenue from contract with customers

#### (i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenue from contracts with customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by market and other economic factors (Refer Note No. 21).

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
India-PSU	58.10	482.33
India-Private	195.23	209.27
International	122.12	178.84
Component Sales	10.75	23.59
	386.20	894.03

(ii) The movement in contract liability (deferred revenue and Advances received from customers) during the year is as follows:

Particulars	in ₹ crore	
	As at	
	March 31, 2020	
	Deferred Revenue	Advances received from customers
Opening balance as at April 1, 2019	3.02	0.48
Less: Revenue accrued during the year	17.81	0.31
Add: Invoicing in excess of earned revenue during the year	17.39	0.12
Closing Balance	2.60	0.29

#### (iii) Performance obligations and remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2020, is approximately ₹ 483. Out of this, the Company expects to recognize revenue of around 44% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

#### (iv) Reconciliation of revenue recognised with Contract price

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Contract Price	386.53	894.03
Less adjustments for:		
Variable consideration	0.33	2.41
Revenue from operations	386.20	891.62

### Note No. 31.5: Details of leasing arrangements

#### (a) Transition to Ind AS 116

##### Impact due to Adoption of Ind AS 116 on the financial statements

As disclosed in note no. 2.1(iii) above, the Company has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The

reclassifications and the adjustments arising from adoption of Ind AS 116 are therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note no. 2.18.

Upon adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 9.25%.

#### (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short term leases
- excluding initial direct costs for the measurement of the right of use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

#### (ii) Measurement of lease liabilities

in ₹ crore	
Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	8.17
Add/(Less): Adjustments as a result of a different treatment of extension and termination options	30.81
<b>Total</b>	<b>38.98</b>
Discounted using the lessee's incremental borrowing rate at the date of initial application	29.09
<b>Lease Liability recognised as at April 1, 2019</b>	<b>29.09</b>
Of which are:	
Current lease liabilities	4.73
Non-current lease liabilities	24.36

#### (iii) Measurement of right of use assets

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

#### (iv) Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in balance sheet on April 1, 2019:

- right of use assets - increase by ₹ 22.65
- deferred tax assets (net) - increase by ₹ 2.25

- pre-paid lease payments – decrease by ₹ 0.05
- deposits - decrease by ₹ 0.45
- lease Liabilities - increase by - ₹ 29.09

The net impact on retained earnings on April 1, 2019 was decrease of ₹ 4.69

#### (b) Disclosures relating to Ind AS 116

The Company has entered into operating lease arrangements for office premises and plant which are for a period ranging between 1 and 3 years. All leases are cancellable at the option of the lessee.

#### Right-of-use assets

##### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

in ₹ crore		
Particulars	As at	As at
	March 31, 2020	April 1, 2019
<b>Right of use Assets</b>		
Buildings	21.29	22.65
<b>Total</b>	<b>21.29</b>	<b>22.65</b>

in ₹ crore		
Particulars	As at	As at
	March 31, 2020	April 1, 2019
<b>Lease Liabilities</b>		
Current	5.97	4.73
Non-Current	21.91	24.36
<b>Total</b>	<b>27.88</b>	<b>29.09</b>

Additions to right-of-use assets during the current financial year is ₹ 3.87.

##### (ii) Amounts recognised in the statement of profit or loss:

The statement of profit or loss shows the following amount related to leases:

in ₹ crore		
Particulars	Note	Year ended
		March 31, 2020
<b>Depreciation charge of Right of use Assets</b>		
Buildings	4(c)	5.23
<b>Total</b>		<b>5.23</b>
<b>Other costs</b>		
Interest expense (included in finance costs)	25A	2.78
Expenses relating to short term leases (included in other expenses)*	26	2.02
Expenses relating to variable lease payments		-
<b>Total</b>		<b>4.80</b>

\*includes maintenance expenses

The total cash outflow for leases for the year ended March 31, 2020 is ₹ 10.38.

### Extension and termination options

Extension and termination options are included in various leasing arrangements for buildings. These are used to maximise operational flexibility in terms of managing assets used in the operations. All the extension and termination options are exercisable only by the Company.

The Company has not provided any residual value guarantees in any of the leasing arrangements.

### Disclosures under Ind AS 17 for the previous year

Particulars	Year Ended March 31,	
	2020	2019
Lease rentals recognised in the Statement of Profit and Loss (Refer Note No. 26)	-	8.45

Particulars	As at March 31,	
	2020	2019
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	-	2.29
later than one year and not later than five years	-	5.88

### Note No. 31.6: Related party transactions

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

Description of relationship	
Subsidiaries	Tejas Communication Pte Limited, Singapore ('Tejas Singapore') Tejas Israel Limited, Israel ('Tejas Israel') <sup>1</sup> vSave Energy Private Limited ('vSave') <sup>2</sup>
Step-down subsidiary	Tejas Communications (Nigeria) Limited
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited ('Clonect') Darwinbox Digital Solutions Private Limited ('Darwinbox') Deshpande Foundation Akshaya Patra Foundation ICT Academy
Post-employment benefit plan for the benefit of employees	Tejas Networks Limited Employees Group Gratuity Fund Trust
Key Management Personnel	
Executive Directors	Sanjay Nayak, CEO and Managing Director Arnob Roy, Chief Operating Officer and Whole Time Director*
Non - Executive Directors	
Independent Directors	Balakrishnan V Leela K Ponappa Chandrashekar Bhaskar Bhawe
Non - Independent Director	Gururaj Deshpande

<sup>1</sup>Tejas Israel has been liquidated with effect from November 25, 2018 [Refer Note No. 5(a)].

<sup>2</sup> vSave has been dissolved with effect from July 28, 2018 and has been struck off the Register of Companies.[Refer Note No. 5(a)].

\* Appointed as Chief Operating Officer and Whole Time Director with effect from March 25, 2019.

#### (ii) Details of the related party transactions during the year ended March 31, 2020:

	in ₹ crore	
	Year Ended March 31,	
	2020	2019
Transactions during the year		
Revenue from sale of goods		
Tejas Singapore	5.20	9.39
Revenue from rendering of services		
Tejas Singapore	1.04	2.34
Reimbursement of expenses to		
Tejas Singapore	8.97	10.20
Legal & Professional expense		
Clonect	0.08	0.08
Darwinbox	0.07	0.06
Corporate Social Responsibility		
Deshpande Foundation	0.26	-
Akshaya Patra Foundation	0.40	0.25
ICT Academy	0.50	-
Contribution to Post Employment Benefit Trust		
Tejas Networks Limited Employees Group Gratuity Fund Trust	3.20	4.65
Investment Written off		
Tejas Israel <sup>3</sup>	-	54.19
Vsave <sup>3</sup>	-	0.14
Remuneration to Key Management Personnel		
Executive Directors		
Sanjay Nayak		
Short-term employee benefits	1.66	2.09
Post-employment benefits	0.03	0.02
Employee share-based payment	1.20	1.12
Arnob Roy		
Short-term employee benefits	1.24	0.02
Post-employment benefits (Refer Note No. 38)	0.02	0.00
Employee share-based payment	0.91	0.02
Non - Executive Directors		
Director Sitting Fees		
Balakrishnan V	0.04	0.06
Leela K Ponappa	0.05	0.05
Chandrashekar Bhaskar Bhawe	0.05	-

Director Commission		
Balakrishnan V	-	0.25
Leela K Ponappa	-	0.13

<sup>3</sup> Provided in earlier years.

(iii) Balances outstanding at the end of the year:

in ₹ crore

	As at	
	March 31, 2020	March 31, 2019
<b>Trade receivables</b>		
Tejas Singapore	1.72	0.99
<b>Trade payables</b>		
Tejas Singapore	3.28	0.41
<b>Non current investments (unquoted)</b>		
Tejas Singapore	10.87	10.87
<b>Payable to Key Management Personnel</b>		
Sanjay Nayak	0.38	0.95
ArnobRoy	0.33	0.68
Balakrishnan V	-	0.25
Leela K Ponappa	-	0.13

All outstanding balances are unsecured.

Note No. 31.7: Earnings/(Loss) per share

in ₹ crore crore except for share data or otherwise stated

Particulars	Year Ended March 31,	
	2020	2019
<b>Basic</b>		
Net profit/(loss) for the year attributable to the equity share holders	(236.16)	146.69
Weighted average number of equity shares	9,20,38,454	9,13,08,108
Par value per share (₹)	10	10
<b>Earnings/(loss) per share - Basic (₹)</b>	<b>(25.66)</b>	<b>16.07</b>
<b>Diluted</b>		
Net profit/(loss) for the year attributable to the equity share holders	(236.16)	146.69
Weighted average number of equity shares for Basic EPS	9,20,38,454	9,13,08,108
Add: Bonus element on Share Options and RSUs issued to employees*	-	43,59,600
Weighted average number of equity shares - for diluted EPS	9,20,38,454	9,56,67,708
Par value per share (₹)	10	10
<b>Earnings/(loss) per share - diluted (₹)</b>	<b>(25.66)</b>	<b>15.33</b>

\* The bonus element on Share Options and RSUs issue to employees are anti-dilutive for the current year and has hence been ignored.

Note No. 31.8: Product Development Cost

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

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Amount transferred to Product Development	44.60	70.39
Additions to Intangible assets under development	67.31	64.92
Impairment loss which pertains to additions in the current year*	36.15	-

(ii) Details of Capital and Revenue expenditure towards Research and Development incurred by the Company

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	8.65	3.36
Revenue expenditure*	109.40	115.51
<b>TOTAL</b>	<b>118.05</b>	<b>118.87</b>

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development as per Department of Scientific and Industrial Research (DSIR) Regulations [out of (ii) above]

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Eligible capital expenditure	8.65	3.36
Eligible revenue expenditure	98.80	101.88
<b>TOTAL</b>	<b>107.45</b>	<b>105.24</b>

\* During the year ended March 31, 2020 a portion of the Revenue Expenditure amounting to ₹ 65.92 (March 31, 2019 - ₹ 62.43) (Refer Note No. 24) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts in compliance with the relevant Indian Accounting Standards (Ind AS). Out of ₹ 65.92, an amount of ₹ 36.15 (₹ 15.96 from Intangible assets under development and ₹ 20.19 from Intangible assets) has been impaired and charged to the Statement of Profit and Loss and a net amount of ₹ 29.77 has been shown as Intangible assets under Development/Intangible assets as at March 31, 2020.

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

(i) Employees Stock Option Plan – 2014 (“ESOP Plan 2014”) The Company pursuant to resolutions passed by the Board and the Shareholders, dated May 29, 2014 and September 24, 2014, respectively, has adopted ESOP Plan 2014. ESOP Plan 2014 was subsequently modified pursuant to the Shareholders’ resolutions dated March 28, 2016 and November 19, 2016. Pursuant to ESOP Plan 2014, options to acquire Equity Shares may be granted to

eligible employees (as defined in ESOP Plan 2014). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2014, shall not exceed 71,01,767 Equity Shares.

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

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

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

(iii) **Employees Stock Option Plan – 2016 (“ESOP Plan 2016”)**  
The Company pursuant to resolutions passed by the Board and the Shareholders, dated August 02, 2016 and August 29, 2016, respectively has adopted ESOP Plan 2016. ESOP Plan 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2016, options to acquire Equity Shares may be granted to eligible employees

(as defined in ESOP Plan 2016). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2016, shall not exceed 50,00,000 Equity Shares.

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

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

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

As the Company has implemented RSU plan during the financial year 2017-18, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Consequently, the options available for grant were considered as “NIL” for the current ESOP schemes. Hence, other information is not applicable for the year ended March 31, 2019 and 2020.

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

Particulars	March 31, 2020		March 31, 2019	
	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	24,40,069	65	29,17,690
Granted during the year	-	-	-	-
Exercised during the year*	65	2,83,583	65	4,52,905
Forfeited during the year	65	32,050	65	24,716
Outstanding at the end of the year	65	21,24,436	65	24,40,069
Exercisable at the end of the year	65	21,24,078	65	24,31,050
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		11.94 years		13.02 years
* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)				
<b>ESOP Plan 2014-A</b>				
Outstanding at the beginning of the year	85	14,76,427	85	16,89,511
Granted during the year	-	-	-	-
Exercised during the year*	85	37,645	85	1,81,939
Forfeited during the year	85	59,033	85	31,145
Outstanding at the end of the year	85	13,79,749	85	14,76,427
Exercisable at the end of the year	85	13,63,861	85	9,88,234
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		2.53 years		3.57 years

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)



Particulars	March 31, 2020		March 31, 2019	
	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	20,24,545	85	23,48,086
Granted during the year	-	-	-	-
Exercised during the year*	85	63,363	85	2,61,848
Forfeited during the year	85	87,499	85	61,693
Outstanding at the end of the year#	85	18,73,683	85	20,24,545
Exercisable at the end of the year	85	15,48,012	85	10,60,578
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		2.96 years		3.99 years

\* The range of exercise prices of the outstanding options as at March 31, 2020 is ₹ 85 to ₹ 110 (₹ 85 to ₹ 110 as at March 31, 2019)

# The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)

Particulars	March 31, 2020		March 31, 2019	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
<b>RSU Plan 2017</b>				
Outstanding at the beginning of the year	10	10,20,923	10	34,790
Granted during the year	10	9,08,000	10	10,08,550
Exercised during the year*	10	1,06,665	10	4,127
Forfeited during the year	10	1,37,757	10	18,290
Outstanding at the end of the year	10	16,84,501	10	10,20,923
Exercisable at the end of the year	10	1,93,663	10	4,435
RSU available for grant#	10	10,48,660	10	19,56,660
Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)		4.73 years		5.15 years

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)

# Excludes 1,56,047 RSUs lapsed as on March 31, 2020 (March 31, 2019 - 18,290) which can be re-issued and will form part of RSU pool to be granted.

#### (vi) Fair value of RSUs

For 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, 2020	March 31, 2019
<b>ESOP Plan 2017</b>		
Weighted Average share price on the date of grant	118.32	260.74
Exercise price	10.00	10.00
Risk Free Interest Rate	6.44% to 7.47%	7.58% to 7.89%
Expected Life	5-8 Years	5-8years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	53% to 59%	48% to 52%
Expected Dividend Yield	0.53% to 1.29%	0.00%

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

For 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:

	in ₹ crore	
	March 31, 2020	March 31, 2019
Equity-settled share-based payments (Refer Note No. 24)	11.20	15.10

### Note No. 33: Assets pledged as security against fund and non-fund based banking arrangements

Particulars	As at	
	March 31, 2020	March 31, 2019
in ₹ crore		
(i) Financial Assets		
Trade Receivables	364.24	607.39
Loans	1.07	0.79
Other financial assets	1.11	0.12
Other financial assets excluding deposits with financial institutions	6.40	20.44
<b>Total financial assets</b>	<b>372.82</b>	<b>628.74</b>
(ii) Non- Financial Assets		
Other current assets	37.46	27.48
Inventories	251.99	181.39
<b>Total non- financial assets</b>	<b>289.45</b>	<b>208.87</b>
(iii) Total current assets pledged as security	662.27	837.61
(iv) Non-current assets		
Property, plant and equipment	30.55	30.68
Trade Receivables	80.28	42.81
<b>Total Non-current assets pledged as security</b>	<b>110.83</b>	<b>73.49</b>
<b>(v) Total assets pledged as security</b>	<b>773.10</b>	<b>911.10</b>

The Company has multiple banking arrangements with banks who have extended fund based and non-fund based facilities and have placed uniform covenants for collateral purposes. The banks have a pari-passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, availment out of fund and non-fund based facilities will be within the limits sanctioned. The pari-passu charge implies that the banks have a proportionate claim on the collaterals, limited to actual utilisation of fund and non-fund based facilities. The aggregate of fund and non-fund based facilities availed and outstanding as at March 31, 2020 aggregates to ₹162.20 (March 31, 2019 - ₹179.91).

## Note No. 34: Statement of Function wise Profit and Loss (for additional information only)

Particulars	in ₹ crore	
	Year ended March 31, 2020	2019
Revenue		
Product sales, net of excise duty	329.14	812.73
Component sales	10.75	23.59
Services	46.31	55.30
Other Operating Revenues	-	2.41
<b>Net Revenue (A)</b>	<b>386.20</b>	<b>894.03</b>
Cost of materials consumed (Refer Note i below)	203.86	464.84
Manufacturing Expenses	14.74	18.30
Service Expenses	36.70	51.12
<b>Total Cost of Goods Sold (B)</b>	<b>255.30</b>	<b>534.26</b>
<b>Gross Profit (C) = (A) - (B)</b>	<b>130.90</b>	<b>359.77</b>
Operating Expenses:		
Research & Development (Gross)	109.40	115.51
Less: R&D Capitalized	(67.31)	(64.92)
Research & Development (Net)	42.09	50.59
Selling, Distribution & Marketing	82.46	84.56
General & Administrative	23.18	29.03
<b>Operating Expenses (Net) (D)</b>	<b>147.73</b>	<b>164.18</b>
<b>Profit/(loss) from operations (EBITDA) (E) = (C) - (D)</b>	<b>(16.83)</b>	<b>195.59</b>
Other Income (Refer Note ii below)	24.66	35.99
Foreign exchange loss/(gain) (Refer Note iii below)	(9.05)	(0.65)
Finance costs	7.57	16.88
Depreciation and amortization	77.05	65.88
Impairment of non-current assets	69.87	-
<b>Profit/(loss) before tax</b>	<b>(137.61)</b>	<b>149.47</b>
Tax expense:		
Current tax	-	19.63
Deferred tax expense/(benefit)	98.55	(16.85)
<b>Profit/(loss) after tax</b>	<b>(236.16)</b>	<b>146.69</b>
<b>Other Comprehensive income/(loss)</b>	<b>(1.07)</b>	<b>(1.72)</b>
<b>Total comprehensive income/(loss) for the year</b>	<b>(237.23)</b>	<b>144.97</b>
<b>Earning/(loss) per share (Par Value ₹ 10 each)</b>		
(a) Basic	(25.66)	16.07
(b) Diluted	(25.66)	15.33
Weighted average Basic Equity share outstanding	9,20,38,454	9,13,08,108
Weighted average Diluted Potential Equity share outstanding	9,20,38,454	9,56,67,708

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

Particulars	in ₹ crore	
	Year ended March 31, 2020	2019
Cost of material consumed as per Schedule III (Refer Note No. 23)	203.58	463.70
Add: Considered separately under other expenses as per Schedule III (Refer Note No. 26)		
Other Processing Charges	1.60	3.02
Royalty	0.07	0.61
Less: Other processing charges considered under R&D	1.39	2.49
<b>Total Cost of material consumed as per function wise profit and loss</b>	<b>203.86</b>	<b>464.84</b>

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

Particulars	in ₹ crore	
	Year ended March 31, 2020	2019
Other income as per Schedule III (Refer Note No. 22)	33.71	36.64
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iii below)	(9.05)	(0.65)
<b>Other income as per function wise profit and loss</b>	<b>24.66</b>	<b>35.99</b>

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

Particulars	in ₹ crore	
	Year ended March 31, 2020	2019
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note No. 22, Note No. 26 and Note ii above)	(9.05)	(0.65)
<b>Foreign exchange loss/(gain) as per function wise profit and loss</b>	<b>(9.05)</b>	<b>(0.65)</b>

## Note No. 35: Expenditure on corporate social responsibility (as per section 135 of the Act)

(a) Gross amount required to be spent by the Company during the year ₹ 1.97 (previous year ₹ 0.98).

(b) Amount spent during the year: ₹ 1.97 (included under expenditure on corporate social responsibility note no. 26)

Particulars	in ₹ crore		
	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2. On purposes other than (1) above	1.97	-	1.97
	(0.98)	(-)	(0.98)

Previous year figures are in brackets

Particulars	Nature of Service	Year Ended March 31,	
		2020	2019
Akshaya Patra Foundation, Bengaluru	NGO run school meal programme facilitating education of underprivileged children in India	0.40	0.25
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers	0.25	0.25
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality	0.40	0.30
ICT Academy Of Tamilnadu	Developing the next generation teachers and industry ready students aligned to the Skill India Vision of the Government of India	0.50	-
Selco Foundation	Improving the education in rural schools by programs powered by renewable energy by providing solar powered digital education to rural schools	0.05	-
Deshpande Foundation	Supports innovation for scalable impact for a sustainable, scalable social and economic impact through innovation and entrepreneurship	0.26	-
Chief Minister Relief Fund-Covid19*	A support fund established by State Government to fight the pandemic disease Covid-19	0.11	-
Vinoba Sewa Ashram, Uttar Pradesh	Serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh	-	0.18
<b>Total qualifying expenditure on corporate social responsibility</b>		<b>1.97</b>	<b>0.98</b>

\* On March 28, 2020, Company has made a contribution of ₹ 0.11 to Karnataka Chief Minister Relief Fund for COVID 2019 as a qualifying corporate social responsibility (CSR) expenditure, based on the Ministry of Corporate Affairs (MCA) circular dated March 23, 2020. Subsequent to the year-end date, MCA issued a revised circular dated April 10, 2020 clarifying through a FAQ that contribution to Chief Minister Relief Fund for Covid is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure. Company believes that the said payment was done before April 10, 2020 circular, and the amount contributed to Karnataka Chief Minister Relief Fund for COVID 2019 should be considered as a qualifying CSR expenditure.

## Note No. 36: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹ 10/- each at a premium of ₹ 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in actual use of proceeds from the objects stated in the offer document. Total share issue expenses related to IPO amounted to ₹ 21.13 of which ₹ 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹ 1.80 has been charged off as part of sales expenses during the year ended March 31, 2018 (Refer Note No. 25). There is no such expense during the current year.

in ₹ crore

Particulars	Proposed as per Prospectus	Revised amounts as explained in Prospectus	Total utilization till March 31, 2018	Balance as on March 31, 2018	Actual Utilization during quarter ended June 30, 2018	Balance as on March 31, 2019
(i) Capital expenditure towards payment of salaries and wages for Research and Development team	45.29	45.29	35.65	9.64	9.64	-
(ii) Working capital requirement	303.00	303.00	303.00	-	-	-
(iii) General corporate purposes (refer note below)	76.20	80.58	80.58	-	-	-
<b>Total towards objects of the offer</b>	<b>424.49</b>	<b>428.87</b>	<b>419.23</b>	<b>9.64</b>	<b>9.64</b>	<b>-</b>

Issue Expenses Outflow (refer note below)	25.51	21.13	-	-	-	-
Total issue proceeds	450.00	450.00	419.23	9.64	9.64	-

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

## Note No. 37: Interest in subsidiaries

Name of the Company	Place of Business	% of Holding and voting power either directly or indirectly through subsidiary as at	
		March 31, 2020	March 31, 2019
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018 [Refer Note No. 5(a)])	Israel	NA	NA
vSave Energy Pvt Limited (wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018 [Refer Note No. 5(a)].)	India	NA	NA
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

## Note No. 38: Details of amounts rounded off

Particulars	(Amount in ₹)	
	As at	
	March 31, 2020	March 31, 2019
1 Property, plant and equipment [Refer Note No. 4(a)]		
a) Deletions		
Computing Equipment	47,900/-	-
b) Accumulated depreciation on deletions		
Electrical Installation	20,414/-	-
Computing Equipment	23,857/-	-
2 Investment in ELCIA ESDM Cluster (Refer Note No. 5)	11,000/-	11,000/-
3 ICICI Bank (Refer Note No. 7)	39,983/-	-
4 Post-employment benefits cost to Arnob Roy [Refer Note No. 31.6 (ii)]	-	2,570/-

## Note No. 39: Dividend

As per the Company's dividend policy, the Board may recommend to distribute dividend upto 25% of the free cash flow of the corresponding Financial Year, out of retained earnings, after taking into account the relevant provisions of the Companies Act. For the year ended March 31, 2020, since the Company has incurred a loss, the Board has not recommended any dividend. For the year ended March 31, 2019, the Company has made a payment of final dividend of Re. 1 per fully paid equity share.

## Note No. 40: Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock-downs, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

As the situation is constantly evolving, the Company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statements for the year ended March 31, 2020.

The Company is in the business of providing optical and data transmission equipment to telecom service providers. Since telecom networks have been identified as an essential service, the Company is in a position to provide continual customer and technical support to its customers in India and worldwide, so that their network uptime remains high.

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmations of customer orders and in executing the orders in hand and an increase in lead times in sourcing components. Based on current assessment, management is of the view that this situation is likely to continue for the next two quarters.

From a macro industry outlook, with more people working remotely and many services being accessed from home, there has been a significant increase in data traffic in telecom networks, which is expected to drive demand for higher bandwidth and more optical and data transmission equipment. Telecom operators are expected to invest more in upgrading their network capacities, especially to address home broadband needs. The Company's products address

the broadband equipment requirements of telecom operators and also are used for augmenting the data capacity of their networks.

The Company does not have borrowings as at year end and in the view of the management, there is no major impact on the immediate liquidity position of the company based on sensitivity analysis and detailed cash flow assessment carried out for the next one year from the date on which the financial statements are approved.

As part of its review of the year-end balance sheet, the Company has made an assessment of recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31, 2020. (Refer Note No. 4(a), Note No. 4(b), Note No. 12, Note No. 28 and Note No. 29).

In the case of Inventory, Management has performed the year-end 'wall to wall' inventory verification at each of its locations and again at a date subsequent to the year end in the presence of its internal auditor (an external firm of Chartered Accountants) to obtain comfort over the existence and condition of inventories as at March 31, 2020 including roll-back procedures etc.

In view of the above, the Company has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

**Note No. 41:** Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

Pradip Kanakia  
Partner  
Membership no: 039985

Place: Bengaluru  
Date: April 21, 2020

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

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Venkatesh Gadiyar  
Chief Financial Officer

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

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



# Consolidated Financial Statements

## Independent Auditors' Report

To the Members of Tejas Networks Limited

Report on the Audit of the Consolidated Financial Statements

### Opinion

1. We have audited the accompanying consolidated financial statements of Tejas Networks Limited (hereinafter referred to as the 'Company' or 'Holding Company') and its subsidiary/step down subsidiary (the Holding Company and its subsidiary/step down subsidiary together referred to as "the Group") (refer Note 2.2 and 31.9 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash flows Statement for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, of consolidated total comprehensive income (comprising of consolidated loss and consolidated other comprehensive income), consolidated changes in equity and consolidated cash flows for the year then ended.

### Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that

are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained other than the unaudited financial information as certified by the Management and referred to in paragraph 16 under Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

4. We draw your attention to Note 40 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lockdown and other restrictions and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve. Further, our attendance at the physical inventory verification of the Holding Company done by the management was impracticable under the current lock-down restrictions imposed by the government and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Our opinion is not modified in respect of this matter.

### Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Description

Appropriateness of contingent liability disclosed in respect of certain Direct and Indirect tax matters

(Refer note 31.1 and 40 to the Financial statements)

- (a) Applicability of excise duty on software used for Multiplexer products

The Company, in the previous year, had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10 and inclusion of the value of software for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. During the current year, the Adjudicating Authority has determined the liability of the company in this matter at ₹ 42.92 crores, representing the differential duty and penalty. The Company has filed appeals with CESTAT and with the Supreme Court against the above Order/demand. Further, the Company has received show cause notices in respect of the same matter for the financial years 2010-11 to 2013-14 to which it has responded.

- (b) Demands/summons/notices from Income Tax Authorities and certain other agencies

The Company had received income tax demands in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income-tax Act, 1961 for earlier years aggregating to ₹ 47.83 crores. Based on a favourable ruling received from the High Court of Karnataka for AY 2004-05, the expenditure approved by the Department of Scientific and Industrial Research (DSIR) has been allowed as a deduction under Section 35(2AB). However, the order giving effect is still pending from the income tax authorities.

In the earlier years and during the current year, Income Tax Department and certain other agencies have sent show cause notices/summons to the Company and its officials to which responses have been filed. The Company has also received income tax demands aggregating to ₹ 26.10 crores for AY 2017-18 and AY 2018-19 for which the Company has filed appeals.

In respect of the above matters aggregating to ₹ 73.93 crores which have been disclosed under contingent liabilities in the financial statements, the Company expects a favourable outcome and no provision has been made.

Further, significant management judgement is required in assessing the appropriateness of the amount of contingent liabilities to be disclosed and assessing the likelihood of ultimate outcome of the tax disputes supported by, in certain complex matters, opinion obtained from senior tax counsel, and are accordingly, determined as key audit matters.

#### How our audit addressed the matter?

In respect of the direct and indirect tax matters, our audit procedures, which involved applying materiality and sampling techniques, included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of identifying tax exposures, its accounting and disclosures thereof.
- Reading the correspondences from the concerned direct and indirect tax authorities and the status of direct tax cases, as provided by an external tax consultant.
- Evaluating the objectivity, competence and capabilities of such external legal counsel/tax consultants.
- Discussing with management experts in respect of these matters.
- Circularising, where applicable, legal letter to relevant external legal counsel of the Company for obtaining the status of the various litigations.
- Reading the opinion of a legal counsel provided by the management in respect of the applicability of excise duty on software used as part of the multiplexer products.
- Discussions with the Company's external legal counsel in respect of assessment orders received under Section 153A of the IT Act.
- Involving auditor's tax experts to assess management's positions for significant tax exposures in light of the dynamic tax environment and existing jurisprudence, to assess the key judgements made by the Company.
- Validating the completeness and appropriateness of the disclosures relating to the aforesaid direct and indirect tax matters.

Based on the above procedures performed, we found that the judgments made by the Management in considering these tax matters as contingent liabilities and disclosure thereof were reasonable.

#### Description

Assessment of the carrying value of Intangible Assets (including intangibles under development)

(Refer to notes 4(b), 31.8 and 40 in the financial statements.)

The Company undertakes the development of various products, and capitalises expenditure that qualifies for recognition as intangible assets (product development). Such expenditure predominantly represents internal manpower costs incurred on such projects. Up to the time the products are ready to be put to use, the Company records the qualifying expenditure as intangible assets under development.

The assessment of the carrying values of intangible assets is dependent on future economic benefits expected to be generated by such assets and if these are below initial expectations, there is a risk that the assets are likely impaired.

The Company has carried out impairment assessment of the intangible assets and has impaired certain intangible assets aggregating to ₹ 32.77 crores during the year as no further significant future economic benefit is expected to be obtained from such intangible items and has also impaired certain intangibles under development aggregating to ₹ 37.10 crores as the Company has decided to discontinue the development of such products.

We considered this a key audit matter as:

- The amounts involved were material.
- The review of carrying values of intangible assets, including assets under development performed by the Company involves a number of significant judgments and estimates such as expected economic benefit, the probability of success of new product launches, estimated profit margins and discount rates.

#### How our audit addressed the matter?

Our procedures included the following:

- Understanding, evaluating and testing the design and operating effectiveness of the controls in respect of the Company's processes for assessing the carrying value of intangible assets (including intangibles under development).
- Testing the capital funding request forms and other documentation to ensure that the projects were appropriately approved by the Chief Operating Officer and Chief Financial Officer as per the delegated authority matrix.
- Obtaining an understanding of the selected capitalized projects, testing time charged to such projects back to time sheet data, agreeing cost of external contractors to vendor invoices,
- Testing a sample of projects to ensure appropriate capitalisation of qualifying employee cost and cost of external contractors.
- Assessing whether initial assumptions applied in determining project feasibility continues to hold true and whether sufficient economic benefits are likely to flow from the projects to support the values capitalised.

- Analysing the reasonableness of key management assumptions and estimates used in the impairment analysis.

Based on our procedures performed above, we noted the management's assessment of the carrying value of intangible assets (including intangibles under development), after accounting for Impairment loss to be reasonable.

#### Description

Assessment of recoverability of Deferred Tax Assets (DTA) on tax losses and non-recognition of DTA on respect of Minimum Alternate Tax (MAT)

(Refer Note 2.15, 10, 27 and 40 to the Financial Statements.)

The Company has recognised deferred tax assets of ₹ 41.70 crores on unabsorbed depreciation and unutilized expenditure on scientific research (together referred to hereinafter as "tax losses") carried forward from the previous years. Further, the Company has not recognised deferred tax asset in respect of Minimum Alternate Tax (MAT) credits aggregating to ₹ 51.93 crores in the absence of reasonable certainty that it will have sufficient taxable profits based on aforesaid business projections to recover such amounts.

The DTA have been recognised on the basis of the Company's assessment of availability of future taxable profit to offset such tax losses based on business projections for the foreseeable future. The recoverability of the deferred tax assets depends upon factors such as the projected taxable profits of business and the period considered for such projections, the rate at which those profits will be taxed and the period over which tax losses will be available for recovery.

As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55 crores i.e. to the extent that it is not probable that sufficient future taxable profits will be available in the foreseeable future to absorb the tax losses considering the overall economic slowdown and in particular, the sluggishness in the government telecommunication projects, the overall subdued investments within the telecommunication industry in India and considering that the economic recovery may take longer than what was anticipated in the earlier years.

The assessment of DTA was considered a key audit matter as the amounts involved are material to the financial statements and significant judgement is required in preparation of forecasts of future taxable profits based on the underlying business plans and determination of the recognition and recoverability of deferred tax assets as the realization of tax benefits is dependent on future taxable profits.

#### How our audit addressed the matter?

Our audit procedures included the following:

- Evaluation of the design and testing operating effectiveness of Company's controls relating to taxation and the assessment of carrying amount of deferred tax assets relating to unabsorbed tax losses;
- Assessing the reasonableness of the period of projections used in the deferred tax asset recoverability assessment considering that the Company operates in a highly competitive industry which is subject to disruptions through changing technology.
- Comparing the Company's projections of future taxable profit to the approved business plans.
- Testing, whether projections prepared were consistent with our understanding and knowledge of current business and the general economic environment in which the Company operates and whether the tax losses can be utilized within the forecast recoupment period.
- Assessing appropriateness of the assumptions used in the projections of future taxable profits.
- Reviewing the adequacy of disclosures made in the financial statements with regard to deferred taxes.

Based on the above procedures performed, our testing did not identify any significant exceptions with respect to the reasonableness of the assumptions and estimates used by the management in assessing the recoverability of Deferred Tax Assets recognised in respect of tax losses and non-recognition of deferred tax assets in respect of MAT at year end.

#### Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report and Shareholder information, but does not include the consolidated financial statements and our auditor's report thereon.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of

this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
13. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
14. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

17. We did not audit the financial information of one subsidiary and one step down subsidiary whose financial information reflect total assets of ₹ 25.71 crores and net assets of ₹ 14.90 crores as at March 31, 2020, total revenue of ₹ 19.56 crores, total comprehensive loss (comprising of profit and other comprehensive loss) of ₹ 0.52 crores and net cash outflows amounting to ₹ 0.06 crores for the year ended on that date, as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management, and our opinion on the consolidated

financial statements insofar as it relates to the amounts and disclosures included in respect of the subsidiary/step down subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, such financial information is not material to the Group. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to the financial information of subsidiaries certified by the Management.

#### Report on Other Legal and Regulatory Requirements

18. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company, none of the directors of the Holding Company is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of internal financial controls with reference to financial statements of the Holding Company and the operating effectiveness of such controls, refer to our separate report in Annexure A.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group - Refer Note 31.1 to the consolidated financial statements.
    - ii) The Group has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group does not have derivative contracts as at March 31, 2020.
    - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020.
    - iv) The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2020.

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

Pradip Kanakia  
Partner  
Membership Number: 039985  
UDIN: 20039985AAAABU7408

Place: Bengaluru  
Date: April 21, 2020



## Annexure A to Independent Auditors' Report

Referred to in paragraph 18(f) of the Independent Auditors' Report of even date to the members of Tejas Networks Limited on the consolidated financial statements for the year ended March 31, 2020

### Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Tejas Networks Limited (hereinafter referred to as the "Company" or "Holding Company") as of that date.

#### Management's Responsibility for Internal Financial Controls

2. The Board of Directors of the Holding company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing

the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to financial statements

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

#### Inherent Limitations of Internal Financial Controls with reference to financial statements

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

#### Opinion

8. In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI. Also refer Paragraph 4 of the main consolidated audit report.

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

Pradip Kanakia  
Partner

Membership Number: 039985  
UDIN: 20039985AAAAABU7408

Place: Bengaluru  
Date: April 21, 2020

## Consolidated Balance Sheet

Particulars	Notes	in ₹ crore	
		March 31, 2020	March 31, 2019
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	4(a)	30.55	30.68
Right-of-use assets	4(a)	21.29	-
Intangible assets	4(b)	26.81	68.44
Intangible assets under development	4(b)	26.99	41.38
Financial assets			
(i) Investments	5(a)	0.00	0.00
(ii) Trade receivables	6	80.28	42.81
(iii) Loans	8	5.61	4.38
(iv) Other financial assets	9	1.11	0.12
Income Tax Asset (net)	10(a)	47.80	36.92
Deferred Tax Assets	10(b)	41.70	138.00
Other non-current assets	11	6.97	0.14
<b>Total non-current assets</b>		<b>289.11</b>	<b>362.87</b>
Current assets			
Inventories	12	251.99	181.39
Financial assets			
(i) Investments	5(b)	50.97	86.55
(ii) Trade receivables	6	375.63	622.12
(iii) Cash and cash equivalents	7(i)	66.48	16.90
(iv) Bank balances other than (iii) above	7(ii)	76.71	106.15
(v) Loans	8	1.17	0.95
(vi) Other financial assets	9	91.59	180.44
Other current assets	11	37.50	27.91
<b>Total current assets</b>		<b>952.04</b>	<b>1,222.41</b>
<b>Total assets</b>		<b>1,241.15</b>	<b>1,585.28</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Equity share capital	13	95.48	94.99
Other equity	14	985.46	1,225.25
<b>Total equity</b>		<b>1,080.94</b>	<b>1,320.24</b>
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Lease Liabilities	16	21.91	-
Provisions	17	0.59	1.75
<b>Total non-current liabilities</b>		<b>22.50</b>	<b>1.75</b>
Current liabilities			
Financial liabilities			
(i) Trade payables	18		
(a) Total outstanding dues of micro enterprises and small enterprises		10.96	26.83
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		63.81	136.70
(ii) Lease Liabilities	16	5.97	-
(iii) Other financial liabilities	19	42.27	81.72
Provisions	17	7.44	8.14
Other current liabilities	20	7.26	9.90
<b>Total current liabilities</b>		<b>137.71</b>	<b>263.29</b>
<b>Total liabilities</b>		<b>160.21</b>	<b>265.04</b>
<b>Total equity and liabilities</b>		<b>1,241.15</b>	<b>1,585.28</b>

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

As per our report of even date.

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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

## Consolidated Statement of Profit and Loss

in ₹ crore except equity share and per equity share data

Particulars	Notes	Year Ended March 31,	
		2020	2019
I Revenue from operations	21	390.54	900.32
II Other Income	22	33.65	36.69
III Total income (I + II)		424.19	937.01
IV Expenses			
Cost of materials consumed	23	203.58	463.70
Employee benefit expense	24	110.52	123.66
Finance costs	25A	7.72	17.00
Depreciation and amortization expense	4(c)	77.05	65.88
Impairment of non-current assets	4(b)	69.87	-
Allowance for expected credit loss (net)	25B	20.03	5.24
Other expenses	26	73.99	111.51
Total expenses (IV)		562.76	786.99
V Profit/(Loss) before tax (III - IV)		(138.57)	150.02
VI Income tax expense	27		
Current tax		-	19.63
Deferred tax expense/(benefit)		98.55	(16.85)
Total tax expense (VI)		98.55	2.78
VII Profit/(Loss) after tax (V - VI)		(237.12)	147.24
VIII Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligation		(1.07)	(2.20)
Income tax relating to above		-	0.48
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		0.64	0.77
Other comprehensive income/(loss) for the year, net of tax (VIII)		(0.43)	(0.95)
IX Total comprehensive income/(loss) for the year (VII + VIII)		(237.55)	146.29
X Earnings/(Loss) per equity share (Refer Note No: 31.7)			
Equity shares of par value ₹ 10 each			
Basic		(25.76)	16.13
Diluted		(25.76)	15.39
Weighted average equity shares used in computing earnings per equity share			
Basic		9,20,38,454	9,13,08,108
Diluted		9,20,38,454	9,56,67,708

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

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Chandrashekar Bhaskar Bhave  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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

## Consolidated Statement of Cash Flows

in ₹ crore

Particulars	Notes	Year Ended March 31,	
		2020	2019
Cash flows from operating activities			
Profit/(Loss) before tax for the year		(138.57)	150.02
Adjustments to reconcile net profit/(loss) to net cash generated from operating activities:			
Depreciation and amortization expense	4(c)	77.05	65.88
Impairment of product development	4(b)	32.77	-
Impairment of Intangible assets under development	4(b)	37.10	-
Allowance for expected credit loss (net)	25B	20.01	4.67
Bad Debts written off	26	0.07	0.57
Focus Product Scheme receivable written off	26	-	4.45
Provision for Focus Product Scheme receivable released	26	-	(1.28)
Provision for doubtful advances	26	-	0.09
Interest Income	22	(11.94)	(27.74)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	22	0.10	(0.32)
Gain on sale of current investment carried at fair value through statement of profit and loss	22	(4.08)	(4.15)
Finance costs	25A	7.72	17.00
Unrealised Exchange Differences (Net)		(6.38)	2.08
Loss/ (profit) on sale of property, plant and equipment	26	(0.02)	0.03
Expense recognized in respect of equity-settled share-based payments	24	11.20	15.10
		25.03	226.40
Movements in working capital:			
(Increase)/decrease in inventories		(70.60)	9.50
(Increase)/decrease in trade receivables		195.85	(359.47)
(Increase)/decrease in loans		(1.34)	0.65
(Increase)/decrease in other financial assets		4.67	(8.36)
(Increase)/decrease in other assets		(16.57)	(6.65)
Increase/(decrease) in trade and other payables		(88.88)	57.09
Increase/(decrease) in provisions		(3.37)	(0.34)
Increase/(decrease) in other financial liabilities		(30.98)	24.09
Increase/(decrease) in other liabilities		(2.33)	(0.45)
Cash generated/(used in) operations		11.48	(57.54)
Income taxes paid		(10.87)	(24.05)
a) Net cash generated by/(used in) operating activities		0.61	(81.59)
Cash flows from investing activities			
Expenditure on property, plant and equipment		(20.63)	(8.82)
Expenditure on intangible assets (including under development)		(72.14)	(71.50)
Sale proceeds of property, plant and equipment		0.03	0.07
Investments in Deposits with banks and financial institutions not considered as cash and cash equivalents		(255.17)	(636.41)
Withdrawals of Deposits with banks and financial institutions not considered as cash and cash equivalent		358.63	596.94
Investments in liquid mutual funds and fixed maturity plan securities		(727.05)	(776.34)
Redemption of liquid mutual funds and fixed maturity plan securities		766.61	770.78
Interest received		21.00	20.89
b) Net cash generated by/(used in) investing activities		71.28	(104.39)

in ₹ crore

Particulars	Notes	Year Ended March 31,	
		2020	2019
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		2.82	6.77
Dividend paid (including Tax on dividend)		(11.08)	-
Repayment of borrowings		(1.19)	(1.08)
Principal payment on lease liabilities		(5.58)	-
Interest payment on lease liabilities		(2.78)	
Interest paid		(4.50)	(17.00)
c) Net cash (used in) financing activities		(22.31)	(11.31)
d) Net increase/(decrease) in cash and cash equivalents		49.58	(197.29)
Cash and cash equivalents at the beginning of the year		16.90	214.19
Cash & cash equivalents at the end of the year [Refer Note No. 7(i)]		66.48	16.90

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

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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



## Consolidated Statement of Changes in Equity

### A. Equity Share Capital

Particulars	Note	in ₹ crore	
			Amount
As at April 1, 2018*			94.09
Increase in equity share capital on account of exercise of ESOP and RSU	13		0.90
As at March 31, 2019*			94.99
Increase in equity share capital on account of exercise of ESOP and RSU			0.49
As at March 31, 2020*	13		95.48

\* Includes forfeited shares of ₹ 3.27

### B. Other Equity

Particulars	Note	Reserves and Surplus			Other Reserves	Total
		Securities premium	Retained earnings	Employee stock compensation outstanding account	Foreign Currency Translation Reserve	
Balance as at April 1, 2018		922.08	120.97	15.14	(0.20)	1,057.99
Profit for the year	14	-	147.24	-	-	147.24
Other comprehensive income	14	-	(1.72)	-	0.77	(0.95)
Total comprehensive income for the year		-	145.52	-	0.77	146.29
Transaction with owners in their capacity as owners:						
Premium on exercise of ESOP	14	5.87	-	-	-	5.87
Employee share based payment expenses	24	-	-	15.10	-	15.10
Premium on issue of equity shares, on exercise of ESOP/RSU	14	3.22	-	(3.22)	-	-
Balance as at March 31, 2019		931.17	266.49	27.02	0.57	1,225.25
Balance as at April 1, 2019		931.17	266.49	27.02	0.57	1,225.25
(Loss)/Profit for the year	14	-	(237.12)	-	-	(237.12)
Other comprehensive income	14	-	(1.07)	-	0.64	(0.43)
Total comprehensive income for the year		-	(238.19)	-	0.64	(237.55)
Transaction with owners in their capacity as owners:						
Premium on exercise of ESOP	14	2.33	-	-	-	2.33
Employee share based payment expenses	24	-	-	11.20	-	11.20
Premium on issue of equity shares, on exercise of ESOP/RSU	14	4.30	-	(4.30)	-	-
Impact on account of adoption of Ind AS 116	31.5	-	(4.69)	-	-	(4.69)
Dividend paid	14	-	(9.19)	-	-	(9.19)
Dividend distribution tax	14	-	(1.89)	-	-	(1.89)
Balance as at March 31, 2020		937.80	12.53	33.92	1.21	985.46

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)  
Pradip Kanakia  
Partner  
Membership no: 039985

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

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

Chandrashekar Bhaskar Bhawe  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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

## Notes forming part of the Consolidated Financial Statements for March 31, 2020

### 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, defense companies and government entities. The Group also exports its products to overseas territories.

Tejas together with its subsidiaries/ step down subsidiary is hereinafter referred to as the "Group".

Tejas is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Group has branches in USA, Kenya, Mexico, UAE, Malaysia and South Africa and has a subsidiary and step down subsidiary in Singapore and Nigeria respectively. (Refer Note No. 31.9)

These consolidated financial statements have been approved by the Company's Board of Directors on April 21, 2020.

### 2 Significant Accounting Policies

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

#### 2.1 Basis of preparation

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

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

##### (ii) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

##### (iii) New and amended standards adopted

- Ind AS 116, Leases (Refer Note No. 2.19 and Note No. 31.5)
- Long-term interests in Associates and Joint-ventures - Ind AS 28, Investments in associates and Joint-Ventures\*
- Prepayment Features with Negative Compensation - Amendments to Ind AS 109, Financial Instruments.\*
- Ind AS 103, Business Combination\*

- Ind AS 111, Joint Arrangements\*

- Ind AS 23, Borrowing Costs\*

- Uncertainty over Income Tax Treatments - Appendix C to Ind AS 12, Income Taxes

- Planned, Amendment Curtailment or Settlement - Amendments to Ind AS 19, Employee Benefits\*

\* There has been no impact on adoption of these amendments on the financial statements.

##### (iv) Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

##### (v) Operating cycle

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

#### 2.2 Basis of consolidation

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

The Group combines the financial statements of the parent and its subsidiaries/ step down subsidiary (Refer Note No. 31.9) line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

#### 2.3 Revenue Recognition:

The Group is engaged in designing, developing and manufacturing products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks.

##### 2.3.1 Sale of manufactured goods and components

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled performance obligations that could affect the customer's acceptance of the products.

Certain contracts with customers provide for variable consideration based on the due date for delivery. The Group estimates the amount of variable consideration by using either the expected value method or the most likely outcome method and the revenue recognised represents the amount of consideration to which the Group will be entitled in exchange for transferring the promised products or services to the customer.

Standard warranty is provided to customers upon sale of products

and the same is accounted in accordance with Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets (Refer Note No. 2.12)

### 2.3.2 Rendering of Service

Revenue from installation and commissioning services are recognised at a point in time when services are rendered. Revenue from annual maintenance contracts are recognized on an accrual basis pro-rata over the term of the contract. Revenue from other services such as repair and return, managed services, professional services and knowledge services are recognized as and when the services are rendered.

Revenue in excess of invoicing is classified as unbilled revenue, whereas invoicing in excess of revenue is classified as contract liability (which we refer to as deferred revenue).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as contract assets and amortized over the term of the contract. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

The Group presents revenue net of Goods and Services Tax (GST) in its Statement of Profit and loss.

## 2.4 Property, Plant and Equipment

### 2.4.1 Measurement

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

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

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Asset	Useful Life
Laboratory equipment	5 years
Networking equipment	5 years
Electrical Installation	5 years
Furniture & fixtures	5 years
Office equipment	5 years
Computing equipment	5 years
Vehicles	5 years
Cards/Prototypes	4 years
Servers	5 years

Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013.

On Transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

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

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

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

## 2.5 Intangible Assets

### 2.5.1 Software

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

### 2.5.2 Product development

Expenditure pertaining to research activities are charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless:

- i) Product's technical and marketing feasibility has been established;
- ii) There is likelihood of the project delivering sufficient future economic benefit; and

iii) The availability has the availability of adequate technical, financial and other resources to complete, use or sell the product,

in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note No. 2.4.2).

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

### 2.5.3 Amortization

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

Asset	Useful Life
Computer Software	Over the license period
Product development	24 months

## 2.6 Impairment of Non - financial assets

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

## 2.7 Financial instruments

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

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

## 2.8 Investments and Other Financial assets

### 2.8.1 Classification

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

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

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

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

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

### 2.8.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sale the financial asset.

### 2.8.3 Measurement

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

## Debt instruments

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

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in statement of profit and loss.

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

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

## Equity instruments

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

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

### 2.8.4 Impairment of financial assets

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 no. 29 for details on expected credit loss.

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

### 2.8.5 Derecognition

A financial asset is derecognized only when

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

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

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

### 2.8.6 Income recognition

#### Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### Dividend income

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

## 2.9 Financial liabilities

### 2.9.1 Classification as debt or equity

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

### 2.9.2 Initial Recognition and Measurement

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

### 2.9.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method.

### 2.9.4 Derecognition

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

## 2.10 Trade Payables

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

## 2.11 Derivatives

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

Derivative contracts to hedge risks which are not designated as hedges are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income/expenses.

## 2.12 Provisions and Contingencies

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

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

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

### Provision for warranty

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

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



### 2.13 Foreign Currency Transactions

#### (i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of 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 Company) and vSave Energy Pvt Limited is INR and for Tejas Communications Pte Limited, Singapore and Tejas Israel Limited is USD. The functional currency for Tejas Communications (Nigeria) Limited is Naira.

#### (ii) Transactions and translations

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

Foreign exchange differences arising on translation of foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

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

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

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

### 2.14 Earnings per equity share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

#### (ii) Diluted earnings per share

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.
- potentially issuable equity shares, that could potentially dilute basic earnings per share, are not included in the calculation of diluted earnings per share when they are anti dilutive for the period presented.

### 2.15 Income taxes

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

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

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

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

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

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

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

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

## 2.16 Employee Benefits

### (i) Short-term employee benefits

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

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

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

The obligation for earned leave (despite not being expected to be settled wholly within 12 months) is presented as current liabilities in the balance sheet as the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

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

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

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

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

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

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

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

### (iv) Defined contribution plans

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

### (v) Share-based payments

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

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

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a) including any market performance conditions
- b) excluding the impact of any service and non-market performance vesting conditions
- c) including the impact of any non-vesting conditions

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

## 2.17 Cash Flow Statement

Cash flows from operating activities are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items 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 No. 31.3]

## 2.19 Leases

Till March 31, 2019

### As a lessee

Leases of property, plant and equipment where the group, as a lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in borrowings or financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain the ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) were charged to profit or loss on a straight-line basis over the period of lease unless the payments are structured to increase to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

With effect from April 1, 2019:

### As a lessee

Effective April 1, 2019, the Group has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Group has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

Amounts of assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a) fixed payments
- b) amount expected to be payable by the group under residual value guarantees
- c) the exercise price of a purchase option if it is reasonably certain that the Group will exercise that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally, the case for lessees in the group, the lessee's incremental borrowing rate used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- a) where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- b) uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

- c) makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged in the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payment occurs.

Right of use assets are measured at cost comprising the following:

- a) the amount of the initial measurement of lease liability
- b) any lease payments made at or before the commencement date,
- c) any initial direct costs, and
- d) restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases and all leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are lease with a lease term of 12 months or less.

## 2.20 Government grants

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

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

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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

## 2.21 Inventories

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

## 2.22 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Group holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Group classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as deferred revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

### 2.23 Cash and cash equivalents

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

### 2.24 Borrowings

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss under other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for 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.

### 2.27 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 2.28 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.

### 2.29 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 judgment in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment 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 judgments 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 judgments are:

- (i) Product Development costs (capitalisation of product development cost including intangibles under development) and assessment of their carrying value - [Refer Note No. 2.4.2, Note No. 2.4.3 and Note No. 4(b)]
- (ii) Defined benefit obligations - Refer Note No. 24
- (iii) Impairment of trade receivables - Refer Note No. 29A
- (iv) Recognition and recoverability of deferred tax assets on tax losses - Refer Note No. 10(b)
- (v) Evaluation of tax litigation - Refer Note No. 31.1

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Management's assessment of the impact (if any) arising on individual financial statement line items on account of the COVID-19 pandemic situation has been disclosed in the related notes.



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

in ₹ crore

Particulars	Labor atory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	Cards/ Prototypes	Servers	Total	Right-of-use asset*
Gross carrying value as of April 1, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40	-
Additions	3.96	0.14	0.41	2.86	0.21	1.68	-	2.54	1.60	13.40	-
Deletions	-	-	0.38	0.31	0.04	0.02	0.09	-	-	0.84	-
Gross carrying value as of March 31, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96	-
Accumulated depreciation as of April 1, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)	-
Depreciation for the year	(6.25)	(0.21)	(3.64)	(2.78)	(0.21)	(1.71)	(0.07)	(3.31)	(0.42)	(18.60)	-
Accumulated depreciation on deletions	-	-	(0.34)	(0.26)	(0.04)	(0.01)	(0.09)	-	-	(0.74)	-
Accumulated depreciation as of March 31, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)	-
Carrying value as of March 31, 2019	11.96	0.19	1.41	3.39	0.39	2.70	0.13	8.42	2.09	30.68	-
Gross carrying value as of April 1, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96	-
Recognition on adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	22.65
Additions	2.06	0.21	1.00	1.44	0.82	0.98	-	6.01	0.89	13.41	3.87
Deletions (Refer Note No. 38)	-	-	0.01	0.01	-	0.00	-	-	-	0.02	-
Gross carrying value as of March 31, 2020	22.83	0.87	7.31	9.52	1.72	7.24	0.14	28.03	3.69	81.35	26.52
Accumulated depreciation as of April 1, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)	-
Depreciation for the year	(4.50)	(0.13)	(0.60)	(1.30)	(0.33)	(1.76)	(0.04)	(4.21)	(0.66)	(13.53)	(5.23)
Accumulated depreciation on deletions (Refer Note No. 38)	-	-	0.00	(0.01)	-	0.00	-	-	-	(0.01)	-
Accumulated depreciation as of March 31, 2020	(13.31)	(0.60)	(5.51)	(5.99)	(0.84)	(5.32)	(0.05)	(17.81)	(1.37)	(50.80)	(5.23)
Carrying value as of March 31, 2020	9.52	0.27	1.80	3.53	0.88	1.92	0.09	10.22	2.32	30.55	21.29

\* Right-of-use asset pertains to buildings on account of adoption of Ind AS 116 effective April 01, 2019. [Refer Note No. 31.5(b)]

## Notes:

(i) The Group had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Group as on March 31, 2020, has submitted claims aggregating to ₹ 8.98 (March 31, 2019 - ₹ 8.98) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

(ii) Contractual Obligation : Refer Note No. 31.1(b) for contractual commitments for the acquisition of property, plant and equipment.

(iii) The carrying values of property, plant and equipment have been allocated to their respective cash generating units (CGUs) and assessed for impairment as at March 31, 2020. [Refer Note No. 4(b)].

(iv) Refer Note No. 33 for information on property, plant and equipment pledged as security against borrowings by the Company.



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

in ₹ crore

Particulars	Computer Software	Product Development	Total	Intangible Assets under development <sup>1</sup>
Gross carrying value as of April 1, 2018	7.81	129.14	136.95	46.85
Additions	6.58	70.39	76.97	64.92
Deletions/Transfers	-	-	-	70.39
Gross carrying value as of March 31, 2019	14.39	199.53	213.92	41.38
Accumulated amortization as of April 1, 2018	(5.19)	(93.01)	(98.20)	-
Amortization expenses for the year	(6.06)	(41.22)	(47.28)	-
Accumulated amortization as of March 31, 2019	(11.25)	(134.23)	(145.48)	-
Carrying value as of March 31, 2019	3.14	65.30	68.44	41.38
Gross carrying value as of April 1, 2019	14.39	199.53	213.92	41.38
Additions	4.83	44.60	49.43	67.31
Deletions/Transfers	-	-	-	44.60
Gross carrying value as of March 31, 2020	19.22	244.13	263.35	64.09
Accumulated amortization as of April 1, 2019	(11.25)	(134.23)	(145.48)	-
Amortization expenses for the year	(6.69)	(51.60)	(58.29)	-
Impairment loss <sup>2</sup>	-	(32.77)	(32.77)	(37.10)
Accumulated amortization and impairment as of March 31, 2020	(17.94)	(218.60)	(236.54)	(37.10)
Carrying value as of March 31, 2020	1.28	25.53	26.81	26.99

Remaining useful life for product development ranges from 3 to 23 months (March 31, 2019: 3 to 23 months)

Footnotes:-

<sup>1</sup> Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note No. 24 and Note No. 26).

<sup>2</sup> The Company has recognised an impairment loss of ₹ 69.87 on identified product development and intangible assets under development. During the year, the Company has discontinued further development on certain intangible assets under development as it does not foresee any future economic benefits and consequently the entire development expenditure of ₹ 37.10 related to such intangible assets under development has been impaired. Further, in respect of certain identified product development, having a carrying value of ₹ 32.77, management does not foresee any future economic benefits based on the likely demand for such products from the customers. Therefore, the related product development costs have been fully impaired as at March 31, 2020.

Remaining balance of product development and intangible assets under development have been tested for impairment as at March 31, 2020 and the management has concluded that no impairment is considered necessary as the recoverable amounts of the individual cash generating units (CGUs) are higher than their respective carrying amounts. The recoverable amounts of the individual CGUs have been determined based on management's estimate of the future cash flows under the value-in-use method. The future cash flows include management's estimate for increased demand for the Company's products that address the broadband equipment requirements of telecom operators, although management expects certain delays in customer orders in the next two quarters on account of uncertainties arising from COVID-19 pandemic situation.

Key assumptions used in the value-in-use method include revenue growth rates and discount rate. A decrease in the revenue growth rate in the range of 4% to 11% would result in the recoverable amount being equal to the carrying amount of the CGUs and eliminate the head-room. Marginal change in discount rate will not result in additional impairment loss.

### Sensitivity Analysis

As at March 31, 2020, the net carrying amount of product development was ₹ 25.53 (March 31, 2019 – ₹ 65.30). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be ₹ 14.44 as at March 31, 2020. If the useful life were estimated to be 3 years, the carrying amount would be ₹ 42.39 as at March 31, 2020.

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

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Depreciation on property, plant and equipment [Refer Note No. 4(a)]	13.53	18.60
Depreciation on right of use assets [Refer Note No. 4(a)]	5.23	-
Amortization of intangible assets [Refer Note No. 4(b)]	58.29	47.28
Total depreciation and amortization expenses	77.05	65.88

## Note No. 5: Investments

in ₹ crore except for unit data or as otherwise stated

Particulars	As at			
	March 31, 2020	March 31, 2019		
5(a) Non-Current investments (Quoted) (FVTPL)				
Equity instruments				
Investment in ELCIA ESDM Cluster ( No. of shares 1100)(Refer Note No. 38)	0.00	0.00		
<b>Total Non-Current investments</b>	<b>0.00</b>	<b>0.00</b>		
5(b) Current investments (Quoted) (FVTPL)				
Investment in Mutual funds	As at March 31, 2020		As at March 31, 2019	
	Number of units	Amount	Number of units	Amount
Aditya Birla Sun Life Liquid Fund - Growth Direct Plan	2,39,547	7.65	-	-
Axis liquid fund Direct Growth - CFDG	84,410	18.61	76,780	15.92
ICICI Prudential Overnight Fund Direct Plan Growth		-	9,31,076	25.74
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (Formerly known as Reliance Liquid Fund Direct Plan Growth Plan-Growth Option-LFAG)	37,768	18.32	76,779	35.02
Tata Liquid Fund Direct Plan Growth	20,397	6.39	33,526	9.87
<b>Total current investments</b>		<b>50.97</b>		<b>86.55</b>
Non Current Investments				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments (Refer Note No. 38)		0.00		0.00
Aggregate amount of impairment in the value of investments		-		-
Current Investments				
Aggregate amount of quoted investments and market value thereof		50.97		86.55
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

## Note No. 6: Trade Receivables

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Non-Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer Note No. 29 B (iv)]	81.89	42.81
Less: Allowance for expected credit loss [Refer Note No. 29 A (i)]	(1.61)	-
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total non current</b>	<b>80.28</b>	<b>42.81</b>
Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer Note No. 29 B (iv)]	409.32	637.22

Receivables from related parties considered good - unsecured [Refer Note No. 29 A (i)]	-	-
Less: Allowance for expected credit loss [Refer Note No. 29 A (i)]	(33.69)	(15.10)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total current</b>	<b>375.63</b>	<b>622.12</b>

## Note No. 7: Cash and Bank Balances

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
(i) Cash and Cash Equivalents		
(a) Balances with banks		
(i) In current accounts <sup>1,2</sup>	19.55	8.74
(ii) In EEFC accounts	40.93	8.16
(b) Deposits with original maturity of less than three months	6.00	-
<b>Total cash and cash equivalents</b>	<b>66.48</b>	<b>16.90</b>

(ii) Other Bank Balances		
Deposits with original maturity of more than three months but less than twelve months	64.15	106.11
In earmarked deposit accounts		
Balances held as margin money or security against fund and non-fund based banking arrangements	12.56	0.04
<b>Total other bank balances</b>	<b>76.71</b>	<b>106.15</b>

<sup>1</sup> includes NIL (March 31, 2019 - ₹ 0.31) which is subject to repatriation restriction.

<sup>2</sup> includes ₹ 0.03 (March 31, 2019 - NIL) in Axis bank held for payment of dividend.

The details of balances with banks (all in India, unless stated otherwise) as on Balance Sheet dates are as follows:

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>a) Current Accounts</b>		
Axis Bank*	0.05	-
Citibank	0.01	-
Citibank, Dubai	0.03	0.38
Citibank, USA	0.67	
Fleet Bank, USA	2.00	0.23
HDFC Bank	0.41	1.61
HSBC Bank	-	0.01
HSBC Bank, Bangladesh	-	0.31
HSBC Bank, Singapore	0.11	0.17
ICICI Bank (Refer Note No. 38)	0.00	0.00
Indian Bank	-	0.01
Kotak Mahindra Bank	0.01	2.32
RBL Bank	0.11	0.05
Standard Chartered Bank	15.50	2.80
Standard Chartered Bank, Nairobi	0.10	0.10
Standard Chartered Bank, Singapore	0.10	0.30
Standard Chartered Bank, Kuala Lumpur	0.06	0.02
Standard Chartered Bank, South Africa	0.16	
State Bank of India	0.23	0.43
	19.55	8.74
* includes ₹ 0.03 (March 31, 2019 - NIL) held for payment of dividend.		
<b>b) EEFC Accounts</b>		
Axis Bank	-	6.14
Citibank	14.71	0.27
Standard Chartered Bank	26.22	1.75
	40.93	8.16
<b>c) Deposits with original maturity of less than three months</b>		
RBL Bank	6.00	-
	6.00	-
<b>d) Deposits with original maturity of more than three months but less than twelve months</b>		
HDFC Bank	8.70	25.00
IndusInd Bank	10.00	55.00
Kotak Mahindra Bank	6.45	-
RBL Bank	36.00	26.11

Standard Chartered Bank, India	3.00	-
	64.15	106.11
<b>e) Balances held as margin money or security against fund and non-fund based banking arrangements for less than twelve months</b>		
Citibank, India	0.06	-
Indian Bank	-	0.04
Standard Chartered Bank, India	12.50	-
	12.56	0.04
<b>f) Balances held as margin money or security against fund and non-fund based banking arrangements for more than twelve months (Refer Note No. 9)</b>		
Citibank	1.11	0.04
Kotak Mahindra Bank	-	0.08
	1.11	0.12
<b>g) Deposits with financial institutions (Refer Note No. 9)</b>		
Bajaj Finance Limited	60.00	55.00
HDFC Limited	25.00	105.00
	85.00	160.00
<b>h) Total cash and cash equivalent (a+b+c)</b>	66.48	16.90
<b>i) Total other bank balances with maturity more than three months but less than twelve months (d+e)</b>	76.71	106.15

## Note No. 8: Loans

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
<b>Non-current</b>		
<b>At amortised cost</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	5.70	4.47
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	5.70	4.47
Less: Provision	(0.09)	(0.09)
<b>Total non-current loans</b>	<b>5.61</b>	<b>4.38</b>
<b>Current</b>		
<b>At amortised cost</b>		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.10	0.08
Loans to employees	1.07	0.87
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
<b>Total current loans</b>	<b>1.17</b>	<b>0.95</b>

## Note No. 9: Other Financial Assets

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Non-current financial assets		
Deposits with original maturity of more than twelve months		
Balances held as margin money or security against fund and non-fund based banking arrangements	1.11	0.12
<b>Total non-current financial assets</b>	<b>1.11</b>	<b>0.12</b>
Current financial assets		
Deposits with financial institutions	85.00	160.00
Unbilled Revenue	5.91	10.58
Interest accrued but not due	0.68	9.86
<b>Total current financial assets</b>	<b>91.59</b>	<b>180.44</b>

## Note No. 10: Tax assets

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
10(a) Income Tax Asset		
Advance Income Tax (net)	47.80	36.92
	47.80	36.92
10(b) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Expenses allowable on payment basis	14.00	4.73
Difference between carrying amount of property, plant and equipment in books and the income tax return	7.98	6.25
Lease liabilities	9.74	-
Unabsorbed depreciation	17.42	16.95
Unutilised accumulated expenditure on Scientific research u/s 35 (2AB) ('Accumulated 35 (2AB) expenditure')	-	110.07
<b>Total deferred tax assets</b>	<b>49.14</b>	<b>138.00</b>
Right-of-use assets	7.44	-
<b>Net deferred tax assets</b>	<b>41.70</b>	<b>138.00</b>

### Movements in deferred tax assets

Particulars	Provisions allowable on payment basis	Difference between carrying amount of property, plant and equipment in books and the income tax return	Leases	Unabsorbed depreciation	Accumulated 35 (2AB) expenditure	in ₹ crore
						Total
As at April 01, 2018	2.48	4.11	-	16.95	97.62	121.16
(Charged)/Credited						
- to statement of profit and loss	2.25	2.14	-	-	12.45	16.84
As at March 31, 2019	4.73	6.25	-	16.95	110.07	138.00
(Charged)/Credited						
- to statement of profit and loss	9.27	1.73	0.05	0.47	(110.07)	(98.55)
- to retained earnings	-	-	2.25	-	-	2.25
As at March 31, 2020	14.00	7.98	2.30	17.42	-	41.70

### Significant estimates:

The Group had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55.

### Sensitivity Analysis

The table below provides sensitivity of the carrying amount of deferred tax asset to reasonable possible change in the key assumptions used in estimating the recoverability of the deferred tax.

Particulars	in ₹ crore	
	As at	
	March 31, 2020*	March 31, 2019
Revenue growth rate increase by 10% (March 31, 2019: 10%)	-	8.16
Revenue growth rate decrease by 10% (March 31, 2019: 10%)	-	(13.80)
Profit margin increases by 10% (March 31, 2019: 10%)	-	4.12
Profit margin decreases by 10% (March 31, 2019: 10%)	-	(21.72)

\* No reasonable change in assumptions used for estimation of projected profits will result in any change in the carrying amount of Deferred tax assets recognised as at year end.

## Note No. 11: Other assets

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
<b>Other non-current assets</b>		
Prepaid expenses	0.14	0.14
Capital Advances	0.02	-
Balances with government authorities (other than income taxes)	6.81	-
<b>Total other non-current assets</b>	<b>6.97</b>	<b>0.14</b>
<b>Other current assets</b>		
Advances to suppliers	18.17	19.25
Advances others	0.02	0.01
Balances with government authorities (other than income taxes)	18.35	5.97
Prepaid expenses	0.96	2.68
<b>Total other current assets</b>	<b>37.50</b>	<b>27.91</b>

## Note No. 12: Inventories

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Raw material - components including assemblies and sub-assemblies (including goods in transit ₹ 0.73 (March 31, 2019: ₹ 1.64)*)	251.99	181.39
<b>Total Inventories</b>	<b>251.99</b>	<b>181.39</b>

\*Net of provision/write down for inventories amounting to ₹ 9.62 (March 31, 2019 - ₹ 13.67).

The Group's products and components have a long shelf life and these can be sold across multiple customers. Based on the current orders in hand, the expected surge in demand for Group's products as explained in Note No. 40 and the historical/expected gross margins, the Group is of the view that there is no significant negative impact due to the COVID 19 pandemic on the carrying value of the inventory.

## Note No. 13: Equity Share Capital

Particulars	in ₹ crore except for share data or as otherwise stated	
	Number of Shares	Equity share capital
<b>a) Authorised Capital</b>		
Equity Share Capital of ₹ 10/- each		
As at April 01, 2018	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
<b>As at March 31, 2019</b>	<b>17,64,52,000</b>	<b>176.45</b>
Changes in equity share capital during the year		
Increase during the year	-	-
<b>As at March 31, 2020</b>	<b>17,64,52,000</b>	<b>176.45</b>
<b>b) Issued, Subscribed and Paid up Capital</b>		
Equity Share Capital of ₹ 10/- each		

<b>Fully paid shares</b>		
As at April 1, 2018	9,08,18,760	90.82
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note No. 32(v)]	9,00,819	0.90
<b>As at March 31, 2019</b>	<b>9,17,19,579</b>	<b>91.72</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note No. 32(v)]	4,91,256	0.49
<b>As at March 31, 2020</b>	<b>9,22,10,835</b>	<b>92.21</b>
<b>c) Forfeited shares (to the extent of amount paid up)*</b>		
As at April 1, 2018	3,27,27,930	3.27
Transaction during the year	-	-
<b>As at March 31, 2019</b>	<b>3,27,27,930</b>	<b>3.27</b>
Transaction during the year	-	-
<b>As at March 31, 2020</b>	<b>3,27,27,930</b>	<b>3.27</b>

Particulars	As at	
	March 31, 2020	March 31, 2019
Total Equity Share Capital	95.48	94.99

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

### a) Terms and rights attached to equity shares

Equity shares have a par value of ₹ 10/-. They entitle the holder to participate in dividends declared if any, and to share in the proceeds upon winding up of the Company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

### b) Details of shareholders holding more than 5% shares in the Company

Particulars	in No's	
	March 31, 2020	March 31, 2019
<b>Cascade Capital Management, Mauritius</b>		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	17.91%	18.00%
<b>Samena Spectrum Co.</b>		
Number of shares held	94,41,649	94,41,649
% holding in that class of shares	10.24%	10.29%
<b>Reliance Capital Trustee Co. Ltd-A/C Nippon India Small Cap Fund</b>		
Number of shares held	80,26,928	58,17,754
% holding in that class of shares	8.70%	6.34%
<b>Mayfield XII, Mauritius</b>		
Number of shares held	71,06,628	71,06,628
% holding in that class of shares	7.71%	7.75%
<b>East Bridge Capital Master Fund I Ltd</b>		
Number of shares held	47,93,508	-
% holding in that class of shares	5.20%	-



HDFC Trustee Company Ltd. A/C HDFC Capital Builder Value Fund		
Number of shares held	47,63,329	-
% holding in that class of shares	5.17%	

c) There are no instances of:

- shares allotted as fully paid up by way of bonus shares in the last five years.
- shares bought back during a period of five years immediately preceding the year end.
- shares allotted as fully paid up pursuant to contracts without payment being received in cash during a period of five years immediately preceding the year end.

d) Shares reserved for issuance towards outstanding employee stock options, RSU granted and available for grant (Refer Note 32):

Particulars	As at	
	March 31, 2020	March 31, 2019
Equity shares of ₹ 10/- each		
ESOP Schemes	53,77,868	59,41,041
Outstanding at the end of the year	53,77,868	59,41,041
Options available for grant	-	-
RSU	27,33,161	29,77,583
Outstanding at the end of the year	16,84,501	10,20,923
Units available for grant	10,48,660	19,56,660

## Note No. 14: Other Equity

Particulars	As at	
	March 31, 2020	March 31, 2019
Securities premium	937.80	931.17
Retained earnings	12.53	266.49
Employee stock compensation outstanding account	33.92	27.02
Foreign Currency Translation Reserve	1.21	0.57
Total Other Equity	985.46	1,225.25

(i) Securities premium

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening Balance	931.17	922.08
Premium received upon exercise of ESOP	2.33	5.87
Premium recognised on exercise of ESOP/RSU	4.30	3.22
Closing Balance	937.80	931.17

(ii) Retained earnings

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening Balance	266.49	120.97
(Loss)/Profit for the year	(237.12)	147.24
Items of other comprehensive income recognised directly in retained earnings		
Remeasurements of the post employment benefit obligation	(1.07)	(1.72)
Impact on account of adoption of Ind AS 116 [Refer Note No. 31.5(a)]	(4.69)	-
Dividend (including Tax on dividend) (Refer Note No. 39)	(11.08)	-
Closing Balance	12.53	266.49

(iii) Employee stock compensation outstanding account

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening Balance	27.02	15.14
Share based payment expenses	11.20	15.10
Transferred to securities premium on exercise of ESOP/RSU	(4.30)	(3.22)
Closing Balance	33.92	27.02

(iv) Foreign Currency Translation Reserve

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening Balance	0.57	(0.20)
Transaction during the period	0.64	0.77
Closing Balance	1.21	0.57

Nature and purpose of other reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium can be utilized in accordance with the provisions of the Act.

(b) Employee stock compensation outstanding account

The Employee stock compensation outstanding account is used to recognize the grant date fair value of options and RSUs issued to employees under the Group's share based payment schemes over the vesting period.

(c) Foreign Currency Translation Reserve

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

## Note No. 15: Non-current Borrowings

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Unsecured Financial support under Technology Development & Demonstration Programme (TDDP) of DSIR Repayable in the form of annual Royalties @ 26% of total grant received for a period of 5 years from the date of commercialization.	-	1.19
Less: Current maturities of long term debt (Refer Note No. 19)	-	1.19
<b>Total borrowings</b>	-	-
Net Debt Reconciliation		
Particulars	Non- Current Borrowings and Current maturities of long term debt	Current Borrowings
Debt as on April 01, 2018	2.27	-
Repayment	(1.08)	-
Debt as on March 31, 2019	1.19	-
Additions on account of Ind AS 116	-	29.09
Acquisitions - finance leases	-	4.37
Addition on account of interest	-	2.78
Repayment	(1.19)	(8.36)
Debt as on March 31, 2020	-	27.88

## Note No. 16: Lease Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Non-Current		
Lease Liabilities	21.91	-
<b>Total non-current</b>	21.91	-
Current		
Lease Liabilities	5.97	-
<b>Total current</b>	5.97	-

## Note No. 17: Provisions

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Non-current provisions		
Other provisions		
Warranty	0.59	1.75
<b>Total non-current provisions</b>	0.59	1.75
Current provisions		
Provision for employee benefits		

Compensated absences*	4.55	4.91
Other provisions		
Warranty	2.89	3.23
<b>Total current provisions</b>	7.44	8.14

\* The amount of provision of ₹ 4.55 (March 31, 2019 - ₹ 4.91) is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations.

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Leave obligation not expected to be settled within the next 12 months	3.67	4.16

### Movement in Warranty

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

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Opening balance	4.98	5.41
Unwinding of interest on provisions	0.44	0.46
Additions	(0.01)	0.92
Discounting of provision	(0.23)	(0.52)
Utilisation	(1.70)	(1.29)
<b>Closing balance</b>	3.48	4.98
Disclosed as:		
Non-current	0.59	1.75
Current	2.89	3.23
	3.48	4.98

## Note No. 18: Trade Payables

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises (Refer Note No. 31.2)	10.96	26.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	63.81	136.70
<b>Total trade payables</b>	74.77	163.53

## Note No. 19: Other Financial Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Current		
Current maturities of long-term debt (Refer Note No. 15)	-	1.19
Due to employees	15.04	32.74
Capital Creditors	1.42	8.62

Accrual for expenses	25.69	38.97
Unpaid dividend	0.03	-
Other liabilities	0.09	0.20
<b>Total other financial liabilities</b>	<b>42.27</b>	<b>81.72</b>

## Note No. 20: Other Current Liabilities

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Advances received from customers	0.38	0.58
Deferred revenue	2.60	3.39
Statutory dues	4.28	5.93
<b>Total other current liabilities</b>	<b>7.26</b>	<b>9.90</b>

## Note No. 21: Revenue from Operations

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Revenue from contract with customers		
Sale of goods		
Manufactured goods - Optical and Data Networking products including multiplexers	333.07	817.45
Component sales	10.75	23.59
	343.82	841.04
Rendering of services		
Installation and commissioning revenue	14.44	15.75
Annual maintenance revenue *	27.40	33.52
Other service revenue	4.88	7.60
	46.72	56.87
Other operating income		
Export Incentive	-	2.41
	-	2.41
<b>Total revenue from operations</b>	<b>390.54</b>	<b>900.32</b>

\* Recognised over period of time.

## Note No. 22: Other Income

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Interest income from banks on deposits	11.82	24.15
Gain/(Loss) on current investment carried at fair value through statement of profit and loss	(0.10)	0.32
Gain on sale of current investment carried at fair value through statement of profit and loss	4.08	4.15
Unwinding of discount on fair valuation of financial assets	0.12	3.59
Net gain on foreign currency transactions and translation	8.99	0.56
Export Incentive	5.64	-
Other non-operating income		

Recovery of Focus Product Scheme (FPS) Receivable earlier written off as not recoverable	-	3.00
Bad debts recovered	0.20	-
Profit on sale of property, plant and equipment	0.02	-
Refund of CST	1.78	-
Miscellaneous income	1.10	0.92
<b>Total other income</b>	<b>33.65</b>	<b>36.69</b>

## Note No. 23: Cost of Materials Consumed

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Opening stock	181.39	190.89
Add: Purchases	274.18	454.20
	455.57	645.09
Less: Closing stock	251.99	181.39
<b>Cost of materials consumed*</b>	<b>203.58</b>	<b>463.70</b>

\*includes an amount of ₹ 7.81 (March 31, 2019 - ₹ 11.86) towards write down of inventories.

## Note No. 24: Employee Benefit Expense

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Salaries and wages, including performance incentives	151.41	158.17
Contribution to provident and pension funds [Refer Note No. 24(i)]	6.81	6.06
Gratuity expenses	2.20	1.72
Employee share based payment expenses [Refer Note No. 32(vii)]	11.20	15.10
Staff welfare expenses	4.82	5.04
	176.44	186.09
Less: Capitalized during the year [Refer Note No. 4(b)]	65.92	62.43
<b>Total employee benefit expenses</b>	<b>110.52</b>	<b>123.66</b>

### Employee benefit plans

#### (i). Defined contribution plan

The Group makes contributions to Provident Fund and Employee's Pension Scheme, 1995. The contributions payable in this scheme by the Group are at rates specified in the rules of the scheme. The Group has no further obligation towards the scheme beyond the aforesaid contributions. The Group has recognised the following amounts in the Statement of Profit and Loss:

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Provident Fund Contributions	5.96	5.20
Employee Pension Scheme	0.85	0.86
<b>Total</b>	<b>6.81</b>	<b>6.06</b>

(ii). Compensated absence

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

The amount of the provision of ₹ 4.55 (March 31, 2019 - ₹ 4.91) 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:

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Compensated absence expense/(gain) included in salaries and wages	(0.43)	3.10
Actuarial assumptions for long-term compensated absences		
Discount rate	6.63%	7.64%
Salary escalation	6.50%	6.50%
Attrition	7.00%	7.00%

(iii). Defined Benefit Plans

(a) Gratuity

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

Particulars	Year Ended March 31,	
	2020	2019
Actuarial assumptions for defined benefit plan		
Discount rate	6.63%	7.64%
Salary escalation	6.50%	6.50%
Attrition rate	7.00%	7.00%

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

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

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

in ₹ crore

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	11.17	(10.44)	0.73
Current service cost	1.77	-	1.77

Interest expense/(income)	0.84	(0.89)	(0.05)
Total amount recognised in profit or loss under employee benefit expenses	2.61	(0.89)	1.72
<b>Remeasurements</b>			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.44)	-	(0.44)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.84	-	1.84
Actuarial (Gain)/ Losses due to Experience on DBO	0.76	-	0.76
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.04	0.04
Total amount recognised in other comprehensive income	2.16	0.04	2.20
Employer contributions/premiums paid	-	(4.65)	(4.65)
Benefit payments	(0.42)	0.42	-
As at March 31, 2019 (Refer Note No. 17)	15.52	(15.52)	-

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2019	15.52	(15.52)	-
Current service cost	2.13	-	2.13
Interest expense/(income)	0.99	(0.99)	-
Total amount recognised in profit or loss under employee benefit expenses	3.12	(0.99)	2.13
<b>Remeasurements</b>			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.04)	-	(0.04)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.74	-	1.74
Actuarial (Gain)/ Losses due to Experience on DBO	0.38	-	0.38
Return on Plan Assets (Greater) / Lesser than Discount rate	-	(1.01)	(1.01)
Total amount recognised in other comprehensive income	2.08	(1.01)	1.07
Employer contributions/premiums paid	-	(3.20)	(3.20)
Benefit payments	(1.14)	1.14	-
As at March 31, 2020 (Refer Note No. 17)	19.58	(19.58)	-

**b) Sensitivity Analysis**

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

Particulars	Year Ended March 31,	
	2020	2019
<b>Discount Rate</b>		
Increase by 100 basis points (March 31, 2019 100 basis points)	-8.42%	-8.78%
Decrease by 100 basis points (March 31, 2019 100 basis points)	9.78%	10.17%
<b>Salary Growth Rate</b>		
Increase by 100 basis points (March 31, 2019 100 basis points)	9.60%	10.11%
Decrease by 100 basis points (March 31, 2019 100 basis points)	-8.40%	-8.86%
<b>Attrition Rate</b>		
Increase by 100 basis points (March 31, 2019 100 basis points)	-0.54%	0.09%
Decrease by 100 basis points (March 31, 2019 100 basis points)	0.61%	-0.14%
<b>Mortality increase by 10% (March 31, 2019 10%)</b>	-0.01%	-0.01%

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

Composition of the plan assets is as follows:

Particulars	Year Ended March 31,	
	2020	2019
Insurer managed funds	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 although this will be partially offset by an increase in value of the plan assets.
- 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 service 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, 2021 are ₹ 2.78. The weighted average duration of the defined benefit obligation is 12.91 years (March 31, 2019 - 12.43 years). The expected maturity analysis of undiscounted gratuity is as follows:

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Year 1	1.06	0.79
Year 2	1.42	0.80
Year 3	1.52	1.14
Year 4	1.90	1.24
Year 5	1.03	1.62
Year 6-10	7.30	5.93
Year 10 and above	26.65	26.66

**Note No. 25A: Finance Cost**

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Interest expense		
(i) Borrowings	-	3.49
(ii) Unwinding of discount on fair valuation of financial liabilities	3.33	0.68
Other finance cost	4.39	12.83
<b>Total finance cost</b>	<b>7.72</b>	<b>17.00</b>

**Note No. 25B: Allowance for expected credit loss (net)**

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Allowance for expected credit loss (net) [Refer Note No. 29A(i)]	20.03	5.24
<b>Total Allowance for expected credit loss (net)</b>	<b>20.03</b>	<b>5.24</b>

**Note No. 26: Other Expenses**

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Installation and commissioning expenses	3.70	18.05
Other processing charges	1.60	3.02
Power and fuel	5.07	5.02
Housekeeping and security	2.56	2.23
Lease rentals	2.13	8.52
Repairs and maintenance - machinery	0.32	0.47
Repairs and maintenance - others	1.85	2.37
Sub-contractor charges	11.92	11.08
Insurance	0.69	0.48
Rates and taxes	0.12	(0.50)
Communication	1.21	1.25
Royalty	0.07	0.61
Travelling and conveyance	14.63	18.26
Printing and stationery	0.33	0.32
Freight and forwarding	2.30	1.45
Sales expenses	2.47	1.28
Sales commission	7.89	13.19
Business promotion	2.80	2.25
Director sitting fees	0.15	0.12
Director commission	-	0.38
Legal and professional	8.54	14.70



Auditors remuneration and out-of-pocket expenses		
As auditors	0.56	0.52
For taxation matters and other attestation services	0.04	0.03
Certification matters	0.14	0.15
Auditors out-of-pocket expenses	0.05	0.06
Net loss on foreign currency transactions and translation	-	-
Focus Product Scheme (FPS) receivable written off	-	4.45
Less: Provision for FPS receivable released	-	(1.28)
Provision for doubtful advances	-	0.09
Bad Debts written off	0.07	0.57
Less: Provision for doubtful debts released	(0.02)	(0.57)
Provision for warranty	(0.24)	0.40
Loss on sale of property, plant and equipment (net)	-	0.03
Expenditure on corporate social responsibility (Refer Note No. 36)	1.97	0.98
Reimbursement of expenses to subsidiary (Refer Note No. 31.6)	-	-
Subscription and Membership	1.16	1.95
Miscellaneous expenses	1.30	2.07
	75.38	114.00
Less: Capitalized during the year [Refer Note No. 4(b)]	1.39	2.49
Total other expenses	73.99	111.51

## Note No. 27: Income Tax Expense

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
a. Current tax		
Tax on profits for the year	-	20.61
Adjustments for tax of prior periods	-	(0.98)
Total current tax expense	-	19.63

## Note No. 28: Fair Value Measurement

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

Particulars	Level	in ₹ crore			
		March 31, 2020		March 31, 2019	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial assets					
Investments					
- Mutual Funds	1	50.97	-	86.55	-
- Others (Refer Note No. 38)	3	0.00	-	0.00	-
Trade receivables	3	-	455.91	-	664.93
Cash and cash equivalents		-	66.48	-	16.90
Bank balances other than cash and cash equivalents		-	76.71	-	106.15
Loans					
- Security deposits	3	-	5.71	-	4.46
- Loans to employees	3	-	1.07	-	0.87
Other financial assets					
- Deposits with original maturity of more than twelve months		-	1.11	-	0.12
- Deposits with financial institutions		-	85.00	-	160.00
- Unbilled Revenue	3	-	5.91	-	10.58
- Interest accrued but not due	3	-	0.68	-	9.86
- Focus Product Scheme receivable	3	-	-	-	-
Total Financial Assets		50.97	698.58	86.55	973.87

b. Deferred tax		
Decrease/(increase) in deferred tax assets	98.55	(16.85)
Total deferred tax expense/(benefit)	98.55	(16.85)
Total Income tax	98.55	2.78

The Group had recognised deferred tax assets on losses comprising unabsorbed depreciation and unutilised expenditure on scientific research carried forward from previous years. As part of the ongoing review of the deferred tax assets, during the year, the carrying amount of the deferred tax assets has been reduced by ₹ 98.55.

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

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
(Loss)/Profit before income tax expense	(138.57)	150.02
Tax at the Indian tax rate at 34.944% (March 31, 2018: 34.944%)	(48.42)	52.42
Reconciling items:		
Expenses disallowed for tax purposes	0.86	0.52
Mark-to-market loss/(gain) on mutual fund investments not considered for tax purposes	0.04	(1.31)
Remeasurement gains and losses recognised in OCI but considered for tax purposes	(0.37)	(0.77)
Weighted deduction on Scientific Research u/s 35 (2AB)	-	(25.77)
Unrecognised deferred tax assets recognised on 35 (2AB) expenditure pertaining to earlier years	-	(41.75)
Deferred tax assets written down (including relating to current year)	146.11	-
MAT tax charge for the year	-	20.61
Adjustment of tax for prior periods	-	(0.98)
Impact of changes in tax rate	0.33	(0.19)
Income Tax (expense)	98.55	2.78

Unrecognised MAT credit amounts to ₹ 51.93 (March 31, 2019 - ₹ 51.93).

Particulars	Level	March 31, 2020		March 31, 2019	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial liabilities					
Borrowings		-	-	-	-
Trade payables	3	-	74.77	-	163.53
Other financial liabilities					
- Current maturities of long-term debt		-	-	-	1.19
- Capital Creditors		-	1.42	-	8.62
- Due to employees		-	15.04	-	32.74
- Accrual for expenses		-	25.69	-	38.97
- Lease liabilities		-	27.88	-	-
- Unpaid dividend		-	0.03	-	-
- Other liabilities		-	0.06	-	0.20
<b>Total Financial liabilities</b>		-	<b>144.89</b>	-	<b>245.25</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 of security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

- 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 fair values of the borrowings and security deposits is considered to be approximately same as their carrying amounts.

- 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.

#### COVID-19 evaluation

Investments in mutual funds measured at fair value as at March 31, 2020 is ₹ 50.97. The fair valuation of investments in mutual funds

has been classified as Level 1. The fair value of these investments is marked to an active market. Management does not expect any material volatility on account of COVID-19 pandemic situation considering the investments in liquid fund category of the respective mutual funds.

## 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) Expected credit loss for trade receivables under simplified approach

	in ₹ crore
Loss allowance as on April 01, 2018	(11.04)
Changes in loss allowance	(4.06)
Loss allowance as on April 01, 2019	(15.10)
Changes in loss allowance	(20.20)
Loss allowance as on March 31, 2020 (Refer Note No. 6)	(35.30)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumption and selecting the inputs to the impairment calculations, based on the Group's past history and existing market conditions as well as forward- looking estimates at the end of each reporting period.

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

Management has evaluated and determined expected credit loss for security deposits and other financial assets to be immaterial.

## (ii) Sensitivity Analysis

The sensitivity of profit or loss to changes in the loss allowance  
in ₹ crore

Particulars	Impact on profit/loss after tax	
	March 31, 2020	March 31, 2019
ECL increase by 10%	(1.67)	(0.32)
ECL decrease by 10%	1.67	0.32

## B. Liquidity Risk

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

## (i) Liquid assets

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

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Cash and cash equivalents	66.48	16.90
Other bank balances - deposits with maturity more than 3 months but less than 12 months and margin money	76.71	106.15

Deposits with financial institutions	85.00	160.00
Current investments - mutual funds	50.97	86.55
	279.16	369.60
Less: Balances held as margin money or security against fund and non-fund based banking arrangements	12.56	0.04
	266.60	369.56

## (ii) Financing arrangements

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

in ₹ crore

Particulars	As at	
	March 31, 2020	March 31, 2019
Rupee Borrowing		
Fund based	259.30	142.55
Non Fund based	-	-
USD Borrowing (in rupee terms)		
Fund based	-	67.24

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

## (iii) Maturities of financial liabilities

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

Contractual maturities of financial liabilities - March 31, 2020	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Trade payables	74.77	-	-	-	74.77
Due to employees	15.04	-	-	-	15.04
Capital Creditors	1.42	-	-	-	1.42
Accrual for expenses	25.69	-	-	-	25.69
Lease Liabilities	4.20	4.06	6.64	21.12	36.02
Other liabilities	0.09	-	-	-	0.09
	121.21	4.06	6.64	21.12	153.03

Contractual maturities of financial liabilities - March 31, 2019	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
Non-Derivatives					
Borrowings	-	-	-	-	-
Trade payables	163.53	-	-	-	163.53
Current maturities of long-term debt	-	1.19	-	-	1.19
Due to employees	32.74	-	-	-	32.74
Capital Creditors	8.62	-	-	-	8.62
Accrual for expenses	38.97	-	-	-	38.97
Other liabilities	0.20	-	-	-	0.20
	244.06	1.19	-	-	245.25

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at March 31, 2020 the trade receivable does not include receivables amounting to Nil (March 31, 2019 - ₹ 57.85) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements (Refer Note No. 6).

### C. Market Risk

#### (a) Foreign currency risk exposure

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

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

	March 31, 2020		March 31, 2019	
	USD	MYR*	USD	MYR*
<b>Assets</b>				
Trade receivables	135.02	4.54	101.94	33.26
Advance to suppliers	14.01	-	13.06	-
Balance in EEFC account	40.93	-	8.16	-
Balance with Non scheduled banks	2.20	0.06	0.68	0.02
<b>Net exposure to foreign currency risk (assets)</b>	<b>192.16</b>	<b>4.60</b>	<b>123.84</b>	<b>33.28</b>
<b>Liabilities</b>				
Trade payables	31.57	0.13	68.25	0.13
Advance from customers	0.04	-	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>31.61</b>	<b>0.13</b>	<b>68.25</b>	<b>0.13</b>
<b>Net exposure to foreign currency risk</b>	<b>160.55</b>	<b>4.47</b>	<b>55.59</b>	<b>33.15</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

in ₹ crore

Particulars	Impact on profit/(loss) after tax	
	March 31, 2020	March 31, 2019
<b>USD Sensitivity</b>		
INR/USD - Increase by 10% (March 31, 2019: 10%)*	(13.25)	(4.36)
INR/USD - Decrease by 10% (March 31, 2019: 10%)*	13.25	4.36
<b>MYR Sensitivity</b>		
INR/MYR - Increase by 10% (March 31, 2019: 10%)*	(0.37)	(2.60)
INR/MYR - Decrease by 10% (March 31, 2019: 10%)*	0.37	2.60

\* Holding all other variables constant

#### COVID- 19 evaluation

Financial assets of ₹ 698.58 as at March 31, 2020 carried at amortised cost (excluding ₹ 50.97 being investments in mutual funds which are carried at fair value through profit and loss) significantly includes cash and cash equivalents, bank deposits, trade receivables, security deposits and deposits with financial institutions where the management has assessed the counterparty credit risk. Trade receivables as at March 31, 2020 amounting to ₹ 455.91 constitutes a significant part of the financial assets carried at amortised cost. Management has estimated and recognised life-time expected credit losses on trade receivables in accordance with Ind AS 109. Management's estimate of the expected credit losses is based on historical pattern of credit loss and likelihood of increased credit risk. The Management believes that there is no additional impact on the recovery of trade receivables on account of this COVID 19 Pandemic, as most of the Group's customers are large customers or Government controlled entities. However, given the general liquidity squeeze and reprioritization of payments by customers, there is a possibility of some of the payments getting delayed, which has been factored in the estimate of expected credit losses.

Other financial assets carried at amortised cost or at fair value significantly includes balances with reputed banks, debt mutual

funds and intercorporate deposits. Debt mutual funds are being carried at their fair values in the financial statements based on the NAV reports of the relevant fund houses. The Intercorporate deposits are with reputed AAA rated Corporates and have been recorded at their book values. The Group does not foresee any risk of non-recoverability of such intercorporate deposits.

## 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 judgment 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 have also approved certain Restricted Stock Units (RSUs), which may be converted into 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.

	March 31, 2020	March 31, 2019
<b>Debt equity ratio</b>		
Net Debt*	(252.39)	(368.53)
Equity	1,080.94	1,320.24
<b>Debt equity ratio</b>	<b>-</b>	<b>-</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. The Group has no 'net debt' as at March 31, 2020.

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

Note	Particulars	in ₹ crore	
		As at March 31, 2020	As at March 31, 2019
31.1	Contingent liabilities and commitments (to the extent not provided for)		
a	Contingent liabilities - Claims against the Group not acknowledged as debts		
	Disputed Central Excise Demands* (Refer Note 1 below)	43.63	37.46
	Disputed Income Tax Demands (Refer Note 2 and 3 below)	73.93	47.94
	*Disputed CST and VAT Demand*	1.77	3.64
b	Commitments		
	Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
	Property, plant and equipment	1.88	2.40
c	Guarantees	-	0.12

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

**Note 1:** On July 4, 2018, the Company had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10. The aforesaid CESTAT Order dealt with an earlier Order received during the year 2010-11 with associated demand of ₹ 11.87 and various show cause notices on a similar matter received in earlier financial years leading to an additional demand of ₹ 24.88 i.e. a total demand of ₹ 36.75. The aforesaid CESTAT Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT.

According to the aforesaid CESTAT Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT had remanded the matter back to the adjudicating authority in June 2018 for quantifying the differential duty liability, interest and penalties.

The adjudicating authority vide its order dated October 31, 2019 passed an order quantifying the differential duty liability and penalty amounting to ₹ 42.92 (which includes the demand of ₹ 36.75 by CESTAT as mentioned above) and ordering recovery of appropriate interest. Additionally, the adjudicating authority has also imposed penalty on certain officers of the Company.

The Company had earlier filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned CESTAT Order passed in July 2018. Pursuant to the quantification order of the adjudicating authority in October 2019 as stated above, the Miscellaneous Application has been withdrawn by the Company as the Company has filed a fresh appeal dated February 6, 2020 before the CESTAT against the order of the adjudicating authority dated October 31, 2019. The Company had also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application before the Hon'ble Supreme Court of India against the aforesaid CESTAT order passed in June 2018. The same continues to remain pending for final hearing. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

**Note 2:** Further, the Company had, in previous years, also received show cause notices, from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on a similar matter amounting to ₹ 3.01 which are not part of the orders discussed above and for which the company had provided its response. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

**Note 3:** During the year, the Company has received notices of demand from the Income Tax Department for additional tax payable amounting to ₹ 25.62 for AY 2017-18 (after adjusting the brought forward losses) under Section 156 of the IT Act after making additions of various items to income as per assessment orders pertaining to AY 2012-13 to AY 2017-18 issued under Section 143(3) read with Section 153A of the IT Act. The Department has also issued show cause notices for initiating penalty proceedings under Section 274 read with Section 270A/ 271(1)(c)/ 271AAB(1A) of the IT Act and the Company has filed a stay application against the penalty proceedings. The Company has also received a demand order for AY 2018-19 for additional tax payable amounting to ₹ 0.48. The Company believes that there are several computational errors in the aforesaid demand orders and therefore the Company has filed an application for rectification of errors in the aforesaid notices, including non-consideration of brought forward losses in AY 2012-13 assessment, u/s 154 of the IT Act. The Company has also challenged the orders passed by the Assessing Officer (AO) and filed an appeal with the Commissioner of Income Tax (Appeals) for the aforesaid assessment years. The Company is of the view that the outcome of these proceedings/ summons/ demands will not have any material impact on the Company's financial statements.

**Note 4:** In July, 2017, the Income Tax Department (Department) initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act) and in March 2018, also sent a show cause notice to the company under Section 276(C) of the IT Act. The Company and its officials fully co-operated with the Department. During the previous year, the Company and certain officers of the Company had received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. Post the ongoing proceedings initiated by the Department, during the year, certain other agencies sent notices as part of their preliminary inquiries, which were duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial statements.



**Note 5:** The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor for more than 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact on this statement of financial statements.

### 31.2 Dues to Micro Small and Medium Enterprises (MSMEs)

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end <sup>1</sup>	10.96	26.83
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

<sup>1</sup>Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

### 31.3 Segment Information

(i) The Group's business activity primarily falls within a single business segment based on the nature of activity involved and business risks having regard to the internal organisation and management structure. The Chief Operating Decision Maker (CODM) reviews the Group's performance as a single business segment and not at any other disaggregated level.

#### (ii) Geographical information

Particulars	in ₹ crore	
	Year Ended March 31,	
	2020	2019
I. Revenues*		
India	264.08	715.19
Americas	42.83	71.13
Rest of the World	83.63	114.00
Total	390.54	900.32

\* Determined based on location of customers

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
II Total Carrying amount of non current assets, by geographical location		
India*	105.64	140.50
Americas	-	-
Rest of the World	-	-

\*Includes an amount of ₹ 21.29 (March 31, 2019 - Nil) being Right of use assets pursuant to adoption of Ind AS 116.

Revenues of approximately ₹ 109.53 are derived from one external customer (March 31, 2019 - ₹ 219.76 from one external customer) exceeding 10% of the total revenue.

### 31.4 Revenue from contract with customers

#### (i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenue from contracts with customers. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by market and other economic factors (Refer Note No. 21)

Particulars	in ₹ crore	
	Year Ended March 31, 2020	Year Ended March 31, 2019
India-PSU	58.10	482.33
India-Private	195.23	209.27
International	126.46	185.13
Component Sales	10.75	23.59
Total	390.54	900.32

(ii) The movement in contract liability (deferred revenue and Advances received from customers) during the year is as follows:

Particulars	in ₹ crore	
	As at	
	Deferred Revenue	Advances received from customers
Opening balance	3.39	0.58
Less: Revenue accrued during the year	18.52	0.33
Add: Invoicing in excess of earned revenue during the year	17.73	0.13
Closing Balance	2.60	0.38

## (iii) Performance obligations and remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2020, is approximately ₹ 483. Out of this, the Group expects to recognize revenue of around 44% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

## (iv) Reconciliation of revenue recognised with Contract price

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Contract Price	390.87	900.32
Less adjustments for:		
Variable consideration	0.33	2.41
Revenue from operations	390.54	897.91

## 31.5 Details of leasing arrangements

## (a) Transition to Ind AS 116

## Impact due to Adoption of Ind AS 116 on the financial statements

As disclosed in note no. 2.1 (iii) above, the Group has adopted Ind AS 116 retrospectively from April 1, 2019, but has not restated comparatives for year ended March 31, 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from adoption of Ind AS 116 are therefore recognised in the opening balance sheet on April 1, 2019. The new accounting policies are disclosed in note no. 2.19.

Upon adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of April 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on April 1, 2019 was 9.25%.

## (i) Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review. There were no onerous contracts as at April 1, 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at April 1, 2019 as short term leases
- excluding initial direct costs for the measurement of the right of use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, Determining whether an Arrangement contains a Lease.

## (ii) Measurement of lease liabilities

in ₹ crore

Particulars	Amount
Operating lease commitments disclosed as at March 31, 2019	8.17
Add/(Less): Adjustments as a result of a different treatment of extension and termination options	30.81
Total	38.98
Discounted using the lessee's incremental borrowing rate at the date of initial application	29.09
lease Liability recognised as at April 1, 2019	29.09
Of which are:	
Current lease liabilities	4.73
Non-current lease liabilities	24.36

## (iii) Measurement of right of use assets

The associated right of use assets for property leases were measured on a retrospective basis as if the new rules had always been applied.

## (iv) Adjustments recognised in the balance sheet on April 1, 2019

The change in accounting policy affected the following items in balance sheet on April 1, 2019:

- right of use assets - increase by ₹ 22.65
- deferred tax assets(net) - increase by ₹ 2.25
- pre-paid lease payments - decrease by ₹ 0.05
- deposits - decrease by ₹ 0.45
- lease Liabilities - increase by - ₹ 29.09

The net impact on retained earnings on April 1, 2019 was decrease of ₹ 4.69.

## Disclosure relating to Ind AS 116

The Group has entered into operating lease arrangements for office premises and plant which are for a period ranging between 5 and 8 years. All leases are cancellable at the option of the lessee.

## (b) Right-of-use assets

## (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

in ₹ crore

Particulars	As at	As at
	March 31, 2020	April 1, 2019
Right of use Assets		
Buildings	21.29	22.65
Total	21.29	22.65
Lease Liabilities		
Current	5.97	4.73
Non-Current	21.91	24.36
Total	27.88	29.09

Additions to right-of-use assets during the current financial year is ₹ 3.87.

## (ii) Amounts recognised in the statement of profit or loss:

The statement of profit or loss shows the following amount related to leases:

in ₹ crore

Particulars	Note	Year ended
		March 31, 2020
Depreciation charge of Right of use Assets		
Buildings	4(c)	5.23
Total		5.23
Other costs		
Interest expense (included in finance costs)	25A	2.78
Expenses relating to short term leases (included in other expenses)*	26	2.13
Expenses relating to variable lease payments		-
Total		4.91

\*includes maintenance expenses

The total cash outflow for leases for the year ended March 31, 2020 is ₹ 10.49.

#### Extension and termination options

Extension and termination options are included in various leasing arrangements for buildings. These are used to maximise operational flexibility in terms of managing assets used in the operations. All the Extension and termination options are exercisable only by the Group.

The Group has not provided any residual value guarantees in any of the leasing arrangements.

#### (c) Disclosures under Ind AS 17 for the previous year

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Lease rentals recognised in the Statement of Profit and Loss (Refer Note No. 26)	-	8.52

Particulars	As at	
	March 31, 2020	March 31, 2019
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	-	2.29
later than one year and not later than five years	-	5.88

#### 31.6 Related Party Transactions

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

Description of relationship	Names of related parties
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited ('Clonect')
	Darwinbox Digital Solutions Private Limited ('Darwinbox')
	Deshpande Foundation
	Akshaya Patra Foundation
	ICT Academy
Post-employment benefit plan for the benefit of employees	Tejas Networks Limited Employees Group Gratuity Fund Trust
Key Management Personnel (KMP)	

Executive Directors	Sanjay Nayak, CEO and Managing Director Arnob Roy, Chief Operating Officer and Whole Time Director*
Non - Executive Directors	
Independent Directors	Balakrishnan V Leela K Ponappa Chandrashekar Bhaskar Bhawe
Non - Independent Directors	Gururaj Deshpande

\* Appointed as Chief Operating Officer with effect from March 25, 2019.

(ii) Details of the related party transactions during the year ended March 31, 2020:

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Transaction during the year		
Legal & Professional Charges		
Clonect	0.08	0.08
Darwinbox	0.07	0.06
Corporate Social Responsibility		
Deshpande Foundation	0.26	-
Akshaya Patra Foundation	0.40	0.25
ICT Academy	0.50	-
Contribution to Post Employment Benefit Trust		
Tejas Networks Limited		
Employees Group Gratuity Fund Trust	3.20	4.65
Remuneration to Key Management Personnel		
Executive Directors		
Sanjay Nayak		
Short-term employee benefits	1.66	2.09
Post-employment benefits	0.03	0.02
Employee share-based payment	1.20	1.12
Arnob Roy		
Short-term employee benefits	1.24	0.02
Post-employment benefits (Refer Note No. 38)	0.02	0.00
Employee share-based payment	0.91	0.02
Non - Executive Directors		
Director Sitting Fees		
Balakrishnan V	0.04	0.06
Leela K Ponappa	0.05	0.05
Chandrashekar Bhaskar Bhawe	0.05	-
Director Commission		
Balakrishnan V	-	0.25
Leela K Ponappa	-	0.13

(iii) Balances outstanding at the end of the year

Particulars	As at	
	March 31, 2020	March 31, 2019
Payable to Key Management Personnel		
Sanjay Nayak	0.38	0.95
Arnob Roy	0.33	0.68
Balakrishnan V	-	0.25
Leela K Ponappa	-	0.13
All outstanding balances are unsecured.		

### 31.7 Earnings per Share

in ₹ crore except for share data or otherwise stated

Particulars	Year Ended March 31,	
	2020	2019
Basic		
Net profit/(loss) for the year attributable to the equity shareholders	(237.12)	147.24
Weighted average number of equity shares	9,20,38,454	9,13,08,108
Par value per share (₹)	10.00	10.00
Earnings/(loss) per share - Basic (₹)	(25.76)	16.13
Diluted		
Net profit/(loss) for the year attributable to the equity shareholders	(237.12)	147.24
Weighted average number of equity shares for Basic EPS	9,20,38,454	9,13,08,108
Add: Bonus element on Share Options and RSUs issued to employees*	-	43,59,600
Weighted average number of equity shares - for diluted EPS	9,20,38,454	9,56,67,708
Par value per share (₹)	10.00	10.00
Earnings/(loss) per share - diluted (₹)	(25.76)	15.39

\* The bonus element on Share Options and RSUs issue to employees are anti-dilutive for the current year and has hence been ignored.

### 31.8 Product Development Cost

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

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Amount transferred to Product Development	44.60	70.39
Additions to Intangible assets under development	67.31	64.92
Impairment loss which pertains to additions in the current year*	36.15	-

(ii) Details of Capital and Revenue expenditure towards Research and Development incurred by the Group

Particulars	Year Ended March 31,	
	2020	2019
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	8.65	3.36
Revenue expenditure*	109.40	115.51
<b>TOTAL</b>	<b>118.05</b>	<b>118.87</b>

(iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development as per Department of Scientific and Industrial Research (DSIR) Regulations [out of (ii) above]

in ₹ crore

Particulars	Year Ended March 31,	
	2020	2019
Eligible capital expenditure	8.65	3.36
Eligible revenue expenditure	98.80	101.88
<b>TOTAL</b>	<b>107.45</b>	<b>105.24</b>

\* During the year ended March 31, 2020 a portion of the Revenue Expenditure amounting to ₹ 65.92 (March 31, 2019 - ₹ 62.43) (Refer Note No. 24) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts in compliance with the relevant Indian Accounting Standards (Ind AS). Out of ₹ 65.92, an amount of ₹ 36.15 (₹ 15.96 from Intangible assets under development and ₹ 20.19 from Intangible assets) has been impaired and charged to the Statement of Profit and Loss and a net amount of ₹ 29.77 has been shown as Intangible assets under Development/Intangible assets as at March 31, 2020.

## 31.9 Interest in subsidiaries

Name of the Company	Place of Business	% of Holding and voting power either directly or indirectly through subsidiary as at	
		2020	2019
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018)	Israel	NA	NA
vSave Energy Pvt Limited (wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018)	India	NA	NA
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

## 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 Plan 2016. ESOP Plan 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2016). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2016, shall not exceed 50,00,000 Equity Shares.

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

### (iv) Restricted Stock Unit Plan 2017 (“RSU Plan 2017”)

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

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

As the Company has implemented RSU plan during the financial year 2017-18, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Consequently, the options available for grant were considered as “NIL” for the current ESOP schemes. Hence, other information is not applicable for the year ended March 31, 2019 and 2020.



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

Particulars	March 31, 2020		March 31, 2019	
	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	24,40,069	65	29,17,690
Granted during the year	-	-	-	-
Exercised during the year*	65	2,83,583	65	4,52,905
Forfeited during the year	65	32,050	65	24,716
Outstanding at the end of the year	65	21,24,436	65	24,40,069
Exercisable at the end of the year	65	21,24,078	65	24,31,050
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		11.94 years		13.02 years

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)

<b>ESOP Plan 2014-A</b>				
Outstanding at the beginning of the year	85	14,76,427	85	16,89,511
Granted during the year	-	-	-	-
Exercised during the year*	85	37,645	85	1,81,939
Forfeited during the year	85	59,033	85	31,145
Outstanding at the end of the year	85	13,79,749	85	14,76,427
Exercisable at the end of the year	85	13,63,861	85	9,88,234
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		2.53 years		3.57 years

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 (March 31, 2019 - ₹ 248.58)

Particulars	March 31, 2020		March 31, 2019	
	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	20,24,545	85	23,48,086
Granted during the year	-	-	-	-
Exercised during the year*	85	63,363	85	2,61,848
Forfeited during the year	85	87,499	85	61,693
Outstanding at the end of the year <sup>#</sup>	85	18,73,683	85	20,24,545
Exercisable at the end of the year	85	15,48,012	85	10,60,578
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		2.96 years		3.99 years

<sup>#</sup>The range of exercise prices of the outstanding options as at March 31, 2020 is ₹ 85 to ₹ 110 (₹ 85 to ₹ 110 as at March 31, 2019)

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 ( March 31, 2019 - ₹ 248.58)

Particulars	Weighted average exercise price (INR)	Number of stock units	Weighted average exercise price (INR)	Number of stock units
RSU Plan 2017				
Outstanding at the beginning of the year	10	10,20,923	10	34,790
Granted during the year	10	9,08,000	10	10,08,550
Exercised during the year*	10	1,06,665	10	4,127
Forfeited during the year	10	1,37,757	10	18,290
Outstanding at the end of the year	10	16,84,501	10	10,20,923
Exercisable at the end of the year	10	1,93,663	10	4,435
RSU available for grant <sup>#</sup>	10	10,48,660	10	19,56,660
Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period)		4.73 years		5.15 years

\* The weighted average share price during the year ended March 31, 2020 was ₹ 103.88 (March 31, 2019 ₹ 248.58).

# Excludes 1,56,047 RSUs lapsed as on March 31, 2020 (March 31, 2019 - 18,290) which can be re-issued and will form part of RSU pool to be granted

#### (vi) Fair value of RSUs

For 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, 2020	March 31, 2019
RSU Plan 2017		
Weighted Average share price on the date of grant	118.32	260.74
Exercise price	10.00	10.00
Risk Free Interest Rate	6.44% to 7.47%	7.58% to 7.89%
Expected Life	5-8 Years	5-8 years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	53% to 59%	48% to 52%
Expected Dividend Yield	0.53% to 1.29%	0.00%

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes, hence other information is not applicable for the year ended March 31, 2019.

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

	in ₹ crore	
	March 31, 2020	March 31, 2019
Equity-settled share-based payments (Refer Note No. 24)	11.20	15.10

## Note No. 33: Assets pledged as security against fund and non-fund based banking arrangements

Particulars	in ₹ crore	
	As at	
	March 31, 2020	March 31, 2019
(i) Financial Assets		
Trade Receivables	364.24	607.39
Loans	1.07	0.79
Other financial assets	1.11	0.12
Other financial assets excluding deposits with financial institutions	6.40	20.44

Total financial assets	372.82	628.74
(ii) Non- Financial Assets		
Other current assets	37.46	27.48
Inventories	251.99	181.39
Total non- financial assets	289.45	208.87
(iii) Total current assets pledged as security		
	662.27	837.61
(iv) Non-current assets		
Property, plant and equipment	30.55	30.68
Trade Receivables	80.28	42.81
Total Non-current assets pledged as security	110.83	73.49
(v) Total assets pledged as security	773.10	911.10

The Group has multiple banking arrangements with banks who have extended fund based and non- fund based facilities and have

placed uniform covenants for collateral purposes. The banks have a pari passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, availment out of fund and non-fund based facilities will be within the limits sanctioned. The pari passu charge implies that the banks have a proportionate claim on the collaterals, limited to actual utilisation of fund and non-fund based facilities. The aggregate of fund and non-fund based facilities availed and outstanding as at March 31, 2020 aggregates to ₹162.20 (March 31, 2019: ₹179.91).

## Note No. 34: Statement of Function wise Profits and Losses (for additional information only)

Particulars	in ₹ crore	
	Year ended March 31,	
	2020	2019
<b>Revenue</b>		
Product sales, net of excise duty (Refer Note i below)	333.07	817.45
Component sales	10.75	23.59
Services	46.72	56.87
Other Operating Revenues	-	2.41
<b>Net Revenue (A)</b>	<b>390.54</b>	<b>900.32</b>
Cost of materials consumed (Refer Note ii below)	203.86	464.84
Manufacturing Expenses	14.74	18.30
Service Expenses	36.70	51.12
<b>Total Cost of Goods Sold (B)</b>	<b>255.30</b>	<b>534.26</b>
<b>Gross Profit (C) = (A) - (B)</b>	<b>135.24</b>	<b>366.06</b>
<b>Operating Expenses:</b>		
Research & Development (Gross)	109.40	115.51
Less: R&D Capitalized	(67.31)	(64.92)
Research & Development (Net)	42.09	50.59
Selling, Distribution & Marketing	87.32	89.50
General & Administrative	23.41	29.76
<b>Operating Expenses (Net) (D)</b>	<b>152.82</b>	<b>169.85</b>
<b>Profit/(loss) from operations (EBITDA) (E) = (C) - (D)</b>	<b>(17.58)</b>	<b>196.21</b>
Other Income (Refer Note iii below)	24.66	36.13
Foreign exchange loss/(gain) (Refer Note iv below)	(8.99)	(0.56)
Finance costs	7.72	17.00
Depreciation and amortization	77.05	65.88
Impairment of non-current assets	69.87	-
<b>Profit/(Loss) before tax</b>	<b>(138.57)</b>	<b>150.02</b>
<b>Tax expense:</b>		
Current tax	-	19.63
Deferred tax expense/(benefit)	98.55	(16.85)
<b>Profit/(loss) after tax</b>	<b>(237.12)</b>	<b>147.24</b>
Other Comprehensive income/(loss)	(0.43)	(0.95)
<b>Total comprehensive income/(loss) for the year</b>	<b>(237.55)</b>	<b>146.29</b>
<b>Earning/(loss) per share (Par Value ₹ 10 each)</b>		
(a) Basic	(25.76)	16.13
(b) Diluted	(25.76)	15.39
Weighted average Basic Equity share outstanding	9,20,38,454	9,13,08,108
Weighted average Diluted Potential Equity share outstanding	9,20,38,454	9,56,67,708

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

in ₹ crore

Particulars	Year ended March 31,	
	2020	2019
Cost of material consumed as per Schedule III (Refer Note No. 23)	203.58	463.70
Add: Considered separately under other expenses as per Schedule III (Refer Note No. 26)		
Other Processing Charges	1.60	3.02
Royalty	0.07	0.61
Less: Other processing charges considered under R&D	1.39	2.49
<b>Total Cost of material consumed as per function wise profit and loss</b>	<b>203.86</b>	<b>464.84</b>

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

Particulars	Year ended March 31,	
	2020	2019
Other income as per Schedule III (Refer Note No. 22)	33.65	36.69
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iii below)	(8.99)	(0.56)
<b>Other income as per function wise profit and loss</b>	<b>24.66</b>	<b>36.13</b>

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

in ₹ crore

Particulars	Year ended March 31,	
	2020	2019
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note No. 22, Note No. 26 and Note ii above)	(8.99)	(0.56)
<b>Foreign exchange loss/(gain) as per function wise profit and loss</b>	<b>(8.99)</b>	<b>(0.56)</b>

## Note No. 35:

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

in ₹ crore

Name of the entity	Net assets, i.e., total assets minus total liabilities	
	2020	2019
<b>Parent Company</b>		
Tejas Networks Limited		
As % of consolidated net assets	98.62%	98.93%
Amount	1066.04	1306.16
<b>Subsidiaries</b>		
<b>Indian</b>		
vSave Energy Private Limited.		
As % of consolidated net assets	0.00%	0.00%
Amount	-	-
<b>Foreign</b>		
Tejas Communication Pte. Ltd.		
As % of consolidated net assets	1.38%	1.07%
Amount	14.90	14.08
Tejas Israel Ltd.		
As % of consolidated net assets	0.00%	0.00%
Amount	0.00	0.00
<b>Total</b>		
As % of consolidated net assets	100.00%	100.00%
Amount	1,080.94	1,320.24

Particulars	Share of profit or loss	
	2020	2019
<b>Parent Company</b>		
Tejas Networks Limited		
As % of consolidated profit or loss	100.06%	98.51%
Amount	(237.26)	145.04
<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	-0.06%	1.32%
Amount	0.14	1.95
Tejas Israel Ltd.		
As % of consolidated profit or loss	0.00%	0.17%
Amount	-	0.25
<b>Total</b>		
As % of consolidated profit or loss	100.00%	100.00%
Amount	(237.12)	147.24

Particulars	Other Comprehensive Income		Total Comprehensive Income	
	2020	2019	2020	2019
<b>Parent Company</b>				
Tejas Networks Limited				
As % of consolidated profit or loss	-53.49%	181.05%	99.78%	97.97%
Amount	0.23	(1.72)	(237.03)	143.32
<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	153.49%	-81.05%	0.22%	1.86%
Amount	(0.66)	0.77	(0.52)	2.72
Tejas Israel Ltd.				
As % of consolidated profit or loss	0.00%	0.00%	0.00%	0.17%
Amount	-	-	-	0.25
<b>Total</b>				
As % of consolidated profit or loss	100.00%	100.00%	100.00%	100.00%
Amount	(0.43)	(0.95)	(237.55)	146.29

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

(a) Gross amount required to be spent by the Company during the year ₹ 1.97 (previous year ₹ 0.98).

(b) Amount spent during the year: Rs 1.97 (included under expenditure on corporate social responsibility note no. 26)

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
	(-)	(-)	(-)
2. On purposes other than (1) above	1.97	-	1.97
	(0.98)	(-)	(0.98)

Previous year figures are in brackets

Particulars	Nature of Service	Year Ended March 31,	
		2020	2019
Akshaya Patra Foundation, Bengaluru	NGO run school meal programme facilitating education of underprivileged children in India.	0.40	0.25
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers.	0.25	0.25
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality.	0.40	0.30
Ict Academy Of Tamilnadu	Developing the next generation teachers and industry ready students aligned to the Skill India Vision of the Government of India	0.50	-
Selco Foundation	Improving the education in rural schools by programs powered by renewable energy by providing solar powered digital education to rural schools	0.05	-
Deshpande Foundation	Supports innovation for scalable impact for a sustainable, scalable social and economic impact through innovation and entrepreneurship	0.26	-
Chief Minister Relief Fund-Covid19*	A support fund established by State Government to fight the pandemic disease Covid-19	0.11	-
Vinoba Sewa Ashram, Uttar Pradesh	Serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh.	-	0.18
<b>Total qualifying expenditure on corporate social responsibility</b>		<b>1.97</b>	<b>0.98</b>

\* On March 28, 2020, Company has made a contribution of ₹ 0.11 to Karnataka Chief Minister Relief Fund for COVID 2019 as a qualifying corporate social responsibility (CSR) expenditure, based on the Ministry of Corporate Affairs (MCA) circular dated March 23, 2020. Subsequent to the year-end date, MCA issued a revised circular dated April 10, 2020 clarifying through a FAQ that contribution to Chief Minister Relief Fund for Covid is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure. Company believes that the said payment was done before April 10, 2020 circular, and the amount contributed to Karnataka Chief Minister Relief Fund for COVID 2019 should be considered as a qualifying CSR expenditure.

## Note No. 37: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of ₹ 10/- each at a premium of ₹ 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in actual use of proceeds from the objects stated in the offer document. Total share issue expenses related to IPO amounted to ₹ 21.13 of which ₹ 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and ₹ 1.80 has been charged off as part of sales expenses during the year ended March 31, 2018 (Refer Note No. 26). There is no such expense during the current year.



in ₹ crore

Particulars	Proposed as per Prospectus	Revised amounts as explained in Prospectus	Total utilization till March 31, 2018	Balance as on March 31, 2018	Actual Utilization during quarter ended June 30, 2018	Balance as on March 31, 2019
(i) Capital expenditure towards payment of salaries and wages for Research and Development team	45.29	45.29	35.65	9.64	9.64	-
(ii) Working capital requirement	303.00	303.00	303.00	-	-	-
(iii) General corporate purposes (refer note below)	76.20	80.58	80.58	-	-	-
Total towards objects of the offer	424.49	428.87	419.23	9.64	9.64	-
Issue Expenses Outflow (refer note below)	25.51	21.13	-	-	-	-
Total issue proceeds	450.00	450.00	419.23	9.64	9.64	-

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

### Note No. 38: Details of amounts rounded off

Particulars	As at	
	2020	2019
Property, plant and equipment (Refer Note No. 4(a))		
a) Deletions		
Computing Equipment	47,900/-	-
b) Accumulated depreciation on deletions		
Electrical Installation	20,414/-	-
Computing Equipment	23,857/-	-
Investment in ELCIA ESDM Cluster (Refer Note No. 5)	11,000/-	11,000/-
ICICI Bank (Refer Note No. 7)	39,983/-	-
Post-employment benefits cost to Arnob Roy [Refer Note No. 31.6(ii)]	-	2,570/-

### Note No. 39: Dividend

As per the Company's dividend policy, the Board may recommend to distribute dividend upto 25 % of the free cash flow of the corresponding Financial Year, out of retained earnings, after taking into account the relevant provisions of the Companies Act. For the year ended March 31, 2020, since the Company has incurred a loss, the Board has not recommended any dividend. For the year ended March 31, 2019, the Company has made a payment of final dividend of Re. 1 per fully paid equity share.

## Note No. 40: Impact of COVID-19 Pandemic

The spread of COVID-19 has severely impacted businesses around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lockdowns, disruptions in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

As the situation is constantly evolving, the Group has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statements for the year ended March 31, 2020.

The Group is in the business of providing optical and data transmission equipment to telecom service providers. Since telecom networks have been identified as an essential service, the Group is in a position to provide continual customer and technical support to its customers in India and worldwide, so that their network uptime remains high.

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmations of customer orders and in executing the orders in hand and an increase in lead times in sourcing components. Based on current assessment, management is of the view that this situation is likely to continue for the next two quarters.

From a macro industry outlook, with more people working remotely and many services being accessed from home, there has been a significant increase in data traffic in telecom networks, which is expected to drive demand for higher bandwidth and more optical and data transmission equipment. Telecom operators are expected to invest more in upgrading their network capacities, especially to address home broadband needs. The Group's products address the broadband equipment requirements of telecom

operators and also are used for augmenting the data capacity of their networks.

The Group does not have borrowings as at year end and in the view of the management, there is no major impact on the immediate liquidity position of the Group based on sensitivity analysis and detailed cash flow assessment carried out for the next one year from the date on which the financial statements are approved.

As part of its review of the year-end balance sheet, the Group has made an assessment of recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31, 2020. (Refer Note No. 4(a), Note No. 4(b), Note No. 12, Note No. 28 and Note No. 29).

In the case of Inventory held by holding company, Management has performed the year-end 'wall to wall' inventory verification at each of its locations and again at a date subsequent to the year end in the presence of its internal auditor (an external firm of Chartered Accountants) to obtain comfort over the existence and condition of inventories as at March 31, 2020 including roll-back procedures etc.

In view of the above, the Group has taken into account all the possible impact of known events arising from COVID-19 pandemic in the preparation of these financial statements. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group will continue to closely monitor any material changes to future economic conditions.

**Note No. 41:** Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

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

Pradip Kanakia  
Partner  
Membership no: 039985

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing Director  
(DIN:01049871)

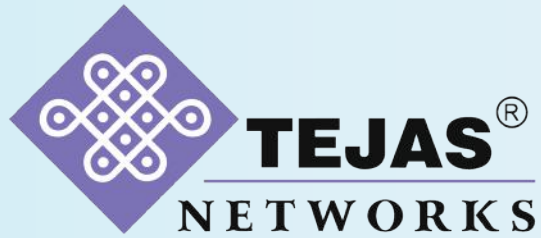
Chandrashekar Bhaskar Bhave  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time Director  
(DIN:03176672)

Place: Bengaluru  
Date: April 21, 2020

Venkatesh Gadiyar  
Chief Financial Officer

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



# Software-Enabled Transformation

**TEJAS NETWORKS LIMITED**  
Plot No. 25, JP Software Park, Electronics City Phase-1,  
Hosur Road, Bengaluru, Karnataka - 560100  
Tel : 080 4179 4600  
Website: [www.tejasnetworks.com](http://www.tejasnetworks.com)

June 30, 2020

Dear Member,

You are cordially invited to attend the 20<sup>th</sup> Annual General Meeting of the Shareholders of Tejas Networks Limited to be held on Tuesday, July 28, 2020 at 4.00 P.M (IST) through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”).

The Notice of the meeting, containing the business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013 read with the related Rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide its Shareholders the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The instructions for e-voting is enclosed herewith.

Yours sincerely

Sd/-  
Balakrishnan V  
Chairman

*Enclosures:*

1. Notice of the 20<sup>th</sup> Annual General Meeting
2. Instructions for participation through VC
3. Instructions for e-voting

*Note: Attendees who require technical assistance to access and participate in the meeting through VC are requested to contact the helpline number:  
+91 80 4179 4600 / +91 80 4179 4700*

# NOTICE

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**NOTICE** is hereby given that the 20<sup>th</sup> Annual General Meeting (“AGM”) of the Shareholders of Tejas Networks Limited (the “Company”) will be held on Tuesday, July 28, 2020 at 4.00 P.M (IST) through VC/OAVM to transact the following business:

## ORDINARY BUSINESS

### 1. Adoption of Financial Statements

To receive, consider and adopt

The Audited Financial Statements (including Consolidated Financial Statements) of the Company for the financial year ended March 31, 2020 together with the Reports of the Board of Directors and Auditors thereon.

### 2. Re-appointment of Dr. Gururaj Deshpande (DIN: 01979383) as a Director liable to retire by rotation

To re-appoint Dr. Gururaj Deshpande, who retires by rotation and being eligible, offers himself for re-appointment and to pass with or without modification(s) the following resolution as an Ordinary resolution:

**“RESOLVED THAT** Dr. Gururaj Deshpande (DIN: 01979383) who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation.”

**“RESOLVED FURTHER THAT** the consent of the Shareholders of the Company is accorded to the Board of Directors of the Company to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors /Executives of the Company to give effect to the aforesaid resolution.”

Date: April 21, 2020  
Registered Office:  
J P Software Park, Plot No 25, Sy. No 13, 14,17,18  
Konnapanan Agrahara Village, Begur Hobli,  
Bengaluru-560100.  
Email: [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

## SPECIAL BUSINESS

### 3. Continuation of directorship of Amb. Leela K Ponappa (DIN: 07433990) as Independent Director in terms of Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Regulation 17(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and other applicable provisions if any, consent of members of the Company be and is hereby accorded to Amb. Leela K Ponappa (DIN: 07433990) for continuation of her holding of the office of Independent Director under the current tenure of the appointment which ends on February 15, 2023 notwithstanding that she will attain the age of 75 years on June 26, 2021.”

**“RESOLVED FURTHER THAT** the consent of the Shareholders of the Company is accorded to the Board of Directors of the Company to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors / Executives of the Company to give effect to the aforesaid resolution.”

By Order of the Board  
Sd/-  
N R Ravikrishnan  
General Counsel,  
Chief Compliance Officer and Company Secretary  
ACS Membership No: 7875



## Notes:

1. Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020 issued by the Ministry of Corporate Affairs (hereinafter collectively referred to as "MCA Circulars"), and Circular number SEBI/HO/CFD/CMD1/CIR/P/2020/79 issued by the Securities and Exchange Board of India (SEBI), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (the "Act") setting out material facts concerning the business under Item 2 and 3 of the Notice is annexed hereto. The relevant details, pursuant to Regulation 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/ re-appointment at this AGM are also annexed.
3. The Register of Shareholders and Share Transfer Books of the Company will remain closed from July 22, 2020 to July 28, 2020 (both days inclusive).
4. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM.
5. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The form can be downloaded from the Company's website at <https://www.tejasnetworks.com/disclosures.php>. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the RTA, Link Intime India Private Limited, in case the shares are held in physical form.
6. To support the 'Green Initiative', Shareholders who have not registered their email addresses are requested to register the same with their DPs in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
7. Shareholders are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone number, mobile number, permanent account number (PAN), mandates, nominations, power of attorney, bank details to their DPs in case the shares are held by them in electronic form and to RTA in case shares are held in physical form.
8. Shareholders holding shares in physical form are requested to consider converting their holdings into dematerialized form to eliminate all risks associated with the physical shares and for ease of portfolio management. Shareholders can contact the Company or RTA for assistance in this regard.
9. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or Governing Body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [evoting@tejasnetworks.com](mailto:evoting@tejasnetworks.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
10. Shareholders holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Shareholders after making requisite changes.
11. In case of joint holders attending the AGM, the Shareholders whose name appears as the first holder in the order of names as per the Register of Shareholders of the Company will be entitled to vote.
12. Attention is invited on the Companies (Significant Beneficial Ownership) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs on 8<sup>th</sup> February 2019. A person is considered as a Significant Beneficial Owner (SBO) if he/she, whether acting alone, together or through one or more individuals or trust holds a beneficial interest of at least 10%. The beneficial interest could be in the form of a Company's shares or the right to exercise significant influence or control over the Company. If any Shareholders holding shares in the Company on behalf of other or fulfilling the criteria, is required to give a declaration specifying the nature of his/her interest and other essential particulars in the prescribed manner and as specified in the Companies (Significant Beneficial Ownership) Amendment Rules, 2019 issued by the Ministry of Corporate Affairs on February 08, 2019.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. July 28, 2020. Members seeking to inspect such documents can send an email to [agm@tejasnetworks.com](mailto:agm@tejasnetworks.com).
14. SEBI has mandated the submission of PAN by every participant in securities market. Shareholders holding shares in electronic form are therefore, requested to submit the PAN to their DPs with whom they are maintaining their demat accounts. Shareholders holding shares in physical form can submit their PAN details to the RTA of the Company.
15. Members seeking any information with regard to any items provided in the AGM Notice including the Annual Accounts and any queries relating to the business /operations of the Company, are requested to write to the Company mentioning

their name, DP ID and Client ID number /folio number and mobile number. The same should reach on or before July 24, 2020 at [agm@tejasnetworks.com](mailto:agm@tejasnetworks.com) and responses to such queries will be appropriately addressed by the Chairman of the meeting. Due to technical reasons, the length of a question may possibly be limited to a certain number of characters. However, the number of questions a shareholder or its authorized representative can submit will not be affected thereby. The Management will decide, at its due discretion, whether and how it will answer the questions. It can summarize questions and select in the interest of the other shareholders, meaningful questions. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

16. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website [https://www.tejasnetworks.com/shareholders\\_agm.php](https://www.tejasnetworks.com/shareholders_agm.php) websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of NSDL <https://www.evoting.nsdl.com>
17. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
18. Brief profile and other required information about the Director proposed to be re-appointed and continuation of directorship as required under Regulation 36(3) of the SEBI Listing Regulations is attached to this Notice.
19. In compliance with the provisions of Section 108 of the Act read with Rule 20 of Companies (Management and Administration) Rules, 2014 as amended from time to time, and Regulation 44 of the Listing Regulations, the Shareholders are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice. The instructions for e-voting has been attached to the Notice of the AGM.
20. The remote voting through electronic means will commence on July 23, 2020 at 9.00 am (IST) and will end on July 27, 2020

at 5.00 pm (IST). The Shareholders will not be able to cast their vote electronically beyond the date and time mentioned here. Once the vote on a resolution is cast by a Shareholder via remote e-voting, it cannot be changed subsequently or cast the vote again. However, a Shareholder may participate in the meeting even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again at the meeting.

21. During the period when the facility for remote e-voting is provided, the Shareholders of the Company holding the shares either in physical or in dematerialized form as on the relevant date (i.e) July 21, 2020 may opt to vote via remote electronic voting process.
22. The Board of Directors has appointed C. Dwarakanath, Company Secretary in Practice (FCS- 7723 and CP No: 4847) failing which Ananta Deshpande, Company Secretary in Practice (ACS - 24319 and CP No.20322) as a Scrutinizers to scrutinize the voting through remote e-voting and voting process at AGM in a fair and transparent manner.
23. The results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions. The results of voting declared along with Scrutinizer's Report(s) will be published on the website of the Company ([www.tejasnetworks.com](http://www.tejasnetworks.com)) and on Service Provider's website NSDL (<https://www.evoting.nsdl.com>) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
24. Details of the process and manner of remote e-voting along with the User ID and Password is being sent to all the Shareholders along with this Notice. In case of any queries / grievances relating to voting by electronic means, the Shareholders / beneficial owners or in case any person, acquires shares of the Company and becomes a Shareholder of the Company after dispatch of the notice and holding shares as of the cut-off date July 21, 2020 may obtain the login ID and password by sending a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
25. Since the AGM will be held through VC in accordance with the Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

## Instructions for participation through Video-conferencing

In accordance with the applicable provisions of the Companies Act, 2013 read with MCA Circulars, the Company is convening the 20<sup>th</sup> AGM of the Members of the Company through VC / OAVM to transact the business as set forth in the Notice of the AGM.

The procedure and the manner for accessing the video-conferencing are as follows:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. The Members can join the AGM through VC/OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Pursuant to Regulation 44(6) of Listing Regulations, the Company is also providing live webcast of proceedings of AGM from 4.00 p.m. (IST) onwards on July 28, 2020. Members can view the proceeding of AGM by logging to the e-voting website of NSDL at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) using their remote e-voting credentials, where the EVEN of Company will be displayed.
4. Members are encouraged to join the Meeting through laptops for better experience. Further Members will be required to use internet with a good speed to avoid any disturbance during the meeting. Members connecting from their mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio or video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to attend the AGM without any interruption.
5. Members who would like to express their views/ask questions as a speaker at the Meeting may pre-register themselves by sending a request from their registered email ID mentioning their names, DP ID and Client ID/folio number, PAN and mobile number at [agm@tejasnetworks.com](mailto:agm@tejasnetworks.com) to reach on or before July 24, 2020. Those Members who have pre-registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM.
6. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. The speaker shall ensure being connected to a device with a video/camera same along with good internet speed for the same. Those speakers whose names are called out by the Chairman and are not available will not be allowed to speak later to ensure proceedings flow in a smooth manner.
7. Members who need assistance before or during the AGM, can contact NSDL on [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) 1800-222-990 or contact Mr. Amit Vishal, Senior Manager - NSDL at [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) 022-24994360 or Pallavi Mhatre, Manager - NSDL at [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) 022 - 24994545 or Sarita Mote, Assistant Manager - NSDL at [saritaM@nsdl.co.in](mailto:saritaM@nsdl.co.in) 022 - 24994890.

## Shareholders Instructions for e-voting

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide e-voting facility to the Shareholders to cast their votes electronically on all resolutions set forth in the Notice convening the 20<sup>th</sup> AGM to be held on Tuesday, July 28, 2020 at 4:00 P.M (IST) through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”).

The Company has engaged the services of the National Securities Depository Limited (NSDL) to provide the e-voting facility.

**Step 1:** Log on to NSDL's e-voting system at <https://www.evoting.nsdl.com>

**Step 2:** Cast your vote electronically on NSDL's e-voting system.

4. Your User ID details are given below:

Manner of holding shares, i.e., Demat (NSDL or CDSL) or Physical	User ID
a) For members who hold shares in demat accounts with NSDL.	8-character DP ID followed by 8-digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your User ID is IN300***12*****.
b) For members who hold shares in demat account with CDSL.	16-digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For members holding shares in physical form.	EVEN, followed by Folio Number registered with the Company. For example, if your EVEN is 101456, and Folio Number is 001***, then your User ID is 101456001***.

5. Your password details are given below :

- If you are already registered for e-voting, then you can use your existing password to log in and cast your vote.
- If you are using the NSDL e-voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password', and change your password, as prompted by the system.
- How to retrieve your 'initial password'?
  - If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you by NSDL from your mailbox. Open the email and open the attachment (it will be a .pdf file). Open the file. The password to open the file is your 8-digit client ID for your NSDL account, or the last 8 digits of your CDSL client ID, or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
  - If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

### Step 1

How to Log-in to NSDL e-Voting website

- Visit the e-Voting website of NSDL by opening your web browser and typing the following URL: <https://www.evoting.nsdl.com> either on a desktop computer/ laptop or your smartphone.
- Once the homepage of the e-voting system is launched, click on the icon, 'Login', available under 'Shareholders'.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services, i.e. IDEAS, you can log in at <https://eservices.nsdl.com> with your existing IDEAS log-in details. Once you log in to NSDL e-services using your log-in credentials, click on 'e-Voting' and proceed to Step 2, i.e., cast your vote electronically.

- If you have not received the 'initial password', or are unable to retrieve it, or have forgotten your password :
  - Click on the 'Forgot User Details / Password?' (for those holding shares in demat accounts with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - A 'Physical User Reset Password?' (for those holding shares in physical mode) option is also available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - If you are unable to get your password following the aforesaid options, you can send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number / folio number, your PAN, your name, and your registered address.
- After entering your password, agree to the terms and conditions by checking the box.
- Next, click on the 'Login' button.
- After you click on the 'Login' button, the homepage of e-voting will open.

## Step 2

How to cast your vote electronically on the NSDL e-voting system?

1. After successfully logging in following Step 1, you will be able to see the e-voting homepage. Click on 'e-Voting'. Then, click on 'Active Voting Cycles'.
2. Upon clicking on 'Active Voting Cycles', you will be able to see the 'EVEN' of all the companies in which you hold shares and whose voting cycles are in 'active' status.
3. Select the 'EVEN' of the Company for which you wish to cast your vote.
4. Now you are on the voting page and ready for e-voting.
5. Cast your vote by selecting appropriate options, i.e., assent or dissent, verify / modify the number of shares for which you wish to cast your vote, and click on 'Submit'. Also click on 'Confirm' when prompted.
6. Upon confirmation, the message, 'Vote cast successfully', will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Please remember that you are not allowed to modify your vote once you confirm your vote on a resolution.

### General guidelines for Shareholders

1. Institutional Shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF / JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [evoting@tejasnetworks.com](mailto:evoting@tejasnetworks.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended that you do not to share your password with any other person and take utmost care

to keep your password confidential. Log in to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot User Details / Password?' or the 'Physical User Reset Password?' Option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com), to reset the password.

3. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholders and the e-voting user manual for Shareholders available in the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com), or call on the toll-free no.: 1800-222-990, or contact Pallavi Mhatre, Manager, NSDL, Trade World, 'A' Wing, 4<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: [pallavid@nsdl.co.in](mailto:pallavid@nsdl.co.in)/[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or at telephone no. +91 22 2499 4545 who will also address grievances connected with voting by electronic means.
4. The e-voting period commences on July 23, 2020 (9:00 a.m. IST) and ends on July 27, 2020 (5:00 p.m. IST). During this period, members of the Company holding shares either in physical or dematerialized form, as on the relevant date i.e. July 21,2020, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. A member will not be allowed to vote again on any resolution on which a vote has already been cast. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice convening the AGM and up to the cut-off date i.e. July 21,2020, may obtain his login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
5. The voting rights of members shall be proportionate to their share of the paid-up equity share capital of the Company as on the relevant date i.e. July 21,2020.

The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.

1. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
2. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
3. Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC/OAVM facility.



## Explanatory statement

As required under section 102(1) of the Act, the following explanatory statement sets out all material facts relating to business mentioned under Items No. 2 and 3 of the accompanying Notice:

Item No. 2 – Re-appointment of Dr. Gururaj Deshpande (DIN: 01979383) as a Director liable to retire by rotation.

*This explanatory statement is provided though not mandated under Section 102 of the Companies Act, 2013.*

Based on the terms of appointment, Executive Directors and Non-Executive and Non-Independent Directors are subject to retirement by rotation. Dr. Gururaj Deshpande (DIN: 01979383) being the longest serving member on the Board retires by rotation and being eligible seeks re-appointment. To the extent Dr. Gururaj Deshpande is required to retire by rotation, he would need to be re-appointed as a Non-executive and Non-Independent Director.

Dr. Gururaj Deshpande obtained Bachelor's degree in technology from the Indian Institute of Technology, Madras. He also obtained Masters in the Engineering from the University of New Brunswick and a doctor of philosophy degree from the Queen's University. He is a co-founder of Deshpande Foundation and President and Chairman, Sparta Group LLC.

The details including qualifications, no. of. shares held in the Company and other directorships etc. of Dr. Gururaj Deshpande has been given in the annexure to this Notice.

The Board feels that the presence of Dr. Gururaj Deshpande on the Board is desirable and would be beneficial to the Company and hence recommends the Resolution No. 2 of this Notice for approval of the Shareholders.

Except Dr. Gururaj Deshpande and his relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is in any way, concerned or interested in the Resolution set out at Item No. 2 of this Notice.

Item No. 3 - Continuation of directorship of Amb. Leela K Ponappa (DIN: 07433990) as Independent Director in terms of Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Amb. Leela K Ponappa (DIN: 07433990) an Independent Director was re-appointed on February 16, 2018 in terms of Companies Act, 2013 and SEBI (LODR) Regulations, 2015. At the time of the appointment her age was 72 years. SEBI has amended the LODR, Regulations, 2015 vide circular dated May 09, 2018 which require re-appointment/ continuance of any Non-Executive Director who has attained the age of 75 years to be approved by the Shareholders by way of a Special Resolution. Though Amb. Lela K Ponappa can hold office under the erstwhile resolution, she will attain the age of 75 years during the term of her current appointment. She will attain the age of 75 years as on June 26, 2021. Hence this Special Resolution is placed before the Shareholders for adoption.

Amb. Leela K Ponappa has obtained her Bachelor of Arts degree and Master of Arts degree from the University of Madras. She has been an officer of the Indian Foreign Service for several years. She has served as the ambassador of India to Thailand and Netherlands. She has also held the post of Deputy National Security Adviser and Secretary, National Security Council and Additional Secretary in the Ministry of External Affairs. She was also appointed as a permanent representative to the Organization for the Prohibition of Chemical Weapons. She is also only the Independent Women Director on the Board. The details including qualifications, no. of. shares held in the company and other directorships etc. of Amb. Leela K Ponappa has been given in the annexure to this Notice.

The Board feels that the presence of Amb. Leela K Ponappa on the Board is desirable and would be beneficial to the Company and hence recommends the Resolution No. 3 of this Notice for approval of the Shareholders.

Except Amb. Leela K Ponappa and her relatives, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is in any way, concerned or interested in the Resolution set out at Item No. 3 of this Notice.

Date: April 21, 2020  
Registered Office:  
J P Software Park, Plot No 25, Sy. No 13, 14,17,18  
Konnapanan Agrahara Village, Begur Hobli,  
Bengaluru-560100.  
Email: [corporate@tejasnetworks.com](mailto:corporate@tejasnetworks.com)

By Order of the Board  
Sd/-  
N R Ravikrishnan  
General Counsel,  
Chief Compliance Officer and Company Secretary  
ACS Membership No: 7875

## Details of the Director seeking appointment/ re-appointment/continuation of office at the Annual General Meeting

Particulars	Dr. Gururaj Deshpande	Amb. Leela K Ponappa
Director Identification Number (DIN)	01979383	07433990
Date of Birth	November 30, 1950	June 26, 1946
Nationality	Indian	Indian
Date of appointment on the Board (Original)	April 24, 2000	February 16, 2016
Shares held as on March 31, 2020	Nil	Nil
Qualifications	<ul style="list-style-type: none"> <li>B. Tech from the Indian Institute of Technology, Madras,</li> <li>Masters in the Engineering from the University of New Brunswick and a doctor of philosophy degree from the Queen's University</li> </ul>	Master of Arts degree from the University of Madras
Expertise/ Experience	Wide experience in Technology and Management	Wide experience in Finance and Management
Directorship held in other public companies (excluding foreign companies and Section 8 companies)	Nil	Nil
Memberships/ Chairmanships of other committees of other public companies (include only Audit Committee and Stakeholders Relationship Committee)	Nil	Nil
Relationship between directors/ Key Management Personnel and their relatives	Not related to any directors/ Key Management Personnel and their relatives	

For other details such a number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors please refer corporate governance report which is a part of this Annual Report.