

Tejas Networks Limited

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

Standalone Balance Sheet as at	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4(a)	30.68	35.98
Intangible assets	4(b)	68.44	38.75
Intangible assets under development	4(b)	41.38	46.85
Investments in subsidiaries	5(a)	10.87	10.87
Financial assets			
Investments	5(b)	0.00	0.00
Trade receivables	6	42.81	34.84
Loans	8	4.35	5.41
Other financial assets	9	0.12	0.04
Income Tax Asset (net)	10(a)	36.93	32.02
Deferred Tax Assets	10(b)	138.00	121.16
Other non-current assets	11	0.14	0.34
Total non-current assets		373.72	326.26
Current assets			
Inventories	12	181.39	190.89
Financial assets			
Investments	5(c)	86.55	76.52
Trade receivables	6	607.39	259.48
Cash and cash equivalents	7(i)	16.41	213.48
Bank balances other than above	7(ii)	106.15	21.76
Loans	8	0.79	0.58
Other financial assets	9	180.44	213.40
Other current assets	11	27.48	20.69
Total current assets		1,206.60	996.80
Total assets		1,580.32	1,323.06
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	94.99	94.09
Other equity	14	1,223.75	1,057.81
Total equity		1,318.74	1,151.90
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	-	1.00
Provisions	16	1.75	1.14
Total non-current liabilities		1.75	2.14
Current liabilities			
Financial liabilities			
Trade payables	17		
Total outstanding dues of micro enterprises and small enterprises		26.83	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		137.03	105.09
Other financial liabilities	18	78.41	47.36
Provisions	16	8.14	6.89
Other current liabilities	19	9.42	9.68
Total current liabilities		259.83	169.02
Total liabilities		261.58	171.16
Total equity and liabilities		1,580.32	1,323.06

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

As per our report of even date.

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

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

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing
Director
(DIN:01049871)

Place : Bengaluru
Date : April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

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

Tejas Networks Limited

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

Standalone Statement of Profit and Loss	Notes	Year Ended March 31,	
		2019	2018
I Revenue from operations	20	894.03	761.07
II Other Income	21	36.64	27.22
III Total income (I + II)		930.67	788.29
IV Expenses			
Cost of materials consumed	22	463.70	382.30
Excise duty		-	17.64
Employee benefit expense	23	117.60	88.65
Finance costs	24	16.88	13.45
Depreciation and amortization expense	4(c)	65.88	61.27
Other expenses	25	117.14	118.34
Total expenses (IV)		781.20	681.65
V Profit before tax (III - IV)		149.47	106.64
VI Income tax expense	26		
Current tax		19.63	23.78
Deferred tax (benefit)		(16.85)	(24.26)
Total tax expense (VI)		2.78	(0.48)
VII Profit after tax (V - VI)		146.69	107.12
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligation		(2.20)	(2.05)
Income tax relating to above		0.48	0.44
Other comprehensive income for the year, net of tax (VIII)		(1.72)	(1.61)
IX Total comprehensive income for the year (VII + VIII)		144.97	105.51
X Earnings per equity share			
Equity shares of par value Rs. 10 each			
Basic	30.7	16.07	12.48
Diluted	30.7	15.33	11.79
Weighted average equity shares used in computing earning per equity share			
Basic	30.7	9,13,08,108	8,58,58,425
Diluted	30.7	9,56,67,708	9,08,27,823

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

Standalone Statement of Cash Flows	Notes	Year Ended March 31,	
		2019	2018
Cash flows from operating activities			
Profit before tax for the year		149.47	106.64
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization expense	4(c)	65.88	61.27
Provision for doubtful trade and other receivables (net)	25	5.17	1.23
Bad Debts written off	25	0.57	-
Provision for doubtful debts released	25	(0.57)	-
Focus Product Scheme receivable written off	25	4.45	-
Provision for Focus Product Scheme receivable released	25	(1.28)	-
Provision for doubtful advances	25	0.09	1.55
Investment in subsidiaries written off	25	54.33	-
Provision for investment in subsidiaries released	25	(54.33)	-
Provision for diminution in value of investment	25	-	0.14
Interest Income	21	(27.74)	(18.68)
Dividend Income	21	-	(0.09)
Gain on current investment carried at fair value through statement of profit and loss	21	(0.32)	(0.85)
Gain on sale of current investment carried at fair value through statement of profit and loss	21	(4.15)	(2.58)
Finance costs recognized in profit or loss	24	16.88	13.45
Unrealized Exchange Difference on cash held in foreign currencies		-	0.15
Unrealised Exchange Difference (Net)		0.66	1.30
Liabilities no longer required written back	25	-	(1.19)
Loss/ (profit) on sale of property, plant and equipment	25	0.03	(0.01)
Expense recognized in respect of equity-settled share-based payments	23	15.10	5.69
		<u>224.24</u>	<u>168.02</u>
Movements in working capital:			
(Increase)/decrease in inventories		9.50	(8.57)
(Increase)/decrease in trade receivables		(360.25)	84.08
(Increase)/decrease in loans		0.76	14.93
(Increase)/decrease in other financial assets		(8.36)	1.39
(Increase)/decrease in other assets		(6.59)	7.57
Increase/(decrease) in trade and other payables		57.31	(2.40)
Increase/(decrease) in provisions		(0.34)	(0.76)
Increase/(decrease) in other financial liabilities		26.55	13.96
Increase/(decrease) in other liabilities		(0.26)	0.29
Cash generated from operations		(57.44)	278.51
Income taxes paid		(24.05)	(32.75)
a) Net cash generated from/ (used in) operating activities		(81.49)	245.76
Cash flows from investing activities			
Expenditure on property, plant and equipment		(8.82)	(14.21)
Expenditure on intangible assets/including under development		(71.50)	(53.22)
Sale proceeds of property, plant and equipment		0.07	0.01
Investment in Deposits with banks and financial institutions not considered as cash and cash equivalents (Net)		(39.47)	(87.64)
Investment in liquid mutual funds and fixed maturity plan securities		(776.34)	(485.28)
Redemption of liquid mutual funds and fixed maturity plan securities		770.78	412.19
Investment in subsidiary		-	(6.42)
Interest received		20.89	15.96
Dividend Income		-	0.09
b) Net cash (used in) investing activities		(104.39)	(218.52)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		6.77	467.69
Issue related expenses- IPO		-	(19.33)
Proceeds from movement in other equity		-	0.03
Repayment of borrowings		(1.08)	(277.92)
Interest paid		(16.88)	(13.94)
c) Net cash generated from/ (used in) financing activities		(11.19)	156.53

Tejas Networks Limited

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

Standalone Statement of Cash Flows	Notes	Year Ended March 31,	
		2019	2018
d) Net increase/(decrease) in cash and cash equivalents		(197.07)	183.77
Cash and cash equivalents at the beginning of the year		213.48	29.86
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	(0.15)
Cash & cash equivalents at the end of the year [Refer Note 7(i)]		16.41	213.48

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

As per our report of even date.

for **Price Waterhouse Chartered Accountants LLP**
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Place : Bengaluru
Date : April 22, 2019

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Chief Financial Officer

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Tejas Networks Limited
Standalone Statement of Changes in Equity

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

A. Equity Share Capital

Particulars	Note	Amount
As at April 1, 2017*		74.01
Increase in equity share capital on account of exercise of ESOP	13	2.57
Increase in equity share capital on account of IPO	13	17.51
As at March 31, 2018*		94.09
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.9
As at March 31, 2019*		94.99

*Includes forfeited shares of Rs. 3.27

B. Other Equity

Particulars	Notes	Reserves and Surplus			Other Reserve	Total equity attributable to shareholders of the Company
		Securities premium	Retained earnings	Employee stock compensation outstanding account		
Balance as at April 01, 2017		487.48	14.88	15.77	0.17	518.30
Profit for the year	14	-	107.12	-	-	107.12
Other comprehensive income	14	-	(1.61)	-	-	(1.61)
Total comprehensive income for the year		-	105.51	-	-	105.51
Transaction with owners in their capacity as owners:						
Premium on issue on account of IPO	14	432.49	-	-	-	432.49
Premium on issue on account of exercise of ESOP	14	15.12	-	-	-	15.12
Share issue expenses	14	(19.33)	-	-	-	(19.33)
Share based payment expenses	23	-	-	5.69	-	5.69
Issue of equity shares, on exercise of ESOP	14	6.32	-	(6.32)	-	-
Others	14	-	0.20	-	(0.17)	0.03
Balance as at March 31, 2018		922.08	120.59	15.14	-	1,057.81
Balance as at April 01, 2018		922.08	120.59	15.14	-	1,057.81
Profit for the year	14	-	146.69	-	-	146.69
Other comprehensive income	14	-	(1.72)	-	-	(1.72)
Total comprehensive income for the year		-	144.97	-	-	144.97
Transaction with owners in their capacity as owners:						
Premium on issue on account of exercise of ESOP	14	5.87	-	-	-	5.87
Share based payment expenses	23	-	-	15.10	-	15.10
Issue of equity shares, on exercise of ESOP/RSU	14	3.22	-	(3.22)	-	-
Balance as at March 31, 2019		931.17	265.56	27.02	-	1,223.75

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

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP

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General Counsel, Chief
Compliance Officer
and Company
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1 Corporate Information

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

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company has branches in USA, Kenya, Bangladesh and UAE and has a subsidiary and step down subsidiary in Singapore and Nigeria respectively.

These financial statements have been approved by the Company's Board of Directors on April 22, 2019.

2 Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation of standalone financial statements

(i) Compliance with Ind AS

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

(ii) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value;
- defined benefit plans - plan assets measured at fair value; and
- share-based payments measured at fair value.

(iii) New and amended standards adopted

- Ind AS 115, Revenue from contracts with customers (Refer Note 2.2 and 30.4)
- Amendments to Ind AS 20, Accounting for Government Grants and Disclosure of Government Assistance (Refer Note 2.19)
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, The Effects of changes in Foreign Exchange Rates.*
- Amendment to Ind AS 12, Income Taxes*
- Amendment to Ind AS 40, Investment Property*
- Amendment to Ind AS 28, Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities.*

* There has been no impact on adoption of these amendments on the financial statements.

(iv) Standard issued but not yet effective

a) Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the Statement of Profit and Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application

The Company will adopt this standard from the financial year beginning April 1, 2019, using the modified retrospective approach.

The Company is evaluating the impact of Ind AS 116 on the financial statements.

b) Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Tejas Networks Limited
Notes forming part of the Standalone Financial Statements for March 31, 2019

The standard permits two possible methods of transition -

- i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The Company is evaluating the impact of the above amendment on the financial statements.

c) Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The amendment is not likely to have any impact on the financial statements of the Company.

There are no other amendments which have been notified, that are likely to have any material impact on the financial statements of the Company.

(v) Operating cycle

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

2.2 Revenue Recognition:

The Company is engaged in designing, developing and manufacturing products for building high-speed communication networks that carry voice, data and video traffic from fixed line, mobile and broadband networks.

Effective April 1, 2018, the Company adopted Ind AS 115, *Revenue from Contracts with Customers* using the modified retrospective approach. In accordance with the modified retrospective approach, the comparatives have not been retrospectively adjusted.

2.2.1 Sale of manufactured goods and components

Revenue from sale of products is recognised when control over products is transferred in accordance with the contractual terms of sale and there are no unfulfilled obligations that could affect the customer's acceptance of the products.

Certain contracts with customers provide for variable consideration based on the due date for delivery. The Company estimates the amount of variable consideration by using the expected value method and the revenue recognised represents the amount of consideration to which the Company will be entitled in exchange for transferring the promised products or services to the customer.

Standard warranty is provided to customers upon sale of products and the same is accounted in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* (Refer Note 2.11)

2.2.2 Rendering of Service

Revenue from installation and commissioning services are recognised at a point in time when services are rendered. Revenue from annual maintenance contracts are recognized on an accrual basis pro-rata over the term of the contract. Revenue from other services such as repair and return, managed services, professional services and knowledge services are recognized as and when the services are rendered.

Revenue in excess of invoicing is classified as unbilled revenue, whereas invoicing in excess of revenue is classified as contract liability (which we refer to as deferred revenue).

Deferred contract costs are incremental costs of obtaining a contract which are recognized as contract assets and amortized over the term of the contract. However, such incremental costs are recognised as expense if the amortisation period of the asset that the entity would have otherwise recognised is one year or less.

The Company presents revenue net of indirect taxes in its Statement of Profit and loss, except that revenue in the comparative period is inclusive of excise duty until introduction of Goods and Services Tax (GST), effective July 01, 2017 which subsumed excise duty.

2.3 Property, Plant and Equipment

2.3.1 Measurement

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

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

2.3.2 Depreciation method, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

<u>Asset</u>	<u>Useful Life</u>
Laboratory equipment ⁽¹⁾	5 years
Networking equipment ⁽¹⁾	5 years
Electrical Installation ⁽¹⁾	5 years
Furniture & fixtures ⁽¹⁾	5 years
Office equipment	5 years
Computing equipment ⁽¹⁾	5 years
Vehicles ⁽¹⁾	5 years
Cards/Prototypes ⁽¹⁾	4 years
Servers ⁽¹⁾	5 years

(1) Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the Managements expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013 [Refer Note 4(a)(ii) for revision in useful lives of certain assets during the year].

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

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

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

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

2.4 Intangible Assets

2.4.1 Measurement

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

2.4.2 Product development

Expenditure pertaining to research activities are charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless:

- Product's technical and marketing feasibility has been established;
- There is likelihood of the project delivering sufficient future economic benefit; and
- The availability of adequate technical, financial and other resources to complete, use or sell the product,

in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note 2.3.2).

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

2.4.3 Amortization

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

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

2.5 Impairment of Assets

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

2.6 Financial instruments

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

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

2.7 Investments and Other Financial assets

2.7.1 Classification

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

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

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

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

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

2.7.2 Recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sale the financial asset.

2.7.3 Measurement

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

Debt instruments

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in statement of profit and loss.

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

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

Equity instruments

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

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

2.7.4 Investment in Subsidiaries

Investment in Subsidiaries is carried at cost.

2.7.5 Impairment

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

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables. Refer note 28 for details on expected credit loss.

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

2.7.6 Derecognition

A financial asset is derecognized only when

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

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

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

2.7.7 Income recognition

Interest Income

Interest income from a financial asset at fair value through profit or loss is disclosed as interest income within other income. Interest income on financial assets at amortised cost and financial assets at FVOCI is calculated using effective interest method and is recognised in statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial asset the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Dividends

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

2.8 Financial liabilities

2.8.1 Classification as liability or equity

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

2.8.2 Initial Recognition and Measurement

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

2.8.3 Subsequent Measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

2.8.4 Derecognition

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

2.9 Trade Payables

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

2.10 Derivatives

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

Derivative contracts to hedge risks which are not designated as hedges are accounted for at fair value through profit or loss and related fair value gain or loss are included in other income/expenses.

2.11 Provisions and Contingencies

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

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

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

Provision for warranty

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

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

2.12 Foreign Currency Transactions

(i) Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

(ii) Transactions and translations

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in statement profit and loss. A monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of entity's net investment in that foreign operation. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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

2.13 Earnings per equity share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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

2.14 Income taxes

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

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

Deferred tax asset on Minimum Alternate Tax (MAT) credit is recognised only when it is probable that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the deferred tax asset relating to MAT credit is written down to the extent there is no longer a convincing evidence that the Company will pay normal income tax during the specified period. Similarly the deferred tax asset relating to MAT credit is adjusted upwards if the previously unrecognised MAT credit is considered recoverable due to higher anticipated future taxable profit.

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

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

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

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

2.15 Employee Benefits

(i) Short-term employee benefits

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

(ii) Other long-term employee benefit obligations

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

The obligation for earned leave (despite not being expected to be settled wholly within 12 months) is presented as current liabilities in the balance sheet as the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Gratuity obligations (Defined Benefit Plan)

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

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have maturity terms approximating to the terms of the related obligation.

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

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

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

(iv) Defined contribution plans

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

(v) Share-based payments

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

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

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

2.16 Cash Flow Statement

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

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note 30.3]

2.18 Leases

As a lessee

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

2.19 Government grants

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

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

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge. Hitherto, Company recognised grants related to assets under non-current liabilities as deferred income and credited to Statement of profit and loss on a straight-line basis over the expected useful lives of the related assets. Considering that no grants related to assets have been recognised in the current and the previous years, the said change in accounting policy has no impact on the financial statements for the year ended March 31, 2019.

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

2.20 Inventories

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

2.21 Trade Receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing component, when they are recognised at fair value. The Company holds trade receivable with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

The Company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is conditional only upon passage of time. Revenue in excess of billings is recorded as unbilled revenue and is classified as a financial asset as only the passage of time is required before the payment is due.

Invoicing in excess of earnings are classified as contract liabilities which is disclosed as unearned revenue.

Trade receivables and unbilled revenue are presented net of impairment in the Balance Sheet.

2.22 Cash and cash equivalents

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

2.23 Borrowings

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss under other expenses.

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

2.24 Borrowing Cost

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

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

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

2.25 Contributed Equity

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

2.26 Exceptional Items

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

2.27 Rounding of amounts

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

3 Critical estimates and judgements

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

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

The areas involving critical estimates and judgements are:

- (i) Product Development costs and related estimate of useful life - [Refer Note 2.4.2, Note 2.4.3 and Note 4(b)]
- (ii) Defined benefit obligations - Refer Note 23
- (iii) Impairment of trade receivables - Refer Note 28A
- (iv) Recognition and recoverability of deferred tax - Refer Note 10(b)
- (v) Evaluation of tax litigation - Refer Note 30.1

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

Particulars	Laboratory Equipment	Networking Equipment	Electrical Installation	Furniture and Fixtures	Office Equipment	Computing Equipment	Vehicles	Cards/Proto types	Servers	Total
Gross carrying value as of April 1, 2017	11.14	0.39	5.83	4.73	0.42	2.06	0.04	11.95	0.65	37.21
Additions ¹	5.67	0.13	0.46	0.89	0.31	2.54	0.19	7.53	0.55	18.27
Deletions	-	-	-	0.08	-	-	-	-	-	0.08
Gross carrying value as of March 31, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Accumulated depreciation as of April 1, 2017	(1.14)	(0.12)	(0.79)	(1.41)	(0.14)	(0.63)	(0.01)	(4.87)	(0.11)	(9.22)
Depreciation for the year	(1.42)	(0.14)	(0.82)	(0.84)	(0.20)	(1.23)	(0.02)	(5.42)	(0.18)	(10.27)
Accumulated depreciation on deletions	-	-	-	(0.07)	-	-	-	-	-	(0.07)
Accumulated depreciation as of March 31, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Carrying value as of March 31, 2018	14.25	0.26	4.68	3.36	0.39	2.74	0.20	9.19	0.91	35.98
Gross carrying value as of April 1, 2018	16.81	0.52	6.29	5.54	0.73	4.60	0.23	19.48	1.20	55.40
Additions	3.96	0.14	0.41	2.86	0.21	1.68	-	2.54	1.60	13.40
Deletions	-	-	0.38	0.31	0.04	0.02	0.09	-	-	0.84
Gross carrying value as of March 31, 2019	20.77	0.66	6.32	8.09	0.90	6.26	0.14	22.02	2.80	67.96
Accumulated depreciation as of April 1, 2018	(2.56)	(0.26)	(1.61)	(2.18)	(0.34)	(1.86)	(0.03)	(10.29)	(0.29)	(19.42)
Depreciation for the year	(6.25)	(0.21)	(3.64)	(2.78)	(0.21)	(1.71)	(0.07)	(3.31)	(0.42)	(18.60)
Accumulated depreciation on deletions	-	-	(0.34)	(0.26)	(0.04)	(0.01)	(0.09)	-	-	(0.74)
Accumulated depreciation as of March 31, 2019	(8.81)	(0.47)	(4.91)	(4.70)	(0.51)	(3.56)	(0.01)	(13.60)	(0.71)	(37.28)
Carrying value as of March 31, 2019	11.96	0.19	1.41	3.39	0.39	2.70	0.13	8.42	2.09	30.68

Notes:

- (i) The Company had received approval under Modified Special Incentive Package Scheme (MSIPS) from the Ministry of Communication and Information Technology, Department of Information Technology, vide sanction letter no. 27(18)/2013-IPHW dated December 05, 2014. Under the said scheme, the Company as on March 31, 2019, has submitted claims aggregating to Rs. 8.98 (March 31, 2018 - Rs. 3.19) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.
- (ii) The Company has with effect from April 01, 2018 revised the estimated useful lives of Laboratory Equipment, Electrical Installation and Furniture and Fixtures from 10 years to 5 years, Vehicles from 8 years to 5 years and Servers and Networking Equipment from 6 years to 5 years, based on a periodic technical evaluation carried out during the year. Accordingly, additional depreciation of Rs. 8.89 has been recognised in the Statement of profit and loss for the year, as a result of the above revision.
- (iii) Contractual Obligation : Refer Note 30.1 (b) for contractual commitments for the acquisition of property, plant and equipment.

Refer Note 32 for information on property, plant and equipment pledged as security by the Company.

¹ Additions to Cards/Prototypes represent inventories capitalized (Refer Note 22).

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Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 4(b): Intangible Assets

Particulars	Computer Software	Product Development	Total	Intangible Assets under
				development ¹
Gross carrying value as of April 1, 2017	3.80	107.49	111.29	19.29
Additions	4.01	21.65	25.66	49.21
Deletions/Transfers	-	-	-	21.65
Gross carrying value as of March 31, 2018	7.81	129.14	136.95	46.85
Accumulated amortization as of April 1, 2017	(2.06)	(45.14)	(47.20)	-
Amortization expenses for the year	(3.13)	(47.87)	(51.00)	-
Accumulated amortization as of March 31, 2018	(5.19)	(93.01)	(98.20)	-
Carrying value as of March 31, 2018	2.62	36.13	38.75	46.85
Gross carrying value as of April 1, 2018	7.81	129.14	136.95	46.85
Additions	6.58	70.39	76.97	64.92
Deletions/Transfers	-	-	-	70.39
Gross carrying value as of March 31, 2019	14.39	199.53	213.92	41.38
Accumulated amortization as of April 1, 2018	(5.19)	(93.01)	(98.20)	-
Amortization expenses for the year	(6.06)	(41.22)	(47.28)	-
Accumulated amortization as of March 31, 2019	(11.25)	(134.23)	(145.48)	-
Carrying value as of March 31, 2019	3.14	65.30	68.44	41.38

Remaining useful life for product development ranges from 3 to 23 months (March 31, 2018: 3 to 24 months).

¹ Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note 23 and Note 25).

Sensitivity Analysis

As at March 31, 2019, the net carrying amount of product development was Rs. 65.30 (March 31, 2018 – Rs. 36.13). The Company estimates the useful life of product development to be 2 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 2 years, depending on technical innovations and competitor actions. If it were only 1 year, the carrying amount would be Rs. 42.50 as at March 31, 2019. If the useful life were estimated to be 3 years, the carrying amount would be Rs.85.19 as at March 31, 2019.

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

Particulars	Year Ended March 31,	
	2019	2018
Depreciation on property, plant and equipment [Refer Note 4(a)]	18.60	10.27
Amortization of intangible assets [Refer Note 4(b)]	47.28	51.00
Total depreciation and amortization expenses	65.88	61.27

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 5: Investments

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current investments (Unquoted)		
5(a) Investment in subsidiaries		
<i>Equity instruments of subsidiaries (at cost)</i>		
<i>14,64,340 (As at March 31, 2018: 14,64,340) equity shares fully paid up in Tejas Communication Pte Ltd, Singapore</i>	6.69	6.69
<i>Nil (As at March 31, 2018: 9,00,000) equity shares fully paid up in Tejas Israel Limited¹ (cost Rs. 54.19 fully impaired)</i>	-	-
<i>Nil (As at March 31, 2018: 1,34,999) equity shares fully paid up in vSave Energy Private Limited²</i>	-	0.14
Total equity instruments of subsidiaries	6.69	6.83
 <i>Preference shares of subsidiaries (at cost)³</i>		
<i>13,68,400 (As at March 31, 2018: 13,68,400) Redeemable Preference Shares fully paid up in Tejas Communication Pte Limited, Singapore</i>	4.18	4.18
Total preference shares of subsidiaries	4.18	4.18
 Total investments in subsidiaries	10.87	11.01
Less : Impairment in the value of investments	-	0.14
Total investments in subsidiaries	10.87	10.87
 5(b) Other Investments (Unquoted) (FVTPL)		
Equity instruments of others		
<i>Investment in ELCIA ESDM Cluster (No. of shares 1100)(Refer Note 38)</i>	0.00	0.00
Total other investments	0.00	0.00

¹ During the year, Tejas Israel Limited, a wholly owned non-operating foreign subsidiary has been liquidated with effect from November 25, 2018 pursuant to receiving approval from the Registrar of Companies and Partnerships, Israel.

² During the year, vSave Energy Private Limited, a wholly owned non-operating Indian subsidiary has been dissolved with effect from July 28, 2018 pursuant to receiving approval from the Registrar of Companies, Karnataka for dissolution, and striking off the name of this entity.

³ Preference shares are redeemable only at the option of Tejas Communication Pte. Ltd and carry a cumulative right of dividend at a fixed rate 0.01% (\$0.0001 per share). This investment has been treated as investment in an equity instrument.

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 5: Investments

Particulars	As at			
	March 31, 2019		March 31, 2018	
5(c) Current investments (Quoted) {FVTPL}				
	Number of units	Amount	Number of units	Amount
Investment in Mutual funds				
Aditya Birla Sun Life floating Rate Fund Short Term Plan Growth Direct Plan	-	-	2,56,649	5.95
Axis liquid fund Direct Growth - CFDG	76,780	15.92	56,066	10.81
ICICI Prudential Liquid Fund Direct Plan Growth	9,31,076	25.74	-	-
IDFC Money Manager Fund Treasury Plan Growth-Direct Plan	-	-	28,94,490	8.08
Reliance Liquid Fund Cash Plan Direct Growth Plan-CPAG	-	-	76,153	21.38
Reliance Liquid Fund Direct Plan Growth Plan-Growth Option-LFAG	76,779	35.02	-	-
Reliance Quarterly Interval Fund Series-II Direct Growth Plan-Growth Option-K5AG	-	-	1,05,27,025	25.27
Reliance Monthly Interval Fund Series-II Direct Growth Plan-Growth Option-IMAG	-	-	21,72,270	5.03
Tata Liquid Fund Direct Plan Growth	33,526	9.87	-	-
Total current investments (c)		86.55		76.52
Non Current Investments				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments		10.87		11.01
Aggregate amount of impairment in the value of investments		-		(0.14)
Current Investments				
Aggregate amount of quoted investments and market value thereof		86.55		76.52
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 6: Trade Receivables

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	42.81	34.84
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total non-current	42.81	34.84
Current		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured [Refer note 28 B (iv)]	614.59	254.89
Receivables from related parties considered good - unsecured [Refer note 30.6 (iii)]	0.99	9.08
Less: Loss allowance as per Expected Credit Loss model [Refer note 28 A (i)]	(8.19)	(4.49)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
Total current	607.39	259.48

Note No. 7: Cash and Bank Balances

Particulars	As at	
	March 31, 2019	March 31, 2018
(i) Cash and cash equivalents		
<i>(a) Balances with banks</i>		
(i) In current accounts*	8.25	12.16
(ii) In EEFC accounts	8.16	3.47
<i>(b) Deposits with original maturity of less than three months</i>	-	197.85
Total cash and cash equivalents	16.41	213.48
(ii) Other bank balances		
Deposits with original maturity of more than three months but less than twelve months	106.11	16.95
Balances held as margin money or security against borrowings or guarantees	0.04	4.81
Total other bank balances	106.15	21.76

* includes Rs. 0.31 (March 31, 2018 - Rs. 0.29) which is subject to repatriation restriction.

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

The details of balances with banks (all in India, unless stated otherwise) as on Balance Sheet dates are as follows:

Particulars	As at	
	March 31, 2019	March 31, 2018
a) Current Accounts		
Axis Bank	-	0.46
Citibank	-	0.25
Citibank, Dubai	0.38	0.68
Fleet Bank, USA	0.23	1.16
HDFC Bank	1.61	-
HSBC Bank	0.01	0.01
HSBC Bank, Bangladesh	0.31	0.29
Indian Bank	0.01	0.01
Kotak Mahindra Bank	2.32	0.98
RBL Bank	0.05	0.07
Standard Chartered Bank	2.80	6.23
Standard Chartered Bank, Nairobi	0.10	0.10
State Bank of India	0.43	1.90
Vijaya Bank	-	0.02
	8.25	12.16
b) EEFC Accounts		
Axis Bank	6.14	-
Citibank	0.27	3.41
Standard Chartered Bank	1.75	0.06
	8.16	3.47
c) Deposits with original maturity of less than three months		
Axis Bank	-	23.12
Kotak Mahindra Bank	-	17.80
RBL Bank	-	25.53
Standard Chartered Bank	-	26.38
State Bank of India	-	105.00
Vijaya Bank	-	0.02
	-	197.85
d) Deposits with original maturity of more than three months but less than twelve months		
HDFC Bank	25.00	-
IndusInd Bank	55.00	15.13
Kotak Mahindra Bank	-	1.82
RBL Bank	26.11	-
	106.11	16.95

Note No. 8: Loans

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current		
<i>At amortised cost</i>		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	4.44	5.41
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>4.44</u>	<u>5.41</u>
Less: Provision	(0.09)	-
Total non-current loans	4.35	5.41
Current		
<i>At amortised cost</i>		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.08	0.10
Loans to employees	0.71	0.48
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>0.79</u>	<u>0.58</u>

Note No. 9: Other Financial Assets

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current financial assets		
Deposits with original maturity of more than twelve months		
(i) In deposit accounts	-	0.04
(ii) Balances held as margin money or security against guarantees	0.12	-
Total non-current financial assets	0.12	0.04
Current financial assets		
Deposits with financial institutions	160.00	205.00
Unbilled Revenue	10.58	1.81
Interest accrued but not due	9.86	3.01
Focus Product Scheme receivable - Gross	-	4.86
Less: Provision	-	(1.28)
Focus Product Scheme receivable - Net	-	3.58
	<u>180.44</u>	<u>213.40</u>
Total current financial assets	180.44	213.40

Note No. 10: Tax assets

Particulars	As at	
	March 31, 2019	March 31, 2018
10(a) Income Tax Asset		
Advance Income Tax (net)	36.93	32.02
	36.93	32.02
10(b) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
Provisions allowable on payment basis	4.73	2.48
Difference between carrying amount of property, plant and equipment in books and the income tax return	6.25	4.11
Unabsorbed depreciation	16.95	16.95
Unutilised accumulated expenditure on Scientific research u/s 35 (2AB) ('Accumulated 35 (2AB) expenditure')	110.07	97.62
Total	138.00	121.16

Movements in deferred tax assets

Particulars	Provisions allowable on payment basis	Difference between carrying amount of property, plant and equipment in books and the income tax return	Tax Losses	Unabsorbed depreciation	Accumulated 35 (2AB) expenditure
As at April 01, 2017	1.49	2.89	11.50	16.95	64.06
(Charged)/Credited					
- to statement of profit and loss	0.99	1.22	(11.50)	-	33.56
As at March 31, 2018	2.48	4.11	-	16.95	97.62
(Charged)/Credited					
- to statement of profit and loss	2.25	2.14	-	-	12.45
As at March 31, 2019	4.73	6.25	-	16.95	110.07

Significant estimates:

The Company has recognised deferred tax assets on brought forward depreciation losses and accumulated 35 (2AB) expenditure. The Company has estimated that the deferred tax assets will be recoverable using the estimated future taxable profits. The unabsorbed depreciation and accumulated 35 (2AB) expenditure can be carried forward indefinitely as per Income tax law and the Company expects to recover these through future taxable profits.

Sensitivity Analysis

Particulars	As at	
	March 31, 2019	March 31, 2018
Revenue growth rate increase by 10% (March 31, 2018: 10%)	8.16	11.76
Revenue growth rate decrease by 10% (March 31, 2018: 10%)	(13.80)	(12.41)
Profit margin increases by 10% (March 31, 2018: 10%)	4.12	54.10
Profit margin decreases by 10% (March 31, 2018: 10%)	(21.72)	22.23

Note No. 11: Other assets

Particulars	As at	
	March 31, 2019	March 31, 2018
Other non-current assets		
Prepaid Expenses	0.14	0.34
Total other non-current assets	0.14	0.34
Other current assets		
Advances to suppliers	19.20	5.00
Advances others	0.01	0.05
Balances with government authorities (other than income taxes)	5.97	9.22
Prepaid expenses	2.30	6.42
Total other current assets	27.48	20.69

Note No. 12: Inventories

Particulars	As at	
	March 31, 2019	March 31, 2018
Raw material - components including assemblies and sub-assemblies (including goods in transit Rs. 1.64 (March 31, 2018: Rs. 16.83)	181.39	190.89
Total inventories	181.39	190.89

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 13: Equity Share Capital

Particulars	Number of Shares	Equity Share Capital
Authorised Capital		
Equity Share Capital of Rs. 10/- each		
As at April 01, 2017	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2018	17,64,52,000	176.45
Changes in equity share capital during the year		
Increase during the year	-	-
As at March 31, 2019	17,64,52,000	176.45
Issued, Subscribed and Paid up Capital		
Equity Share Capital of Rs. 10/- each		
Fully paid shares		
As at April 1, 2017	7,07,33,411	70.74
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan [Refer Note 31(v)]	25,75,622	2.57
Issue of equity shares upon IPO (Refer Note 35)	1,75,09,727	17.51
As at March 31, 2018	9,08,18,760	90.82
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan [Refer Note 31(v)]	9,00,819	0.90
As at March 31, 2019	9,17,19,579	91.72
Forfeited shares (to the extent of amount paid up)*		
As at April 1, 2017	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2018	3,27,27,930	3.27
Transaction during the year	-	-
As at March 31, 2019	3,27,27,930	3.27
	As at	
	March 31, 2019	March 31, 2018
Total Equity Share Capital	94.99	94.09

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

a) Terms and rights attached to equity shares

Equity shares have a par value of Rs. 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.

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

b) Details of shareholders holding more than 5% shares in the Company

Particulars	As at	
	March 31, 2019	March 31, 2018
Cascade Capital Management, Mauritius		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	18.00%	18.18%
Samena Spectrum Co.		
Number of shares held	94,41,649	1,39,81,648
% holding in that class of shares	10.29%	15.40%
Mayfield XII, Mauritius		
Number of shares held	71,06,628	71,06,628
% holding in that class of shares	7.75%	7.83%
Reliance Capital Trustee Co. Ltd-A/C Reliance small Cap Fund		
Number of shares held	58,17,754	49,63,187
% holding in that class of shares	6.34%	5.46%

c) There are no instances of:

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

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

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

d) Shares reserved for issuance towards outstanding employee stock options, RSU granted and available for grant (Refer Note 31):

Particulars	As at	
	March 31, 2019	March 31, 2018
Equity shares of Rs. 10/- each		
ESOP Schemes	59,41,041	69,55,287
Outstanding at the end of the year	59,41,041	69,55,287
Options available for grant	-	-
RSU	29,77,583	30,00,000
Outstanding at the end of the year	10,20,923	34,790
Units available for grant	19,56,660	29,65,210

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 14: Other Equity

Particulars	As at	
	March 31, 2019	March 31, 2018
Securities premium	931.17	922.08
Retained earnings	265.56	120.59
Employee stock compensation outstanding account	27.02	15.14
Other Reserves	-	-
Total Other Equity	1,223.75	1,057.81

(i) Securities premium

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	922.08	487.48
Premium on issue on account of IPO (Refer Note 35)	-	432.49
Premium received upon exercise of ESOP	5.87	15.12
Share issue costs	-	(19.33)
Premium recognised on exercise of ESOP/RSU	3.22	6.32
Closing Balance	931.17	922.08

(ii) Retained earnings

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	120.59	14.88
Profit for the year	146.69	107.12
Others (Refer Note c below)	-	0.20
<i>Items of other comprehensive income recognized directly in retained earnings</i>		
Remeasurements of the post employment benefit obligation	(1.72)	(1.61)
Closing Balance	265.56	120.59

(iii) Employee stock compensation outstanding account

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	15.14	15.77
Share based payment expenses	15.10	5.69
Transferred to securities premium on exercise of ESOP/RSU	(3.22)	(6.32)
Closing Balance	27.02	15.14

(iv) Other Reserves

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening Balance	-	0.17
Transaction during the year	-	(0.17)
Closing Balance	-	-

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Nature and purpose of other reserves

(a) Securities premium

Securities premium is used to record the premium on issue of shares. The premium can be utilized in accordance with the provisions of the Act.

(b) Employee stock compensation outstanding account

The Employee stock compensation outstanding account is used to recognize the grant date fair value of options and RSUs issued to employees under the Company's share based payment schemes over the vesting period.

(c) Other Reserve

Shares in the Company were held by Tejas Employee Welfare Trust (TEWT) for the purpose of issuing shares under the Company's Employee Stock Option Plan (Treasury Shares). The net impact of the transactions from the treasury shares (which were not material including the adjustment for the expenses incurred by the Trust apart) has been disclosed as other reserve.

Tejas Networks Limited
Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 15: Non-current Borrowings

Particulars	As at	
	March 31, 2019	March 31, 2018
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	2.27
Less: Current maturities of long term debt (Refer Note 18)	1.19	1.27
Total borrowings	-	1.00

Net Debt Reconciliation

Particulars	Non- Current Borrowings and Current maturities of long term debt	Current Borrowings
Debt as on April 01, 2017	29.18	252.29
Repayment	(26.91)	(252.29)
Debt as on March 31, 2018	2.27	-
Repayment	(1.08)	-
Debt as on March 31, 2019	1.19	-

Note No. 16: Provisions

Particulars	As at	
	March 31, 2019	March 31, 2018
Non-current provisions		
Other provisions		
Warranty	1.75	1.14
Total non-current provisions	1.75	1.14
Current provisions		
Provision for employee benefits		
Compensated absences*	4.91	1.89
Gratuity (Refer Note 23)	-	0.73
Other provisions		
Warranty	3.23	4.27
Total current provisions	8.14	6.89

* The amount of provision of Rs. 4.91 (March 31, 2018 Rs. 1.89) 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, 2019	March 31, 2018
Leave obligation not expected to be settled within the next 12 months	4.16	1.41

Movement in Warranty

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

Particulars	As at	
	March 31, 2019	March 31, 2018
Opening balance	5.41	5.37
Unwinding of interest on provisions	0.46	0.48
Additions	0.92	1.03
Discounting of provision	(0.52)	(0.36)
Utilisation	(1.29)	(1.11)
Closing balance	4.98	5.41

Disclosed as:

Non-current	1.75	1.14
Current	3.23	4.27
	4.98	5.41

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

Note No. 17: Trade Payables

Particulars	As At	
	March 31, 2019	March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 30.2)	26.83	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	137.03	105.09
Total trade payables	163.86	105.09

Notes:

Following are the amounts due to Subsidiaries [Refer Note 30.6(iii)]

Particulars	As At	
	March 31, 2019	March 31, 2018
Tejas Communication Pte Limited, Singapore	0.41	0.38
Tejas Israel	-	0.12
	0.41	0.50

Note No. 18: Other Financial Liabilities

Particulars	As At	
	March 31, 2019	March 31, 2018
Current		
Current maturities of long-term debt (Refer Note 15)	1.19	1.27
Due to employees	31.24	18.50
Capital Creditors	8.62	4.04
Accrual for expenses	37.16	23.34
Other liabilities	0.20	0.21
Total other financial liabilities	78.41	47.36

Note No. 19: Other Current Liabilities

Particulars	As At	
	March 31, 2019	March 31, 2018
Advances received from customers	0.48	0.24
Deferred revenue	3.02	4.36
Statutory dues	5.92	5.08
Total other current liabilities	9.42	9.68

Tejas Networks Limited
Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 20: Revenue from Operations

Particulars	Year Ended March 31,	
	2019	2018
Revenue from contract with customers		
Sale of goods (including excise duty where applicable)		
Manufactured goods - Optical and Data Networking products including multiplexers	812.73	675.95
Component sales	23.59	9.93
	836.32	685.88
Rendering of services		
Installation and commissioning revenue	15.75	31.12
Annual maintenance revenue	31.89	32.56
Other service revenue	7.66	11.22
	55.30	74.90
Other operating income		
Export Incentive	2.41	0.29
	2.41	0.29
Total revenue from operations	894.03	761.07

Note No. 21: Other Income

Particulars	Year Ended March 31,	
	2019	2018
Interest income from banks on deposits	24.15	14.50
Dividend Income	-	0.09
Gain on current investment carried at fair value through statement of profit and loss	0.32	0.85
Gain on sale of current investment carried at fair value through statement profit and loss	4.15	2.58
Unwinding of discount on fair valuation of financials assets	3.59	4.18
Net gain on foreign currency transactions and translation (other than considered as finance cost)	0.65	4.52
Other non-operating income		
Recovery of Focus Product Scheme (FPS) Receivable earlier written off as not recoverable	3.00	-
Profit on sale of property, plant and equipment	-	0.01
Miscellaneous income	0.78	0.49
Total other income	36.64	27.22

Note No. 22: Cost of Materials Consumed

Particulars	Year Ended March 31,	
	2019	2018
Opening stock	190.89	182.33
Add: Purchases	454.20	398.39
Less: Capitalized during the year [Refer Note 4(a)]	-	7.53
	645.09	573.19
Less: Closing stock	181.39	190.89
Cost of materials consumed	463.70	382.30

Note No. 23: Employee Benefit Expense

Particulars	Year Ended March 31,	
	2019	2018
Salaries and wages, including performance incentives	152.33	119.80
Contribution to provident and pension funds [Refer Note 23(i)]	5.95	4.87
Gratuity expenses	1.72	1.25
Employee share based payment expenses [Refer Note 31(vii)]	15.10	5.69
Staff welfare expenses	4.93	5.19
	180.03	136.80
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	62.43	48.15
Total employee benefit expenses	117.60	88.65

Note No. 23: Employee Benefit Expense (Contd)

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:

Particulars	Year Ended March 31,	
	2019	2018
Provident Fund Contributions	5.09	4.07
Employee Pension Scheme	0.86	0.80
Total	5.95	4.87

(ii). Compensated absence

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

The amount of the provision of Rs. 4.91 (March 31, 2018 – Rs. 1.89) is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

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

Particulars	Year Ended March 31,	
	2019	2018
Compensated absence expense included in salaries and wages	3.10	0.56
Actuarial assumptions for long-term compensated absences		
Discount rate	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition	7.00%	7.00%

(ii). Defined Benefit Plans

(a) Gratuity

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

Particulars	Year Ended March 31,	
	2019	2018
Actuarial assumptions for defined benefit plan		
Discount rate	7.64%	7.52%
Expected return on plan assets	7.64%	7.52%
Salary escalation	6.50%	5.00%
Attrition rate	7.00%	7.00%

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2017	7.66	(7.66)	-
Current service cost	1.35	-	1.35
Interest expense/(income)	0.57	(0.67)	(0.10)
Total amount recognised in profit or loss under employee benefit expenses	1.92	(0.67)	1.25
<i>Remeasurements</i>			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	0.82	-	0.82
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(0.17)	-	(0.17)
Actuarial (Gain) / Losses due to Experience on DBO	1.12	-	1.12
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.28	0.28
Total amount recognised in other comprehensive income	1.77	0.28	2.05
Employer contributions/premiums paid	-	(2.57)	(2.57)
Benefit payments	(0.18)	0.18	-
As at March 31, 2018 (Refer Note 16)	11.17	(10.44)	0.73

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2018	11.17	(10.44)	0.73
Current service cost	1.77	-	1.77
Interest expense/(income)	0.84	(0.89)	(0.05)
Total amount recognised in profit or loss under employee benefit expenses	2.61	(0.89)	1.72
<i>Remeasurements</i>			
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(0.44)	-	(0.44)
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.84	-	1.84
Actuarial (Gain)/ Losses due to Experience on DBO	0.76	-	0.76
Return on Plan Assets (Greater) / Lesser than Discount rate	-	0.04	0.04
Total amount recognised in other comprehensive income	2.16	0.04	2.20
Employer contributions/premiums paid	-	(4.65)	(4.65)
Benefit payments	(0.42)	0.42	-
As at March 31, 2019 (Refer Note 16)	15.52	(15.52)	-

b) Sensitivity Analysis

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

Particulars	Year Ended March 31,	
	2019	2018
Discount Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	-8.78%	-6.76%
Decrease by 100 basis points (March 31, 2018 100 basis points)	10.17%	7.66%
Salary Growth Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	10.11%	7.38%
Decrease by 100 basis points (March 31, 2018 100 basis points)	-8.86%	-6.61%
Attrition Rate		
Increase by 100 basis points (March 31, 2018 100 basis points)	0.09%	0.84%
Decrease by 100 basis points (March 31, 2018 100 basis points)	-0.14%	-0.95%
Mortality increase by 10% (March 31, 2018 10%)		
	-0.01%	0.05%

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

Composition of the plan assets is as follows:

Particulars	As at March 31,	
	2019	2018
Insurer managed funds	100%	100%

c) Risk Exposure

- 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, 2020 are Rs. 2.42.

The weighted average duration of the defined benefit obligation is 12.43 years (March 31, 2018: 11.43 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31,	
	2019	2018
Year 1	0.79	0.99
Year 2	0.80	0.92
Year 3	1.14	1.09
Year 4	1.24	1.17
Year 5	1.62	1.17
Year 6-10	5.93	5.14
Year 10 and above	26.66	11.41

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 24: Finance Cost

Particulars	Year Ended March 31,	
	2019	2018
Interest expense		
(i) Borrowings	3.49	5.83
(ii) Unwinding of discount on fair valuation of financial liabilities	0.68	0.88
Other finance cost	12.71	6.74
Total finance cost	16.88	13.45

Note No. 25: Other Expenses (Refer Note 1 below)

Particulars	Year Ended March 31,	
	2019	2018
Installation and commissioning expenses	18.05	24.03
Other processing charges	3.02	1.19
Power and fuel	5.02	4.16
Housekeeping and security	2.23	2.60
Lease rentals (Refer Note 30.5)	8.45	7.73
Repairs and maintenance - machinery	0.47	0.47
Repairs and maintenance - others	2.37	2.36
Sub-contractor charges	11.08	6.47
Insurance	0.48	0.65
Rates and taxes	(0.51)	1.77
Communication	1.17	1.23
Royalty	0.61	0.83
Travelling and conveyance	17.41	14.53
Printing and stationery	0.30	0.37
Freight and forwarding	1.43	1.26
Contract related expenses	-	16.01
Sales expenses (Refer Note 35)	1.27	2.26
Sales commission	7.39	4.99
Business promotion	1.97	1.15
Donations	-	0.01
Director sitting fees	0.11	0.13
Director commission	0.38	0.29
Legal and professional	13.05	11.52
Auditors remuneration and out-of-pocket expenses		
As auditors	0.63	0.41
Auditors out-of-pocket expenses	0.06	0.04
Focus Product Scheme (FPS) receivable written off	4.45	-
Less: Provision for FPS receivable released	(1.28)	-
Provision for doubtful advances	0.09	1.55
Investment in subsidiaries written off [Refer Note 30.6 (ii)]	54.33	-
Less: provision for investment in subsidiaries released	(54.33)	-
Provision for diminution in value of investment	-	0.14
Bad Debts written off	0.57	-
Less: Provision for doubtful debts released	(0.57)	-
Provision for doubtful trade and other receivables (net)	5.17	1.23
Provision for warranty	0.40	0.67
Loss on sale of property, plant and equipment (net)	0.03	-
Expenditure on corporate social responsibility (Refer Note 34)	0.98	0.54
Reimbursement of expenses to subsidiary [Refer Note 30.6 (ii)]	10.20	7.41
Miscellaneous expenses	3.15	1.40
	119.63	119.40
Less: Capitalized during the year [Refer Note 4(b) and Note 30.8 (i)]	2.49	1.06
Total other expenses	117.14	118.34

Note 1: Other expenses include R&D expenses under various line items [Refer Note 30.8 (ii)].

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Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 26: Income Tax Expense

Particulars	Year Ended March 31,	
	2019	2018
a. Current tax		
Tax on profits for the year	20.61	23.78
Adjustments for tax of prior periods	(0.98)	-
Total current tax expense	19.63	23.78
b. Deferred tax		
Decrease/(increase) in deferred tax assets	(16.85)	(24.26)
(Decrease)/increase in deferred tax liabilities	-	-
Total deferred tax expense/(benefit)	(16.85)	(24.26)
Total Income tax	2.78	(0.48)

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

Particulars	Year Ended March 31,	
	2019	2018
Profit from continuing operations before income tax expense	149.47	106.64
Tax at the Indian tax rate at 34.944% (March 31, 2018: 34.608%)	52.23	36.91
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses disallowed for tax purposes	0.52	1.73
Mark-to-mark gain on mutual fund investments not chargeable to tax	(1.31)	(1.58)
Remeasurement gains and losses recognised for OCI but considered for tax	(0.77)	(0.72)
Weighted deduction on Scientific Research u/s 35 (2AB)	(25.77)	(15.18)
Unrecognised DTA recognised on 35 (2AB) expenditure	(41.75)	(45.42)
MAT tax charge for the year	20.61	23.78
Adjustment of tax for prior periods	(0.98)	-
Income Tax (expense)	2.78	(0.48)

Tax losses and unutilised accumulated 35 (2AB) expenditure (together 'unused tax losses') for which no deferred tax has been recognised

Particulars	Year Ended March 31,	
	2019	2018
Unused tax losses as described above	34.34	157.55
	34.34	157.55
Potential tax benefit on the above	12.00	55.05
MAT credit	51.93	24.98

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

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

Note No. 27: Fair Value Measurement**(i) Financial instruments by category and fair value hierarchy**

	Level	March 31, 2019		March 31, 2018	
		FVPL	Amortized cost	FVPL	Amortized cost
Financial assets					
Investments					
- Mutual Funds	1	86.55	-	76.52	-
- Others (Refer Note 38)	3	0.00	-	0.00	-
Trade receivables	3	-	650.20	-	294.32
Cash and cash equivalents		-	16.41	-	213.48
Bank balances other than cash and cash equivalents		-	106.15	-	21.76
Loans					
- Security deposits	3	-	4.52	-	5.51
- Loans to employees	3	-	0.71	-	0.48
Other financial assets					
- Deposits with original maturity of more than twelve months		-	0.12	-	0.04
- Deposits with financial institutions		-	160.00	-	205.00
- Unbilled Revenue	3	-	10.58	-	1.81
- Interest accrued but not due	3	-	9.86	-	3.01
- Focus Product Scheme receivable	3	-	-	-	4.86
Total Financial Assets		86.55	958.55	76.52	750.27
Financial liabilities					
Borrowings		-	-	-	1.00
Trade payables	3	-	163.86	-	105.09
Other financial liabilities					
- Current maturities of long-term debt		-	1.19	-	1.27
- Capital Creditors		-	8.62	-	4.04
- Due to employees		-	31.24	-	18.50
- Accrual for expenses		-	37.16	-	23.34
- Other liabilities		-	0.20	-	0.21
Total Financial liabilities		-	242.27	-	153.45

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

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

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

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

There are no transfers between levels during the year.

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

(ii) Valuation Technique

- The fair values for security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

- The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

- Investment in mutual funds are valued using closing NAV.

(iii) Valuation Process

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

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

- The carrying amounts of borrowings and security deposits are considered to be the same as their fair values since there has been no change in the interest rates.

- The carrying amounts of trade receivables, trade payables, capital creditors, cash and cash equivalents and other financial assets are considered to be the same as their fair values, due to their short-term nature.

- For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note No. 28: Financial risk management

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

A. Credit Risk

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

(i) Expected credit loss for trade receivables under simplified approach

Loss allowance as on April 01, 2017	(2.93)
Changes in loss allowance	<u>(1.56)</u>
Loss allowance as on April 01, 2018	(4.49)
Changes in loss allowance	<u>(3.70)</u>
Loss allowance as on March 31, 2019 (Refer Note 6)	<u><u>(8.19)</u></u>

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

Management has evaluated and determined expected credit loss for security deposits and other financial assets to be immaterial

(ii) Sensitivity Analysis

The sensitivity of profit or loss to changes in the loss allowance

	Impact on profit after tax	
	March 31, 2019	March 31, 2018
ECL increase by 10%	(0.29)	(0.12)
ECL decrease by 10%	0.29	0.12

B. Liquidity Risk

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

(i) Liquid assets

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

	As at	
	March 31, 2019	March 31, 2018
Cash and cash equivalents	16.41	213.48
Other bank balances - deposits more than 3 months less than 12 months and margin money	106.15	21.76
Deposits with financial institutions	160.00	205.00
Current investments - mutual funds	86.55	76.52
	<u>369.11</u>	<u>516.76</u>

(ii) Financing arrangements

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

	As at	
	March 31, 2019	March 31, 2018
Rupee Borrowing		
Fund based	142.55	190.00
Non Fund based	-	7.58
USD Borrowing (in rupee terms)		
Fund based	67.24	62.68
Non Fund based	-	-

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

(iii) Maturities of financial liabilities

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

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					
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
	<u>241.08</u>	<u>1.19</u>	-	-	<u>242.27</u>
Contractual maturities of financial liabilities - March 31, 2018					
Non-Derivatives					
Borrowings	-	-	1.00	-	1.00
Trade payables	105.09	-	-	-	105.09
Current maturities of long-term debt	-	1.27	-	-	1.27
Due to employees	18.50	-	-	-	18.50
Capital Creditors	4.04	-	-	-	4.04
Accrual for expenses	23.34	-	-	-	23.34
Other liabilities	0.21	-	-	-	0.21
	<u>151.18</u>	<u>1.27</u>	<u>1.00</u>	-	<u>153.45</u>

(iv) The Company has from time to time in the normal course of business entered into factoring agreements with bankers for some of the trade receivables on a non-recourse basis. As at March 31, 2019 the trade receivable does not include receivables amounting to Rs. 57.85 (March 31, 2018: Rs. 72.86) which have been derecognised in accordance with Ind AS 109 - Financial Instruments, pursuant to such factoring agreements (Refer Note 6).

C. Market Risk

(a) Foreign currency risk exposure

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

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

	March 31, 2019		March 31, 2018	
	USD	MYR*	USD	MYR*
Assets				
Trade receivables	80.39	33.40	37.34	12.11
Advance to suppliers	13.03	-	2.76	-
Balance in EEFC account	8.16	-	3.47	-
Balance with Non scheduled banks	0.23	-	3.25	-
Net exposure to foreign currency risk (assets)	101.81	33.40	46.82	12.11
Liabilities				
Trade payables	68.57	0.13	42.22	0.37
Net exposure to foreign currency risk (liabilities)	68.57	0.13	42.22	0.37
Net exposure to foreign currency risk	33.24	33.27	4.60	11.74

* MYR stands for Malaysian Ringgit.

(ii) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

	Impact on profit after tax	
	March 31, 2019	March 31, 2018
USD Sensitivity		
INR/USD - Increase by 10% (March 31, 2018 10%)*	(2.61)	(0.37)
INR/USD - Decrease by 10% (March 31, 2018 10%)*	2.61	0.37
MYR Sensitivity		
INR/MYR - Increase by 10% (March 31, 2018 10%)*	(2.61)	(0.93)
INR/MYR - Decrease by 10% (March 31, 2018 10%)*	2.61	0.93

* Holding all other variables constant.

Note No. 29: Capital Management

For the purpose of capital management, the Company considers the following components of its Balance Sheet as capital:

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

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

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

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

Debt equity ratio	March 31, 2019	March 31, 2018
Net Debt*	(368.04)	(514.53)
Equity	1,318.74	1,151.90
Debt equity ratio	-	-

*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds. The Company has no 'net debt' as at March 31, 2019.

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

Note No. 30: Additional Information to Financial Statements

Note	Particulars	As at	
		March 31, 2019	March 31, 2018
30.1	Contingent liabilities and commitments (to the extent not provided for)		
a	Claims against the Company not acknowledged as debts		
	Disputed Central Excise Demands * (Refer Note 1 below)	37.46	12.58
	Disputed Income Tax Demands * (Refer Note 3 below)	47.94	46.80
	Disputed CST and VAT Demand *	3.64	2.91
b	Commitments		
	Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
	Property, plant and equipment	2.40	0.38
c	Guarantees	0.12	-

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

Note 1: During the year, the Company has received an Order from CESTAT with respect to applicability of excise duty on the software used as part of the Multiplexer products during the financial years 2002-03 to 2009-10. The aforesaid Order (the 'Order') has dealt with an earlier Order received during the year 2010-11 (Rs. 11.87 crores) and various show cause notices on the similar matter received in different earlier financial years (aggregating Rs. 24.88 crores). The earlier order was disclosed as a contingent liability and the aforesaid show cause notices were disclosed under the contingent liabilities note as additional information for the year ended March 31, 2018. The Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT. According to the Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT has remanded the matter back to the adjudicating authority for quantifying the differential duty liability, interest and penalties. Based on Management's assessment of the CESTAT Order, supported by an external legal opinion, Management has concluded that the company has a strong case to defend its position in this matter and accordingly, no provision has been made in the financial statements, for the financial impact if any, arising from the aforesaid CESTAT Order. The Company has filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned Order. In addition, Company has also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application with the Supreme Court against the CESTAT Order.

Note 2: Further, Company has received show cause notices from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on the similar matter amounting to Rs. 3.01 crores which are not part of the Order disclosed above and hence not considered as contingent liabilities.

Note 3: The Company in earlier years has received income tax demands aggregating to Rs. 47.94 (March 31, 2018: Rs. 46.80) mainly in respect of weighted deduction for Expenditure on Scientific Research under Section 35(2AB) of the Income Tax Act, 1961. Based on a favourable ruling received from the High Court of Karnataka, expenditure approved by the Department of Scientific and Industrial Research is allowed as a deduction under Section 35(2AB). However, the Order giving effect is still pending from the income tax authorities.

Note 4: In July, 2017, the Income Tax Department initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act). The Company and its officials fully co-operated with the Income Tax Department. During the year, the Company and certain officers of the Company have received Summons under various sections of the IT Act from the Special Court for Economic Offences. The Company has responded appropriately in this matter. As on date, there is no demand raised by the Income Tax Department in respect of any of the matters under the aforesaid proceedings or summons. The Company is of the view that the outcome of these proceedings/summons will not have any material impact on the Company's financial statements.

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

Note 5: The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount net, which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. During the year Company has received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor in the past 3 years. The matter is sub-judice and is under mediation. The Company believes that the outcome of this litigation will have no material impact in the Company's financial statements.

30.2 Dues to Micro Small and Medium Enterprises (MSMEs)

Particulars	As at	
	March 31, 2019	March 31, 2018
Principal amount due to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006 (the MSMED Act) and remaining unpaid as at year end ¹	26.83	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under the MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

¹Based on periodic circularisations by the Company and responses received from the suppliers, the Company identifies Micro and Small parties registered under the MSMED Act. The information above has been compiled by the management basis such identification. No delays in payments beyond the stipulated date prescribed under the MSMED Act have been identified for such vendors based on the acceptance dates for such goods/services as agreed by the concerned vendors.

30.3 Segment Information

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

(ii) Geographical information

Particulars	Year Ended March 31,	
	2019	2018
I. Revenues*		
India	715.19	630.34
Americas	70.72	43.60
Rest of the World	108.12	87.13
	894.03	761.07

* Determined based on location of customers

	As at	
	March 31, 2019	March 31, 2018
II Total Carrying amount of non current assets, by geographical location		
India	140.50	121.58
Americas	-	-
Rest of the World	-	-

Revenues of approximately Rs. 219.76 are derived from one external customer (March 31, 2018 Rs. 423.90 from two external customers) exceeding 10% of the total revenue.

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

30.4 Revenue from contract with customers**(i) Disaggregation of revenue from contracts with customers**

The table below presents disaggregated revenue from contracts with customers for the year ended March 31, 2019. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by market and other economic factors (Refer Note 20).

Particulars	Year Ended March 31, 2019
India-PSU	482.33
India-Private	209.27
International	178.84
Component Sales	23.59
	894.03

(ii) During the year ended March 31, 2019, Rs. 1.81 crore of unbilled revenue as of March 31, 2018 has been reclassified to Trade receivables upon billing to customers.

The movement in contract liability (deferred revenue and Advances received from customers) during the year is as follows:

	As at	
	March 31, 2019	
	Deferred Revenue	Advances received from customers
Opening balance	4.36	0.24
Less: Revenue accrued during the year	4.27	0.14
Add: Invoicing in excess of earned revenue during the year	2.93	0.38
Closing Balance	3.02	0.48

(iii) Performance obligations and remaining performance obligations

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019, is approximately Rs.418. Out of this, the Company expects to recognize revenue of around 45% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

The impact on account of adoption of Ind AS 115 as compared with Ind AS 18 on the Balance sheet as at March 31, 2019 and Statement of profit and loss for the year ended March 31, 2019 is as follows:

- Retention money is no longer been discounted and the variable consideration as envisaged in certain contracts have been netted off with the Revenue.

- The impact of the said changes on the Balance sheet and profit before tax is not considered to be material.

(iv) Reconciliation of revenue recognised with Contract price

	Year Ended March 31, 2019
Contract Price	894.03
Adjustments for:	
Variable consideration specified in the contract	2.41
Revenue from operations	891.62

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

30.5 Details of leasing arrangements

The Company has entered into operating lease arrangements for office premises and plant which are for a period ranging between 5 and 8 years. All leases except one are cancellable at the option of the lessee and the lessor. One lease arrangement entered during the year has a remaining lock in period of 52 months at the Balance sheet date.

Particulars	Year Ended March 31,	
	2019	2018
Lease rentals recognised in the Statement of Profit and Loss (Refer Note 25)	8.45	7.73

	As at	
	March 31, 2019	March 31, 2018
Commitments for minimum lease payments in relation to non-cancellable operating leases:		
not later than one year	2.29	-
later than one year and not later than five years	5.88	-

30.6 Related party transactions**(i) Details of related parties:**

Description of relationship	
Subsidiaries	Tejas Communication Pte Limited, Singapore ('Tejas Singapore') Tejas Israel Limited, Israel ('Tejas Israel') ¹ vSave Energy Private Limited ('vSave') ²
Step-down subsidiary	Tejas Communications (Nigeria) Limited
Entity where a Director is interested with whom the Company had transaction during the year	Clonect Solutions Private Limited ('Clonect') Darwinbox Digital Solutions Private Limited ('Darwinbox')
Key Management Personnel	
Executive Directors	Sanjay Nayak, CEO and Managing Director Arnob Roy, Chief Operating Officer*
Non - Executive Directors	
Independent Directors	Balakrishnan V Leela K Ponappa

¹ Tejas Israel has been liquidated with effect from November 25, 2018 [Refer Note 5(a)].

² vSave has been dissolved with effect from July 28, 2018 and has been struck off the Register of Companies.[Refer Note 5(a)].

* Appointed as Chief Operating Officer with effect from March 25, 2019.

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

(ii) Details of the related party transactions during the year ended March 31, 2019:

	Year Ended March 31,	
	2019	2018
Transactions during the year		
<u>Purchases from</u>		
Tejas Singapore	-	0.57
<u>Revenue from sale of goods</u>		
Tejas Singapore	9.39	9.06
<u>Revenue from rendering of services</u>		
Tejas Singapore	2.34	3.93
<u>Reimbursement of expenses to</u>		
Tejas Singapore	10.20	7.41
<u>Legal & Professional expense</u>		
Clonect	0.08	0.03
Darwinbox	0.06	-
<u>Non current investments made (unquoted)</u>		
Tejas Singapore	-	6.42
<u>Investment Written off</u>		
Tejas Israel ³	54.19	-
Vsave ³	0.14	-
<u>Remuneration to Key Management Personnel</u>		
Executive Directors:		
Sanjay Nayak		
Short-term employee benefits	2.09	1.55
Post-employment benefits	0.02	0.02
Employee share-based payment	1.12	0.89
Arnob Roy		
Short-term employee benefits	0.02	-
Post-employment benefits (Refer Note 38)	0.00	-
Employee share-based payment	0.02	-
Non - Executive Directors:		
<u>Director Sitting Fees</u>		
Balakrishnan V	0.06	0.07
Leela K Ponappa	0.05	0.06
<u>Director Commission</u>		
Balakrishnan V	0.25	0.20
Leela K Ponappa	0.13	0.09

³ Provided in earlier years.

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

(iii) Balances outstanding at the end of the year:

	As at	
	March 31, 2019	March 31, 2018
<u>Trade receivables</u>		
Tejas Singapore	0.99	9.08
<u>Trade payables</u>		
Tejas Singapore	0.41	0.38
Tejas Israel	-	0.12
<u>Non current investments (unquoted)</u>		
Tejas Singapore	10.87	10.87
Vsave	-	0.14
<u>Payable to Key Management Personnel</u>		
Sanjay Nayak	0.95	0.57
Arnob Roy	0.68	-
Balakrishnan V	0.25	-
Leela K Ponappa	0.13	-

All outstanding balances are unsecured.

30.7 Earnings per share

Particulars	Year Ended March 31,	
	2019	2018
<u>Basic</u>		
Net profit for the year attributable to the equity share holders	146.69	107.12
Weighted average number of equity shares	9,13,08,108	8,58,58,425
Par value per share (Rs.)	10.00	10.00
Earnings per share - Basic (Rs.)	16.07	12.48
<u>Diluted</u>		
Net profit for the year attributable to the equity share holders	146.69	107.12
Weighted average number of equity shares for Basic EPS	9,13,08,108	8,58,58,425
Add: Bonus element on Share Options and RSUs issued to employees	43,59,600	49,69,398
Weighted average number of equity shares - for diluted EPS	9,56,67,708	9,08,27,823
Par value per share (Rs.)	10.00	10.00
Earnings per share - diluted (Rs.)	15.33	11.79

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

30.8 Product Development Cost

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

Particulars	Year Ended March 31,	
	2019	2018
Amount transferred to Product Development	70.39	21.65
Additions to Intangible assets under development	64.92	49.21

- (ii) Details of Capital and Revenue expenditure towards Research and Development incurred by the Company**

Particulars	Year Ended March 31,	
	2019	2018
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	3.36	6.65
Revenue expenditure*	115.51	86.90
TOTAL	118.87	93.55

- (iii) Details of eligible Capital and Revenue expenditure incurred towards Research and Development as per Department of Scientific and Industrial Research (DSIR) Regulations [out of (ii) above]**

Particulars	Year Ended March 31,	
	2019	2018
Eligible capital expenditure	3.36	6.65
Eligible revenue expenditure	101.88	81.21
TOTAL	105.24	87.86

As per DSIR Regulations, the eligible revenue expenditure incurred towards research and development was Rs. 101.88 and Rs. 81.21 for the year ended March 31, 2019 and 2018 respectively. Similarly eligible capital expenditure incurred towards research and development was Rs. 3.36 and Rs. 6.65 for the year ended March 31, 2019 and 2018 respectively.

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

Note No. 31: Employee Stock Option Plan (ESOP) and Restricted Stock Units (RSU)

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

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

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

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

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

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

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

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

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

(v) Summary of options under various plans:

	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2014				
Outstanding at the beginning of the year	65	29,17,690	65	50,47,216
Granted during the year	-	-	-	-
Exercised during the year*	65	4,52,905	65	21,00,586
Forfeited during the year	65	24,716	65	28,940
Outstanding at the end of the year	65	24,40,069	65	29,17,690
Exercisable at the end of the year	65	24,31,050	65	22,76,072
Options available for grant	-	-	-	-

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

* The weighted average share price during the year ended March 31, 2019 was Rs. 248.58 (March 31, 2018 Rs.332.61)

ESOP Plan 2014-A

Outstanding at the beginning of the year	85	16,89,511	85	19,71,015
Granted during the year	-	-	-	-
Exercised during the year*	85	1,81,939	85	2,54,902
Forfeited during the year	85	31,145	85	26,602
Outstanding at the end of the year	85	14,76,427	85	16,89,511
Exercisable at the end of the year	85	9,88,234	85	7,02,215
Options available for grant	-	-	-	-

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

* The weighted average share price during the year ended March 31, 2019 was Rs. 248.58 (March 31, 2018 Rs.332.61).

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2019

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

	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
ESOP Plan 2016				
Outstanding at the beginning of the year	85	23,48,086	85	24,77,615
Granted during the year	-	-	110	1,35,200
Exercised during the year*	85	2,61,848	85	2,20,134
Forfeited during the year	85	61,693	85	44,595
Outstanding at the end of the year [#]	85	20,24,545	85	23,48,086
Exercisable at the end of the year	85	10,60,578	85	6,78,433
Options available for grant	-	-	-	-

Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) 3.99 years 4.90 years

[#] The range of exercise prices of the outstanding options as at March 31, 2019 is Rs. 85 to Rs. 110 (Rs. 85 to Rs. 110 as at March 31, 2018).

* The weighted average share price during the year ended March 31, 2019 was Rs. 248.58 (March 31, 2018 Rs.332.61).

	March 31, 2019		March 31, 2018	
	Weighted average exercise price (INR)	Number of stock units	Weighted average exercise price (INR)	Number of stock units
RSU Plan 2017				
Outstanding at the beginning of the year	10	34,790	-	-
Granted during the year	10	10,08,550	10	34,790
Exercised during the year*	10	4,127	-	-
Forfeited during the year	10	18,290	-	-
Outstanding at the end of the year	10	10,20,923	10	34,790
Exercisable at the end of the year	10	4,435	-	-
RSU available for grant	10	19,56,660	10	29,65,210

Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period) 5.15 years 6.07 years

* The weighted average share price during the year ended March 31, 2019 was Rs. 248.58 (March 31, 2018 Rs.332.61).

(vi) Fair value of options granted

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

Assumptions	March 31, 2019	March 31, 2018
ESOP Plan 2016		
Weighted Average share price on the date of grant	-	92.00
Exercise price	-	110.00
Risk Free Interest Rate	-	7.59%
Expected Life	-	5-8years
Exercise period from the date of vesting	-	4 years
Expected Annual Volatility of Shares	-	0.00%
Expected Dividend Yield	-	0.00%
RSU Plan 2017		
Weighted Average share price on the date of grant	260.74	335.24
Exercise price	10.00	10.00
Risk Free Interest Rate	7.58% to 7.89%	6.78%
Expected Life	5-8years	5-8years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	48% to 52%	46.83%
Expected Dividend Yield	0.00%	0.00%

As the Company has implemented RSU plan during the year, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Hence, the options available for grant were considered as "NIL" for the current ESOP schemes, hence other information is not applicable for the year ended March 31, 2019.

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

	March 31, 2019	March 31, 2018
Equity-settled share-based payments (Refer Note 23)	15.10	5.69

Tejas Networks Limited**Notes to the standalone financial statements for the year ended March 31, 2019**

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

Note No. 32: Assets pledged as security against borrowings (Refer Note 15)

Particulars	As at	
	March 31, 2019	March 31, 2018
(i) Financial Assets		
Trade Receivables	650.20	294.32
Loans	0.79	0.58
Other financial assets	0.12	0.04
Other financial assets excluding deposits with financial institutions	20.44	8.40
Total financial assets	671.55	303.34
(ii) Non- Financial Assets		
Other current assets	27.48	20.69
Inventories	181.39	190.89
Total non- financial assets	208.87	211.58
(iii) Total current assets pledged as security	880.42	514.92
(iv) Non-current assets		
Property, plant and equipment	30.68	35.98
Total Non-current assets pledged as security	30.68	35.98
(v) Total assets pledged as security	911.10	550.90

The Company has multiple banking arrangements with banks who have extended fund based and non- fund based facilities and have placed uniform covenants for collateral purposes. The banks have a pari passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, availment out of fund and non-fund based facilities will be within the limits sanctioned. The pari passu charge implies that the banks have a proportionate claim on the collaterals, limited to actual utilisation of fund and non-fund based facilities. The aggregate of fund and non-fund based facilities availed and outstanding as at March 31, 2019 aggregates to Rs.179.91 (March 31, 2018: Rs.144.74).

Note No. 33: Statement of Function wise Profit and Loss (for additional information only)

Particulars	Year ended March 31,	
	2019	2018
Revenue		
Product sales, net of excise duty (Refer Note i below)	812.73	658.31
Component sales	23.59	9.93
Services	55.30	74.90
Other Operating Revenues	2.41	0.29
Net Revenue (A)	894.03	743.43
Cost of materials consumed (Refer Note ii below)	464.84	383.01
Manufacturing Expenses	18.30	17.79
Service Expenses	51.12	49.04
Total Cost of Goods Sold (B)	534.26	449.84
Gross Profit (C) = (A) - (B)	359.77	293.59
Operating Expenses:		
Research & Development (Gross)	115.51	86.90
Less: R&D Capitalized	(64.92)	(49.21)
Research & Development (Net)	50.59	37.69
Selling, Distribution & Marketing*	84.56	77.63
General & Administrative	29.03	24.13
Operating Expenses (Net) (D)	164.18	139.45
Profit from operations (EBITDA)	195.59	154.14
(E) = (C) - (D)		
Other Income (Refer Note iii below)	35.99	22.70
Foreign exchange loss/(gain) (Refer Note iv below)	(0.65)	(4.52)
Finance costs	16.88	13.45
Depreciation and amortization	65.88	61.27
Profit before tax	149.47	106.64
Tax expense:		
Current tax	19.63	23.78
Deferred tax (benefit)	(16.85)	(24.26)
Profit after tax	146.69	107.12
Other Comprehensive Income	(1.72)	(1.61)
Total comprehensive income for the year	144.97	105.51
Earning per share (Par Value Rs. 10 each)		
(a) Basic	16.07	12.48
(b) Diluted	15.33	11.79
Weighted average Basic Equity share outstanding	9,13,08,108	8,58,58,425
Weighted average Diluted Potential Equity share outstanding	9,56,67,708	9,08,27,823

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

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

Particulars	Year ended March 31,	
	2019	2018
Revenue from product sales including excise duty where applicable as per Schedule III (Refer Note 20)	812.73	675.95
Less: Excise Duty disclosed as expense	-	17.64
Revenue from product sales net of excise duty as per function wise profit and loss	812.73	658.31

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

Particulars	Year ended March 31,	
	2019	2018
Cost of materials consumed as per Schedule III (Refer Note 22)	463.70	382.30
Add: Considered separately under other expenses as per Schedule III (Note 25)		
Other Processing Charges	3.02	1.19
Royalty	0.61	0.58
Less: Other processing charges considered under R&D	2.49	1.06
Total Cost of materials consumed as per function wise profit and loss	464.84	383.01

Tejas Networks Limited
Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 33: Statement of Function wise Profit and Loss (for additional information only)

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

Particulars	Year ended March 31,	
	2019	2018
Other income as per Schedule III (Refer Note 21)	36.64	27.22
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iv below)	(0.65)	(4.52)
Other income as per function wise profit and loss	35.99	22.70

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

Particulars	Year ended March 31,	
	2019	2018
Net loss/(gain) on foreign currency transactions and translation towards borrowings (considered as finance cost) (Refer Note 24)	-	-
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note 21, Note 25 and Note iii above)	(0.65)	(4.52)
Foreign exchange loss/(gain) as per function wise profit and loss	(0.65)	(4.52)

Note No. 34: Expenditure on corporate social responsibility (as per section 135 of the Act)

(a) Gross amount required to be spent by the Company during the year Rs. 0.98 (previous year Rs 0.54).

(b) Amount spent during the year: Rs 0.98 (included under expenditure on corporate social responsibility note 25)

Particulars	Incurred	Yet to be incurred	Total
1. Construction / acquisition of any asset	-	-	-
2. On purposes other than (1) above	(-)	(-)	(-)
	0.98	-	0.98
	(0.54)	(-)	(0.54)

Previous year figures are in brackets

Particulars	Nature of Service	Year Ended March 31,	
		2019	2018
Akshaya Patra Foundation, Bengaluru	NGO run school meal programme facilitating education of Underprivileged children in India	0.25	0.34
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers	0.25	0.20
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality	0.30	-
Vinoba Sewa Ashram, Uttar Pradesh	Serving the rural people since 1980 on Education, Health, Income Generation and Animal Welfare. The Company contributed towards improving school infrastructure of existing government schools in Ghazipur, Uttar Pradesh	0.18	-
Total qualifying expenditure on corporate social responsibility		0.98	0.54

Note No. 35: Initial Public Offer

During the quarter ended June 30, 2017, the Company completed an Initial Public Offer ('IPO') and allotted 1,75,09,727 equity shares of Rs. 10/- each at a premium of Rs 247/- per share. The equity shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with effect from June 27, 2017. There is no deviation in actual use of proceeds from the objects stated in the offer document. Total share issue expenses related to IPO amounted to Rs. 21.13 of which Rs. 19.33 has been offset against securities premium reserve (Refer Statement of changes in equity) and Rs. 1.80 has been charged off as part of sales expenses during the year ended March 31, 2018 (Refer Note 25). There is no such expense during the current year.

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 Rs. 4.38 than what was estimated in prospectus and the same was utilised for General corporate purpose.

Note No. 36: Interest in subsidiaries

Name of the Company	Place of Business	% of Holding and voting power either directly or indirectly through subsidiary as at	
		March 31, 2019	March 31, 2018
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Israel Limited (wholly owned subsidiary since acquisition on August 17, 2010 and liquidated with effect from November 25, 2018 [Refer Note 5(a)])	Israel	NA	100%
vSave Energy Pvt Limited (wholly owned subsidiary since incorporation on November 06, 2013 which has been dissolved and struck off with effect from July 28, 2018 [Refer Note 5(a)].)	India	NA	100%
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

Note No. 37: Dividend

After the year end the Board of Directors in their meeting held on April 22, 2019 have recommended the payment of final dividend of Re. 1 per fully paid equity share. (March 31, 2018 : Nil). This proposed final dividend is subject to the approval of shareholders in the ensuing general meeting.

Tejas Networks Limited
Notes to the standalone financial statements for the year ended March 31, 2019

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

Note No. 38: Details of amounts rounded off **(Amount in Rupees)**

Particulars	As at	
	March 31, 2019	March 31, 2018
1. Investment in ELCIA ESDM Cluster (Refer Note 5)	11,000/-	11,000/-
2. Post-employment benefits cost to Arnob Roy [Refer Note 30.6(ii)]	2,570/-	-

Note No. 39: Previous year's figures have been regrouped/ reclassified wherever necessary to conform with the current year's classification / disclosure.

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

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

Pradip Kanakia
Partner
Membership no: 039985

Balakrishnan V
Chairman and Director
(DIN:02825465)

Sanjay Nayak
CEO and Managing
Director
(DIN:01049871)

Place : Bengaluru
Date : April 22, 2019

Venkatesh Gadiyar
Chief Financial Officer

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