

## Tejas Networks Limited

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

Standalone Balance Sheet as at	Notes	March 31, 2021	March 31, 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4(a)	29.48	30.55
Right-of-use assets	4(a)	16.10	21.29
Intangible assets	4(b)	65.43	26.81
Intangible assets under development	4(b)	24.49	26.99
Investments in subsidiaries	5(a)	10.87	10.87
Financial assets			
(i) Investments	5(b)	0.00	0.00
(ii) Trade receivables	6	72.97	80.28
(iii) Loans	8	5.33	5.58
(iv) Other financial assets	9	1.54	1.11
Current Tax Asset (net)	10(a)	62.61	47.80
Deferred Tax Assets	10(b)	56.72	41.70
Other non-current assets	11	6.98	6.97
<b>Total non - current assets</b>		<b>352.52</b>	<b>299.95</b>
<b>Current assets</b>			
Inventories	12	213.65	251.99
Financial assets			
(i) Investments	5(c)	37.37	50.97
(ii) Trade receivables	6	330.88	364.24
(iii) Cash and cash equivalents	7(i)	52.44	66.05
(iv) Bank balances other than (iii) above	7(ii)	164.09	76.71
(v) Loans	8	0.46	1.07
(vi) Other financial assets	9	110.01	91.40
Other current assets	11	53.46	37.46
<b>Total current assets</b>		<b>962.36</b>	<b>939.89</b>
<b>Total assets</b>		<b>1,314.88</b>	<b>1,239.84</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	13	96.51	95.48
Other equity	14	1,036.45	984.28
<b>Total equity</b>		<b>1,132.96</b>	<b>1,079.76</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
(i) Lease Liabilities	15	17.07	21.91
Provisions	16	0.69	0.59
<b>Total non - current liabilities</b>		<b>17.76</b>	<b>22.50</b>
<b>Current liabilities</b>			
Financial liabilities			
(i) Trade payables	17		
(a) Total outstanding dues of micro and small enterprises		11.84	10.96
(b) Total outstanding dues of creditors other than micro and small enterprises		86.45	66.96
(ii) Lease Liabilities	15	4.83	5.97
(iii) Other financial liabilities	18	46.00	39.59
Provisions	16	5.22	7.08
Other current liabilities	19	9.82	7.02
<b>Total current liabilities</b>		<b>164.16</b>	<b>137.58</b>
<b>Total liabilities</b>		<b>181.92</b>	<b>160.08</b>
<b>Total equity and liabilities</b>		<b>1,314.88</b>	<b>1,239.84</b>

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

As per our report of even date.

for Price Waterhouse Chartered Accountants LLP  
Firm Registration Number (FRN 012754N/N500016)for and on behalf of the Board of Directors of Tejas  
Networks LimitedMohan Danivas S A  
Partner  
Membership no: 209136Balakrishnan V  
Chairman and Director  
(DIN:02825465)  
Sanjay Nayak  
CEO and Managing  
Director  
(DIN:01049871)Chandrashekar Bhaskar  
Bhave  
Director  
(DIN:00059856)  
Arnob Roy  
COO and Whole Time  
Director  
(DIN:03176672)Place : Bengaluru  
Date : April 21, 2021Venkatesh Gadiyar  
Chief Financial Officer  
N R Ravikrishnan  
General Counsel, Chief  
Compliance Officer &  
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,	
		2021	2020
I Revenue from operations	20	524.49	386.20
II Other Income	21	24.81	33.71
<b>III Total income (I + II)</b>		<b>549.30</b>	<b>419.91</b>
<b>IV Expenses</b>			
Cost of materials consumed	22	268.74	203.58
Employee benefit expense	23	109.57	103.22
Finance costs	24A	3.58	7.57
Depreciation and amortization expense	4(c)	52.12	77.05
Impairment of non-current assets	4(b)	-	69.87
Allowance for expected credit loss	24B	12.49	18.81
Other expenses	25	80.53	77.42
<b>Total expenses (IV)</b>		<b>527.03</b>	<b>557.52</b>
<b>V Profit/(Loss) before tax (III - IV)</b>		<b>22.27</b>	<b>(137.61)</b>
<b>VI Income tax expense</b>	26		
Current tax		-	-
Deferred tax expense/(benefit)		(15.02)	98.55
<b>Total tax expense (VI)</b>		<b>(15.02)</b>	<b>98.55</b>
<b>VII Profit/(Loss) after tax (V- VI)</b>		<b>37.29</b>	<b>(236.16)</b>
<b>VIII Other comprehensive income/(loss)</b>			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit obligation		2.21	(1.07)
Income tax relating to above		-	-
<b>Other comprehensive income/(loss) for the year, net of tax (VIII)</b>		<b>2.21</b>	<b>(1.07)</b>
<b>IX Total comprehensive income/(loss) for the period (VII + VIII)</b>		<b>39.50</b>	<b>(237.23)</b>
<b>X Earnings/(Loss) per equity share (Refer Note No. 30.7)</b>			
<b>Equity shares of par value Rs. 10 each</b>			
Basic		4.03	(25.66)
Diluted		3.96	(25.66)
<b>Weighted average equity shares used in computing earnings per equity share</b>			
Basic		9,25,53,796	9,20,38,454
Diluted		9,41,28,273	9,20,38,454

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As per our report of even date.

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Membership no: 209136

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CEO and Managing  
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**Chandrashekar Bhaskar  
Bhave**  
Director  
(DIN:00059856)

**Arnob Roy**  
COO and Whole Time  
Director  
(DIN:03176672)

Place : Bengaluru  
Date : April 21, 2021

**Venkatesh Gadiyar**  
Chief Financial Officer

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

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

Standalone Statement of Cash Flows	Notes	Year Ended March 31,	
		2021	2020
<b>Cash flows from operating activities</b>			
Profit/(Loss) before tax for the year		22.27	(137.61)
Adjustments to reconcile net profit/(loss) to net cash generated by operating activities:			
Depreciation and amortization expense	4(c)	52.12	77.05
Impairment of product development	4(b)	-	32.77
Impairment of Intangible assets under development	4(b)	-	37.10
Allowance for expected credit loss	24B	12.49	18.81
Bad Debts written off	25	-	0.07
Allowance for expected credit loss released	25	-	(0.02)
Interest Income	21	(20.27)	(11.94)
(Gain)/Loss on current investment carried at fair value through statement of profit and loss	21	0.18	0.10
Gain on sale of current investment carried at fair value through statement of profit and loss	21	(2.81)	(4.08)
Finance costs	24A	3.58	7.57
Unrealised Exchange Differences (Net)		5.19	(7.26)
Loss/ (profit) on sale of property, plant and equipment	21	(0.01)	(0.02)
Expense recognized in respect of equity-settled share-based payments	23	8.00	11.20
		<u>80.74</u>	<u>23.74</u>
Movements in working capital:			
(Increase)/decrease in inventories		38.34	(70.60)
(Increase)/decrease in trade receivables		22.70	194.15
(Increase)/decrease in loans		0.92	(1.39)
(Increase)/decrease in other financial assets		4.72	4.86
(Increase)/decrease in other assets		(16.38)	(16.79)
Increase/(decrease) in trade and other payables		21.13	(86.02)
Increase/(decrease) in provisions		0.16	(3.73)
Increase/(decrease) in other financial liabilities		6.63	(30.43)
Increase/(decrease) in other liabilities		2.79	(2.40)
<b>Cash generated from operations</b>		<u>161.75</u>	<u>11.39</u>
Income taxes paid		(4.77)	(10.87)
<b>a) Net cash generated from operating activities</b>		<u>156.98</u>	<u>0.52</u>
<b>Cash flows from investing activities</b>			
Expenditure on property, plant and equipment		(14.16)	(20.63)
Expenditure on intangible assets (including under development)		(68.36)	(72.14)
Sale proceeds of property, plant and equipment		0.01	0.03
Investments in Deposits with banks		(238.43)	(156.10)
Investments in Deposits with financial institutions		(144.44)	(99.07)
Withdrawals of Deposits with banks		150.62	184.56
Withdrawals of Deposits with financial institutions		121.46	174.07
Investments in liquid mutual funds		(555.05)	(727.05)
Redemption of liquid mutual funds		571.26	766.61
Interest received		9.83	21.00
<b>b) Net cash generated by/(used in) investing activities</b>		<u>(167.26)</u>	<u>71.28</u>
<b>Cash flows from financing activities</b>			
Proceeds from exercise of restricted stock units/ESOPs		5.70	2.82
Dividend paid (including Tax on dividend)		-	(11.08)
Repayment of borrowings		-	(1.19)
Principal repayment on lease liabilities		(5.73)	(5.58)
Interest payment on lease liabilities		(2.29)	(2.78)
Interest paid		(1.01)	(4.35)
<b>c) Net cash (used in) financing activities</b>		<u>(3.33)</u>	<u>(22.16)</u>

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

Standalone Statement of Cash Flows	Notes	Year Ended March 31,	
		2021	2020
<b>d) Net increase/(decrease) in cash and cash equivalents</b>		<b>(13.61)</b>	<b>49.64</b>
Cash and cash equivalents at the beginning of the year		66.05	16.41
Effects of exchange rate changes on the balance of cash held in foreign currencies (Refer Note No. 37)		0.00	-
<b>Cash &amp; cash equivalents at the end of the year [Refer Note No. 7(i)]</b>		<b>52.44</b>	<b>66.05</b>

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

As per our report of even date.

for **Price Waterhouse Chartered Accountants LLP**  
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Place : Bengaluru  
Date : April 21, 2021

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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, 2019*		94.99
Increase in equity share capital on account of exercise of ESOP and RSU	13	0.49
As at March 31, 2020*		95.48
Increase in equity share capital on account of exercise of ESOP and RSU	13	1.03
As at March 31, 2021*		96.51

\*Includes forfeited shares of Rs. 3.27

**B. Other Equity**

Particulars	Notes	Reserves and Surplus			Total equity attributable to shareholders of the Company
		Securities premium	Retained earnings	Employee stock compensation outstanding account	
<b>Balance as at April 01, 2019</b>		931.17	265.56	27.02	1,223.75
(Loss)/Profit for the year	14	-	(236.16)	-	(236.16)
Other comprehensive income	14	-	(1.07)	-	(1.07)
<b>Total comprehensive income for the year</b>		-	(237.23)	-	(237.23)
<b>Transaction with owners in their capacity as owners:</b>					
Premium on exercise of ESOP	14	2.33	-	-	2.33
Employee Share based payment expenses	23	-	-	11.20	11.20
Reclassification upon exercise of ESOP/RSU	14	4.30	-	(4.30)	-
Impact on account of adoption of Ind AS 116		-	(4.69)	-	(4.69)
Dividend paid	14	-	(9.19)	-	(9.19)
Dividend distribution tax	14	-	(1.89)	-	(1.89)
<b>Balance as at March 31, 2020</b>		937.80	12.56	33.92	984.28
<b>Balance as at April 01, 2020</b>		937.80	12.56	33.92	984.28
(Loss)/Profit for the year	14	-	37.29	-	37.29
Other comprehensive income	14	-	2.21	-	2.21
<b>Total comprehensive income for the year</b>		-	39.50	-	39.50
<b>Transaction with owners in their capacity as owners:</b>					
Premium on exercise of ESOP	14	4.67	-	-	4.67
Employee Share based payment expenses	23	-	-	8.00	8.00
Reclassification upon exercise of ESOP/RSU	14	8.80	-	(8.80)	-
Share application money pending allotment	14	-	-	-	-
<b>Balance as at March 31, 2021</b>		951.27	52.06	33.12	1,036.45

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As per our report of even date.

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Place : Bengaluru  
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**Venkatesh Gadiyar**  
Chief Financial Officer

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General Counsel,  
Chief Compliance  
Officer & Company  
Secretary

## **1 Corporate Information**

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

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

These financial statements have been approved by the Company's Board of Directors on April 21, 2021.

## **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**

The Company has adopted the following amendments to Ind AS standards from 1 April 2020:

- Definition of Material – amendments to Ind AS 1 and Ind AS 8
- Definition of a Business – amendments to Ind AS 103
- COVID-19 related concessions- amendments to Ind AS 116
- Interest Rate Benchmark Reform – amendments to Ind AS 109 and Ind AS 107

The amendments listed above did not have any impact on the amounts recognised in current and prior periods and are not expected to significantly affect any future periods.

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

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There are no new standards or amendments to existing standards which have been notified by the MCA and not yet been adopted by 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.

#### **2.2.1 Sale of manufactured goods and components**

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

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

Standard warranty is provided to customers upon sale of products and the same is accounted in accordance with Ind AS 37, *Provisions, Contingent Liabilities and Contingent Assets* (Refer Note No. 2.11)

#### **2.2.2 Rendering of Service**

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

If the services rendered by the Company exceed the payments from customers, a contract asset is recognised. If the payments received exceed the services rendered, a contract liability is recognised (which we refer to as deferred revenue).

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

The Company presents revenue net of Goods and Services Tax (GST) in its Statement of Profit and loss.

## 2.3 Property, Plant and Equipment

### 2.3.1 Measurement

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

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

### 2.3.2 Depreciation method, estimated useful lives and residual value

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

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

Based on a technical evaluation, the management believes that the useful lives of the above assets best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Schedule II to the Companies Act, 2013.

On Transition to Ind AS, the group has elected to continue with the carrying value of all of its property, plant and equipment measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. Net gains and losses are included in the statement of profit and loss 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 Software

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

### 2.4.2 Product development and intangible assets under 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 product delivering sufficient future economic benefit; and
- The Company has the availability of adequate technical, financial and other resources to complete, use or sell the product, in which case such expenditure is initially recorded as intangible assets under development and is subsequently capitalized when the asset is ready for its intended use. The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policy stated for property, plant and equipment (Refer Note No. 2.3.2).

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

### 2.4.3 Amortization

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

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

- 2.4.4 On Transition to Ind AS, the group has elected to continue with the carrying value of all of its intangible assets measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

## 2.5 Impairment of Non - financial assets

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

## 2.6 Financial instruments

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

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

## 2.7 Investments and Other Financial assets

### 2.7.1 Classification

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

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

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

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

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

### 2.7.2 Recognition

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

### 2.7.3 Measurement

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

#### Debt instruments

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

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

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

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

#### Equity instruments

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

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

### 2.7.4 Investment in Subsidiaries

Investment in Subsidiaries is carried at cost.



### **2.7.5 Impairment of financial assets**

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

For trade receivables, the Company applies the simplified approach permitted by Ind AS 109 "Financial Instruments", which requires expected lifetime losses to be recognized from initial recognition of the receivables.

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

### **2.7.6 Derecognition**

A financial asset is derecognized only when

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

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

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

### **2.7.7 Income recognition**

#### **Interest Income**

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

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

#### **Dividend income**

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

## **2.8 Financial liabilities**

### **2.8.1 Classification as liability or equity**

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

### **2.8.2 Initial Recognition and Measurement**

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

### **2.8.3 Subsequent Measurement**

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

### **2.8.4 Derecognition**

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

## **2.9 Trade Payables**

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

## **2.10 Derivatives**

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

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

## **2.11 Provisions and Contingencies**

Provisions are recognized when the Company has a present obligation (legal or constructive) as 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 sale support / warranty support to some of its customers. The Company accounts for the post-contract support / provision for warranty on the basis of the information available with the Management duly taking into account the current and past technical estimates.

**2.12 Foreign Currency Transactions**

**(i) Functional and presentation currency**

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

**(ii) Transactions and translations**

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

Foreign exchange differences arising on translation of foreign currency borrowings are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other income or other expense.

**2.13 Earnings per equity share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

**(ii) Diluted earnings per share**

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

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.
- potentially issuable equity shares, that could potentially dilute basic earnings per share, are not included in the calculation of diluted earnings per share when they are anti dilutive for the period presented.

**2.14 Income taxes**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Company measures its tax balances for uncertain tax positions either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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 substantively 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 recognised as an asset to the extent they reduce the amount of future contributions.

### **(v) Share-based payments**

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

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

The fair value of options granted under the Employee Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a) including any market performance conditions
- b) excluding the impact of any service and non-market performance vesting conditions
- c) including the impact of any non-vesting conditions

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

## **2.16 Cash Flow Statement**

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

### **2.17 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). [Refer Note No. 30.3]

### **2.18 Leases**

#### **As a lessee**

Effective April 1, 2019, the Company has adopted Ind AS 116, 'Leases'. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise Right-of-use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is of a low value. The Company has used the 'modified retrospective approach' for transition from Ind AS 17, 'Leases'.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- a) fixed payments
- b) amount expected to be payable under residual value guarantees
- c) the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally, the case for lessees, the lessee's incremental borrowing rate used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- a) where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- b) uses a build-up approach that starts with a risk free interest rate adjusted for credit risk for leases held by the Company, which does not have recent third party financing, and
- c) makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged in the Statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments are recognised in profit or loss in the period in which the condition that triggers those payment occurs.

Right of use assets are measured at cost comprising the following:

- a) the amount of the initial measurement of lease liability
- b) any lease payments made at or before the commencement date,
- c) any initial direct costs, and
- d) restoration cost

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short term leases and all leases of low value assets are recognised on a straight line basis as an expense in profit or loss. Short term leases are leases where the lease term is 12 months or less.

### **2.19 Government grants**

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

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

Grants related to assets are reduced from the carrying amount of the asset. Such grants are recognised in the Statement of profit and loss over the useful life of the related depreciable asset by way of reduced depreciation charge.

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

### **2.20 Inventories**

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

### **2.21 Trade Receivables**

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

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

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

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

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

#### **2.22 Cash and cash equivalents**

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

#### **2.23 Borrowings**

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

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

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

#### **2.24 Borrowing Cost**

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

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

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

#### **2.25 Contributed Equity**

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

#### **2.26 Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### **2.27 Exceptional Items**

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

#### **2.28 Rounding of amounts**

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

### **3 Critical estimates and judgments**

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

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

The areas involving critical estimates and judgments are:

- (i) Product Development costs (capitalisation of product development cost including intangibles under development) and assessment of their carrying value - [Refer Note No. 2.4.2, Note No. 2.4.3 and Note No. 4(b)]
- (ii) Defined benefit obligations - Refer Note No. 23
- (iii) Impairment of trade receivables - Refer Note No. 28A
- (iv) Recognition and recoverability of deferred tax assets on tax losses - Refer Note No. 10(b)
- (v) Evaluation of tax litigation - Refer Note No. 30.1

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

**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	Right-of-use asset*
<b>Gross carrying value as of April 1, 2019</b>	<b>20.77</b>	<b>0.66</b>	<b>6.32</b>	<b>8.09</b>	<b>0.90</b>	<b>6.26</b>	<b>0.14</b>	<b>22.02</b>	<b>2.80</b>	<b>67.96</b>	-
Recognition on adoption of Ind AS 116											22.65
Additions	2.06	0.21	1.00	1.44	0.82	0.98	-	6.01	0.89	13.41	3.87
Deletions (Refer Note No. 37)	-	-	0.01	0.01	-	0.00	-	-	-	0.02	-
<b>Gross carrying value as of March 31, 2020</b>	<b>22.83</b>	<b>0.87</b>	<b>7.31</b>	<b>9.52</b>	<b>1.72</b>	<b>7.24</b>	<b>0.14</b>	<b>28.03</b>	<b>3.69</b>	<b>81.35</b>	<b>26.52</b>
<b>Accumulated depreciation as of April 1, 2019</b>	<b>(8.81)</b>	<b>(0.47)</b>	<b>(4.91)</b>	<b>(4.70)</b>	<b>(0.51)</b>	<b>(3.56)</b>	<b>(0.01)</b>	<b>(13.60)</b>	<b>(0.71)</b>	<b>(37.28)</b>	-
Depreciation for the year	(4.50)	(0.13)	(0.60)	(1.30)	(0.33)	(1.76)	(0.04)	(4.21)	(0.66)	(13.53)	(5.23)
Accumulated depreciation on deletions (Refer Note No. 37)	-	-	0.00	(0.01)	-	0.00	-	-	-	(0.01)	-
<b>Accumulated depreciation as of March 31, 2020</b>	<b>(13.31)</b>	<b>(0.60)</b>	<b>(5.51)</b>	<b>(5.99)</b>	<b>(0.84)</b>	<b>(5.32)</b>	<b>(0.05)</b>	<b>(17.81)</b>	<b>(1.37)</b>	<b>(50.80)</b>	<b>(5.23)</b>
<b>Carrying value as of March 31, 2020</b>	<b>9.52</b>	<b>0.27</b>	<b>1.80</b>	<b>3.53</b>	<b>0.88</b>	<b>1.92</b>	<b>0.09</b>	<b>10.22</b>	<b>2.32</b>	<b>30.55</b>	<b>21.29</b>
<b>Gross carrying value as of April 1, 2020</b>	<b>22.83</b>	<b>0.87</b>	<b>7.31</b>	<b>9.52</b>	<b>1.72</b>	<b>7.24</b>	<b>0.14</b>	<b>28.03</b>	<b>3.69</b>	<b>81.35</b>	<b>26.52</b>
Additions	1.68	0.28	0.03	0.11	0.22	1.96	-	8.78	0.56	13.62	-
Deletions	-	-	-	-	0.06	0.02	-	-	-	0.08	-
<b>Gross carrying value as of March 31, 2021</b>	<b>24.51</b>	<b>1.15</b>	<b>7.34</b>	<b>9.63</b>	<b>1.88</b>	<b>9.18</b>	<b>0.14</b>	<b>36.81</b>	<b>4.25</b>	<b>94.89</b>	<b>26.52</b>
<b>Accumulated depreciation as of April 1, 2020</b>	<b>(13.31)</b>	<b>(0.60)</b>	<b>(5.51)</b>	<b>(5.99)</b>	<b>(0.84)</b>	<b>(5.32)</b>	<b>(0.05)</b>	<b>(17.81)</b>	<b>(1.37)</b>	<b>(50.80)</b>	<b>(5.23)</b>
Depreciation for the year	(3.93)	(0.12)	(0.69)	(0.98)	(0.35)	(1.56)	(0.04)	(6.28)	(0.74)	(14.69)	(5.19)
Accumulated depreciation on deletions	-	-	-	-	(0.06)	(0.02)	-	-	-	(0.08)	-
<b>Accumulated depreciation as of March 31, 2021</b>	<b>(17.24)</b>	<b>(0.72)</b>	<b>(6.20)</b>	<b>(6.97)</b>	<b>(1.13)</b>	<b>(6.86)</b>	<b>(0.09)</b>	<b>(24.09)</b>	<b>(2.11)</b>	<b>(65.41)</b>	<b>(10.42)</b>
<b>Carrying value as of March 31, 2021</b>	<b>7.27</b>	<b>0.43</b>	<b>1.14</b>	<b>2.66</b>	<b>0.75</b>	<b>2.32</b>	<b>0.05</b>	<b>12.72</b>	<b>2.14</b>	<b>29.48</b>	<b>16.10</b>

\* Right-of-use asset pertains to buildings. (Refer Note No. 30.5(i))

**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, 2021, has submitted claims aggregating to Rs. 8.98 (March 31, 2020 - Rs. 8.98) which has not been adjusted to the cost of respective assets, in the absence of reasonable assurance that the claim will be received.

(ii) Contractual Obligation : Refer Note No. 30.1 (b) for contractual commitments for the acquisition of property, plant and equipment.

(ii) Refer Note No. 32 for information on property, plant and equipment pledged as security against loan commitments entered into by the Company.

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

Particulars	Computer	Product	Total	Intangible Assets under
	Software	Development		development <sup>1</sup>
<b>Gross carrying value as of April 1, 2019</b>	<b>14.39</b>	<b>199.53</b>	<b>213.92</b>	<b>41.38</b>
Additions	4.83	44.60	49.43	67.31
Deletions/Transfers	-	-	-	44.60
<b>Gross carrying value as of March 31, 2020</b>	<b>19.22</b>	<b>244.13</b>	<b>263.35</b>	<b>64.09</b>
<b>Accumulated amortization as of April 1, 2019</b>	<b>(11.25)</b>	<b>(134.23)</b>	<b>(145.48)</b>	-
Amortization expenses for the year	(6.69)	(51.60)	(58.29)	-
Impairment loss <sup>2</sup>	-	(32.77)	(32.77)	(37.10)
<b>Accumulated amortization as of March 31, 2020</b>	<b>(17.94)</b>	<b>(218.60)</b>	<b>(236.54)</b>	<b>(37.10)</b>
<b>Carrying value as of March 31, 2020</b>	<b>1.28</b>	<b>25.53</b>	<b>26.81</b>	<b>26.99</b>
<b>Gross carrying value as of April 1, 2020</b>	<b>19.22</b>	<b>244.13</b>	<b>263.35</b>	<b>64.09</b>
Additions	2.72	68.14	70.86	65.64
Transfer	-	-	-	68.14
Deletions	-	32.77	32.77	37.10
<b>Gross carrying value as of March 31, 2021</b>	<b>21.94</b>	<b>279.50</b>	<b>301.44</b>	<b>24.49</b>
<b>Accumulated amortization and impairment as of April 1, 2020</b>	<b>(17.94)</b>	<b>(218.60)</b>	<b>(236.54)</b>	<b>(37.10)</b>
Amortization expenses for the year	(3.02)	(29.22)	(32.24)	-
Deletions	-	32.77	32.77	37.10
<b>Accumulated amortization and impairment as of March 31, 2021</b>	<b>(20.96)</b>	<b>(215.05)</b>	<b>(236.01)</b>	-
<b>Carrying value as of March 31, 2021</b>	<b>0.98</b>	<b>64.45</b>	<b>65.43</b>	<b>24.49</b>

Remaining useful life for product development ranges from 3 to 24 months (March 31, 2020: 3 to 23 months)

**Notes:**

- Additions to Intangible Assets under development pertains to capitalization of employee benefit expense and other expenses (Refer Note No. 23 and Note No. 25).
  - Management has carried out an impairment evaluation of its intangible assets under development as at March 31, 2021 and concluded that no impairment is considered necessary as the recoverable amounts of the individual cash generating units (CGUs) are higher than their respective carrying amounts. The recoverable amounts of the individual CGUs were determined using the value-in-use method. Key assumptions used in the value-in-use method include revenue growth rates and discount rate. A decrease in revenue growth rates across individual CGUs by 8% to 14% (March 31, 2020: by 4% to 11%) would result in the recoverable amount being equal to the carrying amount. No reasonable possible change in the discount rate is likely to result in the recoverable amount of the CGUs being equal to their carrying amount.
- The Company recognised impairment loss of Rs.69.87 on identified product development and intangible assets under development during the year ended March 31, 2020. The Company discontinued development on certain intangible assets and consequently the development expenditure of Rs.37.10 related to such intangible assets under development were fully impaired. Further, management identified certain products where no future economic benefits would be recoverable based on the management's estimate of the likely customer demand for such products. Consequently, related product development costs, having a carrying value of Rs.32.77 was fully impaired during the year ended March 31, 2020.

**Sensitivity Analysis**

As at March 31, 2021, the net carrying amount of product development is Rs. 64.45 (March 31, 2020 – Rs. 25.53). 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. 46.33 as at March 31, 2021. If the useful life were estimated to be 3 years, the carrying amount would be Rs. 77.87 as at March 31, 2021.

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

Particulars	Year ended March 31,	
	2021	2020
Depreciation on property, plant and equipment [Refer Note No. 4(a)]	14.69	13.53
Depreciation on Right of use assets [Refer Note No. 4(a)]	5.19	5.23
Amortization of intangible assets [Refer Note No. 4(b)]	32.24	58.29
<b>Total depreciation and amortization expenses</b>	<b>52.12</b>	<b>77.05</b>

Tejas Networks Limited

Notes to the standalone financial statements for the year ended March 31, 2021

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

Note No. 5: Investments

Particulars	As at			
	March 31, 2021	March 31, 2020		
<b>Non-current investments (Unquoted)</b>				
<b>5(a) Investment in subsidiaries</b>				
Equity instruments of subsidiaries (at cost)				
14,64,340 (As at March 31, 2020: 14,64,340) equity shares fully paid up in Tejas Communication Pte Ltd, Singapore	6.69	6.69		
<b>Total equity instruments of subsidiaries</b>	<b>6.69</b>	<b>6.69</b>		
Preference shares of subsidiaries (at cost) <sup>1</sup>				
13,68,400 (As at March 31, 2020: 13,68,400) Redeemable Preference Shares fully paid up in Tejas Communication Pte Limited, Singapore	4.18	4.18		
<b>Total preference shares of subsidiaries</b>	<b>4.18</b>	<b>4.18</b>		
<b>Total investments in subsidiaries</b>	<b>10.87</b>	<b>10.87</b>		
<b>5(b) Other Investments (Unquoted) {FVTPL}</b>				
<b>Equity instruments of others</b>				
Investment in ELCIA ESDM Cluster ( No. of shares 1100) (Refer Note No: 37)	0.00	0.00		
<b>Total other investments</b>	<b>0.00</b>	<b>0.00</b>		
<b>5(c) Current investments (Quoted) {FVTPL}</b>				
<b>Investment in Mutual funds</b>	<b>Number of units</b>	<b>Amount</b>	<b>Number of units</b>	<b>Amount</b>
Aditya Birla Sun Life Liquid Fund - Growth Direct Plan	80,801	2.68	2,39,547	7.65
Axis liquid fund Direct Growth - CFDG	23,841	5.45	84,410	18.61
ICICI Prudential Liquid Fund Direct Plan Growth	85,949	2.62	-	-
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	24,774	12.47	37,768	18.32
Tata Liquid Fund Direct Plan Growth	42,672	13.85	20,397	6.39
DSP Liquidity Fund - Direct Plan - Growth	1,031	0.30	-	-
<b>Total current investments</b>		<b>37.37</b>		<b>50.97</b>
<b>Non Current Investments</b>				
Aggregate amount of quoted investments and market value thereof		-		-
Aggregate amount of unquoted investments (Refer Note No. 36)		10.87		10.87
Aggregate amount of impairment in the value of investments		-		-
<b>Current Investments</b>				
Aggregate amount of quoted investments and market value thereof		37.37		50.97
Aggregate amount of unquoted investments		-		-
Aggregate amount of impairment in the value of investments		-		-

<sup>1</sup> Preference shares are redeemable only at the option of Tejas Communication Pte. Ltd and carry a cumulative right of dividend at a fixed rate 0.01% (\$0.0001 per share). This investment has been treated as investment in an equity instrument.



**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 6: Trade Receivables**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	84.84	81.89
Less: Allowance for expected credit loss (Refer Note No. 28A (i))	(11.87)	(1.61)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total non-current</b>	<b>72.97</b>	<b>80.28</b>
<b>Current</b>		
Trade receivables considered good - secured	-	-
Trade receivables considered good - unsecured	358.48	387.89
Receivables from related parties considered good - unsecured (Refer Note No. 30.6(iii))	-	1.72
Less: Allowance for expected credit loss (Refer Note No. 28A (i))	(27.60)	(25.37)
Trade receivables which have significant increase in credit risk	-	-
Trade receivables - credit impaired	-	-
<b>Total current</b>	<b>330.88</b>	<b>364.24</b>

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

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>(i) Cash and cash equivalents</b>		
(a) Balances with banks		
(i) In current accounts <sup>1</sup>	32.60	19.12
(ii) In EEFC accounts	19.84	40.93
(b) Deposits with original maturity of less than three months	-	6.00
<b>Total cash and cash equivalents</b>	<b>52.44</b>	<b>66.05</b>
<b>(ii) Other bank balances</b>		
Balances with banks in unpaid dividend account	0.03	-
Deposits with original maturity of more than three months but less than twelve months	148.23	64.15
Balances held as margin money or security against fund and non-fund based banking arrangements	15.83	12.56
<b>Total other bank balances</b>	<b>164.09</b>	<b>76.71</b>

<sup>1</sup> includes Rs. Nil (March 31, 2020 - Rs. 0.03) held in axis bank for payment of dividend.

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

(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) and deposits with financial institutions as on Balance Sheet date**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>a) Current Accounts</b>		
Axis Bank*	0.01	0.05
Citibank	0.04	0.01
Citibank, Dubai	0.10	0.03
Citibank, USA	1.64	0.67
Fleet Bank, USA	-	2.00
HDFC Bank	6.61	0.41
ICICI Bank (Refer Note No. 37)	0.11	0.00
Kotak Mahindra Bank	3.40	0.01
RBL Bank	-	0.11
Standard Chartered Bank	20.39	15.50
Standard Chartered Bank, Nairobi	0.08	0.10
State Bank of India	0.22	0.23
	<b>32.60</b>	<b>19.12</b>
* includes Rs. Nil (March 31, 2020 - Rs. 0.03) held for payment of dividend.		
<b>b) EEFC Accounts</b>		
Citibank	4.60	14.71
Standard Chartered Bank	15.24	26.22
	<b>19.84</b>	<b>40.93</b>
<b>c) Deposits with original maturity of less than three months</b>		
RBL Bank	-	6.00
	-	<b>6.00</b>
<b>d) Balances with banks in unpaid dividend account</b>		
Axis Bank	0.03	-
	<b>0.03</b>	-
<b>e) Deposits with original maturity of more than three months but less than twelve months</b>		
Axis Bank	41.49	-
HDFC Bank	-	8.70
IndusInd Bank	45.00	10.00
Kotak Mahindra Bank	7.96	6.45
RBL Bank	-	36.00
Standard Chartered Bank	4.08	3.00
ICICI Bank	39.80	-
Yes Bank	9.90	-
	<b>148.23</b>	<b>64.15</b>
<b>f) Balances held as margin money or security against fund and non-fund based banking arrangements for less than twelve months</b>		
Axis Bank	3.37	-
Citibank	0.63	0.06
Kotak Mahindra Bank	8.94	-
Standard Chartered Bank	2.89	12.50
	<b>15.83</b>	<b>12.56</b>
<b>g) Deposits with original maturity of more than twelve months (Refer Note 9)</b>		
Axis Bank	0.19	-
	<b>0.19</b>	-
<b>h) Balances held as margin money or security against fund and non-fund based banking arrangements for more than twelve months (Refer Note 9)</b>		
Citibank	1.35	1.11
	<b>1.35</b>	<b>1.11</b>
<b>i) Deposits with financial institutions (Refer Note No. 9)</b>		
Bajaj Finance Limited	60.00	60.00
HDFC Limited	48.00	25.00
	<b>108.00</b>	<b>85.00</b>
<b>j) Total cash and cash equivalent (a+b+c)</b>	<b>52.44</b>	<b>66.05</b>
<b>k) Total other bank balances with maturity more than three months but less than twelve months (d+e+f)</b>	<b>164.09</b>	<b>76.71</b>

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 8: Loans**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current</b>		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	5.42	5.67
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>5.42</u>	<u>5.67</u>
Less: Provision	(0.09)	(0.09)
<b>Total non-current loans</b>	<b>5.33</b>	<b>5.58</b>
<b>Current</b>		
At amortised cost		
Loans considered good - secured	-	-
Loans considered good - unsecured		
Security deposits	0.29	0.10
Loans to employees	0.17	0.97
Loans which have significant increase in credit risk	-	-
Loans - credit impaired	-	-
	<u>0.46</u>	<u>1.07</u>

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

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current financial assets</b>		
Deposits with original maturity of more than twelve months		
(i) In deposit accounts	0.19	-
(ii) Balances held as margin money or security against fund and non-fund based banking arrangements	1.35	1.11
	<u>1.54</u>	<u>1.11</u>
<b>Current financial assets</b>		
Deposits with financial institutions	108.00	85.00
Unbilled Revenue	-	5.72
Interest accrued but not due	1.01	0.68
Foreign exchange forward contracts	1.00	-
	<u>110.01</u>	<u>91.40</u>

Tejas Networks Limited  
Notes to the standalone financial statements for the year ended March 31, 2021

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

**Note No. 10: Tax assets**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>10(a) Current Tax Asset (net)</b>		
Advance Income Tax (net)	62.61	47.80
	<b>62.61</b>	<b>47.80</b>
<b>10(b) Deferred Tax Assets</b>		
The balance comprises temporary differences attributable to:		
Expenses allowable on payment basis	15.44	14.00
Difference between carrying amount of property, plant and equipment in books and the income tax return	(11.94)	7.98
Lease liabilities	7.65	9.74
Unabsorbed depreciation	7.05	17.42
MAT credit	44.14	-
<b>Total deferred tax assets</b>	<b>62.34</b>	<b>49.14</b>
Right-of-use assets	5.62	7.44
<b>Net deferred tax assets</b>	<b>56.72</b>	<b>41.70</b>

**Movements in deferred tax assets**

Particulars	Allowance disallowed and provisions to be allowed on basis	Difference between carrying amount of tangible and intangible assets (including under development) in books and the income tax return	Leases amount under section 35(2AB)	Unabsorbed depreciation and allowances under section 35(2AB)	MAT credit	Total	
<b>As at April 01, 2019</b>		4.73	6.25	-	127.02	-	138.00
(Charged)/Credited							
- to statement of profit and loss		9.27	1.73	0.05	(109.60)	-	(98.55)
- to retained earnings		-	-	2.25	-	-	2.25
<b>As at March 31, 2020</b>		<b>14.00</b>	<b>7.98</b>	<b>2.30</b>	<b>17.42</b>	-	<b>41.70</b>
(Charged)/Credited							
- to statement of profit and loss		1.44	(19.92)	(0.27)	(10.37)	44.14	15.02
<b>As at March 31, 2021</b>		<b>15.44</b>	<b>(11.94)</b>	<b>2.03</b>	<b>7.05</b>	<b>44.14</b>	<b>56.72</b>

**Note:**

During the year, the Company has recognised the deferred tax asset on MAT credit amounting to Rs 44.14 crores (March 31, 2020 : Nil) based on Management's estimate of future taxable profits.

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 11: Other assets**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Other non-current assets</b>		
Pre-paid gratuity contributions (asset) (Refer Note No -23)	0.11	-
Prepaid Expenses	0.20	0.14
Capital Advances	0.09	0.02
Balances with government authorities (other than income taxes)	6.58	6.81
<b>Total other non-current assets</b>	<b>6.98</b>	<b>6.97</b>
<b>Other current assets</b>		
Advances to suppliers	38.90	18.16
Advances others	0.02	0.02
Balances with government authorities (other than income taxes)	11.93	18.35
Prepaid expenses	2.24	0.93
Advances to employees	0.37	-
<b>Total other current assets</b>	<b>53.46</b>	<b>37.46</b>

**Note No. 12: Inventories**

Particulars	As at	
	March 31, 2021	March 31, 2020
Raw material - components including assemblies and sub-assemblies (including goods in transit Rs. 0.37 (March 31, 2020: Rs. 0.73))	213.65	251.99
<b>Total inventories</b>	<b>213.65</b>	<b>251.99</b>

\*Net of provision/write back for inventories amounting to Rs. 10.23 (March 31, 2020 - Rs. 9.62).

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

(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
<b>a) Authorised Capital</b>		
Equity Share Capital of Rs. 10/- each		
<b>As at April 01, 2019</b>	<b>17,64,52,000</b>	<b>176.45</b>
Changes in equity share capital during the year		
Increase during the year	-	-
<b>As at March 31, 2020</b>	<b>17,64,52,000</b>	<b>176.45</b>
Changes in equity share capital during the year		
Increase during the year	-	-
<b>As at March 31, 2021</b>	<b>17,64,52,000</b>	<b>176.45</b>
<b>b) Issued, Subscribed and Paid up Capital</b>		
Equity Share Capital of Rs. 10/- each		
<b>Fully paid shares</b>		
<b>As at April 1, 2019</b>	<b>9,17,19,579</b>	<b>91.72</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan (Refer Note No. 31 (v))	4,91,256	0.49
<b>As at March 31, 2020</b>	<b>9,22,10,835</b>	<b>92.21</b>
Changes in equity share capital during the year		
Issue of equity shares under employee share option plan and restricted stock unit plan (Refer Note No. 31 (v))	10,29,509	1.03
<b>As at March 31, 2021</b>	<b>9,32,40,344</b>	<b>93.24</b>
<b>c) Forfeited shares (to the extent of amount paid up)*</b>		
<b>As at April 1, 2019</b>	<b>3,27,27,930</b>	<b>3.27</b>
Transaction during the year	-	-
<b>As at March 31, 2020</b>	<b>3,27,27,930</b>	<b>3.27</b>
Transaction during the year	-	-
<b>As at March 31, 2021</b>	<b>3,27,27,930</b>	<b>3.27</b>
	<b>As at</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Total Equity Share Capital (b+c)</b>	<b>96.51</b>	<b>95.48</b>

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

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**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.

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

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Cascade Capital Management, Mauritius</b>		
Number of shares held	1,65,13,184	1,65,13,184
% holding in that class of shares	17.71%	17.91%
<b>Samena Spectrum Co.</b>		
Number of shares held	94,41,649	94,41,649
% holding in that class of shares	10.13%	10.24%
<b>Nippon Life India Trustee Ltd.-A/C Nippon India Small Cap Fund</b>		
Number of shares held	57,63,697	80,26,928
% holding in that class of shares	6.18%	8.70%
<b>Consilium Extended Opportunities Fund L.P.</b>		
Number of shares held	53,59,887	36,86,893
% holding in that class of shares	5.75%	4.00%
<b>East Bridge Capital Master Fund I Ltd</b>		
Number of shares held	47,93,508	47,93,508
% holding in that class of shares	5.14%	5.20%
<b>HDFC Trustee Company Ltd. A/C HDFC Capital Builder Value Fund</b>		
Number of shares held	-	71,06,628
% holding in that class of shares	-	7.71%
<b>Mayfield XII, Mauritius</b>		
Number of shares held	-	47,93,508
% holding in that class of shares	-	5.20%

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 No. 31):

Particulars	As at	
	March 31, 2021	March 31, 2020
Equity shares of Rs. 10/- each		
ESOP Schemes	44,93,791	53,77,868
Outstanding at the end of the year	44,93,791	53,77,868
Options available for grant	-	-
RSU	22,41,651	27,33,161
Outstanding at the end of the year	12,13,491	16,84,501
Units available for grant	10,28,160	10,48,660

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 14: Other Equity**

Particulars	As at	
	March 31, 2021	March 31, 2020
Securities premium	951.27	937.80
Retained earnings	52.06	12.56
Employee stock compensation outstanding account	33.12	33.92
<b>Total Other Equity</b>	<b>1,036.45</b>	<b>984.28</b>

**(i) Securities premium**

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening Balance	937.80	931.17
Premium received upon exercise of ESOP	4.67	2.33
Reclassification upon exercise of ESOP/RSU	8.80	4.30
<b>Closing Balance</b>	<b>951.27</b>	<b>937.80</b>

**(ii) Retained earnings**

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening Balance	12.56	265.56
(Loss)/Profit for the year	37.29	(236.16)
Items of other comprehensive income recognized directly in retained earnings		
Remeasurements of the post employment benefit obligation	2.21	(1.07)
Impact on account of adoption of Ind AS 116	-	(4.69)
Dividend (including Tax on dividend) (Refer Note No. 38)	-	(11.08)
<b>Closing Balance</b>	<b>52.06</b>	<b>12.56</b>

**(iii) Employee stock compensation outstanding account**

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening Balance	33.92	27.02
Share based payment expenses	8.00	11.20
Transferred to securities premium on exercise of ESOP/RSU	(8.80)	(4.30)
<b>Closing Balance</b>	<b>33.12</b>	<b>33.92</b>

**Nature and purpose of other reserves****(a) Securities premium**

Securities premium is used to record the premium on issue of shares. The premium can only 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.



**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 15: Lease Liabilities**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-Current</b>		
Lease Liabilities	17.07	21.91
<b>Total non-current</b>	<b>17.07</b>	<b>21.91</b>
<b>Current</b>		
Lease Liabilities	4.83	5.97
<b>Total current</b>	<b>4.83</b>	<b>5.97</b>
<b>Net Debt Reconciliation</b>		
Particulars	Non- Current Borrowings and Current maturities of long term debt	Lease Liabilities
<b>Debt as on April 01, 2019</b>	<b>1.19</b>	-
Additions on account of Ind AS 116		29.09
Acquisitions - finance leases		4.37
Interest expense		2.78
Repayment of interest and principal	(1.19)	(8.36)
<b>Debt as on March 31, 2020</b>	<b>-</b>	<b>27.88</b>
Interest expense	-	2.29
Repayment of interest and principal	-	(8.02)
Discount on leases		(0.25)
<b>Debt as on March 31, 2021</b>	<b>-</b>	<b>21.90</b>

**Note No. 16: Provisions**

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Non-current provisions</b>		
Other provisions		
Warranty	0.69	0.59
<b>Total non-current provisions</b>	<b>0.69</b>	<b>0.59</b>

**Current provisions**

Provision for employee benefits		
Compensated absences*	4.70	4.19
Other provisions		
Warranty	0.52	2.89
<b>Total current provisions</b>	<b>5.22</b>	<b>7.08</b>

\* The amount of provision of Rs. 4.70 (March 31, 2020 Rs. 4.19) 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, 2021	March 31, 2020
Leave obligation not expected to be settled within the next 12 months	3.90	3.67

**Movement in Warranty**

Provision for warranty has been estimated based on past history of claims settled.

Particulars	As at	
	March 31, 2021	March 31, 2020
Opening balance	3.48	4.98
Unwinding of interest on provisions	0.29	0.44
Additions/(reversals)	(1.34)	(0.24)
Utilisation	(1.22)	(1.70)
<b>Closing balance</b>	<b>1.21</b>	<b>3.48</b>

**Disclosed as:**

Non-current	0.69	0.59
Current	0.52	2.89
	<b>1.21</b>	<b>3.48</b>

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 17: Trade Payables**

Particulars	As At	
	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises (Refer Note 30.2)	11.84	10.96
Total outstanding dues of creditors other than micro enterprises and small enterprises	86.45	66.96
<b>Total trade payables</b>	<b>98.29</b>	<b>77.92</b>

**Notes:**

Following are the amounts due to Subsidiaries [Refer Note No. 30.6(iii)]

Particulars	As At	
	March 31, 2021	March 31, 2020
Tejas Communication Pte Limited, Singapore	6.57	3.28
	<b>6.57</b>	<b>3.28</b>

**Note No. 18: Other Financial Liabilities**

Particulars	As At	
	March 31, 2021	March 31, 2020
<b>Current</b>		
Due to employees	16.35	14.47
Capital Creditors	0.95	1.42
Accrual for expenses	28.52	23.58
Unpaid dividend	0.03	0.03
Other liabilities	0.15	0.09
<b>Total current</b>	<b>46.00</b>	<b>39.59</b>

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

Particulars	As At	
	March 31, 2021	March 31, 2020
Advances received from customers	1.25	0.29
Deferred revenue	2.07	2.60
Statutory dues	6.50	4.13
<b>Total other current liabilities</b>	<b>9.82</b>	<b>7.02</b>

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 20: Revenue from Operations**

Particulars	Year ended March 31,	
	2021	2020
<b>Revenue from contract with customers</b>		
Sale of goods		
Manufactured goods - Optical and Data Networking products including multiplexers	466.97	329.14
Component sales	11.78	10.75
	<u>478.75</u>	<u>339.89</u>
Rendering of services		
Installation and commissioning revenue	8.32	14.44
Annual maintenance revenue *	33.63	26.99
Other service revenue	3.79	4.88
	<u>45.74</u>	<u>46.31</u>
<b>Total revenue from operations</b>	<b><u>524.49</u></b>	<b><u>386.20</u></b>

\* Recognised over period of time.

**Note No. 21: Other Income**

Particulars	Year ended March 31,	
	2021	2020
Interest income from banks on deposits	10.16	11.82
(Loss) on current investment carried at fair value through statement of profit and loss	(0.18)	(0.10)
Gain on sale of current investment carried at fair value through statement of profit and loss	2.81	4.08
Unwinding of discount on fair valuation of financial assets	0.07	0.12
Net gain on foreign currency transactions and translation	-	9.05
Export Incentive	1.27	5.64
Other non-operating income		
Bad debts recovered	0.02	0.20
Profit on sale of property, plant and equipment	0.01	0.02
Refund of CST	-	1.78
Interest on IT refunds	10.04	-
Miscellaneous income	0.61	1.10
<b>Total other income</b>	<b><u>24.81</u></b>	<b><u>33.71</u></b>

**Note No. 22: Cost of Materials Consumed**

Particulars	Year ended March 31,	
	2021	2020
Opening stock	251.99	181.39
Add: Purchases	230.40	274.18
	<u>482.39</u>	<u>455.57</u>
Less: Closing stock	213.65	251.99
<b>Cost of materials consumed*</b>	<b><u>268.74</u></b>	<b><u>203.58</u></b>

\*includes an amount of Rs. 8.83 (March 31, 2020 - Rs. 7.81) towards write down of inventories.

**Note No. 23: Employee Benefit Expenses**

Particulars	Year ended March 31,	
	2021	2020
Salaries and wages, including performance incentives	154.99	144.47
Contribution to provident and pension funds [Refer Note No. 23 (i)]	6.77	6.72
Gratuity expenses	2.17	2.20
Employee share based payment expenses [Refer Note No. 31 (vii)]	8.00	11.20
Staff welfare expenses	3.28	4.55
	<u>175.21</u>	<u>169.14</u>
Less: Capitalized during the year [Refer Note No. 4(b) and Note No. 30.8 (i)]	65.64	65.92
<b>Total employee benefit expenses</b>	<b><u>109.57</u></b>	<b><u>103.22</u></b>

**Note No. 23: Employee Benefit Expenses (Contd)**

**Employee benefit plans**

**(i). Defined contribution plan**

The Company makes contributions to Provident Fund and Employee's Pension Scheme, 1995. The contributions payable under 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,	
	2021	2020
Provident Fund Contributions	5.96	5.87
Employee Pension Scheme	0.81	0.85
<b>Total</b>	<b>6.77</b>	<b>6.72</b>

**(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. 4.70 (March 31, 2020 – Rs. 4.55) is presented as current, since the Group does not have an unconditional right to defer settlement for a period beyond 12 months. However, based on past experience, the Group does not expect all the employees to avail leave accrued to their credit 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,	
	2021	2020
Compensated absence expense/(gain) included in salaries and wages	0.81	(0.52)
Actuarial assumptions for long-term compensated absences		
Discount rate	7.07%	6.63%
Salary escalation	6.50%	6.50%
Attrition	7.00%	7.00%

**(iii). Defined Benefit Plans**

**(a) Gratuity**

The Company provides gratuity benefit to 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,	
	2021	2020
Actuarial assumptions for defined benefit plan		
Discount rate	7.07%	6.63%
Salary escalation	6.50%	6.50%
Attrition rate	7.00%	7.00%

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

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

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

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 1, 2019</b>	<b>15.52</b>	<b>(15.52)</b>	<b>-</b>
Current service cost	2.13	-	2.13
Interest expense/(income)	0.99	(0.99)	-
<b>Total amount recognised in profit or loss under employee benefit expenses</b>	<b>3.12</b>	<b>(0.99)</b>	<b>2.13</b>
<i>Remeasurements</i>			
Actuarial (Gain) / Losses due to Demographic Assumption changes on DBO	(0.04)	-	(0.04)
Actuarial (Gain) / Losses due to Financial Assumption changes on DBO	1.74	-	1.74
Actuarial (Gain)/ Losses due to experience adjustments on DBO	0.38	-	0.38
Return on Plan Assets (Greater) / Lesser than Discount rate	-	(1.01)	(1.01)
<b>Total amount recognised in other comprehensive income</b>	<b>2.08</b>	<b>(1.01)</b>	<b>1.07</b>
Employer contributions/premiums paid	-	(3.20)	(3.20)
Benefit payments	(1.14)	1.14	-
<b>As at March 31, 2020</b>	<b>19.58</b>	<b>(19.58)</b>	<b>-</b>

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>As at April 1, 2020</b>	<b>19.58</b>	<b>(19.58)</b>	<b>-</b>
Current service cost	2.10	-	2.10
Interest expense/(income)	1.34	(1.34)	-
<b>Total amount recognised in profit or loss under employee benefit expenses</b>	<b>3.44</b>	<b>(1.34)</b>	<b>2.10</b>
<i>Remeasurements</i>			
Actuarial (Gain) / Losses due to Demographic Assumption changes on DBO	-	-	-
Actuarial (Gain) / Losses due to Financial Assumption changes on DBO	(0.77)	-	(0.77)
Actuarial (Gain)/ Losses due to experience adjustments on DBO	(1.03)	-	(1.03)
Return on Plan Assets (Greater) / Lesser than Discount rate	-	(0.41)	(0.41)
<b>Total amount recognised in other comprehensive income</b>	<b>(1.80)</b>	<b>(0.41)</b>	<b>(2.21)</b>
Employer contributions/premiums paid	-	2.46	2.46
Benefit payments	(1.12)	(1.12)	(2.24)
<b>As at March 31, 2021 (Refer Note No. 11)</b>	<b>20.10</b>	<b>(19.99)</b>	<b>0.11</b>

**b) Sensitivity Analysis**

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

Particulars	Year Ended March 31,	
	2021	2020
<b>Discount Rate</b>		
Increase by 100 basis points (March 31, 2020 100 basis points)	-7.84%	-8.42%
Decrease by 100 basis points (March 31, 2020 100 basis points)	9.06%	9.78%
<b>Salary Growth Rate</b>		
Increase by 100 basis points (March 31, 2020 100 basis points)	8.92%	9.60%
Decrease by 100 basis points (March 31, 2020 100 basis points)	-7.85%	-8.40%
<b>Attrition Rate</b>		
Increase by 100 basis points (March 31, 2020 100 basis points)	-0.28%	-0.54%
Decrease by 100 basis points (March 31, 2020 100 basis points)	0.31%	0.61%
<b>Mortality increase by 10% (March 31, 2020 10%)</b>	-0.01%	-0.01%

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

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

Particulars	As at March 31,	
	2021	2020
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 in 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, 2022 are Rs. 2.42.

The weighted average duration of the defined benefit obligation is 12.44 years (March 31, 2020: 12.91 years). The expected maturity analysis of undiscounted gratuity is as follows:

Particulars	As at March 31,	
	2021	2020
Year 1	1.58	1.06
Year 2	1.62	1.42
Year 3	2.02	1.52
Year 4	1.13	1.90
Year 5	1.53	1.03
Year 6-10	7.67	7.30
Year 10 and above	26.58	26.65

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 24A: Finance Cost**

Particulars	Year ended March 31,	
	2021	2020
Interest expense		
(i) Unwinding of discount on fair valuation of financial liabilities	2.57	3.33
Other finance cost	1.01	4.24
<b>Total finance cost</b>	<b>3.58</b>	<b>7.57</b>

**Note No. 24B: Allowance for expected credit loss**

Particulars	Year ended March 31,	
	2021	2020
Allowance for expected credit loss (Refer Note No. 28A(i))	12.49	18.81
<b>Total Allowance for expected credit loss</b>	<b>12.49</b>	<b>18.81</b>

**Note No. 25: Other Expenses**

Particulars	Year ended March 31,	
	2021	2020
Installation and commissioning expenses	5.11	3.70
Other processing charges	0.98	1.60
Power and fuel	4.56	5.07
Housekeeping and security	2.44	2.56
Lease rentals	1.84	2.02
Repairs and maintenance - machinery	0.33	0.32
Repairs and maintenance - others	1.70	1.85
Sub-contractor charges	9.46	11.92
Insurance	1.36	0.69
Rates and taxes	0.21	0.11
Communication	1.12	1.13
Royalty	0.11	0.07
Travelling and conveyance	1.73	14.11
Printing and stationery	0.14	0.32
Freight and forwarding	11.27	2.29
Sales expenses	0.10	2.46
Sales commission	10.75	3.92
Business promotion	0.41	2.53
Director sitting fees	0.12	0.14
Director commission	0.32	-
Legal and professional	8.95	8.38
Auditors remuneration and out-of-pocket expenses		
As auditors	0.53	0.48
For taxation matters	0.03	0.04
Certification matters	0.17	0.14
Auditors out-of-pocket expenses	0.03	0.05
Net loss on foreign currency transactions and translation	1.43	-
Bad Debts written off	-	0.07
Less: Provision for doubtful debts released	-	(0.02)
Provision for warranty	(1.34)	(0.24)
Expenditure on corporate social responsibility (Refer Note No. 34)	0.98	1.97
Reimbursement of expenses to subsidiary (Refer Note No. 30.6)	12.30	8.97
Subscription and Membership	1.44	1.15
Miscellaneous expenses	1.95	1.01
	80.53	78.81
Less: Capitalized during the year [Refer Note No. 4(b)]	-	1.39
<b>Total other expenses</b>	<b>80.53</b>	<b>77.42</b>

Note: Other expenses include R&amp;D expenses under various line items [Refer Note No. 30.8 (ii)].

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 26: Income Tax Expense**

Particulars	Year ended March 31,	
	2021	2020
a. Current tax		
Tax on profits for the year	-	-
Total current tax expense	-	-
b. Deferred tax		
Decrease/(increase) in deferred tax assets	(15.02)	98.55
Total deferred tax expense/(benefit)	(15.02)	98.55
<b>Total Income tax</b>	<b>(15.02)</b>	<b>98.55</b>

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

Particulars	Year ended March 31,	
	2021	2020
(Loss)/Profit before income tax expense	22.27	(137.61)
Tax at the Indian tax rate at 34.944% (March 31, 2020: 34.944%)	7.78	(48.09)
Reconciling items:		
Expenses disallowed for tax purposes	2.20	0.86
Mark-to-market loss/(gain) on mutual fund investments not considered for tax purposes	0.06	0.04
Remeasurement gains and losses recognised in OCI but considered for tax purposes	0.77	(0.37)
Unrecognised DTA on current year loss	(44.14)	-
Deferred tax assets written down (including relating to current year)	18.31	146.11
<b>Income tax expense</b>	<b>(15.02)</b>	<b>98.55</b>



**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

(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, 2021		March 31, 2020	
		FVPL	Amortized cost	FVPL	Amortized cost
<b>Financial assets</b>					
Investments					
- Mutual Funds	1	37.37	-	50.97	-
- Others (Refer Note No. 37)	3	0.00	-	0.00	-
Trade receivables	3	-	403.85	-	444.52
Cash and cash equivalents		-	52.44	-	66.05
Bank balances other than cash and cash equivalents		-	164.09	-	76.71
Loans					
- Security deposits	3	-	5.62	-	5.68
- Loans to employees	3	-	0.17	-	0.97
Other financial assets					
- Deposits with original maturity of more than twelve months		-	1.54	-	1.11
- Deposits with financial institutions		-	108.00	-	85.00
- Unbilled Revenue	3	-	-	-	5.72
- Interest accrued but not due	3	-	1.01	-	0.68
- Foreign Exchange Forward Contracts	2	-	1.00	-	-
<b>Total Financial Assets</b>		<b>37.37</b>	<b>737.72</b>	<b>50.97</b>	<b>686.44</b>
<b>Financial liabilities</b>					
Borrowings		-	-	-	-
Trade payables	3	-	98.29	-	77.92
Other financial liabilities					
- Capital Creditors		-	0.95	-	1.42
- Due to employees		-	16.35	-	14.47
- Accrual for expenses		-	28.52	-	23.58
- Unpaid dividend		-	0.03	-	0.03
- Other liabilities		-	0.15	-	0.06
<b>Total Financial liabilities</b>		<b>-</b>	<b>144.29</b>	<b>-</b>	<b>117.48</b>

## **Tejas Networks Limited**

### **Notes to the standalone financial statements for the year ended March 31, 2021**

(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 of security deposits and non-current trade receivables were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.
- Investment in mutual funds are valued using closing NAV of the fund.
- Foreign currency forwards are valued based on the forward exchange rates provided by the bank as at the balance sheet date.

#### **(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 risk free rate (pre-tax) that reflects the current market assessments of the time value of money and adjusted for counter-party risk and risks specific to the asset.

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

- The fair values of security deposits and non-current trade receivables approximates their carrying amounts.
- The carrying amounts of trade receivables (current), 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, 2019	(8.19)
Changes in loss allowance	(18.79)
Loss allowance as on April 01, 2020	(26.98)
Changes in loss allowance	(12.49)
Loss allowance as on March 31, 2021 (Refer Note No. 6)	(39.47)

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumption and selecting the inputs to the impairment calculations, based on the Company's past history and existing market conditions as well as forward-looking estimates at the end of each reporting period.

The Company is also exposed to credit risk in respect of cash and cash equivalents and deposits with banks and inter-corporate deposits placed with financial institutions. As a policy, the Company places its cash and cash equivalents and deposits with well established banks and financial institutions

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

As at March 31, 2021 the Company has overdue trade receivables (i.e. due for more than 180 days from the due date for payment), aggregating to Rs. 91.19 crores (net of provision) from public sector customers (including from BSNL for Bharatnet project). Management has taken the necessary steps to expedite collections from the concerned customers. Having regard to the good past history of collections from such customers, Management believes that the aforesaid net receivables as at March 31, 2021 are fully recoverable and hence no additional allowances for credit losses are considered necessary.

**(ii) Sensitivity Analysis**

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

	Impact on profit/(loss) after tax	
	March 31, 2021	March 31, 2020
Increase in credit loss rate by 10%	(1.03)	(1.55)
Decrease in credit loss rate by 10%	1.03	1.55

**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 flows that are generated from the operations and the undrawn borrowing facilities. A material and sustained shortfall in cash flows 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, 2021	March 31, 2020
Cash and cash equivalents	52.44	66.05
Other bank balances - deposits with maturity more than 3 months but less than 12 months and margin money	164.09	76.71
Deposits with financial institutions	108.00	85.00
Current investments - mutual funds	37.37	50.97
	361.90	278.73
Less: Balances held as margin money or security against fund and non-fund based banking arrangements	15.83	12.56
	346.07	266.17

**(ii) Financing arrangements**

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

	As at	
	March 31, 2021	March 31, 2020
<b>Rupee Borrowing</b>		
Fund/ Non Fund based	165.14	259.30
<b>USD Borrowing (in rupee terms)</b>		
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 (except for lease liabilities) as the impact of discounting is not significant.

Contractual maturities of financial liabilities - March 31, 2021	Less than 6 months	6 months to 1 year	Between 1 and 2 years	More than 2 years	Total
	<b>Non-Derivatives</b>				
Trade payables	98.29	-	-	-	98.29
Due to employees	16.35	-	-	-	16.35
Capital Creditors	0.95	-	-	-	0.95
Accrual for expenses	28.52	-	-	-	28.52
Lease Liabilities	3.25	3.39	7.07	14.05	27.76
Other liabilities	0.15	-	-	-	0.15
	147.51	3.39	7.07	14.05	172.02
<b>Contractual maturities of financial liabilities - March 31, 2020</b>					
<b>Non-Derivatives</b>					
Trade payables	77.92	-	-	-	77.92
Due to employees	14.47	-	-	-	14.47
Capital Creditors	1.42	-	-	-	1.42
Accrual for expenses	23.58	-	-	-	23.58
Lease Liabilities	4.20	4.06	6.64	21.12	36.02
Other liabilities	0.09	-	-	-	0.09
	121.68	4.06	6.64	21.12	153.50

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. Further, during the current year, the Company has entered into forward contracts to mitigate the risk of fluctuations in foreign currency risk. 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, 2021		March 31, 2020	
	USD	MYR*	USD	MYR*
<b>Assets</b>				
Trade receivables	72.31	53.43	112.81	4.54
Advance to suppliers	34.72	-	13.87	-
Balance in EEFC account	19.84	-	40.93	-
Balance with Non scheduled banks	-	-	2.00	-
<b>Net exposure to foreign currency risk (assets)</b>	<b>126.87</b>	<b>53.43</b>	<b>169.61</b>	<b>4.54</b>
<b>Liabilities</b>				
Trade payables	40.45	0.15	31.88	0.13
Advance from customers	1.27	-	0.04	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>41.72</b>	<b>0.15</b>	<b>31.92</b>	<b>0.13</b>
<b>Net exposure to foreign currency risk</b>	<b>85.15</b>	<b>53.28</b>	<b>137.69</b>	<b>4.41</b>

\* MYR stands for Malaysian Ringgit.

(ii) Sensitivity

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

	Impact on profit/(loss) after tax	
	March 31, 2021	March 31, 2020
<b>USD Sensitivity</b>		
INR/USD - Increase by 5% (March 31, 2020 10%)*	(3.51)	(11.36)
INR/USD - Decrease by 5% (March 31, 2020 10%)*	3.51	11.36
<b>MYR Sensitivity</b>		
INR/MYR - Increase by 5% (March 31, 2020 10%)*	(2.20)	(0.36)
INR/MYR - Decrease by 5% (March 31, 2020 10%)*	2.20	0.36

\* 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 judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

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

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

<b>Debt equity ratio</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Net Debt*	(341.54)	(251.96)
Equity	1,132.96	1,079.76
<b>Debt equity ratio</b>	-	-

\*The balance of borrowing reduced by the cash and cash equivalent, other bank balances including deposits more than 12 months, deposits with financial institutions and investment in liquid mutual funds. The Company has no 'net debt' as at March 31, 2021.

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

(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, 2021	March 31, 2020
<b>30.1</b>	<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>a</b>	Claims against the Company not acknowledged as debts		
	Disputed Central Excise Demands * (Refer Note 1 and 2 below)	46.65	43.63
	Disputed Income Tax Demands * (Refer Note 3 and 4 below)	7.56	73.93
	Disputed CST and VAT Demand *	15.67	1.77
<b>b</b>	Commitments		
	Estimated amount of contracts remaining to be executed on capital contract and not provided for net of advances and deposits		
	Property, plant and equipment	1.29	1.88

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

Note 1: On July 4, 2018, the Company had received an Order from the Customs Excise and Service Tax Appellate Tribunal (CESTAT) with respect to applicability of excise duty on the software used as part of the Multiplexer products during financial years from 2002-03 to 2009-10. The aforesaid CESTAT Order dealt with an earlier Order received during the year 2010-11 with associated demand of Rs. 11.87 and various show cause notices on a similar matter received in earlier financial years leading to an additional demand of Rs. 24.88 i.e. a total demand of Rs 36.75. The aforesaid CESTAT Order was a culmination of the various appeals filed by both the Company and the Department of Central Excise in respect of both the earlier order and the show cause notices mentioned above that were heard by the Commissioner of Central Excise and CESTAT.

According to the aforesaid CESTAT Order, the value of software is to be included for the purpose of arriving at the assessable value for calculating the excise duty liability on the product. Accordingly, CESTAT had remanded the matter back to the adjudicating authority in June 2018 for quantifying the differential duty liability, interest and penalties.

The adjudicating authority vide its order dated October 31, 2019 passed an order quantifying the differential duty liability and penalty amounting to Rs. 42.92 (which includes the demand of Rs 36.75 by CESTAT as mentioned above) and ordering recovery of appropriate interest. Additionally, the adjudicating authority has also imposed penalty on certain officers of the Company.

The Company had earlier filed a Miscellaneous Application with CESTAT on August 19, 2018 challenging the aforementioned CESTAT Order passed in July 2018. Pursuant to the quantification order of the adjudicating authority in October 2019 as stated above, the Miscellaneous Application has been withdrawn by the Company as the Company has filed a fresh appeal dated February 6, 2020 before the CESTAT against the order of the adjudicating authority dated October 31, 2019. The Company had also filed a Civil Application on September 24, 2018 under section 35L of the Central Excise Act, 1944 along with a stay application before the Hon'ble Supreme Court of India against the aforesaid CESTAT order passed in June 2018. The same continues to remain pending for final hearing. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

Note 2: Further, the Company had, in previous years, also received show cause notices, from the Department of Central Excise in respect of financial years 2010-11 to 2013-14 on a similar matter amounting to Rs. 3.01 which are not part of the orders discussed above and for which the company had provided its response. Based on Management's assessment, supported by an external legal opinion, Management has concluded that the Company has a strong case to defend its position in the above matter and accordingly, no provision has been made in these financial statements.

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

Note 3: During FY 2019-20, the Company received notices of demand from the Department for additional tax payable amounting to Rs. 25.62 crore for AY 2017-18 (after adjusting the carried forward losses from earlier years) under Section 156 of the IT Act after making additions of various items to taxable income as per assessment orders issued under Section 143(3) read with Section 153A of the IT Act. The Department also issued show cause notices for initiating penalty proceedings under Section 274 read with Section 270A/ 271(1)(c)/ 271AAB(1A) of the IT Act and the Company has filed a stay application against the penalty proceedings. The Company had also received a demand order for AY 2018-19 for additional tax payable amounting to Rs. 0.48 crore. Following the Company's application for rectification of apparent computation errors in the aforesaid demand notices, during the quarter ended September 30, 2020 the Company received rectification orders u/s 154 of the IT Act for AY 2012-13 to AY 2018-19 under which the Company now has a cumulative net refund position for AY 2017-18 and AY 2018-19, after corrections were made by the Assessing Officer to the amounts of carry forward losses and TDS in respect of earlier assessment years. The Company has also challenged the orders passed by the Assessing Officer (AO) by filing an appeal with the Commissioner of Income Tax (Appeals) against additions of various items to taxable income for the relevant earlier assessment years. The Company is of the view that the outcome of these proceedings/ notices/ summons will not have any material adverse impact on the Company's financial results.

Note 4: In July, 2017, the Income Tax Department (Department) initiated proceedings under Section 132 of the Income tax Act, 1961 (IT Act) and in March 2018, also sent a show cause notice to the company under Section 276(C) of the IT Act. The Company and its officials fully co-operated with the Department. During FY 2018-19, the Company and certain officers of the Company had received Summons under various sections of the IT Act from the Special Court for Economic Offences, to which the Company has responded. Post the ongoing proceedings initiated by the Department, during FY 2019-20 and in the current financial year, certain other agencies sent notices as part of their preliminary inquiries, which were duly responded by the Company and its officials. The Company is of the view that the outcome of these summons/notices will not have any material impact on the Company's financial statements.

Note 5: The Company and its overseas subsidiary has filed a claim against a vendor for recovery of outstanding amount (net), which comprises amount payable by the Company and amount receivable by the Company's overseas subsidiary. The Company has also received a counter claim from the said vendor. Based on management assessment, the counter claim is not tenable as it is not backed by reliable supporting documentation. There has been no business with this vendor for more than 3 years. During the current year, the Company and its overseas subsidiary have entered into a settlement with the vendor pursuant to which the vendor has agreed to a settlement amount, which is to be received by the Company over a period of 2 years. The Company does not expect any additional charge in the statement of profit and loss on account of this settlement.

**30.2 Dues to Micro Small and Medium Enterprises (MSMEs)**

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at	
	March 31, 2021	March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end <sup>1</sup>	11.84	10.96
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of the MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

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

**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 having regard to the internal organisation and management structure. The Chief Operating Decision Maker (CODM) reviews the Company's performance as a single business segment and not at any other disaggregated level.

(ii) **Geographical information**

Particulars	Year Ended March 31,	
	2021	2020
<b>I. Revenues*</b>		
India	321.64	264.08
International <sup>#</sup>	202.85	122.12
	<b>524.49</b>	<b>386.20</b>

\* Determined based on location of customers

<sup>#</sup> International includes Africa and South East Asia regions (March 31, 2020: Africa and Americas regions) which individually contribute to more than 10% of the total revenues.

	As at	
	March 31, 2021	March 31, 2020
<b>II Total Carrying amount of non current assets, by geographical location</b>		
India*	135.50	105.64
International	-	-

\* Includes an amount of Rs. 16.09 (March 31, 2020: 21.29) being Right of use assets pursuant to adoption of Ind AS 116.

Revenues of approximately Rs. 193.86 are derived from three external customers (March 31, 2020: Rs. 109.53 from one external customer) exceeding 10% of the total revenue.

**30.4 Revenue from contract with customers**

(i) Disaggregation of revenue from contracts with customers

The table below presents disaggregated revenue from contracts with customers. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by market and other economic factors (Refer Note No. 20).

Particulars	Year Ended March 31,	
	2021	2020
India-PSU	85.85	58.10
India-Private	223.99	195.23
International	202.87	122.12
Component Sales	11.78	10.75
	<b>524.49</b>	<b>386.20</b>

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

	As at	
	March 31, 2020	
	Deferred Revenue	Advances received from customers
Opening balance as at April 1, 2019	3.02	0.48
Less: Revenue accrued during the year	17.81	0.31
Add: Invoicing in excess of earned revenue during the year	17.39	0.12
<b>Closing Balance</b>	<b>2.60</b>	<b>0.29</b>



**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

	As at	
	March 31, 2021	
	Deferred Revenue	Advances received from customers
Opening balance as at April 1, 2020	2.60	0.29
Less: Revenue accrued during the year	2.57	0.14
Add: Invoicing in excess of earned revenue during the year	2.04	1.10
<b>Closing Balance</b>	<b>2.07</b>	<b>1.25</b>

**(iii) Performance obligations and remaining performance obligations**

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2021, is approximately Rs. 679.4. Out of this, the Company expects to recognize revenue of around 51.3% within the next one year and the remaining thereafter. This includes contracts that can be terminated for convenience without a substantive penalty. Based on current assessment, the occurrence of the same is expected to be remote.

**(iv) Reconciliation of revenue recognised with Contract price**

	Year Ended March 31,	
	2021	2020
Contract Price	524.49	386.53
Less adjustments for:		
Variable consideration	-	0.33
Revenue from operations	<b>524.49</b>	<b>386.20</b>

**30.5 Details of leasing arrangements**

**Right-of-use assets**

**(i) Amounts recognised in the balance sheet**

The balance sheet shows the following amounts relating to leases:

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Right of use Assets</b>		
Buildings	16.10	21.29
<b>Total</b>	<b>16.10</b>	<b>21.29</b>

Particulars	As at	
	March 31, 2021	March 31, 2020
<b>Lease Liabilities</b>		
Current	4.83	5.97
Non-Current	17.07	21.91
<b>Total</b>	<b>21.90</b>	<b>27.88</b>

Additions to right-of-use assets during the current financial year is Nil (March 31, 2020: Rs. 3.87).

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

**(ii) Amounts recognised in the statement of profit or loss:**

The statement of profit or loss shows the following amount related to leases:

Particulars	Note	Year ended March 31,	
		2021	2020
<b>Depreciation charge of Right of use Assets</b>			
Buildings	4(c)	5.19	5.23
<b>Total</b>		<b>5.19</b>	<b>5.23</b>
<b>Other costs</b>			
Interest expense (included in finance costs)	24A	2.29	2.78
Expenses relating to short term leases (included in other expenses)*	25	1.84	2.02
Expenses relating to variable lease payments		-	-
<b>Total</b>		<b>4.13</b>	<b>4.80</b>

\*includes maintenance expenses

The total cash outflow for leases for the year ended March 31, 2021 is 9.86 (March 31, 2020: Rs 10.38).

**Extension and termination options**

Extension and termination options are included in various leasing arrangements for buildings. These are used to maximise operational flexibility in terms of managing assets used in the operations. All the extension and termination options are exercisable only by the Company.

The Company has not provided any residual value guarantees in any of the leasing arrangements.

**30.6 Related party transactions**

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

Description of relationship	
Subsidiaries	Tejas Communication Pte Limited, Singapore ('Tejas Singapore')
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') Cloudsek Information Security Private Limited ('Cloudsek') Deshpande Foundation Akshaya Patra Foundation ICT Academy
Post-employment benefit plan for the benefit of employees	Tejas Networks Limited Employees Group Gratuity Fund Trust
Key Management Personnel	
Executive Directors	Sanjay Nayak, CEO and Managing Director Arnob Roy, Chief Operating Officer and Whole Time Director
Non - Executive Directors	
Independent Directors	Balakrishnan V Leela K Ponappa Chandrashekar Bhaskar Bhawe
Non - Independent Director	Gururaj Deshpande

**(ii) Details of the related party transactions during the year ended March 31, 2021:**

	Year Ended March 31,	
	2021	2020
<b>Transactions during the year</b>		
<u>Revenue from sale of goods</u>		
Tejas Singapore	1.89	5.20
<u>Revenue from rendering of services</u>		
Tejas Singapore	1.05	1.04

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

<u>Reimbursement of expenses to</u>		
Tejas Singapore	12.30	8.97
<u>Subscription &amp; Membership expense</u>		
Clonect	0.05	0.08
<u>Legal &amp; Professional Charges</u>		
Darwinbox	0.07	0.07
Cloudsek	0.12	-
<u>Corporate Social Responsibility</u>		
Deshpande Foundation	0.15	0.26
Akshaya Patra Foundation	0.10	0.40
ICT Academy	0.15	0.50
<u>Contribution to Post Employment Benefit Trust</u>		
Tejas Networks Limited Employees Group Gratuity Fund Trust	-	3.20
<u>Remuneration to Key Management Personnel</u>		
Executive Directors		
Sanjay Nayak		
Short-term employee benefits	1.68	1.66
Post-employment benefits	0.03	0.03
Employee share-based payment	0.44	1.20
Arnob Roy		
Short-term employee benefits	1.20	1.24
Post-employment benefits	0.02	0.02
Employee share-based payment	0.33	0.91
Non - Executive Directors		
<u>Director Sitting Fees</u>		
Balakrishnan V	0.04	0.04
Leela K Ponappa	0.04	0.05
Chandrashekar Bhaskar Bhave	0.04	0.05
<u>Director Commission*</u>		
Balakrishnan V	0.17	-
Leela K Ponappa	0.07	-
Chandrashekar Bhaskar Bhave	0.08	-

\*The Company proposes to obtain the shareholders approval by way of a resolution to be passed at the ensuing annual general meeting for remuneration aggregating to Rs. 0.32 proposed to be paid to the independent directors in respect of the financial year ended March 31, 2021

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

	As at	
	March 31, 2021	March 31, 2020
<u>Trade receivables</u>		
Tejas Singapore	-	1.72
<u>Trade payables</u>		
Tejas Singapore	6.57	3.28
<u>Advance to Suppliers</u>		
Tejas Singapore	8.69	-
<u>Non current investments (unquoted)</u>		
Tejas Singapore	10.87	10.87
<u>Payable to Key Management Personnel</u>		
Sanjay Nayak	0.34	0.38
Arnob Roy	0.29	0.33

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

Balakrishnan V	0.17	-
Leela K Ponappa	0.07	-
Chandrashekar Bhaskar Bhawe	0.08	-

All outstanding balances are unsecured.

**30.7 Earnings/(Loss) per share**

Particulars	Year Ended March 31,	
	2021	2020
<u>Basic</u>		
Net profit/(loss) for the year attributable to the equity share holders	37.29	(236.16)
Weighted average number of equity shares	9,25,53,796	9,20,38,454
Par value per share (Rs.)	10	10
Earnings/(loss) per share - Basic (Rs.)	<b>4.03</b>	<b>(25.66)</b>
<u>Diluted</u>		
Net profit/(loss) for the year attributable to the equity share holders	37.29	(236.16)
Weighted average number of equity shares for Basic EPS	9,25,53,796	9,20,38,454
Add: Bonus element on Share Options and RSUs issued to employees*	15,74,477	-
Weighted average number of equity shares - for diluted EPS	9,41,28,273	9,20,38,454
Par value per share (Rs.)	10	10
Earnings/(loss) per share - diluted (Rs.)	<b>3.96</b>	<b>(25.66)</b>

\* The bonus element on Share Options and RSUs issue to employees are anti-dilutive for the current year and has hence been ignored.

**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,	
	2021	2020
Amount transferred to Product Development	68.14	44.60
Additions to Intangible assets under development	65.64	67.31
Impairment loss which pertains to additions	-	36.15

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

Particulars	Year Ended March 31,	
	2021	2020
Capital expenditure (primarily consists of laboratory equipment and computing equipment)	-	8.65
Revenue expenditure*	-	109.40
<b>TOTAL</b>	<b>-</b>	<b>118.05</b>

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

Particulars	Year Ended March 31,	
	2021	2020
Eligible capital expenditure	-	8.65
Eligible revenue expenditure	-	98.80
<b>TOTAL</b>	<b>-</b>	<b>107.45</b>

\* A portion of the Revenue Expenditure amounting to Rs. 65.64 (March 31, 2020: Rs. 65.92) (Refer Note No. 23) includes R&D manpower salaries/wages towards product development that has been capitalised in the books of accounts in compliance with the relevant Indian Accounting Standards (Ind AS). For the year ended March 31, 2020, out of Rs. 65.92, an amount of Rs. 36.15 (Rs. 15.96 from Intangible assets under development and Rs. 20.19 from Intangible assets) has been impaired and charged to the Statement of Profit and Loss and a net amount of Rs. 29.77 has been shown as Intangible assets under Development/Intangible assets as at March 31, 2020.

**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 Plan 2016. ESOP Plan 2016 was subsequently amended pursuant to the Shareholders resolution dated November 19, 2016. Pursuant to ESOP Plan 2016, options to acquire Equity Shares may be granted to eligible employees (as defined in ESOP Plan 2016). The aggregate number of Equity Shares, which may be issued under ESOP Plan 2016, shall not exceed 50,00,000 Equity Shares.

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

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

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

As the Company has implemented RSU plan during the financial year 2017-18, the Company does not plan to grant any new options from the pool available from the current ESOP Schemes. Consequently, the options available for grant were considered as "NIL" for the current ESOP schemes. Hence, other information is not applicable for the year ended March 31, 2020 and 2021.

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

	March 31, 2021		March 31, 2020	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
<b>ESOP Plan 2014</b>				
Outstanding at the beginning of the year	65	21,24,436	65	24,40,069
Granted during the year	-	-	-	-
Exercised during the year*	65	4,82,609	65	2,83,583
Forfeited during the year	65	11,877	65	32,050
Outstanding at the end of the year	65	16,29,950	65	21,24,436
Exercisable at the end of the year	65	16,29,950	65	21,24,078
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		10.96 years		11.94 years
* The weighted average share price during the year ended March 31, 2021 was Rs. 110.42 ( March 31, 2020 - Rs. 103.88)				
<b>ESOP Plan 2014-A</b>				
Outstanding at the beginning of the year	85	13,79,749	85	14,76,427
Granted during the year	-	-	-	-
Exercised during the year*	85	94,872	85	37,645
Forfeited during the year	85	14,745	85	59,033
Outstanding at the end of the year	85	12,70,132	85	13,79,749
Exercisable at the end of the year	85	12,70,132	85	13,63,861
Options available for grant	-	-	-	-
Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period)		5.52 years		2.53 years
* The weighted average share price during the year ended March 31, 2021 was Rs. 110.42 ( March 31, 2020 - Rs. 103.88)				

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

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

	March 31, 2021		March 31, 2020	
	Weighted average exercise price (INR)	Number of options	Weighted average exercise price (INR)	Number of options
<b>ESOP Plan 2016</b>				
Outstanding at the beginning of the year	85 -110	18,73,683	85 -110	20,24,545
Granted during the year	-	-	-	-
Exercised during the year*	85 -110	1,69,856	85 -110	63,363
Forfeited during the year	85 -110	1,10,118	85 -110	87,499
Outstanding at the end of the year	85 -110	15,93,709	85 -110	18,73,683
Exercisable at the end of the year	85 -110	15,86,355	85 -110	15,48,012
Options available for grant	-	-	-	-

Weighted average remaining contractual life for options outstanding (comprising the vesting period and the exercise period) 5.93 years 2.96 years

\* The weighted average share price during the year ended March 31, 2021 was Rs. 110.42 ( March 31, 2020 - Rs. 103.88)

(i) Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors do and hereby approve the extension of the exercise period of the Employee Stock Option Plan 2014-A and Employee Stock Option Plan 2016 in respect of employees who have not exercised the Stock Options that are vested as per the plan in vogue and the unexercised vested options which will get lapsed as per the time frame indicated in the Plan to another 4 years from the original date of the lapse or expiry of the options in respect of the Stock Options that were vested and not exercised by the employee and which are liable to be forfeited

(ii) The incremental fair value granted (as a result of those modifications) ranges from Rs. 7.38 to 8.90

(iii) 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	ESOP Plan 2014-A	ESOP Plan 2016
Weighted Average share price on the date of Modification	84.65	84.65
Exercise price	85.00	85-100
Risk Free Interest Rate	5.91%	5.91%
Expected Life	5-12Years	5-12Years
Exercise period from the date of vesting	5.00	5.00
Expected Annual Volatility of Shares	60.9%	60.9%
Expected Dividend Yield	1.18%	1.18%

	Weighted average exercise price (INR)	Number of stock units	Weighted average exercise price (INR)	Number of stock units
<b>RSU Plan 2017</b>				
Outstanding at the beginning of the year	10	16,84,501	10	10,20,923
Granted during the year	10	20,500	10	9,08,000
Exercised during the year*	10	2,82,172	10	1,06,665
Forfeited during the year	10	2,09,338	10	1,37,757
Outstanding at the end of the year	10	12,13,491	10	16,84,501
Exercisable at the end of the year	10	4,68,258	10	1,93,663
RSU available for grant <sup>#</sup>	10	10,28,160	10	10,48,660

Weighted average remaining contractual life for RSU outstanding (comprising the vesting period and the exercise period) 4.01 years 4.73 years

\* The weighted average share price during the year ended March 31, 2021 was Rs. 110.42 ( March 31, 2020 - Rs. 103.88)

<sup>#</sup> Excludes 3,65,385 RSUs lapsed as on March 31,2021 (March 31, 2020 - 1,56,047) which can be re-issued and will form part of RSU pool to be granted.

**(vi) Fair value of RSUs**

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

Assumptions	March 31, 2021	March 31, 2020
<b>RSU Plan 2017</b>		
Weighted Average share price on the date of grant	94.55	118.32
Exercise price	10.00	10.00
Risk Free Interest Rate	5.86% to 5.96%	6.44% to 7.47%
Expected Life	5-8 Years	5-8 Years
Exercise period from the date of vesting	4 years	4 years
Expected Annual Volatility of Shares	60% to 61%	53% to 59%
Expected Dividend Yield	0.70% to 1.79%	0.53% to 1.29%

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

	March 31, 2021	March 31, 2020
Equity-settled share-based payments (Refer Note No. 23)	8.00	11.20

**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

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

**Note No. 32: Assets pledged as security against fund and non-fund based banking arrangements**

Particulars	Note	As at	
		March 31, 2021	March 31, 2020
<b>(i) Financial Assets</b>			
Trade Receivables	6	330.88	364.24
Loans	8	0.46	1.07
Other financial assets	9	1.54	1.11
Other financial assets excluding deposits with financial institutions	9	2.01	6.40
<b>Total financial assets</b>		<b>334.89</b>	<b>372.82</b>
<b>(ii) Non- Financial Assets</b>			
Other current assets	11	53.46	37.46
Inventories	12	213.65	251.99
<b>Total non- financial assets</b>		<b>267.11</b>	<b>289.45</b>
<b>(iii) Total current assets pledged as security</b>		<b>602.00</b>	<b>662.27</b>
<b>(iv) Non-current assets</b>			
Property, plant and equipment	4(a)	29.48	30.55
Trade Receivables		72.97	80.28
<b>Total Non-current assets pledged as security</b>		<b>102.45</b>	<b>110.83</b>
<b>(v) Total assets pledged as security</b>		<b>704.45</b>	<b>773.10</b>

The Company has multiple banking arrangements with banks who have extended fund based and non-fund based facilities and have placed uniform covenants for collateral purposes. The banks have a pari-passu claim on current assets, movable property, plant and equipment provided as a collateral, with respect to such fund and non-fund based facilities. At any given point of time, avilment 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, 2021 aggregates to Rs.103.35 (March 31, 2020: Rs. 162.20).

**Tejas Networks Limited**

**Notes to the standalone financial statements for the year ended March 31, 2021**

(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)**

Particulars	Year ended March 31,	
	2021	2020
<b>Revenue</b>		
Product sales, net of excise duty	466.97	329.14
Component sales	11.78	10.75
Services	45.74	46.31
<b>Net Revenue (A)</b>	<b>524.49</b>	<b>386.20</b>
Cost of materials consumed (Refer Note i below)	269.83	203.86
Manufacturing Expenses	14.07	14.74
Service Expenses	30.57	36.70
<b>Total Cost of Goods Sold (B)</b>	<b>314.47</b>	<b>255.30</b>
<b>Gross Profit (C) = (A) - (B)</b>	<b>210.02</b>	<b>130.90</b>
<b>Operating Expenses:</b>		
Research & Development (Gross)	106.05	109.40
Less: R&D Capitalized	(65.64)	(67.31)
Research & Development (Net)	40.41	42.09
Selling, Distribution & Marketing	92.38	82.46
General & Administrative	22.64	23.18
<b>Operating Expenses (Net) (D)</b>	<b>155.43</b>	<b>147.73</b>
<b>Profit/(loss) from operations (EBITDA)</b>	<b>54.59</b>	<b>(16.83)</b>
<b>(E) = (C) - (D)</b>		
Other Income (Refer Note ii below)	24.81	24.66
Foreign exchange loss/(gain) (Refer Note iii below)	1.43	(9.05)
Finance costs	3.58	7.57
Depreciation and amortization	52.12	77.05
Impairment of non-current assets	-	69.87
<b>Profit/(loss) before tax</b>	<b>22.27</b>	<b>(137.61)</b>
<b>Tax expense:</b>		
Current tax	-	-
Deferred tax	(15.02)	98.55
<b>Profit/(loss) after tax</b>	<b>37.29</b>	<b>(236.16)</b>
<b>Other Comprehensive income/(loss)</b>	2.21	(1.07)
<b>Total comprehensive income/(loss) for the year</b>	<b>39.50</b>	<b>(237.23)</b>
<b>Earning/(loss) per share (Par Value Rs. 10 each)</b>		
(a) Basic	4.03	(25.66)
(b) Diluted	3.96	(25.66)
Weighted average Basic Equity share outstanding	9,25,53,796	9,20,38,454
Weighted average Diluted Potential Equity share outstanding	9,41,28,273	9,20,38,454



**Tejas Networks Limited****Notes to the standalone financial statements for the year ended March 31, 2021**

(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)**

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

Particulars	Year ended March 31,	
	2021	2020
Cost of material consumed as per Schedule III (Refer Note No. 22)	268.74	203.58
Add: Considered separately under other expenses as per Schedule III (Refer Note No. 25)		
Other Processing Charges	0.98	1.60
Royalty	0.11	0.07
Less: Other processing charges considered under R&D	-	1.39
<b>Total Cost of material consumed as per function wise profit and loss</b>	<b>269.83</b>	<b>203.86</b>

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

Particulars	Year ended March 31,	
	2021	2020
Other income as per Schedule III (Refer Note No. 21)	24.81	33.71
Less: Net gain on foreign exchange considered separately in functional wise profit and losses (Refer Note iii below)		(9.05)
<b>Other income as per function wise profit and loss</b>	<b>24.81</b>	<b>24.66</b>

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

Particulars	Year ended March 31,	
	2021	2020
Net loss/(gain) on foreign currency transactions and translation others (other than considered as finance cost) (Refer Note No. 21, Note No. 25 and Note ii above)	1.43	(9.05)
<b>Foreign exchange loss/(gain) as per function wise profit and loss</b>	<b>1.43</b>	<b>(9.05)</b>

**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 1.97).

(b) Amount unspent during the year: Rs NIL

Opening Balance	Amount deposited in Specified Fund of Sch.VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-	-

(c) Amount spent during the year: Rs 0.98 (included under expenditure on corporate social responsibility note no. 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
Previous year figures are in brackets	(1.97)	(-)	(1.97)

Particulars	Nature of Service	Year Ended March 31,	
		2021	2020
Akshaya Patra Foundation, Bengaluru	NGO run school meal programme facilitating education of underprivileged children in India	0.10	0.40
International Institute of Information Technology (IIIT), Bengaluru	A vision to contribute to the IT world by focusing on education and research, entrepreneurship and innovation education, research offering training oriented towards producing highly qualified practitioners and researchers	0.25	0.25
Sri Aurobindo Society, Puducherry	Project Inclusion aims to bring children with hidden disability who are unable to cope-up with the World around by giving them equal and quality education and aims to bring such children in forefront and makes Inclusive education a reality	0.20	0.40
ICT Academy Of Tamilnadu	Developing the next generation teachers and industry ready students aligned to the Skill India Vision of the Government of India	0.15	0.50
Selco Foundation	Improving the education in rural schools by programs powered by renewable energy by providing solar powered digital education to rural schools	-	0.05
Deshpande Foundation	Supports innovation for scalable impact for a sustainable, scalable social and economic impact through innovation and entrepreneurship	0.15	0.26
Katha	Katha has several programmes in place to help check poverty across the country. Katha brings children living in poverty into reading and quality education. Over the past three decades, through its many programmes, Katha has helped over one million children help themselves out of poverty.	0.13	-
Chief Minister Relief Fund-Covid19*	A support fund established by State Government to fight the pandemic disease Covid-19	-	0.11
<b>Total qualifying expenditure on corporate social responsibility</b>		<b>0.98</b>	<b>1.97</b>

**Note No. 35: 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, 2021	March 31, 2020
Tejas Communications Pte Limited (wholly owned subsidiary since incorporation on June 14, 2001)	Singapore	100%	100%
Tejas Communications (Nigeria) Limited (wholly owned subsidiary of Tejas Communications Pte Limited, since incorporation on September 07, 2015)	Nigeria	100%	100%

**Note No. 36: Details of investments given as per Section 186 of the Companies Act, 2013**

**Details of investments (gross)**

Name of the party	Relationship	March 31, 2021	March 31, 2020
<b>Deposits with financial institutions</b>			
Bajaj Finance	Banking relationship	60.00	60.00
HDFC Financial institution	Banking relationship	48.00	25.00
		<b>108.00</b>	<b>85.00</b>

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

(Amount in Rupees)

Particulars	As at	
	March 31, 2021	March 31, 2020
1. Property, plant and equipment [Refer Note No. 4(a)]		
a) Deletions		
Computing Equipment	-	47,900/-
b) Accumulated depreciation on deletions		
Electrical Installation	-	20,414/-
Computing Equipment	-	23,857/-
2. Investment in ELCIA ESDM Cluster (Refer Note No. 5)	11,000/-	11,000/-
3. ICICI Bank (Refer Note No. 7)	-	39,983/-
4. Effects of exchange rate changes on the balance of cash held in foreign currencies	4,616/-	

**Note No. 38: Dividend**

As per the Company's dividend policy, the Board may recommend to distribute dividend upto 25% of the free cash flow of the corresponding Financial Year, out of retained earnings, after taking into account the relevant provisions of the Companies Act. For the year ended March 31 2021, the Board has not recommended any dividend.

**Note No. 39: Impact of COVID-19 Pandemic**

The spread of COVID-19 has severely impacted businesses around the globe. The situation is constantly evolving and Governments in certain states have imposed various restrictions with the increase in number of COVID 19 cases during the month of March 2021. The Company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic on the financial statements for the year ended March 31, 2021. During the year, uncertainties caused by the pandemic has resulted in some delays in customer payments and new orders. Management expects potential delays in executing the orders-in-hand, due to an increase in lead-time for sourcing semiconductor components. Based on current assessment, management is of the view that some uncertainty is likely to continue for the next few quarters, till large scale vaccination happens around the world and the demand-supply situation in the semiconductor component industry stabilises.

The Company does not have borrowings as at year end and in the view of the management, there is no significant impact on the immediate liquidity position of the company based on management's evaluation of future cash flows for the next one year. As at March 31, 2021, management has made an assessment of the recoverability of carrying values of Property, Plant and Equipment, Intangible assets, Inventories and Financial assets taking into account all possible impact of known events arising from COVID-19 pandemic.

Assessing the impact assessment of COVID-19 is however a continuing process given the uncertainties associated with its nature and duration. The Company will continue to closely monitor any material changes to future economic conditions.

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

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

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

Mohan Danivas S A  
Partner  
Membership no: 209136

Balakrishnan V  
Chairman and Director  
(DIN:02825465)

Sanjay Nayak  
CEO and Managing  
Director  
(DIN:01049871)

Chandrashekar Bhaskar  
Bhave  
Director  
(DIN:00059856)

Arnob Roy  
COO and Whole Time  
Director  
(DIN:03176672)

Place : Bengaluru  
Date : April 21, 2021

Venkatesh Gadiyar  
Chief Financial Officer

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