



HQ/CS/CL.24B/16997  
August 6, 2020

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Mumbai – 400 051  
SYMBOL: TATACOMM

BSE Limited  
P.J. Towers, Dalal Street,  
Mumbai – 400 001  
Scrip Code: 500483

Dear Sir / Madam,

Sub: Annual Report under Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations')

This is in furtherance to our letter dated August 3, 2020 wherein the Company had informed that the 34<sup>th</sup> Annual General Meeting ('AGM') of the Company will be held at 11:00 hours (IST) on Friday, August 28, 2020, through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), in accordance with the General Circular issued by the Ministry of Corporate Affairs dated May 5, 2020 read with General Circulars dated April 8, 2020 and April 13, 2020 and SEBI Circular dated May 12, 2020.

Pursuant to Regulation 34(1) of the Listing Regulations, please find enclosed the Annual Report of the Company along with the Notice of the 34<sup>th</sup> AGM and other Statutory Reports for the Financial Year 2019-20, which is also being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/Registrar and Transfer Agent/ Depositories.

The same is also available on the website of the Company at <https://www.tatacommunications.com/investors/results/>.

Thanking you,

Yours faithfully,  
For Tata Communications Limited

pp  
Manish Sansi  
Company Secretary &  
General Counsel (India)

**TATA COMMUNICATIONS**

Tata Communications Limited

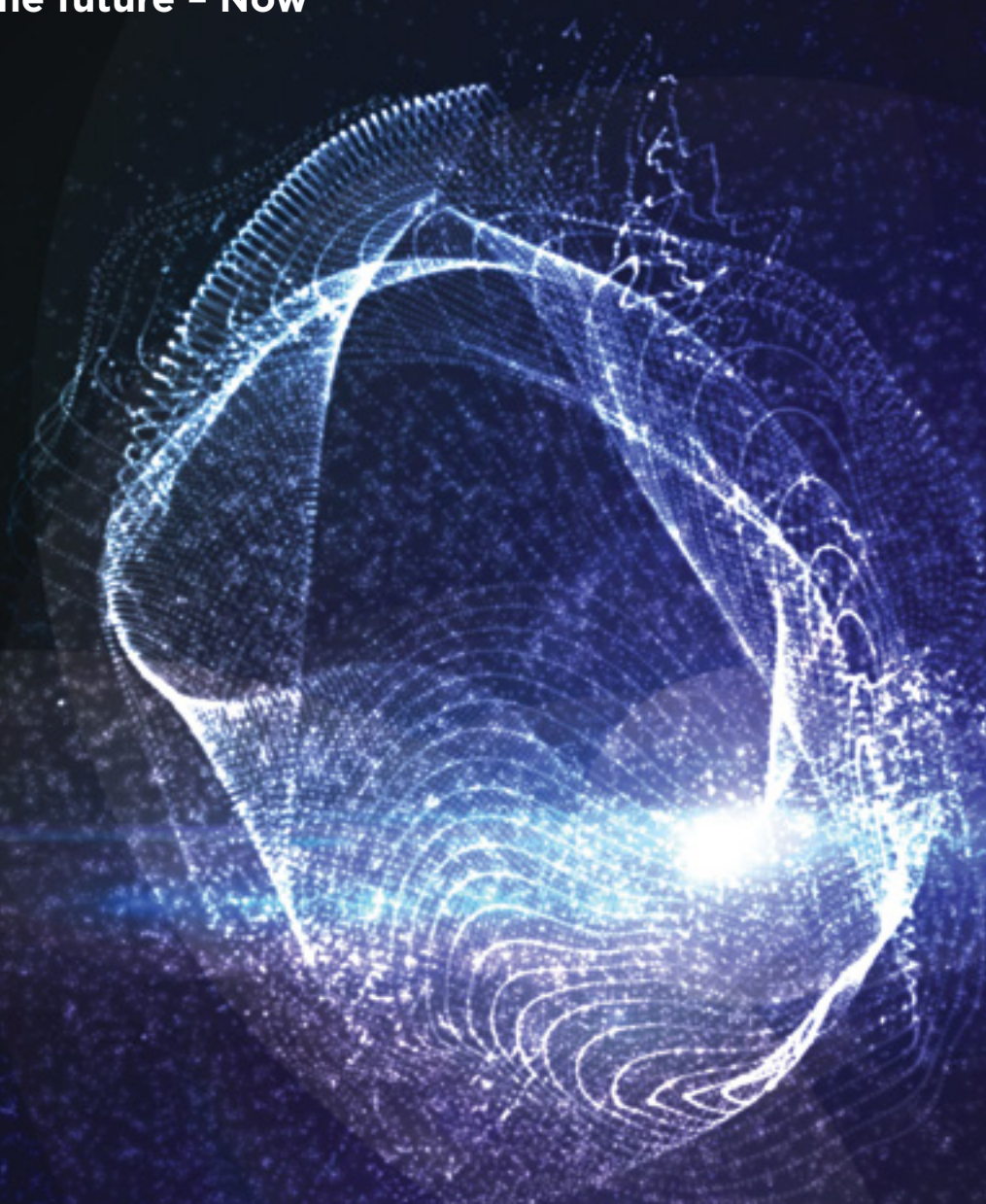
Regd. Office : VSB Mahatma Gandhi Road Fort Mumbai – 400 001 India  
Tel 91 22 6659 1968 website [www.tatacommunications.com](http://www.tatacommunications.com) CIN : L64200MH1986PLC039266

**TATA** COMMUNICATIONS



# **Agile. Intelligent. Connected.**

**Enable the future - Now**



**Annual Report 2019-20**



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## Corporate Overview

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Tata Communications continues to be driven by its purpose to **'Deliver a New World of Communications™'** – resting on agile, intelligent and secure solutions that enable exceptional digital experiences.

Digital transformation continues to dictate enormous shifts in businesses as well as in society. Once unfathomable solutions have become a tangible reality today and a connected world is no longer a distant dream but, a reality for enterprises and individuals across the globe.

As the future of digital technologies beckon – to secure new ways of engagement and operation, to unleash opportunities that enable us to harness our capabilities to reimagine and redesign a new world – we continue to build robust and dynamic solutions for organizations and enterprises to seamlessly embark on their digital transformation journeys.

Riding the next wave of digital evolution, as businesses fuel growth ambitions, we remain enthused by the possibilities of **'A New World'** – an agile, intelligent and connected space that presents a breeding ground for the future – to not just thrive but survive with dignity and dexterity.



# WHO WE ARE

A digital ecosystem enabler that powers today's rapidly evolving world, Tata Communications is taking big strides to fulfil our objective of delivering a New World of Communications™.

We are reimagining the future by unlocking new growth opportunities for customers, while making a positive and tangible impact on the society at large. With our extensive domain expertise, we empower our customers, comprising of 300 of the Fortune 500 companies, to seamlessly progress through their digital transformation journeys. We achieve this by powering borderless growth, boosting product innovation, improving productivity & efficiency, building agility and managing risk. We remain committed to drive the next level of intelligent solutions powered by cloud, mobility, Internet of Things (IoT), collaboration, security, and network services, resting on our solutions oriented approach, proven managed service capabilities and cutting-edge infrastructure.



Our strategy shifts are focused on:





# OUR REACH

Providing connectivity to more than

**200**

Countries

## World's largest

wholly owned subsea fibre backbone and a Tier-1 IP network

We carry

**~30%**

of the world's internet routes

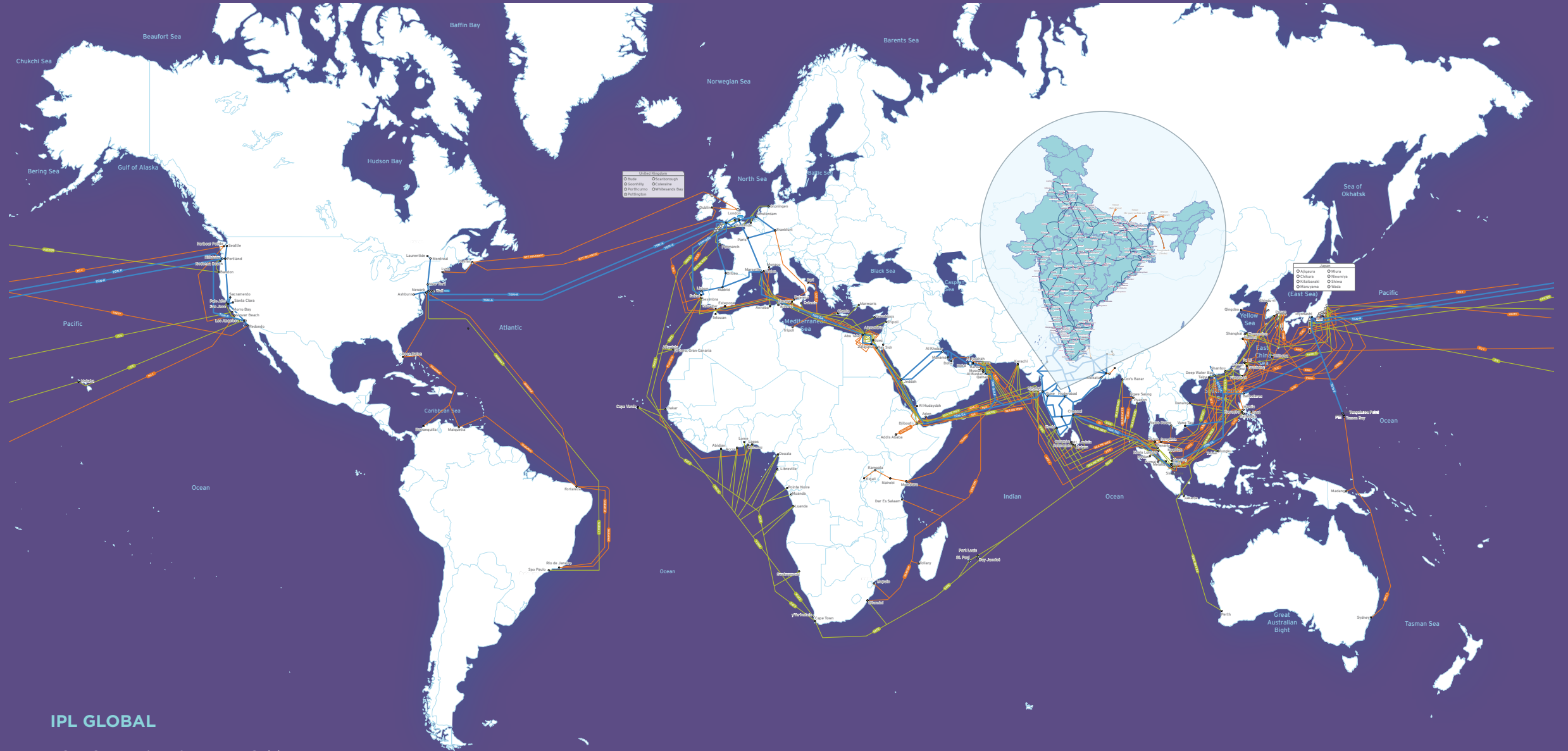
We connect businesses to

**60%**

of the world's cloud giants

**50+**

Entities across the globe



### IPL GLOBAL

TGN, Consortium & Partner Cables Map

#### Legend

##### TGN Cables

- TGN-Atlantic
- TGN-Eurasia
- TGN-Gulf
- TGN-Intra Asia
- TGN-NER
- TGN-Pacific
- TGN-TIC
- TGN-WER
- TGN-India NLD

##### Consortium Cables

- APCN-2
- BBG
- FASTER
- IMEWE
- JUS
- SAFE/SAT3
- SEABRAS-1
- SEA ME WE3
- SEA ME WE4
- WACS

##### Partner Cables

- AAE-1
- APG
- ASE
- C2C/EAC
- EIG
- FEA
- FNAL
- GLOBENET
- GTT ATLANTIC
- I2I
- MAIN ONE
- PC-1
- PIPE (PPC-1)
- SEACOM
- SEA ME WE5
- SJC
- TEAMS
- UNITY

# OUR CLIENTELE



# FINANCIAL HIGHLIGHTS

## Net Revenue (₹ in crores)



## EBITDA (₹ in crores)



## PAT (₹ in crores)



## Free Cash Flow (₹ in crores)



## Market Capitalisation (₹ in crores)



## ROCE (in %)



## EBITDA Margin (in %)

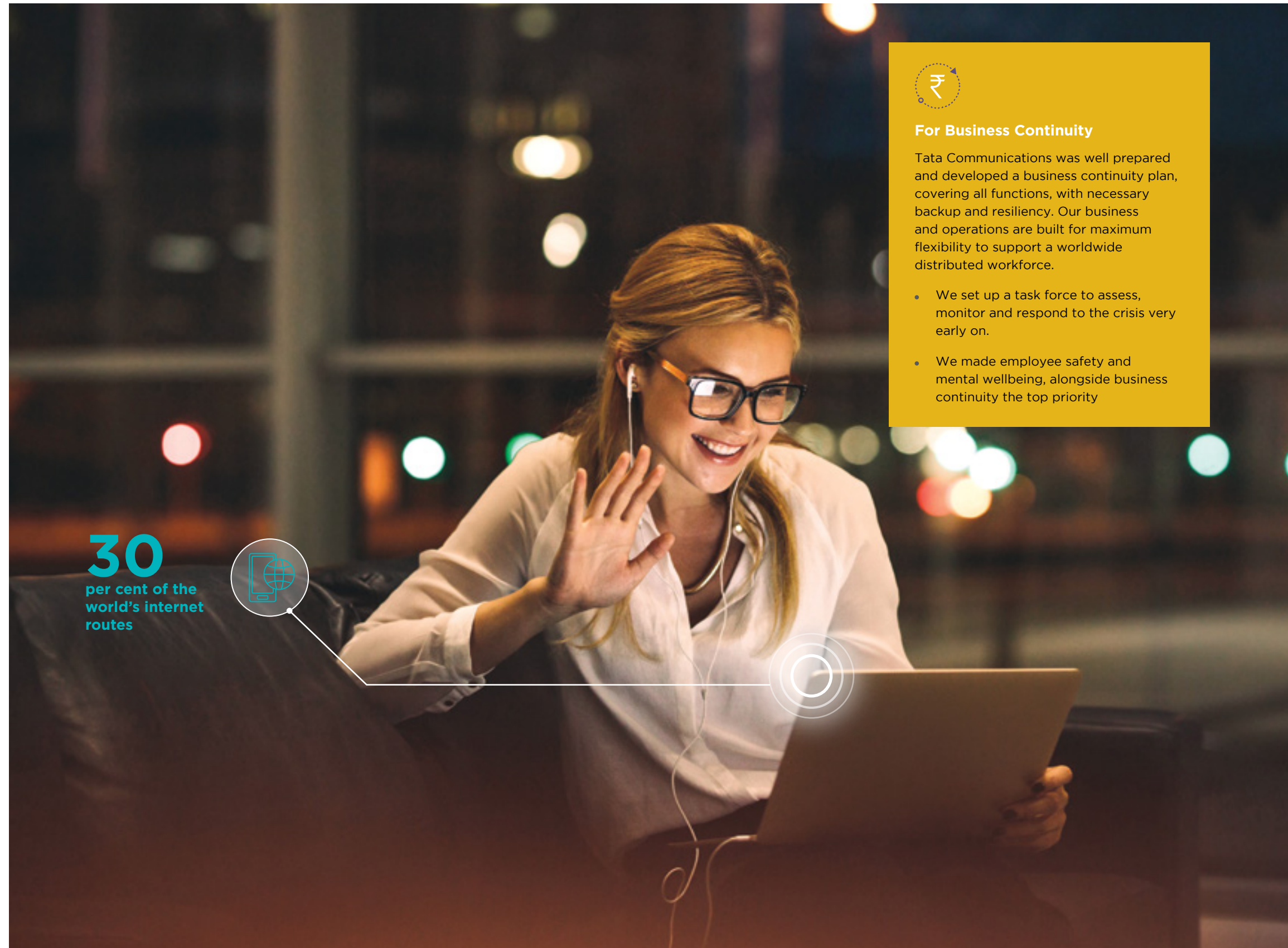




## COVID-19: OUR RESPONSE

Our response to COVID-19 is a showcase of our business agility - keeping our employees safe and our customers' businesses and their employees connected and mobile.

**With its leading portfolio of platforms, solutions and services, underpinned by a network that carries over 30 per cent of the world's internet routes - global digital ecosystem enabler Tata Communications has been instrumental in keeping the world connected at a time when people around the world have never been more physically isolated.**



**30**  
per cent of the  
world's internet  
routes



### For Business Continuity

Tata Communications was well prepared and developed a business continuity plan, covering all functions, with necessary backup and resiliency. Our business and operations are built for maximum flexibility to support a worldwide distributed workforce.

- We set up a task force to assess, monitor and respond to the crisis very early on.
- We made employee safety and mental wellbeing, alongside business continuity the top priority

# COVID-19: OUR RESPONSE



## For Customers

As customers looked to move their employees to work remotely and shift workloads seamlessly across borders as part of their own business continuity plans – Tata Communications witnessed increased demand for network capacity, together with requirements for bespoke solutions that enabled efficient and secure remote working.

We were able to augment network capacity to cater for the increasing demand while simultaneously quickly adapting and launching customised work from home solutions to help customers' employees work from home safely with in-built secure access to their corporate applications wherever they are hosted.

The agility, service quality and responsiveness of our teams is being recognised by our customers who continue to show their appreciation. As a result, our customer satisfaction score during this time has seen a record high – contributing to a top quartile Net Promoter Score® (NPS®).

### We:

- Delivered 650+ orders resulting from COVID-19, corresponding to 1.35 TBPS of additional provisioned bandwidth.
- Enabled tens of thousands of users from large enterprise customers switch to new home working realities across more than 150 organisations with many more under deployment.
- Offered solutions for our customers in a record time - in some cases, deploying changes, upgrades and relevant solutions such as secure military-grade 'zero trust dark network' in less than 6 hours in order to ensure customers have the right services and solutions needed for business continuity.
- Expanded capacity in a short span which has been possible due to extensive upgrade and modernisation of our network done in the last three years.
- Observed a 30% growth in internet traffic on our network in March compared to January 2020.
- Recorded 1 billion minutes of Enterprise voice traffic in March 2020 alone.



## For Employees

Tata Communications responded quickly to the crisis, making work from home mandatory where possible, implementing a complete travel ban as well as restrictions around physical meetings and visitors to its facilities – all before many countries shifted to lockdown measures. As a result, agility and collaboration became even more pronounced character traits within the business.

As a global business with a highly distributed workforce, Tata Communications has had flexible working policies – like work from home, flexible working hours and bring-your-own-device ('BYOD') – for a long time. There are a variety of virtual collaboration environments and unified communication and collaboration technologies which were already widely adopted within the company.

For those on-field employees that needed to be on-location to keep mission critical infrastructure up and running, Tata Communications ensured their safety, protection, and mental wellbeing at all times. Much like first responders, these colleagues are classified as essential workers who need to travel on-site across network operation centres, cable landing stations or the client site to monitor and ensure smooth operation of the infrastructure, networks, and backend IT operations, during these unprecedented times.

### We:

- Enabled 98% of Tata Communications employees to work from home within two weeks, thanks to the robust infrastructure in place.
- Ensured the safety and protection of on-field employees and also mental wellbeing programmes – which was also applicable for the whole organisation.
- Have had flexible working policies in place for some time now including work from home, flexible working hours and bring-your-own-device (BYOD) with widely adopted virtual collaboration environments and unified communication and collaboration technologies.
- Witnessed a 50-fold increase in traffic within Tata Communications, considering all chats and calls within our organisation on our collaboration platforms.



## For the Community

Our CSR efforts also continue during the time of COVID-19. We are responding to the call of the community, along with our partners.

### We:

- Supported hospitals under Pune Chinchwad Municipal Corporation (PPE & isolation ward set-up)

- Provided ration and hygiene kits for thousands of families in need. Also, provided ration for 500 families of children studying in two schools run by the Brihanmumbai Municipal Corporation, Mumbai.
- Raised \$135K through employee contribution. In addition, the company has matched this amount and the total sum is being allocated to Tata Community Initiatives Trust and local NGOs in India as well as other countries around the world.



# LETTER FROM THE MD & CEO

**Mr. Amur S. Lakshminarayanan**  
Managing Director and CEO  
Tata Communications Limited



**Dear shareholders,**

Tata Communications' purpose to Deliver a New World of Communications™ has become even more relevant as we witness and experience unprecedented change on a global scale following recent world events.

I am proud of our 12,000+ strong team across all the markets in which we operate. We have an important role to play in keeping businesses up and running and our people have, and continue to show, tremendous amounts of agility, resilience and tenacity during this time of great need.

Our customers are relying on the connectivity and solutions we provide more than ever before. We are helping businesses and mission critical services stay operational while supporting a huge global population with the tools and infrastructure to work from home and keep in touch with loved ones. And we continue to support businesses successfully adapt to the "new normal" by offering secure, connected, digital experiences through our platforms and solutions.

“ We are helping businesses and mission critical services stay operational while supporting a huge global population with the tools and infrastructure to work from home and keep in touch with loved ones.”

**DIGITAL TRANSFORMATION: THE KEY TO UNLOCKING OPPORTUNITY**

Although the Covid-19 pandemic has introduced a new kind of disruption, in many ways it has accelerated changes that were already well under way. Connectivity was already multifaceted and all encompassing. It's video, it's mobility, it's IoT. All delivering opportunities and experiences that always-connected, cloud-powered applications offer – for businesses, employees and consumers.

With physical borders closed, global supply chain disrupted, how will businesses adapt their enterprise and workforce mobility to the new norm? With social distancing measures and changes in consumer habits, how will businesses adapt to embrace new e-commerce business models using applications to deliver the right experiences?

Two things are sure – change is the only constant and digital will define and shape the experiences in this new world. Digital will become even more strategically core as businesses look to transform how they operate, adopt new ways of working and how they engage with their audiences and with each other. And we will witness this appetite to embrace and adopt digital transformation at a speed – faster than ever before – as enterprises rapidly rethink how to leverage technology as they adapt to the future.

This will start by reimagining their networks – the crucial foundation for any digital business. It also stretches beyond networks: they need to be able to virtually collaborate seamlessly; to safeguard their business against cyber-attacks; and use cloud and IoT to boost efficiencies and human innovation. Even more opportunity is still to come as industries ride the next wave of digital evolution such as Edge computing, SASE, 5G, Blockchain.

Helping our customers to navigate these complexities and deliver on this need is at the heart of our being as a business. We see 'communications' as extending beyond telco. It's how information is shared and how people and businesses experience being connected today and in the future.

**OUR ROLE: THE DIGITAL ECOSYSTEM ENABLER PROVIDING SECURE, CONNECTED, DIGITAL EXPERIENCES**

An effective and productive digital ecosystem will be the bedrock for businesses to innovate and to grow. It is the entire technology ecosystem that plays a role in digital transformation – encompassing independent software vendors, system integrators, IT consultants, product OEMs, value-added-resellers, cloud service providers, SaaS companies, right through to telecom providers.

In order to unlock opportunity and drive value for their business, enterprises must connect the different parts of this ecosystem together in the right way which can be complex.

Our lineage of the old telco world, coupled with our knowledge of the new digital world, sets us apart from other players in this digital ecosystem.

We understand the nuances of connectivity and networking, which coupled with our knowledge on cloud, UCC, mobility, IoT and security, and extensive partnerships means that we are a long-term partner in our customers' digital transformation journey as an enabler of this ecosystem.

- Solutions orientated approach, proven managed service capabilities and cutting-edge infrastructure
- Global relationships with 1600+ carriers
- Extensive partnerships with 700+ mobile network operators (MNOs)
- Integrated solutions with multiple OEM vendors in the SD-WAN and UCC space and with system integrators (SIs)
- Connecting business to 60% of the hyperscale cloud giants

With these inherent strengths, we are able to interconnect and aggregate value from various parts of the digital ecosystem, together with our portfolio, and provide powerful platforms and solutions. These will be context aware, much more intelligent that create the right experiences for our customers over the longer-term.

### OUR PERFORMANCE: MAKING STRIDES IN THE RIGHT DIRECTION

FY20 was a year of change for us and one that ended in an unprecedented level of global uncertainty. Despite this, we were able to deliver steady performance and one where we continued to build core strength for our future growth.

There have been many defining moments for us: successfully establishing NetFoundry™, an internally incubated SaaS start-up as an independent subsidiary, continued progression with our own internal business transformation and extended partnerships with major players within the digital ecosystem. We have been recognised both as an employer of choice in many markets and for superior customer experience where we are positioned in the top quartile of Net Promotor Score® (NPS®), amongst the best in the industry. And, we continue to be acknowledged by industry analysts for our maturing portfolio of platforms, solutions and services.

- Our customer focus sets us apart. Our Net Promotor Score is in the top quartile – placing us higher than the B2C NPS® benchmarks of almost all companies across industry verticals.
- For the seventh consecutive year, we have been named as Leaders in Gartner's Magic Quadrant for Network Services, Global.

We witnessed strong profitable growth in our Data business; in FY20, EBITDA margins for Data business expanded by 310 BPs coming in at 22.1% on the back of Growth services' delivering ₹199 crores of EBITDA for the year. We continue to drive the business towards sustainable profitability and positive cashflows.

- In FY20, Enterprise Business grew by 13% YoY; India business growing by 16% and International business growing by 11% YoY.
- Strong profitable growth in both Traditional and Growth Services: Traditional Services grew by 4.6% YoY and Growth Services grew by 14% YoY.
- Data business saw strong growth across all segments:
  - Revenue grew by 8.2% YoY to ₹13,692 crores on the back of strong growth across all segments.
  - EBITDA was at ₹3,026 crores witnessing a 25.6% YoY growth. This is on the back of strong profitable growth in Traditional services (+19.9% YoY) and Growth services turning EBITDA positive.

“  
We witnessed strong profitable growth in our Data business; in FY20, EBITDA margins for Data business expanded by 310 BPs coming in at 22.1% on the back of Growth services' delivering ₹199 crores of EBITDA for the year.”

### OUR OUTLOOK: ACCELERATING EXECUTION ON OUR STRATEGIC PRIORITIES

We are at our next point of transformation – deepening customer engagement; focus on providing platforms and solutions that deliver secure, connected, digital experiences; simplifying our operations, generating better returns from our investments and continuing to accelerate digital transformation.

As essential as the telecommunications and technology industry is, we are not immune to the pressures facing the economies in which we operate. However, we have a strong foundation and a resilient operating model and we will be accelerating execution on our strategic priorities.

The recent events have also presented opportunities for us and reaffirmed the critical importance that businesses, societies and people place on technology and connectivity. The shift to working from home with the help of digital technology is likely to drive demand for high-end tech in many categories. And there is a growing need for the infrastructure to support this shift, such as cloud computing for business or increased bandwidth consumption for consumers.

### LOOKING AHEAD: GROWTH, CUSTOMER EXPERIENCE & OPERATIONAL EXCELLENCE

Our focus remains ensuring seamless global connectivity and effortless digital transformation for businesses around the world. And we see greater opportunities ahead, as organisations continue to harness the power of technology to transform their business models and drive competitive differentiation.

Our strategy, underpinned by the talent and commitment of our employees worldwide, will enable us to achieve our goals and will drive further improvements in commercial performance to create value for our stakeholders.

On behalf of the Board, I would like to thank you for your continued trust and support, as we thank our customers, partners, associates and our employees.

**Amur S. Lakshminarayanan**  
Managing Director and CEO  
**Tata Communications Limited**



# BUSINESS MODEL - OUR VALUE CREATION PHILOSOPHY

## Our Input Capitals



### Financial Capital

Financial resources required to fund our growth and expansion plan includes:

- ₹285 crores shareholders fund
- ₹1,693 crores free cash flow
- ₹10,720.88 crores outstanding debt



### Manufactured and Intellectual Capital

A strategic shift from individual products to a platform model, to maximise value creation across the company and benefit all our stakeholders.

- We have built the **Largest one-of-its kind** and **most advanced** subsea fibre network
- 30%** of the world's internet routes are carried through this network
- We connect businesses to **60%** of the world's cloud giants
- Our fibre based global media transport networks over **300 media hotspots** across **125 cities** in the world



### Human Capital

Cultivating capabilities and competencies of our employees enable us to fulfil our objectives.

- 12,107** employees
- 23%** Internal Succession Rate
- 80%** Overall Employee Engagement Score



### Social and Relationship Capital

Our long-standing relationship with our stakeholders and our zeal to contribute towards the upliftment of the society in which we operate enables us to create shared value for all.

- ₹12.62 crores spent towards CSR activities
- 59,194** volunteering hours invested
- 55,808** shareholders



### Natural Capital

We are committed to reduce our environmental footprint through efficient operations.

- 175 Mn KWH** of energy consumed
- 4.62 lakhs kilo litres** of water drawn

## Our guiding principles

- Work closely with our clients and emerge as a trusted advisor and executor
- Start with customer value, not product value and speak in terms of platforms instead of products
- Simplify our process, technology and touchpoints to create a better employee and customer experience
- Embrace agile ways of working and take ownership and accountability of our shared ambition
- Strive to make a positive, tangible impact on the environment and wider society through our actions, products & services
- Continue to innovate to stay relevant for our customers as a long-term partner in their digital transformation journeys
- Embed AI into our operations to drive efficiency, and into our products and services to help customers (and ourselves) capitalise advancements in AI
- Underpin all that we do with our DRIVE 2.0 leadership behaviours of agility, collaboration, a "can do" attitude & growth mindset, innovation & problem solving, ownership & accountability, continuous learning and skills transformation

## Outcome Achieved

Through our platforms, solutions and services, we empower our customers to embrace their digital transformation journey, smoothly and efficiently.

### Our Customer base includes:

**6,129**

Enterprises

**978**

Service Providers

**5**

Over The Top (OTT) players

We have reimagined our role as a digital ecosystem enabler with a strong emphasis on the customer and superior delivery of customer need through our following platforms, services and solutions:



Next generation connectivity



Mobility and Internet of Things (IoT)



Collaboration services



Cloud, Edge and Security



NetFoundry™



Voice Services

## Value we create



### For providers of financial capital

**₹114 crores**

Dividend proposed

**11.8%**

ROCE



### For our customers

**4 out of 5**

Mobile subscribers in the world are connected through our network

**#1**

In voice for 20 years

**22.6 billion**

Minutes of international voice minutes serviced



### For our employees

**21.6%**

Diversity ratio

**47**

Nationalities

**87,470**

Person-days of learning

**5,000**

Man-days of H&S training for employees and contract workforce in FY 20

**Zero**

Major incident including fatal incidents in the last 36 months



### In our communities

**11**

States covered in India

**164,776**

Total number of people benefitted

**115**

Schools covered



### For our environment

**17%**

Of total water requirement recycled

**₹78.5 million**

Annual savings in energy cost from India operations

**112,600 kWh**

Energy savings by international operations through energy savings initiatives

# LEADING TRANSFORMATION – FOUNDED ON INNOVATION

## India IoT - Connected Employee Solution

Tata Communications' Connected Employee Solution improves employee safety, provides intelligent insights, and offers enhanced decision making support using smart sensors, personal protective equipment and specialised wearables to enable workplace health and safety, and overall productivity. It also enables efficient execution of social distancing, and other safety norms.

For Tata Steel employees, we have deployed

**3,000**

Safety wearables

across  
**20+**  
locations

**65,000+**

SafePass™

This has helped prevent **17 critical incidents** till now.

Apart from enhancing worker wellbeing and minimising workplace risks, the connected employee solution also helps enterprises to make data driven decisions for enhanced efficiency, and security.

## Introduced NetFoundry™ for Zero Trust Security and Secure (Remote) Access

NetFoundry Inc., a 100% subsidiary of Tata Communications, is also a platform that enables enterprises to obtain the security and performance of a private network using internet access. The software allows platform-ification of networking to unlock innovation, agility and automation which is difficult to obtain in an infrastructure-dependent networking architecture. **It provides security and performance of a private network, spinning up the network in minutes/hours rather than days/weeks and connects applications in any location, from any device.**

It is a software driven solution and can be deployed with zero touch, enabling us to deliver solutions for our customers even during Covid-19 – maintaining necessary precautions for our employees and customers.

For Tata Sons, NetFoundry™ has led to performance improvement over internet, allowing employees to connect securely to enterprise applications hosted in a multi-cloud environment - ensuring business continuity during the pandemic and continues benefits even when users start returning to offices.

## AI/ML Led Auto Fault Prediction and Diagnose of Network

For enhanced network performance, Tata Communications deployed AI/ML based network fault prediction solutions and developed systems to auto diagnose service faults and issues. It enabled service engineers and customers with faster and consistent troubleshooting, automated updates, and early resolution.

Currently

**85%**

of such faults see  
successful auto-diagnosis  
leading to savings of over

**3,000**

person-hours per month

Over **10%** of the issues diagnosed and acknowledged as customer-end issue now get resolved with zero touch, enabling superior customer experience.

## Reimagining customer experience with digital lead-to-cash

Through this business transformation project, Tata Communications is building a digital lead to-order-to-cash ("L2O2C") customer journey with an aim to provide best in class customer experience and productivity enhancement through process automation. So far 500+ people from sales, sales support, commercial and delivery functions have participated in immersive workshops. 5 products (covering 70% of order volume for Tata Communications) have been released on the platform.

The platform has been used for over

**16,000**

customer quotes

**6,500+**

orders processed

The digital customer journey has reduced the customer order logging timeline from 4-8 days to near real-time - 3 days, with 30% reduction in order delivery timelines.



# SUSTAINABILITY AT CORE

Driven by our purpose to 'Deliver a New World of Communications™', we aim to create a better world not only a new one. To achieve this, we believe a business must adopt a holistic approach that recognises the link between Business, Environment & Society.

As a new normal emerges, we embark on a strategic shift that redefines our role as a digital ecosystem enabler and puts sustainability at the core of our growth plan. Building on the strong foundation of our digital ecosystem, we will embed sustainability, along with innovation and AI to power the new-age digital transformations.

## Our Approach

Tata Communications is dedicated to use its reach and technology to help solve some of the world's most pressing challenges, from climate change and resource conservation to improving education outcomes for students and employees. We aim to create value for all our stakeholders by striking the right balance between people, planet and profit. Connecting global and local megatrends with initiatives that have a significant positive impact on people and the environment - while also enriching the lives of our stakeholders - is intrinsic to our business.

We are committed to create value through the economic development of the countries where we operate. We do not undertake any project or activity which would be detrimental to the wider interests of any community. Our management practices encourage a code of conduct which benefits countries, localities and communities as much as possible, while adhering to the local laws of the land.

We are dedicated to using our reach and technology to help solve some of the world's most pressing challenges such as climate change and resource conservation, and to ensure inclusive growth by extending the capabilities, choices and freedoms of women, children and youth from underserved communities.

### Our Strategy

Our sustainability strategy is based on Environmental, Social and Governance ('ESG') framework and aims to create a long-term stakeholder value and sustainable growth for our business by managing risks and embracing opportunities, implementing robust governance practice and optimization of the economic, environmental and social performance.



# PROFILE OF BOARD OF DIRECTORS



**Ms. Renuka Ramnath**  
Chairperson &  
Independent Director

Ms. Ramnath is the Founder, Managing Director and CEO of Multiples Alternate Asset Management, a private equity manager and advisor to funds of ~\$1.6 bn. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. Ms. Ramnath started her career with the ICICI Group and had leadership roles in investment banking, structured finance and e-commerce. She led ICICI Venture as the MD & CEO to become one of the largest private equity funds in India. One of the most experienced private equity fund managers in India, Ms. Ramnath has a full cycle track record of investing capital raised from global Institutions. She is a Board member of EMPEA, the global industry association for private capital in emerging markets. She is also the Chairperson of the Executive Committee of Indian Venture Capital Association. She is a recent winner of the IVCJ Special Achievement Award.

Ms. Ramnath has obtained a graduate degree in textile engineering from V.J. Technological Institute ('VJTI'), University of Mumbai and a post graduate degree in management studies from University of Mumbai. She has also completed the Advanced Management Program from the Graduate School of Business Administration, Harvard University.



**Mr. Amur S. Lakshminarayanan**  
Managing Director and  
CEO

Mr. Lakshminarayanan has over 35 years of experience in a broad range of leadership roles across regions and industries. Through the course of his career, he has managed and developed scalable businesses, with deep understanding of the global technology market and enterprises' growing digital needs.

Prior to joining Tata Communications, Mr. Lakshminarayanan was President and CEO of Tata Consultancy Services Japan, Ltd. where he was in charge of accelerating the company's market opportunity and developing the brand in the region.

Other leadership positions within TCS also include: Global Head of four P&L units (Telecom, Media & Information Services, HiTech and Utilities) that grew to contribute a combined revenue of over \$2.4b under his leadership. He had also held the position of Head of UK & Europe where he brought significant growth of the business, resulting in it being recognised as a major IT player locally in the market.

Mr. Lakshminarayanan has worked in USA, Hong Kong, Australia, UK, Japan and India. He holds a Degree in Mechanical Engineering from BITS, Pilani and is an alumnus of London Business School. He is also a long-standing member of IEEE.



**Mr. N. Srinath**  
Director

Mr. N. Srinath is presently the Chief Executive Officer of the Tata Trusts. He joined Tata Communications (then known as VSNL) in 2002 as Director (Operations) when the Tata Group was selected as the strategic partner at the company. Mr. Srinath was the Managing Director of Tata Communications Limited from February 2007 till January 31, 2011. Under his leadership, Tata Communications transformed from a monopoly, public sector undertaking into a global communications services provider offering advanced network, managed and cloud services to customers worldwide. Mr. Srinath joined Tata Teleservices Limited as non-executive director in January 2003. He took over as the Managing Director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited from February 1, 2011 till March 31, 2020. Effective April 1, 2020, Mr. Srinath continues as a non-executive director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited.

Since joining the Tata Administrative Services in 1986, Mr. Srinath has held positions in Project Management, Sales & Marketing, and Management in different Tata companies in the ICT sector over the last 33 years. Mr. Srinath has also served as the Chief Executive Officer of Tata Internet Services from late 2000 to February

2002 and Chief Operating Officer at Tata Teleservices Limited in 1999. In the early part of his career, he was Executive Assistant to the Chairman of Tata Industries Limited, a position he held until March 1992. He was part of the team that set up Tata Information Systems (later known as Tata IBM) and where, between 1992 and 1998, he worked on a number of assignments in sales and marketing.

Mr. Srinath has received several recognitions in the telecom industry. For a period of two consecutive years (2008 and 2009), he was named as the world's eighth most influential telecom personality by the Global Telecoms Business magazine as well as the 'Telecom Person of the Year' by the India-based Voice and Data magazine in 2008. Mr. Srinath was also named the 'Telecom CEO of the Year' in Asia by the leading publishing group Telecom Asia in 2006, and in the same year he was conferred the Udyog Rattan Award by the Institute of Economic Studies ('IES').

Mr. Srinath holds a degree in Mechanical Engineering from the Indian Institute of Technology, Chennai and an MBA from the Indian Institute of Management, Kolkata, specializing in Marketing and Systems.



## PROFILE OF BOARD OF DIRECTORS



**Dr. Uday B. Desai**  
Independent Director

Dr. Uday B. Desai was the Founding Director of IIT Hyderabad ('IITH') from June 2009 to June 2019. He was also the Mentor Director for IIT Bhilai, and for IIIT Chittoor. At present he is Prof. Emeritus at IITH. He is also a Strategic Consultant for Telecom Standards Development Society of India and an Honorary Professor at Woosong University, South Korea.

Dr. Desai has held faculty positions at many universities: Assistant and then Associate Professor at the School of Electrical Engineering and Computer Science Department at Washington State University; and Professor in the Electrical Engineering Department at the Indian Institute of Technology - Bombay. He has held positions of Visiting Associate Professor at Arizona State University, Purdue University and Stanford University, and has been a visiting Professor at EPFL, Lausanne. Dr. Desai has also held positions of Dean of Students at IIT-Bombay and Director of HP-IITM R and D Lab. at IIT-Madras.

Dr. Desai received a B. Tech. degree from Indian Institute of Technology, Kanpur, India, in 1974, an M.S. degree from the State University of New York, Buffalo, in 1976, and a PhD from The Johns Hopkins University, Baltimore, U.S.A., in 1979, all in Electrical Engineering.

He has been a co-author of 9 research monographs and authored nearly 300 peer reviewed papers in international journals and international conferences - broadly in the area of signal processing and wireless communication. His research interest areas include wireless communication, wireless sensor networks, cyber physical systems, Internet of Things and AI.

Dr. Desai is a Fellow of INSA (Indian National Science Academy) and the Indian National Academy of Engineering (INAE) and a recipient of J C Bose Fellowship. He is also the recipient of the Outstanding Alumni Award from the University of Buffalo in 2015 and the Distinguished Alumni Award from IIT Kanpur in 2016.



**Dr. Maruthi Prasad Tangirala**  
Director

Dr. Maruthi Prasad Tangirala is at present Deputy Director General, Department of Telecommunications, Ministry of Communications, Government of India. Dr. Tangirala has worked in the areas of revenue assurance, financial advice, vigilance, training, and licensing finance in the Department of Telecommunications, Ministry of Communications, Government of India, and in financial and economic analysis in the telecom sector regulator - TRAI, in two stints, first as Director and then as Advisor. He has also worked as Executive Director, Insurance Regulatory and Development Authority of India, Hyderabad ('IRDAI'). Dr. Tangirala has been a Government nominee Director in Bharat Sanchar Nigam Limited and was also on the Boards of the Insurance Information Bureau and Institute of Insurance and Risk Management during his stint at IRDAI. He has also worked in the Union Public Service Commission in two spells.

Dr. Tangirala is a 1990 batch officer of the Indian P&T Accounts and Finance Service. He joined the civil service after obtaining a bachelor's degree in civil engineering from College of Engineering, Guindy, and a PGDM from Indian Institute of Management Calcutta. Dr. Tangirala also holds a degree in law from Osmania University, Hyderabad, an MPhil degree from Panjab University, Chandigarh, and a PhD from the Centre for the Study of Law and Governance, Jawaharlal Nehru University, New Delhi. He is the author of *Telecom Sector Regulation in India: An Institutional Perspective*, published by Routledge in 2019.



**Dr. Rajesh Sharma**  
Director

Dr. Rajesh Sharma belongs to the Indian Telecom Service ('ITS') of 1988 batch at Department of Telecommunications ('DoT'), Ministry of Communications, Government of India, and is presently working as Deputy Director General (Service Unit), DoT, Ministry of Communications, Government of India. Dr. Sharma has an experience of more than 30 years in telecom technologies in operation, planning and roll-out of wireless, wire-line and broadband technologies in DoT and Bharat Sanchar Nigam Limited. Dr. Sharma currently serves as a Government Nominee Director on the Boards of ITI Limited and Tata Communications Limited.

Dr. Sharma earlier worked on deputation at the National e-Governance Division ('NeGD'), under the Ministry of Electronics & Information Technology ('MeITY'), Government of India as Director (Capacity Building), where he was responsible for capacity building for e-Government projects and imparting training at various levels in central line ministries and state governments.

A Fellow of the Indian Institute of Management Indore in Information Systems area (*equivalent to PhD*), Dr. Sharma also holds Post Graduate Diploma in Management ('PGDM') from MDI Gurgaon and the B.E. (Electronics) degree from University of Indore.

Dr. Sharma has published several widely cited research papers, case studies and book reviews in internationally reputed journals. His areas of interest include public sector governance, telecom technologies, e-Governance, technology acceptance, interoperability, green IT, recommender systems, knowledge management, sustainability and business process reengineering.



# AWARDS AND ACCOMPLISHMENTS

 **Manufactured and Intellectual capital**

**Cloud**

F&S Managed Multi Cloud Service Provider of the Year 2019

F&S Cloud Interconnect Service Provider of the Year Award

**UCC**

F&S 2019 Unified Communications Service Provider of the Year

F&S 2019 Managed Video Services Company of the Year

**Network**

F&S 2019 SDWAN Service Provider of the Year

F&S 2019 Asia-Pacific Managed SDWAN Service Provider of the Year Award

F&S 2019 Enterprise SIP Trunking Service Provider of the Year

F&S 2019 Asia-Pacific Managed UC Service Provider of the Year

Everest Network Transformation & Managed Services Peak

MEF SD-WAN Provider Of The Year - APAC

**Security**

F&S Managed Security Services Provider of the Year (Telco)

Gartner Magic Quadrant for Network Services, Global

 **Relationship Capital**

CX Vendor Excellence Asia 2019 Award

Customer Experience Leader of the Year 2019

IHS Markit (Omdia) Leader in CDN Vendor Scorecard

CCW Asia Excellence awards- Bronze award for Best Customer Service





# CORPORATE DETAILS

## Board of Directors

Ms. Renuka Ramnath (Chairperson) (Independent)  
 Mr. Amur S. Lakshminarayanan  
 (Managing Director & CEO w.e.f. November 26, 2019)  
 Mr. N. Srinath  
 Dr. Uday B. Desai (Independent)  
 Dr. Maruthi Prasad Tangirala  
 Dr. Rajesh Sharma

## Key Managerial Personnel

Mr. Manish Sansi  
 Company Secretary & General Counsel (India)  
 Ms. Pratibha K. Advani  
 Chief Financial Officer

## Registered Office

VSB, Mahatma Gandhi Road, Fort, Mumbai – 400 001  
 Tel: +91 22 6657 8765  
 Email: investor.relations@tatacommunications.com  
 Website: www.tatacommunications.com.

## Financial Institutions

Cisco Capital  
 Export Development Canada (EDC)  
 US EXIM

## Bankers

ANZ Bank  
 Axis Bank  
 Bank of America  
 Bank of Baroda  
 Bank of Nova Scotia  
 ING Bank  
 Citibank Inc.  
 Deutsche Bank  
 Development Bank of Singapore (DBS)  
 Federal Bank  
 HDFC Bank Ltd.  
 Hongkong & Shanghai Banking Corporation (HSBC)  
 ICICI Bank Ltd.  
 Indian Bank  
 Indian Overseas Bank  
 IndusInd Bank Ltd.  
 JP Morgan Chase Bank NA  
 Kotak Mahindra Bank Ltd.  
 Punjab National Bank  
 Ratnakar Bank Limited  
 Standard Chartered Bank  
 State Bank of India  
 Syndicate Bank  
 Yes Bank Ltd

## Legal Advisors

S&R Associates  
 Cyril Amarchand Mangaldas  
 Shardul Amarchand Mangaldas & Co  
 Trilegal  
 Khaitan & Co.

## Statutory Auditors

S.R. Batliboi & Associates LLP,  
 Chartered Accountants

## Registrar & Share Transfer Agents

TSR Darashaw Consultants Private Limited  
 6/10, Haji Moosa Patrawala Industrial Estate,  
 20, Dr. E. Moses Road, Near Famous Studio,  
 Mahalaxmi, Mumbai – 400 011  
 Tel: (022) 6656 8484, Fax: (022) 6656 8494  
 E-mail: csg-unit@tsrdarashaw.com,  
 Website: www.tsrdarashaw.com

# NOTICE

NOTICE is hereby given that the 34<sup>th</sup> Annual General Meeting of Tata Communications Limited ('the Company') will be held at 11:00 hours (IST) on Friday, August 28, 2020, through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM') to transact the following business:

## Ordinary Business

### 1. Adoption of Audited Standalone Financial Statements

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and

### 2. Adoption of Audited Consolidated Financial Statements

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2020 along with the Report of the Auditors thereon.

### 3. Declaration of Dividend

To declare a dividend on equity shares for the financial year ended March 31, 2020.

### 4. Appointment of Dr. Maruthi Prasad Tangirala (DIN: 03609968) as Director, liable to retire by rotation

To appoint a director in place of Dr. Maruthi Prasad Tangirala (DIN: 03609968), who retires by rotation at this annual general meeting and, being eligible, offers himself for re-appointment.

### 5. Ratification of appointment of Statutory Auditors

To consider and, if thought fit, to pass the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, and pursuant to the resolution passed by the Members at the 31<sup>st</sup> Annual General Meeting ('AGM')

held on June 27, 2017 in respect of appointment of the auditors, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No. 101049W / E300004) for a period of five years, till the conclusion of the AGM to be held in the 2022, the Company hereby ratifies and confirms the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (ICAI Firm Registration No. 101049W / E300004) as Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the next and 35<sup>th</sup> AGM of the Company to be held in the year 2021, to examine and audit the accounts of the Company for the financial year ending March 31, 2021 on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."

## Special Business

### 6. Re-appointment of Ms. Renuka Ramnath (DIN: 00147182) as an Independent Director of the Company

To consider and, if thought fit, to pass the following as a **Special Resolution**:

"RESOLVED THAT pursuant to provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule IV to the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014, and Regulation 17 and other applicable regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended from time to time, Ms. Renuka Ramnath (DIN: 00147182), who was appointed as an Independent Director at the twenty-ninth Annual General Meeting of the Company to hold office up to December 7, 2019, and was re-appointed by the Board of Directors as an Independent Director, subject to approval of the Members, to hold office for a second term of five years commencing from December 8, 2019, and who meets the criteria for independence as provided in Section 149(6) of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations and who has submitted a declaration to that effect

and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing her candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term commencing with effect from December 8, 2019 up to December 7, 2024."

#### 7. Appointment of Mr. Amur Swaminathan Lakshminarayanan (DIN: 08616830) as a Managing Director and Chief Executive Officer of the Company

To consider and, if thought fit, to pass the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 ('Act') (including any statutory modifications or re-enactment(s) thereof for the time being in force), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time; and in accordance with Article 66G of Articles of Association of the Company, subject to such other approvals as required under the Act including approval of the Central Government under Part I of Schedule V to the Act, if required, consent of the Company be and is hereby accorded for the appointment and terms and conditions including remuneration of Mr. Amur Swaminathan Lakshminarayanan (DIN: 08616830) as the Managing Director and Chief Executive Officer of the Company for a period of five years commencing from November 26, 2019, on the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting (including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment), with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Lakshminarayanan.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

#### 8. Ratification of Cost Auditor's Remuneration

To consider and, if thought fit, to pass the following as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148(3) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the remuneration of ₹6 lakhs plus applicable taxes and out of pocket expenses on actual basis incurred in connection with the audit capped at 3% of the remuneration, payable to Ms. Ketki D. Visariya, Cost Accountant (Membership No: 16028), who has been appointed by the Board of Directors as the Cost Auditor of the Company, to conduct the audit of the cost records maintained by the Company for the financial year ending March 31, 2021."

#### 9. Payment of Commission to Non-Whole-time Directors of the Company

To consider and, if thought fit, to pass the following Resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), as amended from time to time, a sum not exceeding one percent or three percent per annum, as the case may be, of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be decided by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year, commencing April 1, 2020."

By Order of the Board of Directors

**Manish Sansi**

Company Secretary  
ACS-10985

New Delhi, June 13, 2020

#### Registered Office:

VSB, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.  
CIN: L64200MH1986PLC039266  
Email address: investor.relations@tatacommunications.com  
Website: www.tatacommunications.com

#### NOTES:

- In view of the global outbreak of the COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its General Circular No. 20/2020 dated May 5, 2020 in relation to "Clarification on holding of annual general meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM)" read with General Circular No. 14/ 2020 dated April 8, 2020 and the General Circular No. 17/ 2020 dated April 13, 2020 in relation to "Clarification on passing of ordinary and special resolutions by companies under the Companies Act, 2013 and the rules made thereunder on account of the threat posed by Covid-19" (collectively referred to as 'MCA Circulars') and SEBI vide its circular dated May 12, 2020 in relation to "Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 - Covid-19 pandemic" ('SEBI Circular') permitted the holding of the Annual General Meeting ('AGM' or 'Meeting') through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and MCA Circulars, the AGM of the Company is being held through VC / OAVM on Friday, August 28, 2020 at 11.00 a.m. (IST). The deemed venue for the 34<sup>th</sup> AGM will be Tata Communications Limited, 4<sup>th</sup> Floor, Tower 4, Equinox Business Park, LBS Road, Kurla (West), Mumbai 400 070.
- PURSUANT TO THE PROVISIONS OF THE ACT, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD PURSUANT TO THE MCA CIRCULARS THROUGH VC / OAVM, THE REQUIREMENT OF PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, IN TERMS OF THE MCA CIRCULARS AND THE SEBI CIRCULAR, THE FACILITY FOR APPOINTMENT OF PROXY(IES) BY THE MEMBERS WILL NOT BE AVAILABLE AT THIS AGM AND HENCE THE PROXY FORM, ATTENDANCE SLIP AND ROUTE MAP OF AGM ARE NOT ATTACHED TO THIS NOTICE.**
- Institutional Investors, who are Members of the Company, are encouraged to attend and vote at the AGM through VC / OAVM facility. Corporate Members intending to appoint their authorised representatives pursuant to Sections 112 and 113 of the

Act, as the case may be, to attend the AGM through VC / OAVM or to vote through remote e-voting / e-voting are requested to send a scanned certified copy (PDF / JPG format) of its Board or governing body Resolution / Authorisation to the Scrutinizer by e-mail at cs@parikhassociates.com with a copy marked to evoting@nsdl.co.in.

- The attendance of the Members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
- As per the provisions of Clause 3.A.III. of the General Circular No. 20/ 2020 dated May 5, 2020, the matters of Special Business as appearing at Item Nos. 6 to 9 of the accompanying Notice, are considered to be unavoidable by the Board of Directors ('Board') of the Company, and hence, form part of this Notice.
- The Explanatory Statement pursuant to section 102 of the Act setting out material facts concerning the business under Item Nos. 5 to 9 of the Notice, is annexed hereto. The relevant details, pursuant to Regulations 26(4) and 36(3) of SEBI Listing Regulations and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this AGM are also annexed. Requisite declarations have been received from Director/s for seeking re-appointment.
- The Members can join the AGM in the VC / OAVM mode 30 minutes before and 15 minutes after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The Members will be able to view the proceedings on National Securities Depository Limited's ('NSDL') e-Voting website at www.evoting.nsdl.com. The facility of participation at the AGM through VC / OAVM will be made available to at least 1,000 Members on a first come first served basis as per the MCA Circulars.
- In compliance with the afore-mentioned MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.tatacommunications.com; websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively; and on the website of NSDL at https://www.evoting.nsdl.com



**9. Book Closure and Dividend:**

The Company has fixed Friday, August 21, 2020 as the 'Record Date' for determining entitlement of Members to final dividend for the financial year ended March 31, 2020, if approved at the AGM. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, August 22, 2020 to Friday, August 28, 2020 (both days inclusive) for the purpose of payment of the dividend for the financial year ended March 31, 2020 and the AGM. The dividend of ₹4.00 per equity share of ₹10 each (40%), if declared at the AGM, will be paid subject to deduction of tax at source ('TDS') on or after Saturday, August 29, 2020 as under:

- a. to all Beneficial Owners in respect of shares held in electronic form as per the data as made available by the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') as of the close of business hours on Friday, August 21, 2020.
- b. to all Members in respect of shares held in physical form whose names appear on the Company's Register of Members after giving effect to all valid transmission or transposition requests lodged with the Company or the Registrar & Transfer Agent ('R&T Agent') as of the close of business hours on Friday, August 21, 2020.

10. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Shareholders w.e.f. April 1, 2020 and the Company is required to deduct TDS from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their Depository Participants ('DPs') or in case shares are held in physical form, with the Company / R&T Agent by sending documents through email by 11:59 p.m. IST on Friday, August 14, 2020. For the detailed process, please visit the Company's website at [www.tatacommunications.com/investors](http://www.tatacommunications.com/investors).

11. Further, in order to receive the dividend in a timely manner, Members holding shares in physical form who have not updated their mandate for receiving the dividends directly in their bank accounts through Electronic Clearing Service or any other means are requested to send a scanned copy of the following details/documents at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) latest by Friday, August 14, 2020:

- a. A signed request letter mentioning your name, folio number, complete address and following details relating to bank account in which the dividend is to be received:
  - i. Name and Branch of Bank and Bank Account type;
  - ii. Bank Account Number & Type allotted by your bank after implementation of Core Banking Solutions;
  - iii. 11-digit IFSC Code;
- b. Self-attested scanned copy of cancelled cheque bearing the name of the Member or first holder, in case shares are held jointly;
- c. Self-attested scanned copy of the PAN Card; and
- d. Self-attested scanned copy of any document (such as AADHAR Card, Driving License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company.

Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the Company will be considered for remittance of dividend as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for change/addition/deletion in such bank details. Accordingly, the Members holding shares in demat form are requested to update their Electronic Bank Mandate with their respective Depository Participants.

Further, please note that instructions, if any, already given by Members in respect of shares held in physical form, will not be automatically applicable to the dividend paid on shares held in electronic form.

12. For the Members who are unable to receive the dividend directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/Bankers' cheque/ demand draft to such Members, upon normalisation of postal services and other activities.
13. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialised form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated

with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialised form. Members can contact the Company or Company's R&T Agent - TSR Darashaw Consultants Private Limited ('TSRDCPL') for assistance in this regard.

14. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF'). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. In view of this, Members/ Claimants are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority, in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to the Corporate Governance Report which is a part of this Annual Report.

15. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held in electronic form and to TSRDCPL in case the shares are held in physical form quoting their folio number. Further, Members may note that SEBI has mandated the submission of PAN by every participant in securities market.

16. As per the provisions of Section 72 of the Act, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to cancel the earlier nomination and record a fresh nomination, he may submit the same in Form SH-14. The said forms can be downloaded from the website of TSRDCPL - [www.tsrdarashaw.com](http://www.tsrdarashaw.com). Members are requested to submit the said form to their DP in case the shares are held in electronic form and to TSRDCPL in case the shares are held in physical form quoting their folio number.

17. The format of the Register of Members prescribed by the MCA under the Act requires the Company/

Registrar and Share Transfer Agents to record additional details of Members, including their PAN details, e-mail address, bank details for payment of dividend etc. A form for capturing additional details is available on the Company's website under the section 'Investor Relations' as also attached to this Annual Report. Members holding shares in physical form are requested to submit the filled in form to the Company at [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com) or to TSRDCPL in physical mode, after restoring normalcy or in electronic mode at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com), as per instructions mentioned in the form. Members holding shares in electronic form are requested to submit the details to their respective DP only and not to the Company or TSRDCPL.

18. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or TSRDCPL, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

19. During the AGM, Members may access the electronic copy of Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act, upon login to NSDL e-Voting system at <https://www.evoting.nsdl.com>.

20. Members seeking any information with regard to the accounts or any other matter to be placed at the AGM or who wish to inspect the relevant documents referred to in this Notice, are requested to write to the Company on or before August 21, 2020 through email on [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com) mentioning their DP ID & Client ID/Physical Folio Number. The same will be replied by the Company suitably.

21. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

22. To support the 'Green Initiative', Members who have not yet registered their email addresses are

requested to register the same with their DPs in case the shares are held by them in electronic form and with TSRDCPL in case the shares are held by them in physical form.

**23. Process for registering email addresses to receive this Notice of AGM and Annual Report electronically and cast votes electronically:**

- i. **Registration of email addresses with TSRDCPL:** The Company has made special arrangements with TSRDCPL for registration of e-mail addresses of those Members (holding shares either in electronic or physical form) who wish to receive this Notice electronically and cast votes electronically. Eligible Members whose e-mail addresses are not registered with the Company/ DPs are required to provide the same to TSRDCPL on or before 5:00 p.m. IST on Friday, August 14, 2020.

Process to be followed for registration of e-mail address is as follows:

- Visit the link <https://green.tsrdarashaw.com/green/events/login/vq>
- Select the company name viz. Tata Communications Limited.
- Enter the DP ID & Client ID / Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member to enter one of the share certificate numbers.  
(If PAN details are not available in the system, the system will prompt the Member to upload a self-attested copy of the PAN card for updation and authentication.)
- Enter your e-mail address and mobile number
- The system will then confirm the e-mail address for receiving this AGM Notice.

After successful submission of the e-mail address, NSDL will e-mail a copy of this AGM Notice and Annual Report for FY 2019-20 along with the e-voting User ID and password. In case of any queries, Members may write to [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

- ii. **Registration of e-mail address permanently with Company/DP:** Members are requested to register the same with their concerned DPs, in respect of electronic holding and with TSRDCPL, in respect of physical holding, by writing to them at [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com). Further, those Members who have already registered

their e-mail addresses are requested to keep their e-mail addresses validated/updated with their DPs / TSRDCPL to enable servicing of notices / documents / Annual Reports and other communications electronically to their e-mail address in future.

- iii. Alternatively, those Shareholders who have not registered their email addresses are required to send an email request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) along with the following documents for procuring user id and password and registration of e-mail ids for e-voting for the resolutions set out in this Notice:

- In case shares are held in physical mode, please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card.
- In case shares are held in demat mode, please provide DP ID-Client ID (8 digit DP ID + 8 digit Client ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, self-attested scanned copy of PAN card, self-attested scanned copy of Aadhar Card.

24. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI Listing Regulations (as amended), and the MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with NSDL for facilitating voting through electronic means, as the authorised agency. The facility of casting votes by a member using remote e-voting system as well as remote e-voting during the AGM will be provided by NSDL.

25. The remote e-voting period commences on Tuesday, August 25, 2020 (9:00 a.m. IST) and ends on Thursday, August 27, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialised form, as on Friday, August 21, 2020 i.e. cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he / she shall not be allowed to change it subsequently or cast vote again. Those Members, who will be attending the AGM through VC

/ OAVM and have not cast their vote through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through the e-voting system during the AGM. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date.

26. Members will be provided with the facility for voting through electronic voting system during the video conferencing proceedings at the AGM and Members participating at the AGM, who have not already cast their vote by remote e-voting, will be eligible to exercise their right to vote during such proceedings of the AGM. Members who have cast their vote by remote e-voting prior to the AGM will also be eligible to participate at the AGM but shall not be entitled to cast their vote again on such resolution(s) for which the member has already cast the vote through remote e-voting.
27. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting before the AGM as well as e-voting during the AGM. Any person who acquires shares of the Company and becomes a Member of the Company after the dispatch of the Notice and holding shares as on the cut-off date may obtain the User ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
28. The Chairperson shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting, by use of e-voting system for all those Members who are present during the AGM through VC / OAVM but have not cast their votes by availing the remote e-voting facility. The e-voting module shall be disabled by NSDL for voting 15 minutes after the conclusion of the AGM.
29. The Scrutinizer shall, immediately after the conclusion of voting at the Meeting, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by the Chairperson in writing, who shall countersign the same.
30. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.tatacommunications.com](http://www.tatacommunications.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after

declaration. The Company shall simultaneously forward the results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

31. Instructions for attending the AGM through VC / OAVM and remote e-voting (before and during the AGM) are given below.

**A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM**

- Members will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system and they may access the same at <https://www.evoting.nsdl.com> under the Shareholders/ members login by using the remote e-voting credentials, where the EVEN of the Company will be displayed. On clicking this link, the Members will be able to attend and participate in the proceedings of the AGM through a live webcast of the meeting and submit votes on announcement by the Chairperson. Please note that Members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the Notice to avoid last minute rush. Further, Members may also use the OTP based login for logging into the e-voting system of NSDL.
- Members may join the Meeting through Laptops, Smartphones, Tablets and iPads for better experience. Further, Members will be required to use Internet with a good speed to avoid any disturbance during the Meeting. Members will need the latest version of Chrome, Safari, Internet Explorer 11, MS Edge or Firefox. Please note that participants connecting from Mobile Devices or Tablets or through Laptops connecting via mobile hotspot may experience Audio / Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any glitches.
- Members are encouraged to submit their questions in advance with regard to the financial statements or any other matter to be placed at the 34<sup>th</sup> AGM, from their registered email address, mentioning their name, DP



ID and Client ID number / folio number and mobile number, to reach the Company's email address at investor.relations@tatacommunications.com before 5.00 p.m. (IST) on Monday, August 24, 2020. Queries that remain unanswered at the AGM will be appropriately responded by the Company at the earliest post the conclusion of the AGM.

- iv. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending a request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number at investor.relations@tatacommunications.com between Thursday, August 20, 2020 (9:00 a.m. IST) to Monday, August 24, 2020 (5:00 p.m. IST). Only those Members who have registered themselves as a speaker will be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
- v. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800-222-990 or contact Mr. Amit Vishal at amitv@nsdl.co.in/ 022-24994360/ +91 9920264780 or Mr. Sagar Ghosalkar at sagar.ghosalkar@nsdl.co.in/ 022-24994553/ +91 9326781467.

## B. INSTRUCTIONS FOR VOTING THROUGH ELECTRONIC MEANS BEFORE / DURING THE AGM

The Board of Directors has appointed Mr. P.N. Parikh (Membership No. FCS 327) and failing him Mr. Mitesh Dhabliwala (Membership No. FCS 8331) of M/s. Parikh & Associates, Practising Company Secretaries, as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

### • INSTRUCTIONS FOR REMOTE E-VOTING BEFORE THE AGM ARE AS UNDER:

The way to vote electronically on NSDL e-Voting system consists of 'Two Steps' which are mentioned below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

### Details on Step 1 are mentioned below:

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a personal computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:  |
|--|---|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID<br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.             |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID<br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.  |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the Applicant Company<br>For example if folio number is 001*** and EVEN is 113255 then user ID is 113255001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?

- i. If your email ID is registered in your demat account or with the Applicant Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
- ii. In case you have not registered your email address with the Company / Depository, please follow the instructions mentioned below in this Notice

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a. Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b. **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

### Details on Step 2 is given below:

#### How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see the "EVEN" for all companies in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### • INSTRUCTIONS FOR E-VOTING DURING THE AGM ARE AS UNDER:

- i. The procedure for remote e-Voting during the AGM is same as the instructions mentioned above for remote e-voting since the Meeting is being held through VC / OAVM.
- ii. Only those Members/ Shareholders, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the

Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system in the AGM.

#### General Guidelines for Members:

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by e-mail to cs@parikhassociates.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or

"Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.co.in.

By Order of the Board of Directors

**Manish Sansi**  
Company Secretary  
ACS-10985

New Delhi, June 13, 2020

#### Registered Office:

VSB, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.  
CIN: L64200MH1986PLC039266  
Email address: investor.relations@tatacommunications.com  
Website: www.tatacommunications.com

## Explanatory Statement

**Pursuant to Section 102(1) of the Companies Act, 2013 ('Act') the following Explanatory Statement sets out material facts relating to business mentioned under Item Nos. 5 to 9 of the accompanying Notice.**

### In respect of Item No. 5

This statement is provided though strictly not required as per Section 102 of the Act.

At the 31<sup>st</sup> Annual General Meeting of the Company held on June 27, 2017, the members had appointed M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No.101049W / E300004) as the statutory auditors of the Company to hold office from the conclusion of the 31<sup>st</sup> Annual General Meeting till the conclusion of the 36<sup>th</sup> Annual General Meeting to be held in the year 2022, subject to ratification by Members at every AGM.

In view of the above, and M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, being eligible for re-appointment, it is proposed that the Members may ratify the appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors from the conclusion of this AGM till the conclusion of the next AGM.

The Board recommends the Resolution at Item No. 5 for approval by the Members.

None of the Directors and Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No. 5 of the accompanying Notice.

### In respect of Item No. 6

At the Annual General Meeting held on September 29, 2015, the members of the Company had approved the appointment of Ms. Renuka Ramnath (DIN:00147182) as an Independent Director of the Company to hold office for a period of five years commencing with effect from 8 December 2014 till 7 December 2019.

As per the provisions of Section 149 of the Companies Act, 2013, an Independent Director can be re-appointed with the approval of shareholders by a special resolution and may hold office for a maximum of two consecutive terms of up to five years each.

Based on the recommendation of the Nomination & Remuneration Committee and keeping in view the contribution of Ms. Ramnath to the Company, the Board of Directors approved the re-appointment of

Ms. Ramnath as an Independent Director of the Company for a second term of five years commencing from 8 December 2019 up to 7 December 2024, subject to approval of the members.

The Company has received a declaration from Ms. Ramnath that, she is not disqualified from being re-appointed as an Independent Director in terms of Section 164 of the Act, and that she meets the criteria for independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and her consent to be re-appointed as an Independent Director. In terms of Regulation 25(8) of SEBI Listing Regulations, Ms. Ramnath has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact her ability to discharge her duties as an Independent Director of the Company. She has further affirmed that she has completed requisite steps towards the inclusion of her name in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has received a notice in writing from a Member under Section 160(1) of the Act proposing Ms. Ramnath's candidature for the office of Director. The resolution set-forth in Item No. 6 seeks the approval of members in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and Rules made thereunder, for re-appointment of Ms. Ramnath as an Independent Director of the Company for a second term of five years commencing from 8 December 2019 up to 7 December 2024.

Based on the performance evaluation of the Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, given her background, integrity, experience and contribution, the Board is of the opinion that Ms. Ramnath's continued association would be of immense benefit to the Company and it is therefore desirable to continue her appointment as an Independent Director. In the opinion of the Board, Ms. Ramnath fulfills the conditions for her re-appointment as an Independent Director as specified in the Act and the SEBI Listing Regulations and is independent of the management. A copy of the draft



letter of appointment of Ms. Renuka Ramnath, setting out the terms and conditions is available for inspection by the members. Members who wish to inspect the same may write to the Company Secretary at investor.relations@tatacommunications.com.

If re-appointed, Ms. Ramnath will act as a Non-Executive Independent Director whose office shall not be liable to retire by rotation.

Keeping in view Ms. Ramnath's experience and contributions to the Company, her re-appointment as an Independent Director is recommended.

The Board recommends the Resolution at Item No. 6 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives except Ms. Ramnath is concerned or interested in the Resolution at Item No. 6 of the accompanying Notice.

#### Brief profile of Ms. Ramnath is given below:

Ms. Ramnath is the Founder, Managing Director and CEO of Multiples Alternate Asset Management, a private equity manager and advisor to funds of ~ \$1.6 bn. She has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. Ms. Ramnath started her career with the ICICI Group and had leadership roles in investment banking, structured finance and e-commerce. She led ICICI Venture as the MD & CEO to become one of the largest private equity funds in India. One of the most experienced private equity fund managers in India, Ms. Ramnath has a full cycle track record of investing capital raised from global Institutions. She is a Board member of EMPEA, the global industry association for private capital in emerging markets. She is also the Chairperson of the Executive Committee of Indian Venture Capital Association. She is a recent winner of the IVCJ Special Achievement Award.

Ms. Ramnath has obtained a graduate degree in textile engineering from V.J. Technological Institute ('VJTI'), University of Mumbai and a post graduate degree in management studies from University of Mumbai. She has also completed the Advanced Management Program from the Graduate School of Business Administration, Harvard University.

#### In respect of Item No. 7

The Nomination and Remuneration Committee (NRC), at its meeting held on 30 July 2019, after due deliberations had recommended to the Board, the name of Mr. Amur

Swaminathan Lakshminarayanan (DIN: 08616830) for appointment as Managing Director and Chief Executive Officer (MD & CEO) of the Company. Based on the NRC's recommendation, the Board of Directors, at its meeting held on 30 July 2019, had appointed Mr. Lakshminarayanan as the MD & CEO - Designate subject to receipt of necessary regulatory approval. Thereafter, in accordance with the terms of its TV uplinking license, the Company had applied to the Ministry of Information and Broadcasting ('MIB') for obtaining its permission for the said appointment.

The Company vide letter dated 22 November 2019, received the approval from MIB for appointment of Mr. Lakshminarayanan as MD & CEO. The Company had also received the necessary consent and declarations from Mr. Lakshminarayanan confirming his eligibility to be appointed as the MD & CEO of the Company. The NRC, at its meeting held on 26 November 2019, recommended the appointment of Mr. Lakshminarayanan as MD & CEO.

Based on the afore-mentioned recommendation and approvals, the Board of Directors at its meeting held on November 26, 2019 approved the appointment of Mr. Amur Swaminathan Lakshminarayanan (DIN: 08616830) as the Managing Director and Chief Executive Officer of the Company for a period of five years commencing from the date of the Board Meeting i.e. November 26, 2019, subject to approval of the Members and other applicable regulatory approval from the Government of India and all other statutory authorities. The approval of Government of India is required since at the time of his appointment, Mr. Lakshminarayanan was not a resident of India as prescribed under Schedule V of the Companies Act, 2013 and as per Part I of Schedule V of the Companies Act 2013, his appointment is subject to approval of the Central Government.

Extracts of the key terms and conditions of appointment, including remuneration, forming part of the agreement executed with Mr. Lakshminarayanan for his appointment as MD & CEO are given as below and the same may also be read and treated as disclosure in compliance with the requirements of the Companies Act, 2013:

#### A. Term and Termination

1. Subject as hereinafter provided, this Agreement is effective from 26<sup>th</sup> November 2019 and shall remain in force up to five years, till 25<sup>th</sup> November 2024 unless terminated earlier.
2. This appointment may be terminated earlier, without any cause, by either Party by giving to the other Party six months' notice of such

termination or the Company paying six months' remuneration which shall be limited to provision of Salary, Benefits, Perquisites, Allowances and any pro-rated Incentive Remuneration (paid at the discretion of the Board), in lieu of such notice.

#### B. Duties & Powers

1. The MD&CEO shall devote his whole time and attention to the business of the Company and perform such duties as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to the superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of one or more of its associated companies and / or subsidiaries, including performing duties as assigned by the Board from time to time by serving on the boards of such associated companies and / or subsidiaries or any other executive body or any committee of such a company.

#### C. Remuneration

1. So long as the MD&CEO performs his duties and conforms to the terms and conditions contained in this Appointment, he shall, subject to such approvals as may be required, be entitled to the following remuneration, subject to deduction at source of all applicable taxes in accordance with the laws for the time being in force:

a) Basic Salary: ₹ 18.67 Lacs per month

b) Benefits, Perquisites, Allowances as follows:

- Rent-free residential accommodation (furnished or otherwise) the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for company provided accommodation

OR

- House Rent Allowance aggregating 50% of the basic salary (in case residential accommodation is not provided by the Company) and Utilities allowance (incl. maintenance) aggregating 35% of the basic salary
- Hospitalisation, Transport, Telecommunication and other facilities:

- o Health Insurance coverage for self, spouse and dependent (minor) children as per policy;
- o Car, with driver provided, maintained by the Company for official and personal use

- o Telecommunication facilities including broadband, internet and mobile.

- Other perquisites and allowances (flexible component) with an option to choose from the components given below, as per your requirement subject to a maximum of 26.21% of the basic salary, comprising of the following:

- o Children's Education & Hostel expenses

- o Leave Travel Assistance

- o Special Residual Allowance (SRA): Any amount lying unallocated from the flexible allowance after distribution across the components specified above will be paid as Special Residual Allowance

- Contribution to Provident Fund and Gratuity Fund as per the Rules of the Company.

- Membership and joining fees for one club.

- c) **Incentive Remuneration:** Such Incentive Remuneration at a target value of ₹3,00,00,000 to be paid annually at the discretion of the Board, based on certain performance criteria and such other parameters as may be considered appropriate from time to time.

- d) **Long term Incentive:** With the objective of achieving long term value creation through retention and continuity of the leadership, it is intended that a long term incentive plan would be made available as per the LTIP Plan applicable in the Company. The Target Incentive under the LTIP that covers the period FY20, FY21 and FY22 is intended to be ₹4,75,00,000. As per the terms of the Plan, the payment would be made in one tranche on June 30, 2022 after the Plan matures. This incentive would be payable subject to the achievement of certain performance criteria and such other parameters as may

be considered appropriate from time to time by the Board. No amount would be payable if termination of the agreement is initiated by the MD&CEO prior to completion of the Term.

- e) **Relocation expenses:** An amount not exceeding ₹1.20 crore.
2. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the MD&CEO, the Company has no profits or its profits are inadequate, the Company will pay to the MD&CEO remuneration by way of salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.
3. Insurance: The Company shall keep and maintain the following insurance policies as per Company's rules and policy, which are currently as follows:
- Directors and Officers Liability Insurance Policies
  - Accident Insurance Policy
  - Life Insurance Policy.

#### D. Other Terms

##### 1. Variation

The terms and conditions of the appointment of the MD&CEO may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard in such manner as may be agreed to between the Board and the MD&CEO, subject to such approvals as may be required.

##### 2. Tata Code of Conduct

The provisions of the Tata Code of Conduct shall be deemed to have been incorporated by reference. The MD&CEO shall during his term, abide by the provisions of the Tata Code of Conduct in spirit and in letter and commit to assure its implementation.

##### 3. Summary termination of employment

The employment of the MD&CEO may be terminated by the Company without notice:

- if the MD&CEO is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of

the Company or any subsidiary or associated company to which he is required by the Appointment to render services;

or

- in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the MD&CEO of any of the stipulations contained in the Appointment.

##### 4. Termination due to physical/ mental incapacity

In the event the MD&CEO is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate this appointment on such terms as the Board may consider appropriate in the circumstances.

##### 5. Resignation from directorships

Upon the termination by whatever means of his employment under the Appointment:

- the MD&CEO shall immediately cease to hold offices held by him in any holding company, subsidiaries or associate companies by virtue of Section 167 (1)(h) of the Act, without claim for compensation for loss of office.
- the MD&CEO shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiaries and associated companies.

##### 6. Appointment co-terminus with employment/ directorship

If and when this Appointment expires or is terminated for any reason whatsoever, Mr. Lakshminarayanan will cease to be the MD&CEO and also cease to be a Director.

##### 7. Personnel Policies

All Personnel Policies of the Company and the related Rules which are applicable to other employees of the Company shall also be applicable to the MD&CEO, unless specifically provided otherwise.

The terms and conditions of appointment of the MD & CEO also *inter alia* include clauses pertaining to no conflict of interest with the Company, protection and use of intellectual properties

and maintenance of confidentiality. Members who wish to inspect the agreement executed between the Company and MD & CEO, setting out the terms and conditions of his appointment may write to the Company Secretary at investor.relations@tatacommunications.com.

Details of remuneration paid /drawn by Mr. Lakshminarayanan for the financial year 2019-20 are given in the Corporate Governance Report, which is part of this Annual Report. Further details of Mr. Lakshminarayanan have been given in the Annexure to this Notice.

Mr. Lakshminarayanan is not disqualified from being a Director in terms of Section 164 of the Act. In compliance with the provisions of Sections 196 and 197 and other applicable provisions of the Act, read with Schedule V to the Act, the terms of appointment and remuneration of Mr. Lakshminarayanan as specified above, are placed before the Members for their approval.

The Board recommends the Resolution at Item No. 7 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or their respective relatives except Mr. Lakshminarayanan is concerned or interested in the Resolution at Item No. 7 of the accompanying Notice.

Brief profile of Mr. Lakshminarayanan is given below:

Mr. Lakshminarayanan has over 35 years of experience in a broad range of leadership roles across regions and industries. Through the course of his career, he has managed and developed scalable businesses, with deep understanding of the global technology market and enterprises' growing digital needs.

Prior to joining Tata Communications, Mr. Lakshminarayanan was President and CEO of Tata Consultancy Services Japan, Ltd. where he was in charge of accelerating the company's market opportunity and developing the brand in the region.

Other leadership positions within TCS also include: Global Head of four P&L units (Telecom, Media & Information Services, HiTech and Utilities) that grew to contribute a combined revenue of over \$2.4b under his leadership.

He had also held the position of Head of UK & Europe where he brought significant growth of the business, resulting in it being recognised as a major IT player locally in the market.

Mr. Lakshminarayanan has worked in USA, Hong Kong, Australia, UK, Japan and India. He holds a Degree in Mechanical Engineering from BITS, Pilani and is an alumnus of London Business School. He is also a long-standing member of IEEE.

#### In respect of Item No. 8

The Company is required under the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of its cost records conducted by a Cost Accountant. Further, in accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Members of the Company.

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Ms. Ketki D. Visariya, Cost Accountant, (Membership No: 16028) as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021. Accordingly, under the authority from the Board of Directors, the remuneration of the Cost Auditor was fixed at ₹6 lakhs plus applicable taxes and out of pocket expenses on actual basis capped at 3% of the remuneration.

Accordingly, consent of the Members is sought by way of an Ordinary Resolution as set out at Item No. 8 of the accompanying Notice for ratification of the remuneration amounting to ₹6 lakhs plus applicable taxes and out of pocket expenses on actual basis capped at 3% of the remuneration, payable to the Cost Auditor for the financial year ending March 31, 2021.

The Board recommends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the members.

None of the Directors and Key Managerial Personnel (KMP) or their respective relatives are concerned or interested in the Resolution at Item No. 8 of the accompanying Notice.

#### In respect of Item No. 9

At the Annual General Meeting of the Company held on September 29, 2015, the Members had approved the



payment of commission to the Directors of the Company [other than the Managing Director and Whole-time Director(s)] not exceeding 1% (one percent) per annum of the net profits of the Company for each year of a period of five years commencing from April 1, 2015.

According to Section 197 of the Companies Act, 2013 the approval of the Members is required for the payment of commission to the non-executive directors (director other than Managing Director and Whole-time Directors) up to 1% (one percent) or 3% (three percent) as the case may be, of the Net profits of the Company.

Further, as per the provisions of Clause 17(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all fees/ compensation (except sitting fees), if any, paid to the non-executive directors including independent directors shall be recommended by the Board of Directors and shall require approval of the shareholders at a General Meeting.

Accordingly, it is proposed to seek fresh approval of the Members of the Company by way of an Ordinary Resolution as required under Section 197 of the Companies Act, 2013 and also under the SEBI Listing Regulations for payment of commission for a period commencing from April 1, 2020, at the rate not exceeding 1% (one percent) or 3% (three percent) as the case may be, of the net profits of the Company for each financial year computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of

the Directors in accordance with the directions given by the Board (which includes any committee thereof). The above remuneration shall be over and above the sitting fees paid to the Directors for attending the meeting of the Board and/or Committees thereof.

The Board recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval of the members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except the Non-Executive Directors of the Company to the extent of remuneration that may be received by such directors, is concerned or interested in the Resolution mentioned at Item No.9 of the Notice.

By Order of the Board of Directors

**Manish Sansi**  
Company Secretary  
ACS-10985

New Delhi, June 13, 2020

**Registered Office:**

VSB, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.  
CIN: L64200MH1986PLC039266  
Email address: investor.relations@tatacommunications.com  
Website: www.tatacommunications.com

### Details of Directors Seeking Appointment / Re-Appointment at the 34<sup>th</sup> Annual General Meeting

| Particulars   | Dr. Maruthi Prasad Tangirala                              | Ms. Renuka Ramnath  | Mr. Amur Swaminathan Lakshminarayanan  |
|---|---|---|--|
| Date of Birth   | July 25, 1965   | September 14, 1961  | April 13, 1961   |
| Age   | 54  | 58  | 59   |
| DIN   | 03609968  | 00147182  | 08616830   |
| Date of Appointment   | March 5, 2019   | December 8, 2019  | November 26, 2019  |
| Qualifications  | Bachelor's Degree in Civil Engineering, PGDM, MPhil, Ph.D | Bachelor of Engineering from VJTI, University of Mumbai, MBA from the University of Mumbai, Advanced Management Program, the International Senior Managers Program from the Graduate School of Business Administration, Harvard University.         | Degree in Mechanical Engineering from BITS, Pilani, Alumnus of London Business School.     |
| Expertise in specific functional area   | Revenue assurance, Law, Governance and Civil Engineering  | Over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance.  | Deep understanding of the global technology market and enterprises' growing digital needs. |
| Directorships held in other public companies (excluding foreign companies, private companies and Section 8 companies)   | Nil   | <ul style="list-style-type: none"> <li>• Arvind Limited</li> <li>• PVR Limited</li> <li>• Vastu Housing Finance Corporation Limited.</li> <li>• TV18 Broadcast Limited</li> <li>• Institutional Investor Advisory Services India Limited</li> </ul> | NIL  |
| Memberships/ Chairmanships of committees in other public companies (includes Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee and Stakeholders' Relationship Committee) | Nil   | Nomination and Remuneration Committee: <ul style="list-style-type: none"> <li>• Arvind Limited (Member)</li> <li>• PVR Limited (Member)</li> </ul>  | Nil  |
| Shareholding in Tata Communications Limited   | Nil   | Nil   | Nil  |

Notes:

- Other details such as number of meetings of the board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel are provided in the Corporate Governance Report.

## BOARD'S REPORT

To the Members,

The Directors present the 34<sup>th</sup> Annual Report of Tata Communications Limited (the 'Company') along with the audited financial statements for the financial year ended March 31, 2020. The Company along with its subsidiaries wherever required is referred as 'we', 'us', 'our', or 'Tata Communications'. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

### PERFORMANCE

The table below sets forth the key financial parameters of the Company's performance during the year under review: (₹ in crores)

| Particulars  | Standalone      |                 | Consolidated     |                  |
|--|-----------------|-----------------|------------------|------------------|
|  | 2019-20         | 2018-19         | 2019-20          | 2018-19          |
| Income from operations   | 5,750.33        | 5,389.13        | 17,067.99        | 16,524.95        |
| Other income   | 180.27          | 92.23           | 69.68            | 60.26            |
| <b>Total revenue</b>   | <b>5,930.60</b> | <b>5,481.36</b> | <b>17,137.67</b> | <b>16,585.21</b> |
| <b>Expenses</b>  |                 |                 |                  |                  |
| Network and transmission expenses  | 1,842.35        | 2,183.66        | 6,777.56         | 7,162.04         |
| Employee benefits expenses   | 998.83          | 921.25          | 3,039.14         | 2,959.66         |
| Operating Expenditure  | 1,337.09        | 1,058.25        | 3,962.34         | 3,658.40         |
| Depreciation and amortisation expenses   | 977.44          | 890.88          | 2,357.72         | 2,067.60         |
| Total expenses   | 5,155.71        | 5,054.04        | 16,136.76        | 15,847.70        |
| Profit from ordinary activities before finance cost, exceptional items and tax | 774.89          | 427.32          | 1,000.91         | 737.51           |
| Finance Cost   | 55.19           | 36.12           | 470.74           | 396.55           |
| <b>Profit from ordinary activities before exceptional items and tax</b>        | <b>719.70</b>   | <b>391.20</b>   | <b>530.17</b>    | <b>340.96</b>    |
| Exceptional items  | (346.15)        | (666.97)        | (390.51)         | 2.24             |
| <b>Profit before tax (PBT)</b>   | <b>373.55</b>   | <b>(275.77)</b> | <b>139.66</b>    | <b>343.20</b>    |
| Tax expense/(benefit)  |                 |                 |                  |                  |
| Current tax  | 238.48          | 223.83          | 334.18           | 332.67           |
| Deferred tax   | (73.71)         | (57.28)         | (107.51)         | (59.35)          |
| <b>Profit / (Loss) before share in profit/(loss) of associates</b>             | <b>208.78</b>   | <b>(442.32)</b> | <b>(87.01)</b>   | <b>69.88</b>     |
| <b>Share in profit/(loss) of associates</b>                                    |                 |                 | <b>2.18</b>      | <b>(150.31)</b>  |
| <b>Profit/(Loss) for the period</b>  |                 |                 | <b>(84.83)</b>   | <b>(80.43)</b>   |
| <b>Attributable to:</b>  |                 |                 |                  |                  |
| Shareholders of the Company  |                 |                 | <b>(85.96)</b>   | <b>(82.37)</b>   |
| Non-Controlling Interest   |                 |                 | 1.13             | 1.94             |

### Covid-19

The outbreak of Novel Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. Tata Communications has been closely monitoring the COVID-19 situation, with the safety of our employees and business continuity for our customers and partners our top priority. We regularly communicate best practice advisories, and have put in place precautionary measures to protect our employees

and ensure business continuity for us and our customers including:

- The implementation of work from home for all employees globally, with the exception of some essential roles that need to be conducted from an office or on location for critical network maintenance. In these cases, all necessary arrangements have been made to ensure their safety and protection.

- The cancellation of all business trips, meetings and events, which will be carried out virtually instead.

Employees have taken this in their stride, since collaboration with remote colleagues was already the norm in our business – our teams are quite comfortable leveraging chat, voice, video and collaboration tools to get their jobs done.

The situation continues to evolve at pace and as governments around the world implement measures to contain this public health crisis, we continue to work through our preparedness on the variety of scenarios as part of our business continuity plans. We will continue to monitor the situation closely, taking into account local government mandates and decisions, and have planned for a range of outcomes as the situation continues to evolve.

As part of our business continuity planning and preparation, Tata Communications has deployed a taskforce – overseen by our Global Management Committee that is led by our CEO – to continuously assess the Covid-19 situation. We have a clear command and control matrix, covering all functions, with needed backup and resiliency. This Global Emergency Response team is also in continuous interaction with national governments and health authorities to ensure best practice in health and safety while maintaining business continuity.

As far as impact of the COVID-19 situation on the financial statements is concerned, the Company has considered internal and external information while finalising various estimates in relation to its financial statements up to the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely, and shall take actions as appropriate, based on any material changes in the future economic conditions.

### Dividend

The Board recommends a final dividend of ₹4.00 per fully paid Equity Share on 285,000,000 Equity Shares of face value ₹10/- each, for the financial year ended March 31, 2020.

The Board has recommended dividend based on the parameters laid down in the Dividend Distribution Policy.

The dividend on Equity Shares is subject to the approval of the Shareholders at the Annual General Meeting ('AGM') scheduled to be held on Friday, August 28, 2020.

The dividend, once approved by the Shareholders, will be paid, subject to deduction of tax at source, on or before Friday, September 4, 2020. If approved, the dividend would result in a cash outflow of ₹114 crore. The dividend on Equity Shares is 40% of the paid-up value of each share. The total dividend pay-out works out to 54.60% of the net profit for the standalone results.

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 22, 2020 to Friday, August 28, 2020 (both days inclusive) for the purpose of payment of the dividend for the Financial Year ended March 31, 2020 and the AGM.

### Transfer to reserves

The Board of Directors has decided to retain the entire amount of profit for Financial Year 2019-20 in the statement of profit and loss.

### Company's Performance

On a standalone basis, the revenue for FY 2019-20 was ₹5,750.33 crore, higher by 6.70 percent over the previous year's revenue of ₹5,389.13 crore. The profit after tax (PAT) attributable to shareholders for FY 2019-20 was ₹208.78 crore registering a growth of 147.20 percent over the Loss (after tax) of ₹442.32 crore for FY 2018-19.

On a consolidated basis, the revenue for FY 2019-20 was ₹17,067.99 crore, higher by 3.29 percent over the previous year's revenue of ₹16,524.95 crore. The PAT attributable to shareholders and non-controlling interests for FY 2019-20 and FY 2018-19 was negative ₹84.83 crore and negative ₹80.43 crore respectively.

### Subsidiary companies

As on March 31, 2020, the Company had 56 subsidiaries and three associate companies. There has been no material change in the nature of business of the subsidiaries.

On October 22, 2019, Tata Communications Services (Bermuda) Limited was redomiciled to Singapore under the name Tata Communications SVCS Pte. Ltd.

TC IOT Managed Solutions Limited which was incorporated as a wholly owned subsidiary of the Company on June 6, 2019 has made an application for voluntary strike off with Registrar of Companies on November 29, 2019.

On December 23, 2019, TCTS Senegal Limited was incorporated as a wholly owned subsidiary of Tata Communications Transformation Services Pte. Ltd.

STT Tai Seng Pte. Ltd. ceased to be an associate company with effect from June 13, 2019.



Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 ('Act'), a statement containing the salient features of financial statements of the Company's subsidiaries in Form AOC-1 is attached to the financial statements of the Company.

Further, pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited financial statements in respect of subsidiaries, are available on the website of the Company at [www.tatacommunications.com/investors/results](http://www.tatacommunications.com/investors/results).

#### Directors' Responsibility Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory, cost and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2019-20.

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, confirms that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures;
- ii. It has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii. It has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. It has prepared the annual accounts on a going concern basis;
- v. It has laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively;

- vi. It has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### Directors and Key Managerial Personnel

Mr. Amur S. Lakshminarayanan was appointed as the Managing Director and Chief Executive Officer of the Company with effect from November 26, 2019. A resolution seeking shareholders' approval for his appointment forms part of the Notice.

Dr. Maruthi Prasad Tangirala retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Ms. Renuka Ramnath was appointed as an independent director at the 29<sup>th</sup> Annual General Meeting ('AGM') held on Tuesday, September 29, 2015 for a period of five years. Based on the recommendation of the Nomination and Remuneration Committee, her re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the shareholders by way of a special resolution.

During the year under review, Mr. Vinod Kumar tendered his resignation as the Managing Director & CEO of the Company with effect from the close of business hours on July 5, 2019. The Board places on record its appreciation for his invaluable contribution and guidance.

Pursuant to the provisions of Section 149 of the Act, the independent directors have submitted declarations that each of them meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'). There has been no change in the circumstances affecting their status as independent directors of the Company. The Independent Directors have also affirmed that they have completed requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

None of the Company's directors are disqualified from being appointed as a director as specified in Section 164 of the Act. For details about the directors, please refer to the Corporate Governance Report.

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission, reimbursement of expenses incurred by them for the purpose of attending meetings of the Board / Committees of the Company and any other transactions as approved by the Audit Committee / Board which are disclosed under the Notes to Accounts.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2020 are: Mr. Amur S. Lakshminarayanan - Managing Director & Chief Executive Officer; Ms. Pratibha K. Advani - Chief Financial Officer and Mr. Manish Sansi - Company Secretary.

#### Number of Meetings of the Board

Nine Board meetings were held during the FY 2019-20. For details of meetings of the Board, please refer to the Corporate Governance Report, which is a part of this report.

#### Board evaluation

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act and SEBI Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The above criteria are based on the Guidance Note on Board Evaluation issued by the Securities and Exchange Board of India on January 5, 2017.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole was evaluated, taking into account the views of executive directors and non-executive directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the Board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

In the Board meeting that followed the meeting of the independent directors and meeting of the Nomination and Remuneration Committee, the performance of the Board, its committees, and individual directors was also discussed. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

#### Policy on Directors' Appointment and Remuneration and other Details

The Company's policy on directors' appointment and remuneration, and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which is a part of this report and is available on [www.tatacommunications.com/investors/governance](http://www.tatacommunications.com/investors/governance).

#### Internal Financial Control Systems and their Adequacy

The details in respect of internal financial controls and their adequacy are included in the Management Discussion and Analysis, which is a part of this report.

#### Audit Committee

The details including the composition of the Audit Committee, terms of reference, attendance etc. are included in the Corporate Governance Report, which is a part of this report.

#### Auditors

At the 31<sup>st</sup> AGM held on June 27, 2017 the Members approved appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the 36<sup>th</sup> AGM, subject to ratification of their appointment by Members at every AGM. Although the requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 7, 2018, a resolution proposing ratification of appointment of statutory auditors at the ensuing AGM has been included in the Notice for this AGM.

#### Statutory Auditor's Report

The statutory auditor's report does not contain any qualifications, reservations, or adverse remarks or disclaimers.

**Secretarial Auditor and Secretarial Audit Report**

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed a practising company secretary, Mr. U. C. Shukla, (FCS No. 2727/CP No. 1654), to undertake the Company's secretarial audit. The report of the Secretarial Auditor in Form MR-3 for the financial year ended March 31, 2020 is attached to this report. The Secretarial Audit Report contains the following observation:

*"During the year under review, the Company has complied with the provisions of the Act, Rules Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:*

*The Company has complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 except that the total strength of the Board was five from 5<sup>th</sup> July 2019 to 26<sup>th</sup> November, 2019."*

**Board's Comment:**

Subsequent to the resignation of Mr. Vinod Kumar – Managing Director and CEO w.e.f. July 5, 2019, the strength of the Board of Directors of the Company was 5, which fell below the prescribed requirement of 6 directors for top 1000 listed entities. The Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company immediately initiated the process of identifying a suitable successor to be appointed as the MD & CEO of the Company. After due process, at their respective meetings held on July 30, 2019, the NRC and the Board identified Mr. Amur S. Lakshminarayanan to take up the position of the MD & CEO of the Company. However, in terms of the permissions granted by the Ministry of Information & Broadcasting ('MIB') to setup Teleports at certain places, it was mandatory for the Company to adhere to the Policy Guidelines for Uplinking of Television Channels from India dated December 5, 2011. The said Policy Guidelines make it obligatory on the part of the Company to take prior permission from the MIB before effecting any change in the Chief Executive Officer / Board of Directors of the Company. Accordingly, immediately after the NRC and the Board of Directors identified Mr. Amur S. Lakshminarayanan to be appointed as the MD & CEO of the Company, an application was made to the MIB on August 2, 2019 for the above mentioned necessary regulatory approval.

The Company received approval of the MIB on November 22, 2019, upon receipt of which the Board of Directors,

promptly, appointed Mr. Amur S. Lakshminarayanan as the Managing Director and Chief Executive Officer of the Company with effect from November 26, 2019.

For the period between July 5, 2019 and November 26, 2019 the Company had 5 Directors, which was below the prescribed requirement of 6 directors for top 1000 listed entities. Thereafter, the composition of the Board of Directors was in compliance with the prescribed requirements under Regulation 17(1) of the SEBI Listing Regulations.

**Risk management**

The Board of Directors of the Company has formed a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Risk Management Committee is responsible for monitoring and reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of our risk management policy has been covered in the Management Discussion and Analysis, which forms part of this report.

**Particulars of loans, guarantees or investments under Section 186**

Your Company falls within the scope of the definition of 'infrastructure company' as provided by the Companies Act, 2013. Accordingly, the Company is exempt from the provisions of Section 186 of the Act with regards to loans, guarantees and investments.

**Related Party Transactions**

In line with the requirements of the Act and the SEBI Listing Regulations, the Company has formulated a Policy on Related Party Transactions and the same can be accessed on the Company's website at [www.tatacommunications.com/investors/governance](http://www.tatacommunications.com/investors/governance).

None of the transactions with related parties falls under the scope of Section 188(1) of the Act. There have been no materially significant related party transactions between the Company and the directors, the management, the subsidiaries or the relatives except for those disclosed in the financial statements. Accordingly, particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Act, along with the justification for entering into such a contract or arrangement in Form AOC-2, does not form part of the Board's Report.

**Corporate Social Responsibility**

The brief outline of the Corporate Social Responsibility ('CSR') policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in Annexure I of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR Policy is also available on the Company's website at [www.tatacommunications.com/investors/governance](http://www.tatacommunications.com/investors/governance).

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company and percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary for the financial year 2019-20:

| (₹ in crores)  |                               |  |
|--|-------------------------------|--|
| Non-Executive Directors  | Ratio to median remuneration* | % increase in remuneration in the financial year |
| <b>Non-Executive Directors</b>                                       |                               |  |
| Ms. Renuka Ramnath   | 6.86                          | 43.35  |
| Mr. N. Srinath <sup>1</sup>  | 2.64                          | 38.18  |
| Dr. Uday B. Desai  | 5.04                          | 59.20  |
| Dr. Rajesh Sharma <sup>2</sup>                                       | NA                            | NA   |
| Dr. Maruthi Prasad Tangirala <sup>2</sup>                            | NA                            | NA   |
| <b>Executive Directors</b>   |                               |  |
| Mr. Vinod Kumar <sup>3</sup> (up to July 5, 2019)                    | NA                            | NA   |
| Mr. Amur S. Lakshminarayanan <sup>3</sup> (w.e.f. November 26, 2019) | NA                            | NA   |
| <b>Chief Financial Officer</b>                                       |                               |  |
| Ms. Pratibha K. Advani   | -                             | 31.05  |
| <b>Company Secretary</b>   |                               |  |
| Mr. Manish Sansi   | -                             | 15.36  |

\* While calculating the ratio for non-executive directors, both commission and sitting fees paid have been considered.

1. In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full time employment with any other Tata company.

2. The Government directors have informed the Company that they shall not accept any sitting fees and commission as their directorships are considered to be part of their official duty.

3. Since the remuneration is only for part of the year, the ratio of their remuneration to median remuneration and percentage increase in remuneration is not comparable and hence, not stated.

- b. The percentage increase in the median remuneration of employees in the financial year:  
0.95%
- c. The number of permanent employees on the rolls of Company:  
5,654 employees as on March 31, 2020
- d. Average percentile increase already made in the salaries of employees, other than the managerial personnel in the last financial year, and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:  
During the course of the year, the total average increase was approximately 7.16% for employees based in India, after accounting for promotions and other event-based compensation revisions. The increase in the managerial remuneration for the year was 9%.
- e. Affirmation that the remuneration is as per the remuneration policy of the Company:



The Company affirms that the remuneration is as per the remuneration policy of the Company.

- f. The statement containing names of top ten employees in terms of remuneration drawn and the particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the Members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any Member interested in obtaining a copy of the same may write to the Company Secretary.

#### Disclosure Requirements

As per SEBI Listing Regulations, the Corporate Governance Report with the Auditors' Certificate thereon, and the Management Discussion and Analysis ('MDA') form part of this report.

As per Regulation 34 of the SEBI Listing Regulations, a Business Responsibility Report is a part of this Annual Report.

As per Regulation 43A of the SEBI Listing Regulations, the Dividend Distribution Policy is disclosed in the Corporate Governance Report and is uploaded on the Company's website at [www.tatacommunications.com/investors/governance](http://www.tatacommunications.com/investors/governance).

The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards issued by the Institute of Company Secretaries of India and such systems are adequate and operating effectively.

#### Deposits from the Public

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

#### Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo [Pursuant to Companies (Accounts) Rules, 2014]

The Company being in the telecommunications business, there is no material information on technology absorption to be furnished. The Company continues to adopt and use the latest technologies to improve the efficiency and effectiveness of its business operations.

#### Foreign exchange earnings and outgoings

For the purpose of Form 'C' under the Companies (Accounts) Rules 2014, foreign exchange earnings were equivalent to ₹554.33 crores and foreign exchange outgo was equivalent to ₹701.71 crores.

#### Human resources

Tata Communications offers a dynamic work environment where its employees benefit from working with other innovators from around the globe – driving meaningful change together, both for its customers and Tata Communications. We have a multicultural workforce representing more than 47 nationalities, of which women constitute 21.5%.

Tata Communications' compensation and employee benefit practices are designed to be competitive in the respective geographies where we operate. Employee relations continue to be harmonious at all our locations. FY 2019-20 ended with impressive learning statistics; 87,470 person-days of learning, a 5% increase on total person-days recorded in FY 2018-19. Through these trainings, over 5,000 employees completed certifications in various skills.

You can read more about our employee engagement and development programmes in the 'Human Capital' section of the MDA.

#### Disclosures pertaining to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Tata Communications has zero tolerance for sexual harassment and has adopted a charter on prevention, prohibition and redressal of sexual harassment in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and complied with all provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 including constitution of Internal Complaints Committee.

During the financial year 2019-20, the Company received two sexual harassment complaints. As on March 31, 2020, one complaint was disposed of with appropriate action and investigation was under progress for the second complaint.

#### Surplus land

As previously reported, the Company acquired its assets, including numerous parcels of land, in 1986 from the Government of India ('GoI') as the successor to the Overseas Communications Service. At the time of

disinvestment to Panatone Finvest Limited ('Panatone') in 2002, a total of 773.13 acres of land was identified as surplus under the terms of the Shareholders' Agreement and it was agreed that this surplus land would be demerged into a separate entity.

To accomplish the surplus land's demerger, Panatone incorporated Hemisphere Properties India Limited ('HPIL') in 2005-06 to hold the surplus land as and when it was demerged. In March 2014, the GoI acquired -51.12% of the shares in HPIL making it a Government owned company.

On March 5, 2018, the Company filed the scheme of arrangement and reconstruction for demerger of surplus land ('Scheme') with the National Company Law Tribunal, Mumbai Bench ('NCLT'). HPIL, being a Government Company, had filed the Scheme for approval with the Ministry of Corporate Affairs ('MCA') vide its application dated March 28, 2018.

The Scheme was approved by the NCLT on July 12, 2018 and by the MCA on August 5, 2019.

The effective date of demerger is August 7, 2019. The Record Date for determining the shareholders of the Company to whom the equity shares of HPIL were to be allotted pursuant to the Scheme was determined as September 18, 2019. The Board of Directors of HPIL, at its meeting held on February 18, 2020, approved the allotment of HPIL's shares to the shareholders of the Company on the Record Date in the ratio of 1 share of HPIL for every share of the Company. The listing procedure for shares allotted by HPIL is on-going.

## STATUTORY INFORMATION AND DISCLOSURES

#### Material Events After Balance-Sheet Date

On April 20, 2020, the Company, by way of private placement, has issued and allotted 5,250 (Five Thousand Two Hundred and Fifty only) Rated, Secured, Listed, Redeemable, Non-Convertible Debentures ('NCDs') at a nominal value of ₹1,000,000 (Indian Rupees Ten Lakhs only) each, aggregating up to ₹5,250,000,000 (Indian Rupees Five Hundred and Twenty Five crores only). The NCDs were rated AA+ by CARE Ratings Limited. The NCDs are listed on the Wholesale Debt Segment of the National Stock Exchange of India Limited.

Other than the aforesaid, there are no subsequent events between the end of the financial year and the date of this report which have a material impact on the financials of the Company.

#### Unsecured Non-Convertible Debentures issued in 2009 - Redeemed

During FY 2019-20, the Company redeemed the last tranche of the outstanding Unsecured Non-Convertible Debentures issued in 2009 worth ₹150 crores.

#### Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

#### Acknowledgment

The Directors thank the Company's employees, customers, vendors, investors and partners for their continuous support.

The Directors also thank the Government of India, Governments of various states in India, Governments of various countries and concerned Government departments and agencies for their co-operation.

The directors are also grateful to Tata Communications' other stakeholders and partners including our shareholders, promoters, bankers and others for their continued support.

The directors appreciate and value the contributions made by every member of the Tata Communications family.

On behalf of the Board of Directors,

**Renuka Ramnath**  
Chairperson  
DIN: 00147182

Mumbai, June 13, 2020

Registered Office:  
VSB, Mahatma Gandhi Road, Fort,  
Mumbai - 400 001  
CIN: L64200MH1986PLC039266  
Email address: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)  
Website: [www.tatacommunications.com](http://www.tatacommunications.com)

## Annexure I

## ANNUAL CSR REPORT 2019-20

### 1. A brief outline of the Company's CSR policy, including an overview of projects or programmes to be undertaken and a reference to the web-link to the CSR policy and projects or programmes:

#### A focused programme linked to UN SDGs

At Tata Communications, we believe that technology and global interconnectedness have great potential to accelerate human progress. The United Nations has recognised that Information and Communications Technology ('ICT') has the potential to accelerate the progress across all 17 Sustainable Development Goals ('SDGs'). We have therefore adopted the SDGs as an overarching framework for our CSR policy in conjunction with Schedule VII, section 135 of the Companies Act, 2013. Additionally, the CSR framework of the Tata Group and the organisational priorities inform the overall CSR approach.

Tata Communications' global CSR programme harnesses its expertise in digital enablement to address some of society's fundamental concerns in three priority areas - (1) Education (2) Employability and sustainable livelihoods (3) Healthcare. These, are further aligned to the five SDGs:

- SDG 3 - Ensure healthy lives and promote well-being for all at all ages
- SDG 4 - Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- SDG 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- SDG 10 - Reduce inequality within and among countries
- SDG 17 - Strengthen the means of implementation and revitalise the global partnership for sustainable development

#### Alignment with the Tata Group philosophy

CSR at Tata Communications derives inspiration from Tata Group's philosophy 'to improve the quality of life of the communities served globally through long-term stakeholder value creation based on leadership with trust'.

Our strategy and approach leverage core expertise, infrastructure and resources to create long-term shared value for communities, primarily the underserved such as Dalits and Tribals, as well as women, children and youth. In this context, Affirmative Action ('AA') is a value and key element of CSR. AA at Tata Communications is based on the philosophy of 'right thing to do' and situated within the 'Diversity and Inclusion' framework of the organisation. AA policy, which is in line with Tata Affirmative Action Programme ('TAAP') focusses on providing an equal footing for Dalits & Tribals ('D&T') by creating opportunities through education, employment, essential amenities and entrepreneurship. Almost 50% of the total CSR budget in FY 2019-20 was invested in AA initiatives.

#### Monitoring and Evaluation

In 2019-20, the Company collaborated with 12 NGO partners, two out of which received a new phase of funding in this financial year, two new projects were initiated in the financial year, two projects were funded from the previous financial year while funds for the other projects were released in FY 2019-20 as per their work plan. These are long-term partnerships and are helmed by organisations with domain expertise and a strong sense of ethics and integrity to deliver sustainable impact. Projects are reviewed by the Board's CSR Committee and leadership within a well-defined monitoring and evaluation framework. Tata Communications uses a cloud-based tool that enables partners to upload real-time data and geo-tag photographs, in addition to regular site visits to assess the progress of projects and extend support

to the partners. The Company also commissions third party impact assessments of projects that have reached a defined level of maturity, to identify gaps and measures for course correction.

The Company's CSR policy has been formalised per the requirements of the Companies Act, 2013. This policy provides that the corpus of funds allocated for CSR activities includes 2% of the average net profits of the preceding three years. Any surplus arising out of the CSR projects or programmes or activities does not form part of Tata Communications' business profits. Details of the CSR policy are available on the website of the Company at: [www.tatacommunications.com/investors/governance](http://www.tatacommunications.com/investors/governance)

#### Awards and Recognition

Tata Communications was cited by The Singapore Human Resources Institute for a 'Special Mention for

CSR' in July 2019. We were also recognised by Tata Business Excellence Group for 'TAAP Best Practice Award in Leadership and Education and won the DX Awards - CII-Tata Communications Centre for Digital Transformation for 'Innovative Practice in CSR' in December 2019. We were also awarded for 'Highest Per Capita (large company)' and for 'Most Unique Volunteering Activity' during Tata Volunteering Week 12 by the Tata Sustainability Group.

A total of 11,030 volunteers contributed 59,194 hours to touch about 50,000 lives across 51 locations in India, APAC, Americas, Europe and MENA. In addition, the Employee Giving Programme supported 28,103 beneficiaries from different sections like healthcare, girl child and women empowerment, children, elderly care, differently abled, livelihood generation and environment.

#### Making a difference: CSR deliverables 2019-20

| Priority Area  | Key Deliverables/Impact   |
|--|---|
| <b>Education</b>   |   |
| Transforming the education system in geographies that we operate in through digital enablement, sports, educators' empowerment through leadership development, and youth engagement to create exponential social, economic and environmental impact.   | 47,058 beneficiaries including students, teachers and head teachers have been reached through four projects implemented by NGO partners in Delhi NCR, Maharashtra and Karnataka, cumulatively impacting 115 schools and 5 colleges. These projects are multidisciplinary and improve the quality of education through digital enablement of institutions, innovative learning methods including sports, capacity building of educators, youth engagement, leadership development of students. Scholarship and academic assistance are provided to youth from challenging backgrounds along with mentorship to students from socially and economically underserved sections.   |
| <b>Employability and sustainable livelihoods</b>   |   |
| Empowering youth with relevant skills and enabling them to be industry ready by equipping them with the right attitude and values to enhance their life conditions and contribute actively to the economy. Empowering rural communities, especially women, economically and socially through vocational and entrepreneurship training and enhanced access to resources, new technology and financial services. | We have reached out to 67,108 beneficiaries including 5,282 direct beneficiaries. About 1,905 youth have been trained in trades such as BFSI, customer relationship management, retail sales, BPO, Android application development, general duty assistant, electrician, beauty therapist, solar technician and auto sales in Delhi, Maharashtra, Uttar Pradesh, Tamil Nadu, and Telangana. Post placement, they will be placed in reputable companies with an average salary of ₹11,597 per month.<br><br>2,800 women beneficiaries from rural Odisha and Jharkhand were trained on usage of smart phone applications on cultivation, livestock management and financial literacy.<br><br>580 women from Raigad district in Maharashtra were trained on entrepreneurship development to build their entrepreneurial capacity for sustainable income through enterprise creation. |



| Priority Area   | Key Deliverables/Impact  |
|---|--|
| <b>Healthcare &amp; Disaster Relief</b>   |  |
| Ensuring access to healthcare to underserved communities especially adolescents, women, children and the elderly and facilitating collaborative basic, translational and research in healthcare services.       | Supporting the establishment of the 'telepathology' infrastructure for diagnostics in cancer care to offer remote location histopathology analysis. Installation of 3 scanners completed in Assam and Mumbai.<br><br>This year we have initiated project Drishti, that aims to improve eye care of and provide better visual health for and by young girls and women, in order to improve their ability to participate fully in every aspect of life and help them break out of the gender-health-poverty trap.<br><br>Tata Communications supported 'One Tata for Disaster Response' by contributing funds for relief and rehabilitation during Cyclone Fani in Odisha and floods in Maharashtra.   |
| <b>Employee volunteering</b>  |  |
| Enriching CSR projects through skills-based volunteering; channelling employees' energy towards community action on key social and environmental issues and providing a space for their leadership development. | In FY 2019-20, 11,030 employees volunteered and clocked 59,194 volunteering hours and impacted 50,000 lives across 51 locations in India, APAC, Americas, Europe and MENA.<br><br>5 hours is the per capita of volunteering hours for FY 2019-20. As per Tata Group Volunteering Performance Report FY 2018-19 best-in-class performance ranges from 5 to 15 hours per capita per year, leading to a best-in-class average of 6 hours per capita per year.<br><br>The first ever recognition platform for champion volunteers, One in a Million was launched with 15 volunteers from India, APAC, Americas and Europe getting the top honours for their effort to inspire volunteering within the organisation.<br><br>In addition, the employees volunteered for the Employee Giving Program that resulted in a substantial outreach of 28,103 beneficiaries. |

## 2. Composition of the CSR Committee

The Company has constituted a CSR Committee of the Board with three directors, as named below:

| Name              | Designation |
|-------------------|-------------|
| Mr. N. Srinath    | Chairman    |
| Dr. Uday B. Desai | Member      |
| Dr. Rajesh Sharma | Member      |

## 4. Prescribed CSR expenditure (2% of the amount in item 3 above): ₹12.62 crores

## 5. Details of CSR spent during the financial year:

- Total amount to be spent over the financial year: ₹12.62 crores
- Amount unspent (if any): NIL
- The following table breaks down total CSR yearly spend:

## 3. Average net profit of the company for last three financial years

| Financial year (as per Section 198)   | 2016-17 | 2017-18 | 2018-19 |
|---------------------------------------|---------|---------|---------|
| Net profit for the year (₹ in crores) | 840.48  | 671.99  | 275.77  |

The average net profit for the last three financial years is ₹596.08 crore.

| Sr. No | CSR project or Activity Identified   | Sector in which the project is covered   | Project or programmes 1. Local area or other 2. State and district where project or programme was undertaken | Amount outlay (budget) project or programme wise (₹) | Amount spent (₹) 1. Direct expenditure 2. Overheads | Cumulative expenditure up to reporting period (₹) | Amount spent: Direct or through Implementing agency |
|--------|--|--|--|--|---|---|---|
| 1      | <b>Tata Strive</b><br>A Group CSR programme on employment-linked skills development in industry specific trades for underserved youth including AA communities.  | (ii) Promoting education, including special education and employment enhancing, vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects   | Delhi, Maharashtra, Uttar Pradesh, Karnataka, Telengana, Tamil Nadu  | 63,500,205   | 63,500,205  | 63,500,205  | Implementing agency                                 |
| 2      | <b>A New Education Worldview (ANEW)</b><br>Transforming government schools by empowering headteachers including promotion of 21st century skills.                |  | Gurugram, Haryana  | 4,408,018  | 4,408,018   | 4,408,018   | Implementing agency                                 |
| 3      | <b>Foundation for Academic Excellence and Access (FAEA)</b><br>Providing scholarship to meritorious underserved students for higher studies.                     |  | Delhi  | 700,000  | 700,000   | 700,000   | Implementing agency                                 |
| 4      | <b>Samarth</b><br>Scholarship and mentorship programme for students from socially and economically underserved sections.   |  | Pune, Maharashtra  | 3,098,478  | 3,098,478   | 3,098,478   | Implementing agency                                 |
| 5      | <b>Udaya</b><br>Developing women entrepreneurs from AA communities with focused efforts on developing entrepreneurial capacities for sustainable income.         | (iii) Promoting gender equality and empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups | Pune, Maharashtra  | 1,546,297  | 1,546,297   | 1,546,297   | Implementing agency                                 |
| 6      | <b>MPowered</b><br>Enhancing livelihood opportunities of ultra-poor women through mobile technology.   |  | Sundargarh and Bolangir districts of Odisha; and West Singhbhum and Pakur districts of Jharkhand             | 26,138,207   | 26,138,207  | 26,138,207  | Implementing agency                                 |
| 7      | <b>School of Hope and Empowerment (SHE)</b><br>Empowering women by creating 'Enabling Environments' for entrepreneurship through a multimedia education program. |  | Jharkhand  | 7,960,600  | 7,960,600   | 7,960,600   | Implementing agency                                 |

| Sr. No       | CSR project or Activity Identified   | Sector in which the project is covered  | Project or programmes<br>1. Local area or other<br>2. State and district where project or programme was undertaken | Amount outlay (budget) project or programme wise (₹) | Amount spent (₹)<br>1. Direct expenditure<br>2. Overheads | Cumulative expenditure up to reporting period (₹) | Amount spent: Direct or through Implementing agency |
|--------------|--|---|--|--|---|---|---|
| 8            | <b>Drishti</b><br>Improving eye care and providing better visual health by providing an equal opportunity of education & good life to young girls and women. | (i) Eradicating hunger, poverty, and malnutrition; promoting health care including preventive health care and sanitation including contribution to the 'Swachh Bharat Kosh' set-up by the Central Government for the promotion of sanitation and making available safe drinking water | Saran, Bihar   | 7,015,000  | 7,015,000   | 7,015,000   | Implementing agency                                 |
| 9            | Providing support for Cyclone Fani (Odisha) and Maharashtra floods (on focus areas as per our CSR policy).   | (xii) Disaster management, including relief, rehabilitation and reconstruction activities   | Odisha, Maharashtra  | 5,527,700  | 5,527,700   | 5,527,700   | Implementing agency                                 |
| 10           | Capacity building and administrative expenditure.  | N/A   | N/A  | 6,310,000  | 6,310,000   | 6,310,000   | Direct  |
| <b>Total</b> |  |   |  | <b>126,204,505</b>                                   | <b>126,204,505</b>  | <b>126,204,505</b>                                |   |

Note: Cumulative expenditure includes amounts allocated and disbursed towards project monitoring and evaluation. Kreedaa aur Shiksha, Global Citizenship Education using ICT and Assam Cancer projects were funded in FY 2018-19.

#### Details of implementing agencies

The CSR projects of the Company are implemented through partner implementing agencies which were identified and selected through a comprehensive due diligence process. The Company partnered with:

- Eminent NGOs / Trusts such as Kaivalya Education Foundation ('KEF'), Foundation for Academic Excellence and Access, Parikrma Humanity Foundation, Ved Vignan Maha Vidya Peeth, Trickle Up, College of Engineering Pune ('COEP'), CHIP, Entrepreneurship Development Institute of India ('EDII'), The Better India, and Akhand Jyoti Eye Hospital
- Tata Trusts, a public charitable trust, involved in undertaking healthcare programmes
- Tata Community Initiatives Trust ('TCIT'), a General Public Utility Trust, involved in undertaking skill development & disaster relief programmes

#### 6. Reasons for not spending the 2% of average net profits of preceding three years towards CSR

Tata Communications Limited has spent 100% of its prescribed CSR budget for the financial year 2019-20.

#### 7. Responsibility statement of the CSR Committee

The Company's Board of Directors is responsible for ensuring that the Company carries out its CSR obligations as per Section 135 of the Companies Act 2013. The CSR Committee appointed by the Board of Directors has formulated and recommended a CSR Policy, approved by the Board and adopted by the Company. The Board of Directors and the CSR Committee have approved the integrity and the objectivity of the information provided in the disclosure above.

#### Amur S. Lakshminarayanan

Managing Director & CEO  
DIN: 08616830

#### N. Srinath

Chairman  
Corporate Social Responsibility Committee  
DIN: 00058133



## Annexure II

## EXTRACT OF ANNUAL RETURN

Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

## I. Registration and Other Details:

|      |   |  |
|------|---|--|
| i.   | CIN   | L64200MH1986PLC039266  |
| ii.  | Registration Date   | March 19, 1986   |
| iii. | Name of the Company   | Tata Communications Limited  |
| iv.  | Category / Sub-Category of the Company                                    | Telecommunications   |
| v.   | Address of the Registered office and contact details                      | VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001.<br>Tel : +91 22 6657 8765<br>Email : investor.relations@tatacommunications.com<br>Website : www.tatacommunications.com   |
| vi.  | Whether listed company  | Yes  |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | M/s. TSR Darashaw Consultants Private Limited<br>(Unit: Tata Communications Limited)<br>6/10, Haji Moosa Patrawala Industrial Estate,<br>20, Dr. E Moses Road, Near Famous Studio, Mahalaxmi,<br>Mumbai - 400 011<br>Tel: (022) 6656 8484<br>Fax: (022) 6656 8494<br>Email: csg-unit@tsrdarashaw.com<br>Website: www.tsrdarashaw.com |

## II. Principal Business Activities of the Company

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

| Sr. No. | Name and Description of main products / services                                       | NIC Code of the Product / service | % to total turnover of the company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Telecommunications:  |                                   |                                    |
|         | a. Activities of providing internet access by the operator of the wired infrastructure | 61104                             | 97                                 |
|         | b. Other satellite telecommunications activities                                       | 61309                             |                                    |
|         | c. Other telecommunications activities   | 61900                             |                                    |

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

| Sr. No. | Name & Address of the company  | CIN/GLN               | Holding/ Subsidiary / Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|---------------------------------|------------------|--------------------|
| 1.      | STT Global Data Centers Private Limited<br>(formerly known as Tata Communications Data Centers Private Limited)<br>C21 & C36, 'G' Block, 5 <sup>th</sup> Floor, Tower B, Bandra-Kurla Complex, Mumbai - 400 098, India | U74999MH2007PTC176737 | Associate                       | 26               | 2(6)               |
| 2.      | Tata Communications Transformation Services Limited<br>C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai - 400098   | U93090MH2006PLC165083 | Subsidiary                      | 100              | 2(87)              |
| 3.      | Tata Communications Payment Solutions Limited<br>C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai - 400098   | U72900MH2008PLC179551 | Subsidiary                      | 100              | 2(87)              |
| 4.      | Tata Communications Lanka Limited<br>Garden view room, Mezzanine Floor, Taj Samudra Hotel, #25, Galle Face Centre Road, Colombo 3.   | Not Applicable        | Subsidiary                      | 90               | 2(87)              |
| 5.      | Tata Communications (Australia) Pty Limited<br>Suite 306, 15 Lime Street, Sydney NSW2000, Australia  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 6.      | TCPOP Communication GmbH<br>Teinfaltstrasse 8, 1010 Wien, Austria  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 7.      | Tata Communications (Belgium) SPRL<br>Avenue du Port 86C box 204, 1000 Brussels, Belgium   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 8.      | Tata Communications (Bermuda) Limited<br>Clarendon House, 2 Church Street, Hamilton HM11, Bermuda  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 9.      | Tata Communications SVCS Pte Ltd<br>[formerly known as Tata Communications Services (Bermuda) Limited]<br>18, Tai Seng street, 18 Tai Seng, #0401, Singapore 539775  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 10.     | Tata Communications (Canada) Limited<br>Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, B3J, 3N2   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 11.     | Tata Communications (Beijing) Technology Limited<br>Room 535, 5/F, Block A, Landgent Centre, No. 20 East Middle 3 <sup>rd</sup> Ring Road, Chaoyang District, Beijing, China, Post Code : 100022                       | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 12.     | Tata Communications (France) SAS<br>66 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 13.     | Tata Communications Deutschland GMBH<br>Hamburger Allee 2-4, Suite 15B, 60486, Frankfurt am Main, Germany  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 14.     | Tata Communications (Guam) L.L.C.<br>Blair Sterling Johnson Martinez & Leon Guerrero<br>Suite 1008 DNA Building, 238 Archbishop F.C. Flores Street, 96910 Hagatna, Guam  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 15.     | Tata Communications (Hong Kong) Limited<br>31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 16.     | Tata Communications (Hungary) LLC<br>1138 Budapest, Népfürdő utca 22. B. ép. 13. em., Hungary  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 17.     | Tata Communications (Ireland) Limited<br>3 <sup>rd</sup> Floor, Kilmore House Park Lane, Spencer Dock, Dublin 1, Republic of Ireland   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 18.     | Tata Communications (Italy) S.R.L.<br>Corso Vercelli 40 - 20145 Milan, Italy   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 19.     | Tata Communications (Japan) K.K.<br>Asahi Seimei Ebisu Building 8F 1-3-1 Ebisu, Shibuya-ku, Tokyo 150-0013 Japan   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 20.     | ITXC IP Holdings S.A.R.L.<br>46A, Avenue J.F. Kennedy, L-1855, Luxembourg  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 21.     | Tata Communications (Malaysia) SDN. BHD.<br>5-2 Jalan 109E, Desa Business Park, Taman Desa, Off Jalan Klang Lama, 58100 Kuala Lumpur   | Not Applicable        | Subsidiary                      | 100              | 2(87)              |
| 22.     | Tata Communications (Netherlands) B.V.<br>Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, Zuidooost, The Netherlands  | Not Applicable        | Subsidiary                      | 100              | 2(87)              |

| Sr. No. | Name & Address of the company  | CIN/GLN               | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 23.     | Tata Communications (New Zealand) Limited<br>c/o TMF Corporate Services New Zealand Ltd,<br>Level 12, 55 Shortland Street, Auckland, 1010, New Zealand                                     | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 24.     | Tata Communications (Nordic) AS<br>c/o TMF Norway AS, Hagalokkveien 26, 1383 Asker, 0220 Asker, Norge  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 25.     | Tata Communications (Poland) SP. Z O. O.<br>ul Popularna 14, 02-473 Warsaw, Poland   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 26.     | Tata Communications (Portugal), Unipessoal LDA<br>Avenida da Liberdade 224 - Edificio Eurolex, 1250-148 Lisboa Portugal  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 27.     | Tata Communications (Portugal) Instalação E Manutenção De Redes,<br>LDA<br>Rua Severino Falcao 14, Prior Velho, 2685 378, Loures, Lisbon   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 28.     | Tata Communications (Russia) LLC.<br>121099, Moscow, Smolenskaya Square, building 3, floor 7, office 745.  | Not Applicable        | Subsidiary                     | 99.90            | 2(87)              |
| 29.     | Tata Communications International Pte. Ltd.<br>18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 30.     | VSNL SNOSPV Pte. Ltd.<br>18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 31.     | Tata Communications Services (International) Pte. Ltd.<br>18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 32.     | Tata Communications (Spain), S.L.<br>Edificio Casablanca, Avenida Doctor Severo Ochoa number 51,<br>4 <sup>th</sup> floor, Alcobendas (Madrid), Spain                                      | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 33.     | Tata Communications (Sweden) AB<br>c/o TMF Sweden AB, Sergels Torg 12, 111 57 Stockholm Sweden   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 34.     | Tata Communications (Switzerland) GMBH<br>TMF Seviles SA, Zurich branch, Talstrasse 83, 8001, Zurich,<br>Switzerland   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 35.     | Tata Communications (Taiwan) Ltd<br>10F, No.155, Sec. 1, Keelung Rd., Taipei City, Taiwan  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 36.     | Tata Communications (Thailand) Limited<br>No. 89, AIA Capital Center Building, 20 <sup>th</sup> Floor,<br>Room 2005 - 2007, Suite 2023,  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 37.     | Tata Communications (Middle East) FZ-LLC<br>Office No. 307-310, Building No.12, Third Floor, Dubai, United Arab<br>Emirates  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 38.     | Tata Communications (UK) Limited<br>Vintners Place, 68 Upper Thames Street, London EC4V3.BJ, United<br>Kingdom   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 39.     | Tata Communications (America) Inc.<br>251 Little Falls Drive, Wilmington, New Castle County, Delaware -<br>19808   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 40.     | United Telecom Limited<br>1 <sup>st</sup> Floor, Triveni Complex, Putalisadak, Kathmandu, Nepal  | Not Applicable        | Associate                      | 26.66            | 2(6)               |
| 41.     | Tata Communications Collaboration Services Private Limited<br>C-21/C 36, 4 <sup>th</sup> Floor Tower - C, 'G' Block ,, Bandra Kurla Complex,<br>Vidhyanagari Post Office, Mumbai - 400098, | U72900MH2008PTC181502 | Subsidiary                     | 100              | 2 (87)             |
| 42.     | Tata Communications (South Korea) Limited<br>134, Teheran-ro, 16 <sup>th</sup> and 17 <sup>th</sup> floor, Gangnan-gu, Seoul (Yeoksam-<br>dong, Posco P & C Tower)                         | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 43.     | Smart ICT Services Private Limited<br>Block 48, Zone 4 Gyan Marg GIFT City Gandhinagar GJ 382355   | U72900GJ2013PTC073187 | Associate                      | 24               | 2(6)               |
| 44.     | Tata Communications Transformation Services Pte Limited<br>18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 45.     | Tata Communications Transformation Services (Hungary) Kft.<br>1138 Budapest, Nefpurdó utca 8.e.p.13.em., Hungary   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 46.     | NetFoundry Inc.<br>251, Little Falls Drive in the city of Wilmington, County of New Castle,<br>19808   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 47.     | Tata Communications (Brazil) Participacoes Limitada<br>Av. Bernardino de Campos, No. 98, 7 floor, Room 28, Zip Code<br>04004-040   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |

| Sr. No. | Name & Address of the company  | CIN/GLN               | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|--|-----------------------|--------------------------------|------------------|--------------------|
| 48.     | Nexus Connexion SA<br>Central Office Park No 4, 257 Jean Avenue, Centurion, Gauteng, 0157  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 49.     | Tata Communications Transformation Services (US) Inc<br>3500 S DuPont Highway in the city of Dover, Country of Kent, Zip<br>Code 19901   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 50.     | Tata Communications Comunicações E Multimídia (Brazil) Limitada<br>Avenida Francisco Matarazzo 1752, 15 <sup>th</sup> floor, Suite 1505, Agua Branca<br>District, Sao Paulo, 05001-200 | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 51.     | Sepco Communications (Pty) Limited<br>269 Oxford Road, Illovo 2196   | Not Applicable        | Subsidiary                     | 73.17            | 2(87)              |
| 52.     | Tata Communications Transformation Services South Africa (Pty) Ltd<br>1 <sup>st</sup> Floor, Building 15, The Woodlands Office PA, Woodmead, Gauteng 2191                              | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 53.     | Tata Communications MOVE B.V.<br>(formerly known as Teleena Holding B.V.)<br>Zoomstede 19, 3431HK, Nieuwegein, the Netherlands   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 54.     | Tata Communications MOVE Nederland B.V.<br>(formerly known as Teleena Nederland B.V.)<br>Zoomstede 19, 3431HK, Nieuwegein, the Netherlands   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 55.     | Tata Communications MOVE UK Limited<br>(formerly known as Teleena UK Limited)<br>New Derwent House, 69-73 Theobalds Road, London, WC1X 8TA   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 56.     | Tata Communications MOVE Singapore Pte. Ltd.<br>(formerly known as Teleena Singapore Pte. Ltd.)<br>3791 Jalan Bukit Merah, #10-01, E-Centre @ Redhill, Singapore 159471                | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 57.     | MuCoso B.V.<br>Zoomstede 19, 3431HK, Nieuwegein, the Netherlands   | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 58.     | TCTS Senegal<br>47 x 53, Rue Carnot, Dakar, Senegal  | Not Applicable        | Subsidiary                     | 100              | 2(87)              |
| 59.     | TC IOT Managed Solutions Limited<br>Plot No C-21, C-36 Block G, BKC, Vidyanagari, Mumbai.  | U72900MH2019PLC326327 | Subsidiary                     | 100              | 2 (87)             |

**Notes:**

- TC IOT Managed Solutions Limited which was incorporated as a wholly owned subsidiary of the Company on June 6, 2019 has made an application for voluntary strike off with Registrar of Companies on November 29, 2019.
- STT Tai Seng Pte. Ltd. ceased to be an associate company with effect from June 13, 2019.

**IV. Shareholding Pattern (Equity Share Capital Breakup as Percentage of Total Equity)****i. Category-wise Shareholding**

| Category of Shareholders | No. of Shares held at the beginning of the year (April 1, 2019) |          |                    |                   | No. of Shares held at the end of the year (March 31, 2020) |          |                    |                   | % Change during the year |
|--------------------------|---|----------|--------------------|-------------------|--|----------|--------------------|-------------------|--------------------------|
|                          | Demat   | Physical | Total              | % of Total Shares | Demat  | Physical | Total              | % of Total Shares |                          |
| <b>A. Promoters</b>      |   |          |                    |                   |  |          |                    |                   |                          |
| <b>1) Indian</b>         |   |          |                    |                   |  |          |                    |                   |                          |
| a) Individual/ HUF       | 0   | 0        | 0                  | 0.00              | 0  | 0        | 0                  | 0.00              | 0.00                     |
| b) Central Govt          | 74,446,885  | 0        | 74,446,885         | 26.12             | 74,446,885   | 0        | 74,446,885         | 26.12             | 0.00                     |
| c) State Govt(s)         | 0   | 0        | 0                  | 0.00              | 0  | 0        | 0                  | 0.00              | 0.00                     |
| d) Bodies Corp           | 139,260,493   |          | 139,260,493        | 48.87             | 139,260,493  | 0        | 139,260,493        | 48.87             | 0.00                     |
| e) Banks / FI            | 0   | 0        | 0                  | 0.00              | 0  | 0        | 0                  | 0.00              | 0.00                     |
| f) Any Other             | 0   | 0        | 0                  | 0.00              | 0  | 0        | 0                  | 0.00              | 0.00                     |
| <b>Sub-total(A)(1):-</b> | <b>213,707,378</b>  | <b>0</b> | <b>213,707,378</b> | <b>74.99</b>      | <b>213,707,378</b>   | <b>0</b> | <b>213,707,378</b> | <b>74.99</b>      | <b>0.00</b>              |
| <b>2) Foreign</b>        |   |          |                    |                   |  |          |                    |                   |                          |
| a) NRIs-Individuals      | 0   | 0        | 0                  | 0                 | 0  | 0        | 0                  | 0                 | 0.00                     |
| b) Other-Individuals     | 0   | 0        | 0                  | 0                 | 0  | 0        | 0                  | 0                 | 0.00                     |
| c) Bodies Corp.          | 0   | 0        | 0                  | 0                 | 0  | 0        | 0                  | 0                 | 0.00                     |





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

(₹ in crores)

|   | Secured Loans<br>excluding<br>deposits <sup>1</sup> | Unsecured<br>Loans <sup>2</sup> | Deposits <sup>3</sup> | Total<br>Indebtedness |
|---|---|---------------------------------|-----------------------|-----------------------|
| Indebtedness at the beginning of the financial year |   |                                 |                       |                       |
| i) Principal Amount                                 | -   | 451.14                          | -                     | 451.14                |
| ii) Interest due but not paid                       | -   | -                               | -                     | -                     |
| iii) Interest accrued but not due                   | -   | 12.36                           | -                     | 12.36                 |
| <b>Total (i+ii+iii)</b>                             | -   | <b>463.50</b>                   | -                     | <b>463.50</b>         |
| Change in Indebtedness during the financial year    |   |                                 |                       |                       |
| Addition  | -   | 332.95                          | -                     | 332.95                |
| Reduction   | -   | 256.58                          | -                     | 256.58                |
| <b>Net Change</b>                                   | -   | <b>76.37</b>                    | -                     | <b>76.37</b>          |
| Indebtedness at the end of the financial year       |   |                                 |                       |                       |
| i) Principal Amount                                 | -   | 527.76                          | -                     | 527.76                |
| ii) Interest due but not paid                       | -   | -                               | -                     | -                     |
| iii) Interest accrued but not due                   | -   | 3.11                            | -                     | 3.11                  |
| <b>Total (i+ii+iii)</b>                             | -   | <b>530.87</b>                   | -                     | <b>530.87</b>         |

**Notes:**

- Secured Loans represent non-convertible debentures issued by the Company.
- Unsecured Loans represent long-term and short term borrowings of the Company. Bank overdrafts availed in the ordinary course of business have not been included here.
- The Company has not accepted any deposits from the public. Any advance taken from customers or other parties related to provisioning of services in the ordinary course of business has not been included here.

**VI. Remuneration of Directors and key Managerial Personnel****A. Remuneration to Managing Director, Whole-time Directors and/or Manager**

(₹ in lakhs)

| Sr. No.   | Particulars of Remuneration   | Name of MD/WTD/ Manager   |  | Total Amount<br>Total |
|-----------|---|---|--|-----------------------|
|           |   | Mr. Vinod Kumar *<br>Managing Director &<br>Group CEO (from April 1,<br>2019 to July 5, 2019) | Mr. Amur S.<br>Lakshminarayanan**<br>Managing Director & CEO<br>(w.e.f. November 26, 2019) |                       |
| 1.        | Gross salary  |   |  |                       |
|           | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961             | 589.02  | 259.00   | 848.02                |
|           | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961   | ---   | 61.68  | 61.68                 |
|           | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961                         | ---   | ---  | ---                   |
| 2.        | Stock Option  | ---   | ---  | ---                   |
| 3.        | Sweat Equity  | ---   | ---  | ---                   |
| 4.        | Commission  | ---   | ---  | ---                   |
|           | - as % of profit  |   |  |                       |
|           | - others, specify...  |   |  |                       |
| 5.        | Others please specify:<br>Management PF Contribution and Sodexo                                 | 8.34  | 21.55  | 29.89                 |
| <b>6.</b> | <b>Total (A)</b>  | <b>597.36</b>   | <b>342.24</b>  | <b>939.59</b>         |
|           | Ceiling as per the Act (@5% of profits calculated under Section 198 of the Companies Act, 2013) |   |  | <b>1,898.99</b>       |

\* Mr. Vinod Kumar as a Chief Executive Officer of one of the Company's wholly owned foreign subsidiary, Tata Communications Services (International) Pte. Ltd., has also received a remuneration of SGD 4,962,556.43 during the year from that subsidiary.

\*\* Mr. Amur S. Lakshminarayanan has received a remuneration of ₹75.24 lakhs for the period October 3, 2019 to November 25, 2019, during which he was the Managing Director & CEO - Designate of Tata Communications Limited.

**B. Remuneration to other directors:**

(₹ in lakhs)

| Sr. No.  | Particulars of Remuneration   | Fee for attending board/committee meetings | Commission    | Others, please specify | Total Amount  |
|----------|---|--|---------------|------------------------|---------------|
| <b>1</b> | <b>Independent Directors</b>  |  |               |                        |               |
|          | Dr. Uday B Desai  | 11.50                                      | 40.00         | -                      | 51.50         |
|          | Ms. Renuka Ramnath  | 10.00                                      | 60.00         | -                      | 70.00         |
|          | <b>Total (1)</b>  | <b>21.50</b>                               | <b>100.00</b> | <b>-</b>               | <b>121.50</b> |
| <b>2</b> | <b>Other Non-Executive Directors</b>  |  |               |                        |               |
|          | Mr. N. Srinath <sup>1</sup>   | 4.00                                       | 23.00         | -                      | 27.00         |
|          | Dr. Rajesh Sharma <sup>2</sup>  | -  | 29.00         | -                      | 29.00         |
|          | Dr. Maruthi Prasad Tangirala <sup>2</sup>   | -  | 22.00         | -                      | 22.00         |
|          | <b>Total (2)</b>  | <b>4.00</b>                                | <b>74.00</b>  | <b>-</b>               | <b>78.00</b>  |
|          | <b>Total (B)=(1+2)</b>  | <b>25.50</b>                               | <b>174.00</b> | <b>-</b>               | <b>199.50</b> |
|          | Ceiling as per the Act (@1% of profits calculated under Section 198 of the Companies Act, 2013) |  |               |                        | 379.79        |

<sup>1</sup> As per a Tata Group directive, in case an executive who is in full time employment of any Tata Company and is receiving salary as full-time employee is appointed as Non-Executive Director ("NED") on any Tata Company, such NED would not accept any commission from FY 2018-19 onwards. However, such NED would be eligible for sitting fees as per the Policy of the Company.

<sup>2</sup> The Government Directors have informed the Company that they shall not accept any Sitting Fees and commission as their Directorships are all considered to be part of their official duty.

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

(₹ in lakhs)

| Sr. No.   | Particulars of Remuneration   | Key Managerial Personnel              |                               | Total         |
|-----------|---|---------------------------------------|-------------------------------|---------------|
|           |   | Mr. Manish Sansi<br>Company Secretary | Ms. Pratibha K. Advani<br>CFO |               |
| 1.        | Gross salary  |                                       |                               |               |
|           | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 192.03                                | 406.29                        | 598.32        |
|           | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | ---                                   | 0.39                          | 0.39          |
|           | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | ---                                   | ---                           | ---           |
| 2.        | Stock Option  | ---                                   | ---                           | ---           |
| 3.        | Sweat Equity  | ---                                   | ---                           | ---           |
| 4.        | Commission  | ---                                   | ---                           | ---           |
|           | - as % of profit  |                                       |                               |               |
|           | - others, specify...  |                                       |                               |               |
| 5.        | Others please specify:<br>Management PF Contribution and Sodexo                     | 5.63                                  | 10.32                         | 15.95         |
| <b>6.</b> | <b>Total</b>  | <b>197.66</b>                         | <b>417.00</b>                 | <b>614.66</b> |

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

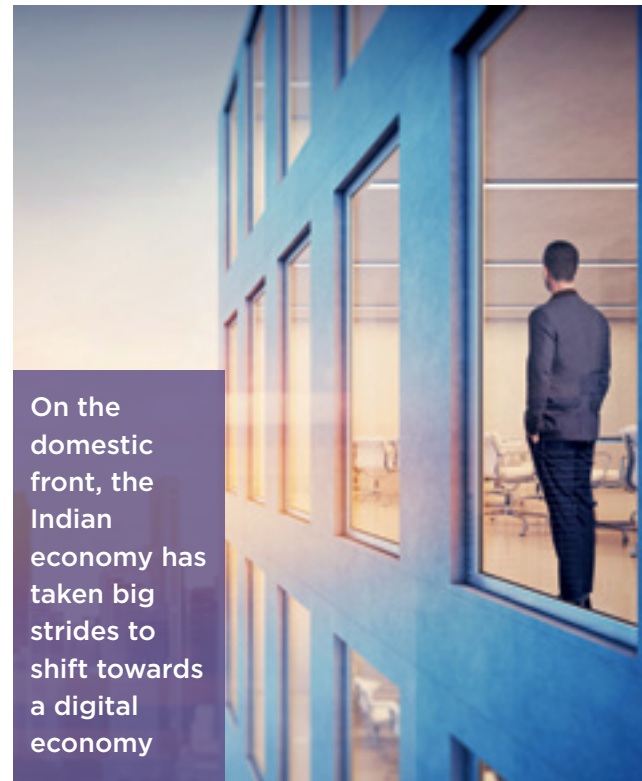
There were no penalties / punishments / compounding of offences under the Companies Act, 2013 for the year ended March 31, 2020.



## MANAGEMENT DISCUSSION & ANALYSIS

### Economic overview

2019 - while the global economy registered a growth rate of 3% and India continued to be the world's fastest growing major economy at 6.1%, this was also the year that was marked by ecological events including floods, bushfires, typhoons and most recently, black swan events such as Covid-19, which has now evolved into a global pandemic.



On the domestic front, the Indian economy has taken big strides to shift towards a digital economy

As international response to the Covid-19 outbreak continues to develop, governments around the world are trying to manage the delicate balance between controlling transmission and forming an exit strategy

that enables some form of return to economic activity - the 'new normal'. This historic event will change many aspects, ranging from geopolitics to the economic impact on many industry sectors, the competitive business landscape, the long-term societal impacts such as an exacerbation of inequality, consumer behaviours, the nature of work and the role of technology, both at work and at home.

While the near-term response to the pandemic remains critical, governments and organisations will also need to focus their responsibilities in creating long-term sustainable value by balancing economic performance together with environmental and social performance. As countries emerge from the immediate health crisis and reboot their economies, changes in working practices, attitudes towards travelling, commuting and consumption might make it easier to find business opportunities to capitalise on a lower carbon and more sustainable recovery. This could enable society to adapt responsibly, to return cleaner and greener, and to develop through sustainable growth with people and communities at the centre of society.

The pandemic is reshaping the global business environment, with the UN anticipating a US\$1 trillion hit to the world economy in 2020 owing to the crisis. While the impact on economies, sectors and businesses is evolving by the day, one thing that is known is that this crisis is accelerating an already growing trend towards digitalisation. Therefore, for governments looking to drive economic recovery after the pandemic, supporting such digital competitiveness will be key.

On the domestic front, the Indian economy has taken big strides to shift towards a digital economy. Increase in internet access and the usage of smart phones have led to a boost in the adoption of digital technologies across the country. India's digital infrastructure is coming to life through a combination of policy making and technological innovation. The Digital India plan is predicted to boost GDP by up to US\$ 1 trillion by 2025. While these are pre-Covid 19 numbers, most analysts are expecting Covid 19 to give a boost to the Digital India mission as companies limit offline operations and encourage customers to adopt digital means.

### Industry Overview

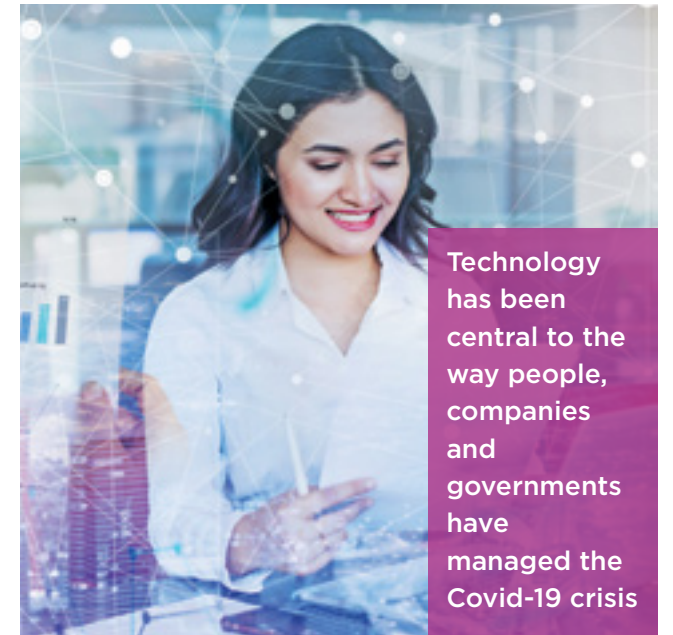
#### The Digital Ecosystem

In an era of changing consumer behaviour and technology driven transformation that has been sped-up more than ever before, Tata Communications continues to help organisations unlock the economic value and the potential that digital transformation provides as a global digital ecosystem enabler.

The digital ecosystem represents the entire technology ecosystem that plays a role in digital transformation. This ecosystem spans from independent software vendors, system integrators, IT consultants, product OEMs, value-added-resellers, cloud service providers, SaaS companies, right through to telecom providers.

In the past, digitalisation and technology already played a vital role in the growth and success of any business. And today, as people and organisations adapt to new ways of connecting with each other, some might say that it is the human desire to embrace the 'new normal' that has fast tracked organisation-wide appetite and adoption of digital transformation at a speed that has never been seen before.

Technology has been central to the way people, companies and governments have managed the Covid-19 crisis. Borders have returned, as have local communities, but technology is allowing a return to a more global world. Technology is enabling the contact-free economy, through applications such as online retail, tele-medicine, and social distancing delivery methods such as click and collect. New business and employment opportunities are being created in these sectors, but a greater dependence on technology has also increased cyber security risks.



Technology has been central to the way people, companies and governments have managed the Covid-19 crisis

As a result, there will be an even bigger spotlight on the role of digital transformation within organisations. The digital ecosystem will emerge as the driver of business value, unlocking opportunities for organisations by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.

However, this ecosystem can be complex for businesses to join up, manage and derive maximum value from. Different pieces of the digital 'jigsaw' need to be connected to work effectively. And it will be an environment that will continue to grow in complexity against requirements of today such as network transformation - the crucial foundation of any digital business, but also cloud deployment and collaboration, mobility & Internet of Things ('IoT') and security solutions.

Even more opportunity is still to come as industries ride the next wave of digital evolution. Things like Edge computing, SASE, 5G, Blockchain will significantly gain prominence. And enterprises will need one trusted partner that can see the whole picture, connecting and enabling this ecosystem and delivering the transformative outcomes it knows are most valuable to their business.

## Telecom Market

The global telecom market stood at US\$ 1.7 trillion in 2019. The share of enterprise segment is ~28% of the total market size. In the enterprise segment, fixed line services and mobile services contributed in similar ranges to the value. (Source: Gartner Forecast – 2019 Q4 update)

Over the last two decades there has been a paradigm shift in connectivity. Today, connectivity needs extend across the value chain of businesses – from suppliers and partners to employees, customers and end-consumers. Running businesses entails interaction among people, processes and devices, enabling real-time conversations through voice, video and data.

India is currently the world's second-largest telecommunications market, having a subscriber base of around 1.2 billion. Owing to rapid expansion taking place in the Indian mobile economy, it is expected to contribute substantially to India's GDP. The subscriber base is also widening on account of increasing mobile network coverage and competition-induced tariff reductions. These factors coupled with growing broadband internet access and smartphone proliferation have positively impacted demand. With exponential growth in video consumption, enterprises are also taking a mobile-first approach.

The government plans to hold auction for 5G spectrum. An effective 5G deployment will need huge investments in fiberization. In Budget 2020, the Government of India proposed to allocate ₹6000 crores to the BharatNet programme which aims to provide broadband services to all households and institutions. This will further strengthen India's 5G back-haul capability.

The recent Supreme Court (SC) ruling on Adjusted Gross Revenue (AGR) has put a financial burden of ₹1.47 lakh crores on the telecom players. This will force them to re-evaluate their investment priorities. Developments in this space are being closely watched as the sector comes up with a long-term strategy for sustainable growth.

## Key Trends Impacting our Industry

Tata Communications operates in a market context which continues to evolve rapidly. The enterprise landscape is changing, underpinned by the need for digital transformation. Digital transformation is happening across all layers of enterprise IT – with infrastructure becoming invisible, cloud becoming dominant, data driving new business models and security requirements changing from reactive to proactive. Changes are happening

across the industry, with consumer preferences leading to a new breed of competition.

### Digital is now more strategically core to businesses but also vastly more complex to manage, making agility key

As companies' digital infrastructure grows, it is becoming more strategically core to their business, especially with the context of workplace 4.0. But it's also becoming vastly more complicated, and most enterprises are still grappling with how to manage it effectively and maximise its value. This reinforces the importance of business agility.

- Many of Tata Communications' customers' digital estates have expanded and they need help simplifying and future proofing the technologies, tools and platforms they now deploy.
- Every enterprise will have a unique combination of different needs and a different tech stack. They need an assessment, advice and support that is tailored to their specific requirements. One-size-fits-all simply isn't appropriate.
- 42% of CIOs describe their role as 'transformational', compared to 40% who describe it as 'strategic', according to the IDG State of the CIO survey, January 2020. But from next year, more CIOs expect to have a 'strategic' role, rising to 50% by 2023 while just 32% will still be 'transformational'.

- 95% of CIOs in the IDG study also said that their role is expanding to include new responsibilities – the main areas are cyber security (64%), data privacy/compliance (49%) and customer experience (46%).
- Enterprise tech stacks keep sprawling. Netskope's 2019 Cloud Report found that the average enterprise now uses 1,295 cloud services, with the vast majority of them not ready for use by the enterprise. Okta's 2019 Businesses @ Work study found that large enterprises are deploying 129 different apps on an average, up 68% in the past four years.

### Digital ecosystems will be the driver of business value in future

Enterprises will increasingly rely on their digital ecosystem to innovate and grow, not just to operate. In order to unlock opportunity and drive value for their business, enterprises must connect the different parts of this ecosystem together in the right way. This encompasses both their tech and their physical 'extranet' (supply chain, vendors and partners), which is rapidly digitising.

- An effective and productive digital ecosystem will be the bedrock for business innovation and growth. Tata Communications' delivers this by connecting a company's employees, customers, partners, vendors and supply chain.
- Tata Communications' role as a digital ecosystem enabler means it can interconnect and aggregate

value from various ecosystem features with its own to empower customer platforms and not just provide a product. This will be context aware and much more intelligent and valuable over the longer-term.

- Both reach and capacity of networks will need to be increased as usage grows among customers and employees – making it vital for digital ecosystems to be resilient and well connected.
- 70% of enterprises are reworking their network set-up over the next three years to adapt to changes in customer demand and employee usage.
- 23% CAGR in amount of data being handled within the average enterprise's digital ecosystem.
- 2.6% year-on-year increase in expenditure on enterprise mobility.

### Greater competition also requires greater collaboration

The digital ecosystem is an operating environment that continues to be highly competitive and increasingly complex for customers to navigate owing to the following factors:

- Hyper-scale cloud services providers such as Amazon, Microsoft, Google, etc. are growing into conventional telecom space with bundled cloud and network offerings. These tech-mammoths are increasingly investing in the underlying infrastructure
- System Integrators (SIs) too, are competing with conventional telecom players for overseeing customer relationships as they continue to grow their managed services portfolio
- Product OEMs (Original Equipment Manufacturers) are particularly active in the overlay services play like SD-WAN
- Pure-play technology vendors are offering services directly to enterprises in niche areas
- There is increased competition from conventional telecom companies as well, especially in India. Following the telecom sector consolidation, consumer mobility players have increased their focus towards serving enterprises.

By playing the role of a digital ecosystem enabler, Tata Communications places the customer's business needs in the centre and stitches together a comprehensive solution across various components, thus precluding the need to deal with various components individually.

**28%**

share of enterprise  
segment in global  
telecom market in 2019

India is the  
**second largest**  
telecommunications  
market in the world



**Organisation Overview**

In today's thriving digital economy, Tata Communications is a digital ecosystem enabler assisting enterprises globally in their digital transformation journey.



We enable the digital transformation of enterprises, including 300 of the Fortune 500, unlocking opportunities for businesses by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.

With our solutions orientated approach, proven managed service capabilities and cutting-edge infrastructure, we drive the next level of intelligence powered by our platforms, solutions and services including next generation connectivity; mobility & IoT; collaboration; cloud, Edge and security; NetFoundry™ and voice.

We carry around 30% of the world's internet routes, connecting businesses to 60% of the world's cloud giants and 4 out of 5 mobile subscribers. Our capabilities are underpinned by our global network which encompasses the world's largest wholly owned subsea fibre backbone and a Tier-1 IP network.

We aim to take away the complexity of designing, building and managing underlying digital solutions from our customers, and in return, provide them the ability to concentrate on their core business with ease by unlocking opportunities that digital transformation provides.

Along with our globally established subsidiaries and associate companies, we serve customers in more than 200 countries and territories worldwide leveraging our technology capabilities and partnerships.

**Vision, Mission, Values and Strategy**



**Vision**

Deliver a New World of Communications™ to advance the reach and leadership of its customers



**Mission**

To enable enterprises to succeed in the new world of digital (technologies and business models) by being borderless and always available (to our customers and partners).

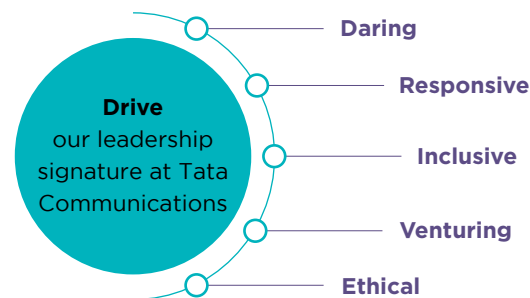


**Shared Ambition**

To achieve profitable growth and become a leading digital ecosystem enabler in the eyes of our customers, and the industry



**Values**



**Strategy**

Our strategy addresses three interlinking components: **Financial fitness**, which is about getting our balance sheet healthy and also achieving double-digit profitable growth through our growth plan; **our growth plan**, which will move us towards our shared ambition of profitable growth and being seen as a leading digital ecosystem enabler. And underpinning this is **our culture**, which embraces the behaviour shifts we need to collectively make to achieve success.

Our growth plan addresses the **who (superior customer experience)**, the **what (platforms, solutions and services)** and the **how (the right operating model and our commitments in sustainability, innovation and Artificial Intelligence)**.

We will work closely with our customers to bring together complex solutions that cut across products and deliver it seamlessly; aggregating the capabilities we have and bringing it to the core, in order to deliver real value and superior experience to our customers.

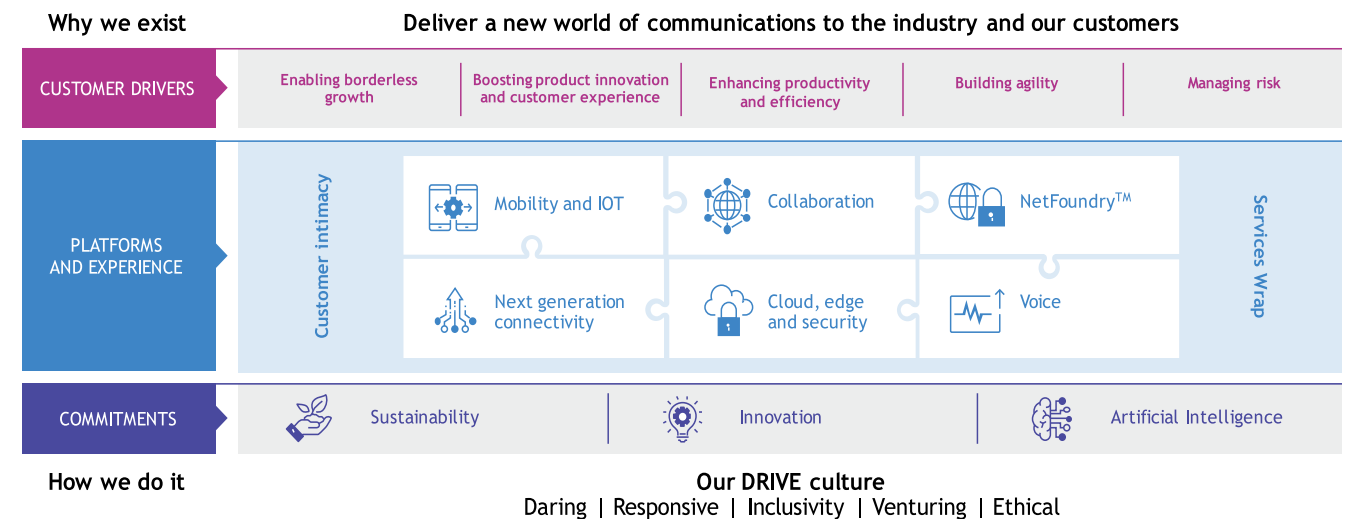
We plan to generate investments in services through leading technological innovations and seek to better the

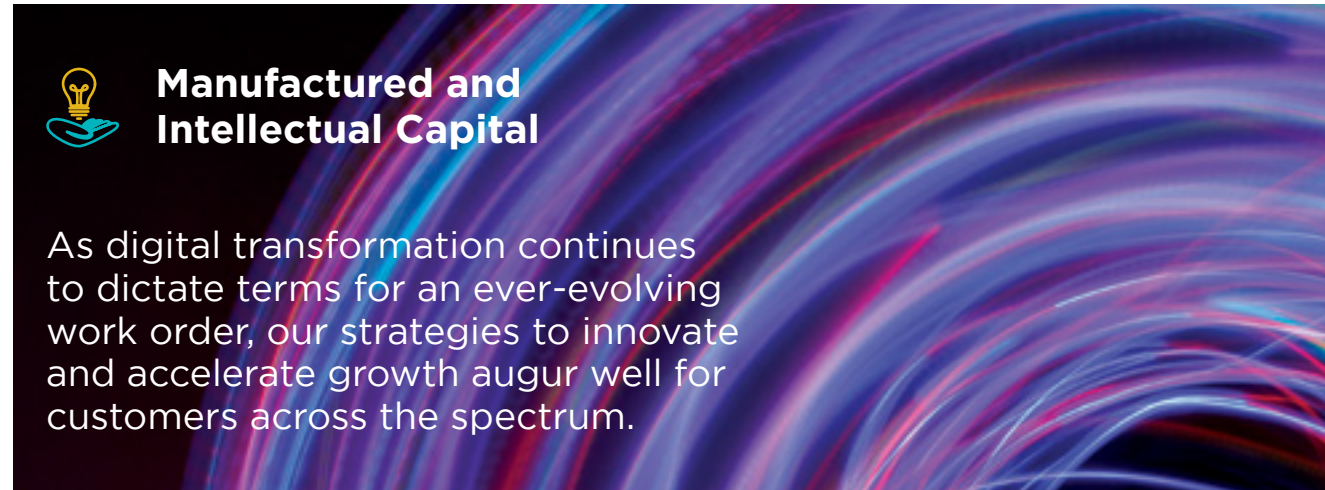
existing offerings and optimise our assets. Through these improvisations, we expect an increase in demand for our services and expansion of our market presence as well.

**Our strategy shifts are focused on:**



**Enabling enterprise Digital Transformation**





**Customer Segmentation**

Our operations are categorised into two major segments, namely, voice solutions and data services. Our business and revenues are further distributed across various business segments, customer profiles and topographies. Being a key global player in the industry we operate, we offer products and services to three customer segments:



**Enterprises**

Particularly among enterprises, digital transformation is rapidly changing the way businesses are run with the Covid-19 pandemic acting as a catalyst for accelerating the scale of adoption.

Digitisation brings transformation across industries and functions with unparalleled opportunity for value creation and capture. Enterprises recognise the strategic implication of this and are designing digital transformation strategies to realise the maximum benefit of this movement.

It is no longer just a driver of marginal efficiency but the key to enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk. These five customer drivers offer a set of opportunities for us to provide differentiated platforms, solutions and services for our customers. We aim to be the partner of choice in the digital transformation

journey of our customers and are well positioned to enable workforce collaboration, enterprise mobility and provide omni-channel access to end-customers.

**Service providers**

The service provider segment is driven by growth in data consumption world-wide, primarily driven by consumers. To support the segment, we offer an integrated set of services covering:

- Wholesale voice
- Domestic and international data connectivity - Internet backbone connectivity (IP transit)
- Value-added roaming services for mobile operators
- Carrier-specific business process outsourcing services

We provide platforms which are reliable for service providers and keep their business relevant and in-tune with market dynamics and end-user demands.

**OTTs**

OTTs are a fast-growing segment which are already dominating the bulk of the world IP Traffic. We offer the OTTs a set of connectivity services across the globe.

- Point-to-point network connectivity in India and globally
- Sub-sea cable capacity for inter-continental needs
- Inter-city and intra-city data centre to data centre connectivity

We enable OTTs to address the spurt in global growth in data consumption in a reliable and scalable manner.

**Business Segments**

**Voice and Data Services**

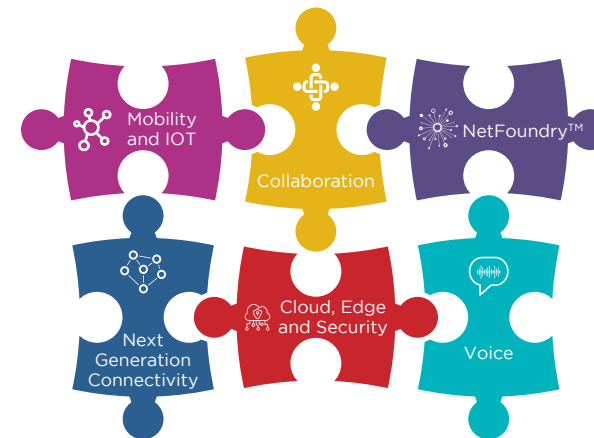
With the endeavour to diversify our presence in the digital ecosystem as well as sustain our long-term growth, we continue to capitalize on emerging opportunities and new possibilities by investing in newer business segments. This enables us to mitigate the risk of being over-dependent on a concentrated portfolio or any one geography. With revenues categorised and spread across the segments of voice and data services, we drive the next level of intelligence powered by our platforms, solutions and services including next generation connectivity; mobility & IoT; collaboration; cloud, Edge and security; NetFoundry™, and voice.



**Platforms, Solutions and Services**

With our solutions oriented approach and proven managed service capabilities and cutting-edge infrastructure, Tata Communications drives the next level of intelligence powered by our platforms, solutions and services to help customers stay ahead of their competition by embracing digital transformation and adopting cutting-edge technology.

All Tata Communications' platforms, solutions and services are underpinned by our global network. It includes one of the most advanced and largest submarine cable networks, which carries around 30% of the world's Internet routes, connects businesses to 60% of the world's clouds, and enables businesses to reach more than 200 countries and territories.



Our proven managed service capabilities, solutions oriented approach and cutting-edge infrastructure, we power the next level of intelligence with our platforms, solutions and services including next generation connectivity; mobility & IoT; cloud, Edge and security; collaboration; NetFoundry™ and voice.

**Data Services**

We are a data services industry leader in India and an emerging challenger globally.

- **Next generation connectivity - Traditional data services portfolio**
- **Service Provider data**

Tata Communications is one of the world's leading wholesale providers of data, IP and mobile signalling services. The Tata Global Network (TGN) and our investments in multiple consortium submarine cables enable us to provide seamless global connectivity services across all major business hubs.



- **Enterprise data**

Our network services address four broad categories of connectivity needs for enterprise customers: Ethernet, dedicated point-to-point connectivity (IPL or NPL), Internet (IP-based) connectivity, multi-location connectivity through Global Virtual Private Networks (GVPN) and IZO™ WAN (which encompasses hybrid WAN connectivity, IZO SD-WAN and Cloud Connect services), enabling enterprises to transform their network to adopt cloud, internet and software-defined services.

**Recognition:** Leader in the 2020 Gartner Magic Quadrant for network services (global) for the seventh year in a row

**Largest:** We operate the largest wholly owned and most advanced subsea fibre network which underpins the internet backbone and its network carries nearly 30% of the world's internet route



This portfolio also includes Video Connect, our flagship fibre based global media transport network to over 300 media hotspots across 125 cities supporting broadcast quality real-time video, optimised for enterprise demands. This dedicated media network promises the highest quality of service, with built-in redundancy and flexibility across all major video formats. Its scale and interoperability makes it future-ready, and the managed services layer give customers peace of mind.

**Recognition:** Managed Services video provider in India, Gartner

 **300**

Media hotspots across 125 cities in the world

• **Mobility and Internet of Things - Innovation data services portfolio**

• **MOVE IoT**

Platform enabling intelligent, agnostic and network independent global cellular connectivity.

Tata Communications MOVE™ combines access to pervasive cellular connectivity with over 600 mobile networks across more than 190 countries, coupled with a programmatic API based platform as-a-Service communications model. It is now well established as a leading multi-network connectivity platform for cellular based IoT services. The service has gained significant customer adoption and grown strongly since its launch in 2017 with ~200 customers in 5 continents. Among them are leading global airlines who leverage our platform - with global mobility coverage optimized to airline destinations, for digital transformation programs that include projects like Electronic Flight Bag (EFB), ancillary programs containing passenger connectivity, smart aircraft updates, etc.

**Recognition:** 2019 Telecom Asia Awards – Most Innovative IoT Project, 2018 Carriers World ‘Best IoT Initiative’

 **~200**

Customers in 5 continents on our MOVE™ platform

• **India IoT**

Enterprises and Governments are progressively adopting digitalization to enhance efficiency and productivity. Internet of Things (IoT) is the next frontier of automation with public and private sector enterprises recognizing the impact it can have in achieving their efficiency and sustainability goals.

Tata Communications’ Internet of Things is at the core of the Indian market, playing a pivotal role in the business transformation of these enterprises across sectors. Our vision is to be the enterprise’s partner of choice for their IoT transformation, focused on enhancing their resource efficiency and productivity for employees and assets by implementing full stack IoT solutions and data driven insights.

Over the past three years, we have invested in developing IoT infrastructure, software and solutions for Indian customers. We have implemented a smart IoT infrastructure including a dedicated IoT network based on LoRaWAN technology. This infrastructure ensures citywide coverage in 45 cities across India. We have built strong solutioning capability and have taken an integrated approach to deliver end to end IoT solutions including smart devices, a secure network, a cloud-based platform and rich applications.

FY20 has been the year of portfolio expansion and customer validation for us. We have stabilized large scale end to end solution deployments in real world environment across

different segments including connected worker and asset tracker for enterprises and smart lighting solutions for smart cities.

We launched SafePass™ as part of our Connected Worker Solution. The solution was successfully deployed at scale by a large steel manufacturer in India across multiple facilities making it one of the largest such deployment in India. Our asset tracking solution has been used by high growth enterprises to track their business-critical assets. Our smart lighting solution is live in multiple metro cities including the city-wide roll out in a large metropolitan area.

We continue to strengthen our applications and analytics capabilities which will help us develop and deploy end to end IoT solutions at scale in conjunction with ecosystem partners. Overall, we aim to provide enterprises the flexibility to address a larger set of use cases and pain points while keeping the implementation simple which will help drive adoption.

• **Collaboration services - Growth data services portfolio**

Tata Communications provides collaboration and unified communication solutions for enterprises, as well as service providers. These include calling services; SIP trunking services; conferencing services (voice, data, web, video); and Insta CC Customer Experience platform.

Our world-class global Unified Communications as a Service (UCaaS) brings our customers the full power of Microsoft Teams. Our global relationships with more than 1600 carriers ensure state-of-the-art communication and collaboration, wherever your business is.

**Recognition:** Frost & Sullivan Unified Communications Service Provider & Enterprise SIP Trunking Service Provider of the Year 2019

 **1600+**

Carriers across the world



• **Cloud, Edge and Security - Growth data services portfolio**

Tata Communications' IZO™ Cloud platform is the most comprehensive platform of its type available today. A unique combination of innovative hardware and intelligent software topped with our industry awarded managed services, our cloud platform solution is designed to bring together an agile IT ecosystem with hybrid multi-cloud environments, security and network.

IZO™ Cloud platform includes: IZO™ Private Cloud, IZO™ Cloud Storage, IZO™ Managed Cloud, IZO™ Cloud Containers, IZO™ Cloud Analytics and Disaster Recovery.

As part of our long-term commitment to offering global security services with deeper local expertise, Tata Communications' state-of-the-art advanced cyber security response centres aims to be a one-stop partner for managing cyber risks, globally. Our comprehensive portfolio of cyber security services are built on its multi-layered, integrated, secure and trusted security framework.

Our proactive approach using real-time security analytics allows us to provide customers with advanced intelligence that enables them to keep their cloud operations secure across all points of access with unparalleled visibility of global network traffic flows and embedded attack patterns to issue intelligence advisory.

**Recognition:** 2019 Frost & Sullivan, Global Hybrid Cloud Services Product Line Strategy Leadership Award



• **NetFoundry™**

NetFoundry™, a software and business developed as part of Tata Communications' Shape the Future innovation and entrepreneurship programme, has become an independent subsidiary within the Tata Communications Group w.e.f. September 2019.

NetFoundry™ enables IT to transform their networks, in order to support and enable their digital

transformation by providing the world's first cloud orchestrated platform which enables IT to leverage zero trust, programmable, high performance networking from IoT to cloud, and everything in between.

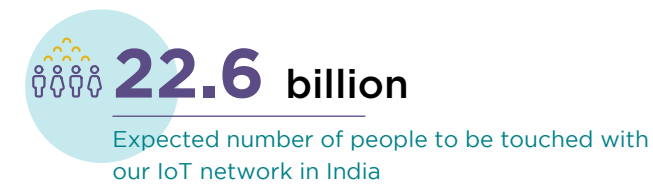
As a subsidiary, NetFoundry Inc. enables Tata Communications to take a more holistic approach to network transformation opportunities for its customers. NetFoundry Inc. provides the industry's best solution for Internet delivered applications, enabling Tata Communications to blend IZO™ WAN solutions into an overall network transformation solution.

**Recognition:** NetEvents Innovation Awards 2019 - Hot Start-up



**Voice Services**

We continue to be one of the largest players worldwide in the wholesale voice industry. Despite the global decline of this market, we continue to hold the leading position in this business.



• **International Long Distance (ILD)**

Tata Communications is the world's largest carrier of international wholesale voice traffic, and has its most advanced intelligent routing platform to enable quality and differentiated voice services. We have over 300 direct routes with leading international voice telecommunication providers. The wholesale international voice business is mature and increasingly commoditised. Our strategy is to grow our leadership position while optimising traffic volumes, and maximising margins and cash flows.

In 2019-20, Tata Communications handled approximately 22.6 billion minutes of international voice traffic globally, a decrease of 18% over the previous year (27.5 billion minutes in FY 2018-19).

• **National Long Distance (NLD)**

Our NLD traffic decreased from 2.6 billion minutes in 2018-19 to 0.7 billion minutes in 2019-20. Mobile Network Operators (MNOs), however, continue to expand and roll out their domestic networks, shrinking the market for our NLD services. The consolidation of the India domestic Telecom market to a limited number of players that all have large India network is resulting in the elimination of this market. Hence the reduction of traffic and revenue from this business in FY20 and we expect this business to be minimal in FY21.

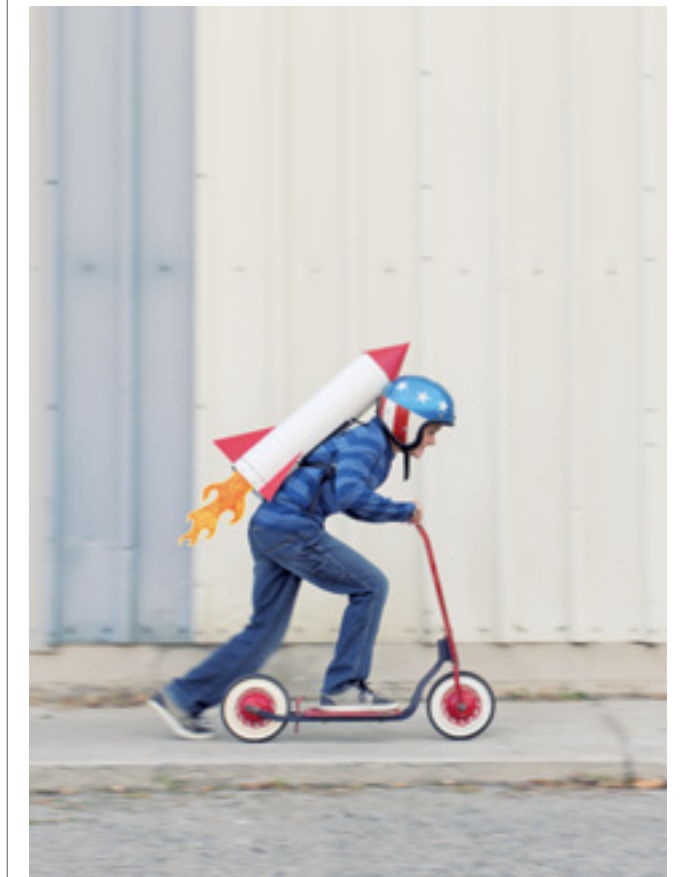
**Vertical Industries**

• **Automotive**

We offer customised solutions and managed services to the automotive industry.

With the introduction of driver assistance services, V2X, autonomous vehicles and a range of infotainment and extended eco-system connectivity models, the automotive industry is opening new territory in driver experience and commercial service interactions. Tata Communications MOVE™ Automotive connectivity solution provides a cloud-based platform, to connect and manage vehicle assets and enable real-time data connections across the world.

- Tata Communications MOVE Intelligent Vehicle Connectivity Platform delivering the highest levels of control, visibility and reporting
- Quality of service metrics and monitoring to furnish the highest customer experience
- Enabling 122 markets for Automotive by end of financial year 2021



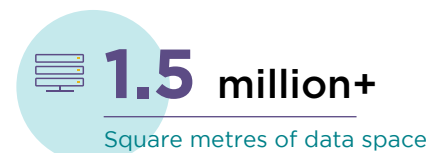


### Media and Entertainment Services (MES)

Tata Communications' MES is a comprehensive platform for global media distribution. Our infrastructure spans the world to allow end-to-end content delivery at any scale. Our technologies enable consistency, reliability and speed of content dispersal via our core product areas: Video Connect & Cloud Based Media Ecosystem.

Tata Communications offers customised video network transmission solutions and managed services to the media and entertainment industry. Our strategy in this space is to create the world's richest, connected, open media ecosystem providing business-to-business video services, cloud-based services and flexible, modular, managed services.

Tata Communications' world-leading Video connect Network & cloud-based media ecosystem enables the entire content pipeline from origination to distribution and connects content producers with technology providers, distributors and consumers.



### Business Excellence

Tata Communications leverages the Tata Business Excellence Model (TBEM) which is drawn up on the lines of Baldrige Excellence Framework, to facilitate systematic evaluation and improvement of performance and attain higher levels of efficiency in our business operations.

TBEM has provided us with a framework for achieving business excellence across multiple parameters covering Leadership, Strategy, Customer, Measurement, Analysis & Knowledge Management, Workforce, Operations and Business Results.

The model requires us to go through a rigorous assessment of our key processes and associated results every two years. The last assessment was conducted in 2018 by a team of senior Tata executives under the aegis of the Tata Business Excellence Group (a division of Tata Sons). Tata Communications has made its place in the 'Emerging Industry Leader' category, which indicates effective, systematic, well-deployed processes that are periodically evaluated and improved.



### Financial Capital

Over the years, we, at Tata Communications, have remained committed to drive sustainable value creation by leveraging our customer-centric, agile and resilient business model.

We manage our financial capital in an optimum and diligent manner with emphasis on the efficient capital allocation and margin expansion. Our focus on generating and communicating economic value is reflected in our financial performance with a consolidated revenue from operations of ₹17067.99 crores and a consolidated EBITDA of ₹3288.95 crores.

### Financial Performance (Standalone)

| Particulars                        | FY 2020  | FY 2019  | YoY growth (%) | Reasons for deviation more than 25%  |
|------------------------------------|----------|----------|----------------|--|
| Net Revenue (₹ in crores)          | 5,750.33 | 5,389.13 | 6.70           | -  |
| EBITDA (₹ in crores)               | 1,572.06 | 1,225.97 | 28.23          | Mainly due to increase in revenue and decrease in network and transmission cost  |
| PAT (₹ in crores)                  | 208.78   | (442.32) | 147.20         | Previous year's loss includes an exceptional loss of ₹667 crores   |
| Debt equity Ratio (in times)       | 0.07     | 0.06     | 16.67          | -  |
| Interest coverage Ratio (in times) | 10.77    | 9.28     | 16.06          | -  |
| Current Ratio (in times)           | 0.65     | 0.64     | 1.56           | -  |
| Debtors Turnover (in times)        | 4.43     | 4.28     | 3.50           | -  |
| Operating Profit Margin (in %)     | 10.34    | 6.22     | 66.24          | Pursuant to the effectiveness of new CLS charges from November 28, 2018, in the previous year the Company recorded revenue of ₹89.94 crores, operating and maintenance recovery of ₹258.81 crores in Other expenses and a corresponding increase in Network and transmission expense due to transfer pricing adjustment. |
| Net Profit Margin (in %)           | 3.63     | (8.21)   | 144.21         | Previous year's loss includes an exceptional loss of ₹667 crores   |
| Return on Net worth (in %)         | 2.54     | (5.39)   | 147.12         | Previous year's loss includes an exceptional loss of ₹667 crores   |

### Outstanding debt

As of March 31, 2020, the outstanding principal amount of debt was approximately ₹546.26 crores, on a standalone basis and ₹10,720.88 crores on a consolidated basis. Considering the current capital expenditure requirements and debt maturing in the near future, we may resort to refinancing existing debt and raising further debt, to the extent and as and when required.

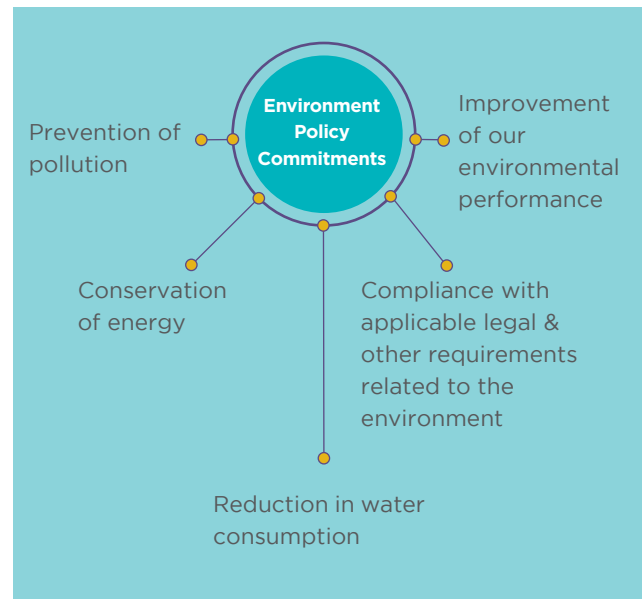


## Natural Capital

With an ardent focus on improving our contributions towards our natural environment, we aim to internalise efficient and optimal utilization of resources in our operations.

We understand that the nature of our operations and sector may not have much implications for the environment and natural resource management as compared to other sectors like manufacturing, real estate, automobiles, mining & processing. However, we are committed to minimise our environmental footprint.

We have an Environment Policy in place which states our commitment to design services which are safe to use, and to not cause any environmental hazards. Our efforts are to minimise use of energy and other resources, and to enable recycling or reuse of resources.



As a continual improvement plan, we have established Environmental Management System in accordance to with ISO 14001:2015 requirements and fourteen of our Indian facilities have been certified for the same. The ISO 14001 standard helps us to regularly review the



Environmental Management System, with programmes in place to mitigate the identified environmental aspects and impacts of our operational activities and services. The system also helps us to review the environmental compliances, objectives and targets, training plans and needs and expectations of our stakeholders in a comprehensive manner.

As a business, we are working towards improving upon the following priority areas:-



### 1 Increasing Renewable Energy (RE) footprint and reducing our GHG emissions

At Tata Communications, we consume nearly 630,000 gigajoule (GJ) of energy, mainly comprising of indirect power supply (89%) from the national grid while the rest comes from conventional sources and from renewable energy sourced from third party / in-house. We understand that our main impact on carbon or other greenhouse gas emissions comes from using indirect energy. Hence, our primary focus area is to reduce these indirect emissions. To reduce such emissions, there is an ongoing move to use renewable energy at key locations of Tata Communications.

In our operations across the globe, almost 8% [- 52,000 gigajoules ('GJ')] of the electricity used in the reporting period was sourced from either wind or solar energy. The major locations harnessing green energy are Delhi, Chennai, Bangalore, Hyderabad and Pune. In order to meet the increasing energy demand for customer services as well as our own facilities as on date, we have 10 megawatt (MW) (18 million units) capacity agreement with third party providers whereas our in-house solar power generation capacity amounts to 5 MW (on site for both IDC and non-IDC).

During the year under review, we completed the Renewable Energy Assessment studies with the help of expert consultants like Deloitte and PTS: Schneider Electric for India and International regions (United Kingdom, Guam, North America, Japan, Portugal, Spain and Singapore) respectively. The exercise was planned under two phases, of which maximum focus was placed on India region, primarily on account of the large infrastructure space and high energy consumption pattern. The study confirmed that Tata Communications has a scope to expand the existing Renewable Energy ('RE') capacity by -16.5% to 32% (34.3 million units per annum).

We have established an accounting mechanism and are calculating our Green House Gas (GHG) emissions i.e. Scope 1 and Scope 2 emissions data in accordance with the GHG Protocol Corporate Accounting and Reporting Standard to account for our global emissions. During the year under review, our total GHG [Scope-1: Direct emissions from our own operations (DG sets fuel and emissions from ODS) and Scope-2: Indirect emissions from the generation of purchased energy] is detailed below-

| Type         | Source  | GHG Emissions (Tonnes of CO <sub>2</sub> e) |
|--------------|---|---|
| Scope -1     | Emissions arising from the consumption of fuels like diesel, and use of refrigerant gases | 6,376                                       |
| Scope-2      | Emissions from consumption of grid electricity  | 108,482                                     |
| <b>Total</b> |   | <b>114,858</b>                              |

We periodically report on environmental stewardship and actions to manage climate change through the Carbon Disclosure Project - CDP [a network organisation which works with shareholders and corporations to disclose the GHG emissions of major corporations]. Tata Communications has received a score of 'C' Grade, which is within the "Awareness" band. Our CDP submissions are available on [www.cdp.net/en](http://www.cdp.net/en).



### 2 Conservation of energy

In FY 2020, we consumed 175 million kilowatt-hour (kWh) across our operations around the globe. Our energy consumption over the years has decreased as we have expanded our focus towards optimising energy efficiency with an aim to continuously measure energy consumption, while also identifying any leakages in our operating procedures. Last year, our Indian operations identified a total of 56 opportunities involving projects related to Heating, Ventilation and Air Conditioning (HVAC), Switched-Mode Power Supply (SMPS) and Uninterruptible Power Supply (UPS) efficiency enhancement / Optimization and consolidation, Smart Lighting (Conversion of conventional lighting into LED), usage of IOT (Internet of Things) and reduction in State Electricity Board (SEB) contract demand. Out of the 56 identified opportunities, 37 (66%) projects stand completed, and we have achieved savings of around 804 thousand kWh with annual savings of ₹7.85 crores.

Our international operations have also worked towards energy conservation projects and have completed two big projects - installation of VFD (Variable Frequency Drives) on IT room HVAC units in our Wall, New Jersey site, resulting in annual savings of approximately 82 thousand units and installation of EC (Electronically Commutated) fans on Stratford, London Colocation room CRAH (Computer Room Air Handler) units resulting in annual savings of approximately 30,600 KWH. Further, our teams installed EV (Electric Vehicle) Charging station at our site in the United States of America - Wall, New Jersey. This allows employees to utilise the charging station facilities while at work as well as for charging other electric vehicles at the site.

 ₹ **78.5 million**  
Annual savings in energy cost in India operations through energy saving initiatives

 **112,600 kWh**  
Energy savings by international operations through energy saving initiatives





**Reducing our water consumption**

We recognise the value of water as an increasing global concern and are conscious of the impact of its use in our operational activities. Hence, we align our operations with the steps to minimise our water footprint and reduce the amount of fresh-water consumption by ensuring maximum recycling and reuse of water.

Our facilities in India exist in areas that face water scarcity. Most of our water usage is for office and catering facilities, or in HVAC to support cooling equipment. Even though our operations are not as water intensive as those of manufacturing industries, we consider it to be a material aspect and have undertaken steps for water conservation across our facilities. Since most of our international operations facilities are on leases, we consider water as a material issue for our Indian operations.

During the reporting period, we drew nearly 4.62 lakhs kilo litres of water (including requirement for STT Global Data Centres India Private Limited - an Associate Company), of which 73% was from municipal facilities, 25% from third-party tankers and bottled water and the remaining 2-3% through rain-water harvesting and ground water extraction.

In order to map water consumption in our direct operations, we conduct a Water Risk Assessment exercise

regularly. This helps us to improve processes and facilitates identification of inefficiencies in water use or distribution system. Our Water Risk Assessment exercise for all major facilities was revisited this year, wherein sites falling under critical results were asked to set up objectives and targets along with plans to conserve and improve water recycling in their region.

Our operations and facilities align with the '3R' resource management strategies: Reduce, Reuse and Recycle.

In a water-stressed country like ours, recycling and efficient use of water is crucial. Therefore, we have installed wastewater treatment plants at most of our facilities. Also, to make our cooling system more efficient, we have implemented a geothermal cooling system - using a water-cooled HVAC technology that loses almost no water to evaporation at Dighi campus, Pune (one of our largest campuses).

Further, most of our facilities have been designed to be 'zero discharge', where the generated waste-water is treated through Sewage Treatment Plants and recycled for cooling and other domestic applications such as gardening and water sprinkling etc. For some sites, treated water is discharged to the municipal drains after complying with all regulatory limits. During FY20, we recycled nearly 77,000 kilo litres of water for reusing purposes.



To know more about the environmental initiatives in detail, please visit <https://www.tatacommunications.com/about/sustainability/>



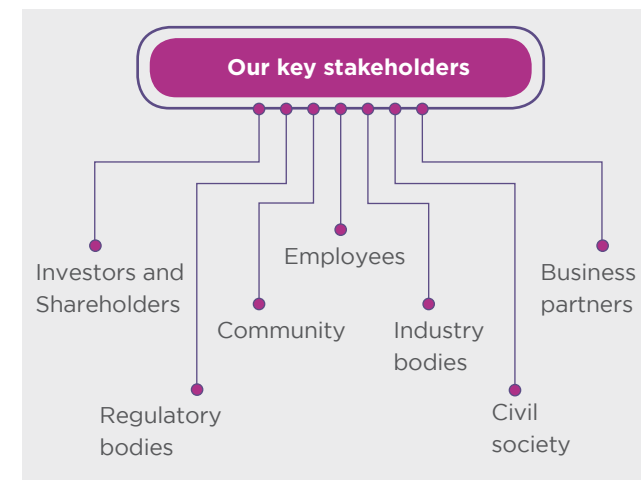
**Relationship Capital**

Tata Communications engages with a diverse range of external and internal stakeholders across all parts of our business.



Our growth plan addresses the who (superior customer experience), the what (platforms, solutions and services) and the how (the right operating model and our commitments in sustainability, innovation and Artificial Intelligence). These strategic shifts need to work in harmony for our strategy to be successful.

To fulfil our shared ambition, Tata Communications engages with a diverse range of external and internal stakeholders across all parts of our business. Our business teams, including Operations, Sales, Investor Relations, Legal & Corporate Secretarial, Corporate Communications, CSR, EOHS, Corporate Services, work closely with their associated stakeholder groups such as Investors, Regulatory bodies, Shareholders, Employees, Community, Industry bodies, Business Partners and civil society to monitor material aspects that interest stakeholders.



Our teams systematically engage stakeholder groups and obtain their opinion with regards to what is most important for the organisation. The assessment provides critical clarity about how we should focus our resources, reporting and communications.

**Customers**

Providing a superior customer experience is at the core of Tata Communications' business model, organization structure and investment decisions. We aim to engage with our customers more intimately and be seen as trusted advisors in their digital transformation journeys. To deliver a superior customer experience, Tata Communications has adopted an agile and holistic approach by shifting from an individual product focus to an integrated customer solution focus - our platform model - so that our platforms stay relevant to our customers' digital transformation journeys. To further drive home positive returns, our focus is on simplifying the customer engagement process - to make it an easier process right from initial contact through the customer lifecycle.





**Investors**

Tata Communications Limited strives for the highest degree of transparency of disclosures and timely dissemination of public communications regarding its strategy, business outlook, various risks, financial results and industry perspective.

The Investor Relations team at Tata Communications Limited facilitates two-way communications of the investor and analyst community with the Management continuously and on a frequent basis, with the aim of ironing out all information asymmetries to merge the Company's stock price with its fair market value. This is achieved via a multitude of interactive channels such as investor roadshows, analyst meetings, management conference calls and one-on-one meets with more than 300+ touchpoints in a year.

The earnings release and the Company's event updates are shared on the Company website as and when such events take place. The earnings updates are also shared over e-mails to the analyst community who subscribe to this service. The quarterly earnings conference call is conducted via livestream video conference calls where the Management declares the business performance and interacts with the investors and analysts.

The detailed Company factsheet and investor presentation has various business KPIs (Key Performance Indicators) and cross-sectional views of Tata Communications' business and trends. All material updates and corporate actions are intimated to the public via press release,

exchange notifications and our Company website. The quarterly and annual filings, results, upcoming investor events, earnings call transcripts and webinar recordings can be found under the Investor Relations Section of the Company website at <https://www.tatacommunications.com/investors/>

**Regulatory and Industry Bodies**

In India, Tata Communications Limited participates in the stakeholder consultations with the Department of Telecommunications ('DoT'), Government of India, Telecom Regulatory Authority of India ('TRAI') and also interactions between industry associations like FICCI, ISPAI and relevant Ministries (Department of Telecommunications, Ministry of Electronics and Information Technology, Ministry of Home Affairs) etc. to support long term policy formulation in the Telecom sector as well as to deal with the critical operational / business issues being consulted upon by the relevant authorities.

Tata Communications Limited is member of ISPAI – an association of Internet Service Providers in India . Apart from ISPAI, the Company through its representatives actively participates in consultative committees of TEC (Telecom Engineering Center), DoT which is the standards-making body for telecom equipment in India. The Company is also represented on the Board of NIXI (National Internet Exchange of India) - a not for profit body under the Chairmanship of Secretary MeitY (Ministry of Electronics and Information Technology).



We proactively contribute to realizing the United Nations Sustainability Development Goals that aim to protect the planet and end poverty. Our investment in Corporate Social Responsibility ('CSR') activities are focussed on creating a positive impact on the economy, society and the environment. Our endeavour is to not only to uplift the communities in which we operate but also to build a strong ecosystem connecting global and local megatrends with initiatives that improve the life situations of the most vulnerable and underserved communities.

CSR at Tata Communications derives inspiration from Tata Group's philosophy 'to improve the quality of life of the communities served globally through long term stakeholder value creation based on leadership with trust'.

We aspire to continuously impact communities by differentiating ourselves as a unique ecosystem of connections. Our CSR programmes leverage the organization's core expertise, partnerships, infrastructure and other resources to create long-term shared value for the community it serves; focused primarily on underserved groups, especially women, young girls, youth, Affirmative Action communities (Dalits and Tribals).

All efforts at Tata Communications are aligned to complement the following 5 SDGs, in accordance with its vision and ambition of touching a million lives by 2022:

|  |   |  |
|--|---|--|
|  <p>Ensure healthy lives and promote well-being for all at all ages</p> |  <p>Ensure inclusive and quality education for all and promote lifelong learning</p> |  <p>Promote inclusive and sustainable economic growth, employment and decent work for all</p> |
|--|---|--|



Reduce inequality within and among countries



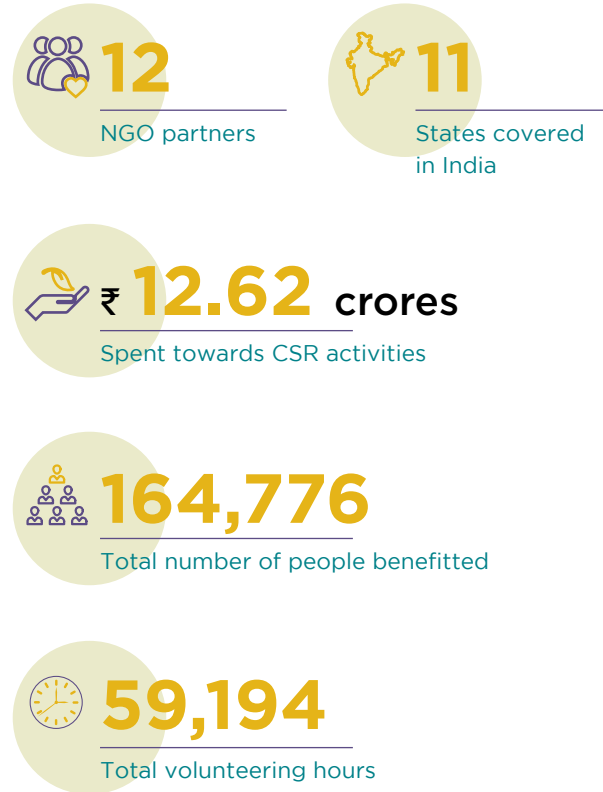
Revitalize the global partnership for sustainable development

Tata Communications synergises with the programs and initiatives of the Tata Group wherever possible and provides support for disaster rescue, relief and rehabilitation in close coordination with other Group companies.

Our community initiatives are undertaken in a project mode with defined activities for each stakeholder, mapped to outcomes with specified targets and milestones. As a practice, Tata Communications establishes long-term multi-year partnerships to provide ample time for creating an impact. All projects undergo periodic monitoring with a defined, project-specific Monitoring and Evaluation framework. Monitoring is done through a cloud-based tool that enables partners to upload real-time and geo-tagged data. In addition to this, regular interactions and site visits are also conducted by our CSR team to monitor the progress of the projects and to provide guidance in achieving their specified targets.

In our effort to make impact assessment more robust, a third-party Social Return on Investment ('SROI') study was commissioned for MPowered, a project for women, to enhance sustainable livelihoods using mobile technology being implemented in Odisha and Jharkhand. The SROI study found that for each rupee invested, a social value of ₹6.7 was generated. Additionally, impact assessment studies were conducted for two other education programs in Bengaluru and NCR.

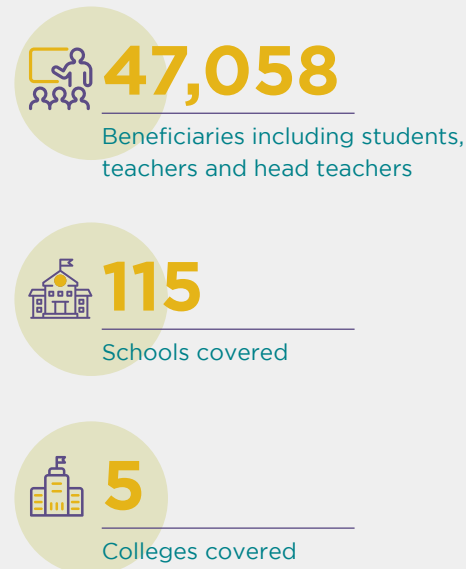
The entire CSR portfolio is managed by a dedicated team of in-house CSR professionals. We collaborate with NGOs, trusts and agencies to implement projects. Additionally, through a Global Employee Volunteering Program, we utilize the skills of our employees to support different projects and community initiatives.



Initiatives undertaken and Outcomes achieved

**Education**

We undertook four projects through NGO partners in Delhi NCR, Maharashtra and Karnataka. These projects are multidisciplinary and improve the quality of education through digital enablement of institutions, introduction of innovative learning methods including sports, capacity building of educators, youth engagement and leadership development of students. Scholarship and academic assistance is provided to youth from challenging backgrounds along with mentorship to students from socially and economically underserved sections.

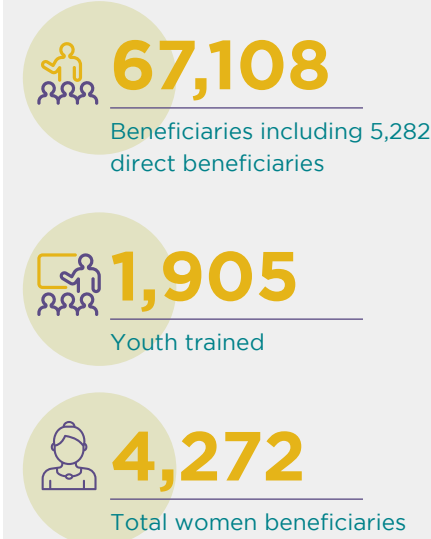


**Employability and sustainable livelihoods**

We provided vocational training to youth to develop skills for BFSI, customer relationship management, retail sales, BPO, Android application development, general duty assistant, electrician, beauty therapist, solar technician and auto sales in Delhi, Maharashtra, Uttar Pradesh, Tamil Nadu, and Telangana. Post training, they will be placed in reputable companies with an average salary of ₹11,597 per month.

Women belonging to rural areas of Odisha and Jharkhand were trained to use smart phone applications on cultivation, livestock management and financial literacy. Women from Raigad district in Maharashtra were trained on entrepreneurship

development to build their capacity for sustainable income through enterprise creation.



**Healthcare & Disaster Relief**

Supporting the establishment of the 'telepathology' infrastructure for cancer diagnosis to offer remote location histopathology analysis.

This year we have initiated project Drishti, that aims to improve eye care of and provide better visual health for and by young girls and women, in order to improve their ability to participate fully in every aspect of life and help them break out of the gender-health-poverty trap.

Tata Communications supported 'One Tata for Disaster Response' by contributing funds for relief and rehabilitation during Cyclone Fani in Odisha and floods in Maharashtra.



**Employee volunteering**

Our CSR projects are enriched through skills-based volunteering; channeling employees' energy towards community action on key social and environmental issues and providing a space for leadership development.

We launched One in a Million, the first ever recognition platform for champion volunteers, with 15 volunteers from India, APAC, Americas and Europe getting the top honours for their effort to inspire volunteering within the organization.

In addition, the employees volunteered for the Employee Giving Program that resulted in a substantial outreach of 28,103 beneficiaries.



**Awards & Recognition**

Tata Communications was recognized by The Singapore Human Resources Institute for a 'Special Mention for CSR' in July 2019. We were awarded the 'TAAP Good Practice Award in Leadership and Education' by Tata Business Excellence Group and won the DX Awards instituted by the CII-Tata Communications Centre for Digital Transformation for 'Innovative Practice in CSR' in 2019. We were also awarded for 'Highest Per Capita (large company)' and for 'Most Unique Volunteering Activity' during Tata Volunteering Week 12 by the Tata Sustainability Group.



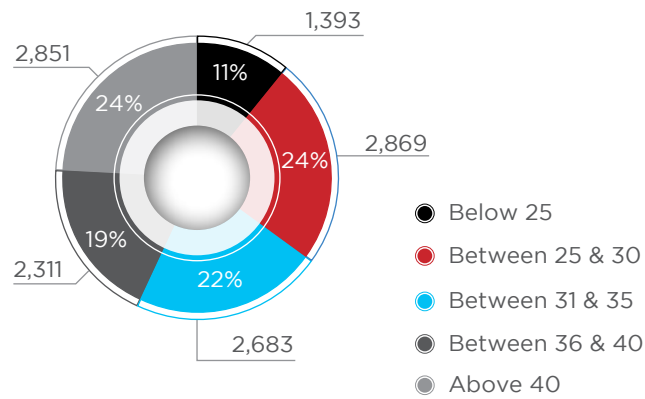


## Human Capital

Our people philosophy remains at the core of our business success.

We aspire to be the Company that offers people opportunities to develop their talent and a work environment in which they feel included, engaged and motivated to perform. We strive to establish a mutually beneficial long-term relationship with our employees who are proud to work with us.

### Age Mix



 **12,107**

Total headcount (including subsidiaries) as on March 31, 2020

 **21.6%**  
Diversity ratio

 **47**  
Nationalities

### Learning and development

We continue to make steady progress to empower our employees with skill sets with the launch of the Tata Communications Learning Academy. This initiative has enabled employees to enhance or build skills required to learn-on-the-go and grow in line with the continuous technological change taking place.

Our innovative training methods help build profiles for future job requirements, helping our employees pivot their skills from hardware to software, from legacy wireline to mobile and the digital economy, transforming them from data recorders to data analysts and scientists.

In FY20, more than 8000 employees were provided training to develop skills like - mobility, digitisation, software defined network, cloud, data science, Artificial Intelligence & Machine Learning ('AI & ML') etc., and were offered opportunities to upgrade their existing skills through individual learning requests or structured, role-based learning interventions. The latter includes our Project Miles, Tata Communications Way of Selling, TCTS Upskilling, and People Manager Capability Building initiatives.




### Key Statistics for FY 20

 **87,470**  
Person-days of learning 5% increase than FY19


 **5,379**  
Certifications for training Against a target of 3050 set for FY20

 **90%**  
Learning done via digital learning channels

 **71%** **52%**  
New Learner Adoption Repeat Learner Adoption  
Adoption on Tata Communications Learning Academy launched in FY20

 **60%**  
of people managers covered in learning journeys under people manager & leadership capability development programmes.

 **303**  
People across technology & services curriculum provided training under Project MILES 2.0  
**99%** coverage of the target group

 **428**  
Individual employees completed certifications in FY20 as part of the Tata Communications Way of Selling (TCWOS) learning journey, an initiative launched in Q3, FY19.

### Crowdsourcing global talent

To further streamline collaboration and nurture employees for the future across various organisational operations, Tata Communications 'Project Marketplace' platform facilitates business units and teams internally to crowdsource talent from its global employees.

The platform provides employees an opportunity to work on projects spread across different regions and disciplines as compared to those in which they may currently work. This provides them with the opportunity to grow their personal networks within the organisation, as well as share ideas on their areas of expertise. Since its launch, the platform has hosted -150 projects (38 projects in 2019-20) and engaged 3500+ users.

During the year, we also extended Project Marketplace to encompass external freelance network in partnership with Upwork to provide project managers access to additional, best-in-class talent available globally.

### Human Capital Development

Tata Communications offers a dynamic work environment where our employees benefit from working with other innovators from around the globe - driving meaningful change together, both for our customers and us. We have a diverse and multicultural workforce representing more than 47 nationalities.

The representation of women in Tata Communications has grown from 16% in FY14 to 21.5% at the end of FY2020 with new hire Diversity at 32.70% in FY2020.

 **20+**  
Projects undertaken with different freelancers from across the globe utilising skillsets like CEPH, Software Development, Web Design and content design



During the year, Inclusive Leadership was introduced as an immersive learning journey to help people managers (including Leadership Forum members) manage a diverse workforce, with the help of webinars from world class D&I (Diversity & Inclusion) leaders, and customized e-learning modules with assignments, case studies, and online social discussions. The Global Part Time Work policy, Work from Home Policy & Caregiving Policy in conjunction with LEAP (Life Event Assistance Program) are all aimed at helping employees balance their personal needs and professional responsibilities at the same time.

Tata Communications has been recognized, for the fourth consecutive year, in the AVTAR Group and Working Mother Media, '2019 - 100 Best Companies for Women in India (BCWI)' for policies and programs that encourage a balanced workforce. Great Places to Work has also named us as 'Best Places to work for Women' in India and Canada.

Tata Communications' compensation and employee benefit practices are designed to be competitive in their respective geographies where it operates. Employee satisfaction, motivation and loyalty remains crucial to maintain our competitive edge. We offer a range of benefits to attract and retain the best talent. The benefits vary across geographies and some of them include Group

Medical Insurance, Group Term Life Insurance, Group Personal Accident Insurance, Car Lease Program, Sodexo Meal Coupons, awards for Employees and Retirement Gift Vouchers to our full-time employees.

We aim to grow and develop our employees and their careers by widening their experience and expertise. As a result, we conduct a training-need analysis on a regular basis to assess training priorities and also hold group discussions to benchmark the training programmes.

**Employee Well Being - Health & Safety**

As an organisation that is built on a strong foundation of values, with more than 10,000 employees across multiple geographies, we take the Occupational Health & Safety (OHS) and well-being of our employees seriously.

We follow the Tata Group's safety principles at every step of our operations, and also uphold the Group safety standards that specify the minimum mandatory requirements required to be followed to keep personnel and facilities safe, for ensuring 'zero harm'. The OHS Policy outlines and demonstrates our commitment to safety for our stakeholders.

We have introduced Mandatory Safety Standards (MSS) covering key operational activities in India. To assess adherence to these standards, regular audits were carried out, with findings forwarded to the leadership team for action. To oversee the implementation of MSS, the EOHS team and Business functions conduct around 500+ audits per month on an average and close all non-conformances in time.

We also launched various behavioural awareness campaigns, training sessions and a health & safety mobile app that resulted in an increase in reported unsafe observations. The number of unsafe observations reported were 3,500+ which was an increase of more than 80%, in comparison to FY 2018-19, whereas the total number of man-days of Health & Safety training for employees and contract workforce was around 5,000. We had no major incidents in the last 36 months, including fatal incidents.

We have also received the OHSAS 18001:2007 certification (international best practice with respect to H&S risk management) for our four facilities (GK-1-Delhi, VSB-Delhi, Dighi-Pune and BKC-Mumbai) in India and two facilities (Tai Seng street and Global Switch Office) in Singapore. During the year, we also received AS 4801 OHS certificate for our Sydney operations in Australia. Additional ISO 45001:2018 Certifications are also in

pipeline for 4 more sites in South India (VSB Chennai, JTP- Chennai, VSB - Kochi and VSB Hyderabad) and 3 sites in Canada (Montreal, Laurentide and Toronto) - expected by Q1 FY 2021. The certification exemplifies our systematic approach and our consistent H&S framework across various business functions and our commitment towards ensuring continual improvement of occupational health and well-being of our employees and the contract workforce. It further reinforces our efforts towards improving our corporate image, reputation and credibility among stakeholders like regulators, customers, prospective clients and the public.

We have a strong commitment to our Health Safety Environment (HSE) framework. Our programmes are driven as per the material risks identified to our operational activities across the geographies we operate in. We are now looking forward to implementing an HSE IT automated solution which will aide business and corporate EOHS teams in automating the HSE programmes and MIS system for Tata Communications. The automated EOHS systems are standardised, easier to implement and use, and more affordable. This modern system will significantly boost productivity, enterprise connectivity, and management visibility to mitigate risks. The system has partially gone live in Q4 FY 20 (trainings KPI). Rest of the KPIs (Unsafe observations & Incidents) are expected to go live by FY 2021 Q1.

During the year, our H&S program was also recognized by a third party - Grow Care India Safety Award jury. Our H&S program was selected for the 'Gold Award for safety'. Specifically, the jury appreciated our IT based interventions (Driver Behaviour Monitoring tool for 4-wheelers; Automatic Speed Detection System deployed at Dighi campus, Pune; and safety app developed for monitoring over speeding for 2-wheelers) in deploying safety measures. The award was conferred to us in December 2019 at New Delhi.



**Employer awards and accolades**

**Best Workplaces in Asia**

Tata Communications (Hong Kong) has been recognized as one of the 'Best Workplaces in Asia' for the year 2019

**2019 Best Employer in India by Aon**

For the fourth year in a row, Tata Communications has been included in Aon's Best Employers in India for 2019. The recognition is a testament to Tata Communications' commitment and approach towards our employees.

**Certified as a Great Place to Work by Great Place to Work Institute**

In 2019, Tata Communications was certified as a Great Place to Work by the Great Place to Work Institute in many countries.

- In India, Tata Communications was certified for the fourth consecutive year
- In Hong Kong, Tata Communications was certified for the third consecutive year
- In Canada, Tata Communications was certified for second consecutive year
- In the United States, Tata Communications was certified for the first time

This, again, is a testament to the progressive people practices deployed by us.

**Best Companies for Women in India - Working Mother and Avtar**

In 2019, for the fourth year in a row, Tata Communications was recognised as one of the top 100 companies for women employees in India. This is a testament to the leadership buy-in, manager support and employee feedback received by Tata Communications for its Winning Mix, a strategic Diversity & Inclusion initiative.

**Best Workplaces for Women by Great Place to Work Institute**

In 2019, for the second consecutive year, Tata Communications has been identified as 'Best Workplaces for Women' in India. In 2020, Tata Communications has been identified as 'Best Workplaces for Women' in Canada.



 **Risk Management****Rigorous systems ensure company-wide protection.**

Being a digital ecosystem enabler, operating in a complex and competitive environment across diverse markets and geographies, Tata Communications is clearly exposed to multiple threats and risks, from both internal and external sources.

We take adequate measures and steps to mitigate risks covering all our business operations. A holistic risk management framework ensures placement of rigorous systems to identify any impact on our operations. By taking all possible scenarios into account, as detailed below, we are making informed decisions to sustain our market leadership globally.

**Internal control systems and their adequacy**

Tata Communications has robust internal control mechanisms, and our financial authority is clearly defined at the appropriate management levels through delegation of powers policies and procedures. Technical and financial operations are controlled by state-of-the-art technology and systems. Tata Communications Limited's accounts are subject to internal and statutory audit.

Tata Communications operates well-established risk management policies and procedures to identify and assess risks across all business units and operations. These take into consideration well-defined risk management principles based on experience, known best practices and principles of good corporate governance. Their focus is on mitigating the potential adverse impact on the business from changes in the external and internal environment. Risk management and mitigation of key risks are considered as a vital exercise to achieve corporate objectives and deliver long-term value to stakeholders.

The Company's key risks are discussed with the members of the Risk Management Committee and the Board of Directors. The responsibility for effective and efficient implementation and maintenance of the risk management system rests with the Global Management Committee, which comprises the CEO, CFO, CLO and key business and operations heads. Tata Communications' risk management procedures are subject to a continual improvement process.

**Enterprise Risk Management (ERM)**

To manage risks, the Board of Directors has established an Enterprise Risk Management ('ERM') process. This comprises the necessary organisational rules and procedures for identifying risks at an early stage and taking proactive steps to manage the risks inherent in any commercial activity. The Risk Management Committee monitors and undertakes an assessment of risks critical to the organisation's performance and strategic delivery. After identifying and assessing the risk under categories such as strategic, financial, operational and compliance, Tata Communications then defines control measures aimed at reducing the likelihood of its occurrence and the potential impact.

ERM risk assessments are a key input for the annual internal audit programme, and cover Tata Communications' various businesses and functions. In addition to its internal audit, Tata Communications also continues to conduct a detailed review and testing of the key internal controls related to financial reporting. This approach provides adequate assurance to the management and the Audit Committee regarding the effectiveness of the internal control procedures defined and implemented by the management.

**Market risks**

**Competition is intensifying from both existing telco players and new entrants in the market, who are offering new and disruptive technology solutions. If we are unable to evolve our strategy and execute well, we face the risk of losing market share to emerging competition and experience a fall in our revenues.**

Beyond traditional telcos, competition in our industry has expanded to include pure-play technology vendors, OEMs, service integrators and Cloud Applications Services Providers (CASPs). Evolving customer needs and technology advances have opened-up a space for these categories of competitors, especially in the enterprise segment. Our failure to track the array of competition across products and services, the markets they operate in and pre-empt their moves, could leave us blind-sided. Maintaining and strengthening our position in the market is hinged on our ability to invest further and bring competing products and solutions to the market at a fast pace. Our failure to successfully execute the strategy laid out, will have a direct impact on our market share and revenues.

**With cost optimisation emerging as a key buying factor, our pricing and margins may decline.**

For reasons of cost and agility, enterprises are looking to transform their technology infrastructure. For instance, enterprises have been increasingly adopting cloud-first strategies and moving from an on-premise to a hybrid model of operations. As a result, the enterprise network architecture is undergoing a transformation. While lowering cost remains a priority for enterprises, the expectation on performance and security remains intact. Downward price pressure and emergence of new alternatives for our enterprise customers pose a risk of fall in our revenues and market share and can affect our profitability. Our failure to simplify our internal business processes, bring in higher productivity to rationalise the cost structure and at the same time, differentiate on quality and service, would pose a threat to our position in the market.

**We face pricing and gross margin erosion, given a considerable portion of our revenues come from declining and low-margin carrier and service provider segments**

Products and services in the wholesale voice and data business remain commoditised globally. With prevailing low prices and continued price erosion, margins from the segment are shrinking further. Additionally, consolidation and restructuring of carriers and service providers as well as overall heavy financial leverage in the industry, particularly in India, further reduces the cost appetite for the segment. A considerable share of our revenues comes from carriers and service providers which poses a threat to our revenue as well as margin profiles. While our focus is on increasing business from the enterprise segment, if we fail to transition faster towards a larger share from enterprises, there is a threat to the overall growth in business and the margins.

**Tata Communications is a truly global business and, therefore, exposed to additional externalities and risks**

Being a global business, we are under the constant threat of socio-political and economic events. Our customers, suppliers, partners, and workforce have multi-geography presence. Our business operations and those of others in the value chain remain exposed to localised or wide-spread political changes, instability, civil unrest, other social tensions, and trade wars; events that are beyond our control. These externalities may impact the relevant communications markets, result in potential re-evaluation of local regulations and change the global business landscape. Black swan events like COVID-19 or other epidemics/serious public health concerns, may lead to restrictive, preventive, precautionary or else protectionist steps. Such an eventuality could have a negative effect on the economies, financial markets, business activities and cost of operations. Implications for us could vary from demand slowdown, inability to maintain business continuity, impact on cost viability, as well as reduced ability to invest and grow. Our failure to cushion ourselves from these externalities and adapt swiftly could adversely impact our ability to maintain and grow the business in a profitable manner.

**Regulatory risks**

**Any change in the regulatory framework under which we operate could adversely affect our business prospects**

Tata Communications has presence across the globe and our operations are subject to the laws and regulations applicable in the countries in which we operate to serve our large multinational enterprise customers. New laws or regulations or changes to the existing regulatory framework by regulatory authorities could restrict the way we manage our platforms, products and services in the region. This could also impose additional costs and impact on our revenue opportunities and potentially, our ability to serve our customers in a manner that would be attractive to us and our customers.

**We are subject to litigation, orders by authority on tax which could require us to pay significant damages or settlements.**

We are subject to a substantial amount of litigation and as such, we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay significant awards or settlements. Example: Resolution of Tata Communications' case on Adjusted Gross Revenues (AGR) dues in India with the Supreme Court which is pending. Our challenge against TRAI's regulation on access facilitation & colocation charges of cable landing station is also pending with the Supreme Court.

**Changes in licensing policy and regulations restricting our business expansion plans and introducing new services could adversely impact our financial performance.**

We are frequently required to maintain licenses for our operations and conduct our operations in accordance with prescribed standards. Without relief, existing laws and regulations may inhibit our ability to expand our business and introduce new products and services. The loss or a material limitation on certain licenses could have an adverse effect on our business, results of operations and financial condition.

**We ought to act responsibly and protect the environment as it constitutes an important aspect of our business. Tata Communications is required to ensure continuous compliance with environmental laws and regulations to minimise any harm to the environment.**

As increasingly stringent legislations addressing environmental concerns come up, they would require us to invest in initiatives to address them. This will incur additional cost to drive those initiatives and maintain the required guidelines set by the respective governing bodies.

**Geo-political issues imposing restrictions from the regulatory authorities on the choice of vendors that we can work with for our network and other services.**

We depend on various key suppliers and vendors to provide us, directly or through other suppliers, equipment and services that we need to operate our business and provide services to our enterprise customers. Strict guidelines issued by regulatory authorities restricting our ability to choose a vendor / partner of choice could have a severe impact on us to maintain or upgrade our network. Our business could be significantly impacted if we are required to choose or replace the existing deployed product or service. Any such disruption will have an adverse effect on our business, results of operations and financial condition.

**Financial risks**

**Tata Communications has presence in multiple geographies and is exposed to exchange rate fluctuations.**

We conduct our operations internationally across multiple countries and have exposure to earnings and costs in foreign currencies. Additionally, we have significant indebtedness in Indian rupees and US dollars. This results in variability on our interest costs. Large currency exchange rate fluctuations can thus have a significant impact on our financials.

**We are significantly influenced by the credit risk associated with our customers and an increase in delinquencies and deterioration of credit profile of our customers could adversely affect our financials.**

Tata Communications has a large customer base with multiple long-term recurring revenue contracts with many of them. Deterioration in creditworthiness of these customers and increase in rate of delinquencies in receiving payments from such customers could result in material shortfall of earnings and cashflows for us. The ability of customers to honour such obligations is impacted by factors, like industry shifts, economic conditions, liquidity, management quality etc.

**Tata Communications has significant debt which increases our exposure to various adverse market movements.**

Tata Communications depends on external borrowings to operate and grow our business. This results in dependence on external capital markets for access to debt at economical rates. Our capacity to access debt depends on both internal and external market & economic factors. Adverse movements in these areas could significantly reduce our ability to access debt markets. This could impact future investments, operations, ability to react to market shifts.

**Our ability to repay or refinance debt is dependent on a combination of both internal and external factors, some of which are beyond our control. Adverse movement in some of these factors could impact our ability to repay or refinance portions of our existing debt**

Tata Communications has various categories of debt with varying repayment schedules, currency denominations and geographies of borrowing. Our debt levels and debt service capability could be impacted by both business considerations and external market linked factors like credit availability, liquidity and foreign exchange rates. Hence, deterioration in cost and availability of credit financing and credit ratings could have an adverse impact.

**Tata Communications has a limited free operating cashflow availability after paying our taxes. This limits our ability to ensure liquidity for supporting our internal expenditures as well as our ability to finance them through external means.**

Tata Communications needs to undertake significant expenditures into assets, technologies, and working capital. Alongside this, we operate in highly competitive markets with significant regulatory oversight. Our operating cashflow is thus impacted by adverse developments in these areas. This results in risks related to our ability to invest to grow our business. It also increases the risks related to honouring our existing liabilities.



**Operational risks**

**If we are not able to adapt to changes and disruptions in technology and address changing customer demands on a timely basis, we may experience a decline in the demand for our services, and experience reduced profits.**

Our industry is rapidly changing as new technologies are developed that offer consumers an array of choices for their communications needs and allow new entrants into the markets we serve. In order to grow and remain competitive, we will need to adapt to future changes in technology, enhance our existing offerings and introduce new offerings to address our customers' changing demands. If our services fail to gain acceptance in the marketplace, or if costs associated with the implementation and introduction of these services materially increase, our ability to retain and attract customers could be adversely affected.

**We make significant investments in new platforms and services that may not be profitable.**

Our growth depends on our ability to create new and higher value platforms and service offerings. We will continue to make investments in research, development, and marketing for existing products, services, and technologies, such as mobility, unified collaboration, network virtualisation and security. Commercial success of these platforms and services depends a lot on our market positioning and relevance to our customers. Failure to create value for the customer business will have a severe impact on our platform growth plans and hence revenue.

**Failure to attract and retain talented people, who have specialised technical skills (e.g., sales, product development, data analytics, managed services, engineering, etc.) could negatively impact our ability to execute our business strategies.**

Due to the highly technical nature of our services and the dynamic changes in industry trends, our business depends on successfully attracting and retaining talented employees. The market for highly skilled workers and leaders in our industry is extremely competitive. If we are less successful in our recruiting efforts, or unable to retain key employees, our ability to develop and deliver successful platforms and services may be adversely affected. In addition, effective succession planning and the ability of our employees to adapt to new operating environments such as remote working is also important to our current and long-term success.

**Improper disclosure of personal data could result in liability and harm our reputation.**

As part of our business operations, we store and process large amounts of personally identifiable information of our customers. At the same time, the continued occurrence of high-profile data breaches provides evidence of an external environment increasingly hostile to information security. This environment demands that we continuously improve our design and coordination of security controls across our business groups and geographies. Despite all efforts, if we fail to avoid improper disclosure of personally identifiable information, it could harm our reputation, lead to legal exposure to customers, or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue. Our software products and services also enable our customers to store and process personal data on premise or, increasingly, in a cloud-based environment we host.

**We may experience outages, data losses, and disruptions of our services if we fail to maintain an adequate operations infrastructure including equipment and systems.**

Our increasing user traffic and complexity of our platforms and services demand more networking and computing power. We have invested and expect to continue to spend substantial amounts to purchase or lease network infrastructure and equipment to handle increased traffic. We are also growing our business of providing a platform and hosting for services provided by third-party businesses to their end customers. Inefficiencies or operational failures, could diminish the quality of our products, services, and user experience resulting in contractual liability, claims by customers and other third parties, damage to our reputation and loss of current and potential users and subscribers, and advertisers, each of which may harm our operating results and financial condition.

**Natural disasters, geo-political disruptions, cyber-attacks, terrorist acts or acts of war could cause damage to our infrastructure and result in significant disruptions to our operations.**

Our business operations are subject to interruption by natural disasters, pandemics, power outages, cyber-attacks, terrorist attacks, other hostile acts and events beyond our control. Such events could cause significant damage to our infrastructure upon which our business operations rely, resulting in degradation or disruption of service to our customers. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. These events could damage the infrastructure of the suppliers that provide us with the equipment and services that we need to operate our business and provide services to our customers. A natural disaster or other event causing physical damage could cause us to experience substantial losses resulting in significant recovery time and expenditures to resume operations. In addition, these occurrences could result in lost revenues from business interruption as well as damage to our reputation.

**Other carriers may not provide us local access services at prices that allow us to effectively compete.**

With the consolidation of telecommunication players in India market the choice of last mile providers in India is very limited. We acquire significant portion of our local access services from other carriers. Network access represents a very large portion of our direct costs. The carriers from whom we buy local access are also our direct competition in the enterprise space and hence we have the risk of them favouring themselves or their affiliates to our detriment. Less favourable pricing and high provisioning time frames our customer revenues and customer experience.

**Inability to replace aging undersea cables may disrupt our connectivity services to our customers and adversely impact revenues.**

Some of our undersea cable systems, which carry a significant amount of our network traffic, are now reaching end of life. We will rely on alternative new undersea cable projects to replace that traffic. Undersea cable projects are expensive and typically take 2 years to build. As a result, we need to plan in advance, our undersea cable strategy in anticipation of supply and demand of network traffic on various routes. Lack of availability of equivalent replacement cables at the appropriate time could impact our services.

**Ongoing legal cases with risk implications****1. Disputed Tax Matters**

In past fiscal years, Tata Communications Limited made certain tax holiday and expense claims based on its understanding of the tax laws, as reinforced by legal precedent and advice received from external tax counsels. In some cases, the Indian tax authorities have not accepted these claims and in a few instances, have sought to levy penalties against the Company. The disallowances and penalties have been challenged by the Company under the applicable legal appeals processes, which are at various stages of adjudication. Though no such appeal has been finally decided against the Company, in the unlikely event of all of the disputes culminating in judgments against us, this could have adverse financial implications on the Company's business.

**2. License Fee Matters**

- i. In 2005, the Company had approached the Telecom Disputes Settlement & Appellate Tribunal ('TDSAT') along with several other service providers to challenge the definition of 'gross revenue' and 'adjusted gross revenue' ('AGR') as interpreted by the Department of Telecommunications ('DoT') for levying license fees. TDSAT issued its final verdict on August 30, 2007, which was broadly in line with the Company's arguments. However, not being satisfied on two issues viz. (i) the date of applicability of the TDSAT verdict, and (ii) the disallowance by the TDSAT of deducting certain charges passed on to other service providers, the Company had challenged TDSAT's order in the Supreme Court of India. Concurrently, DoT also filed an appeal against TDSAT's order. On the

- basis of submission made by the Company, it's appeal and DoT's appeal qua the Company have been de-tagged from the other appeals. While the Company's appeal and DoT's cross appeal remained pending, the Supreme Court passed its judgment on October 11, 2011 setting aside the TDSAT judgment dated August 30, 2007 and permitting the telecom operators to approach the TDSAT for challenging the demands. This round before TDSAT culminated in the judgment dated April 23, 2015. Appeals against this TDSAT were heard by Supreme Court while the Company's appeal and DoT's cross appeal were again directed to be heard separately. The Supreme Court has pronounced its judgement in the appeals of / against the other service providers, vide its order dated October 24, 2019. The Company believes that this judgment of Supreme Court is not applicable to the appeals and licenses of the Company. The Company had also in August / September 2019 received demand letters from the DoT on license fee for the financial years 2006-07 till 2017-18, for which the Company has submitted with the DoT its responses and awaits further revert from the DoT.
- ii. The Company had also filed a separate petition in TDSAT on the penalty and penalty interest provisions under its international and national long-distance license agreements, which was allowed by TDSAT in its judgement of February 2, 2010, entitling the company to a refund of ₹115.73 crores being the penalty and interest thereon realized by DoT in January 2008. Under TDSAT's order of May 2012, DoT refunded to the Company, an amount of ₹ 226.23 crores (₹115.73 crores plus interest), and simultaneously challenged the order in the Supreme Court of India, for which appeal is still pending.
- iii. In 2013, the Company filed a Writ Petition before Madras High Court challenging the demand notice dated February 19, 2013 issued by DoT, which demand was issued pursuant to special audit for FY 2006-07 and 2007-08 for additional license fee and seeking the quashing of the said demand notice. The Madras High Court by its order dated March 1, 2013 stayed the demand. The petition is pending.

- iv. In 2013, the DoT introduced a new Unified License (UL) regime for internet service providers that replaced the old service-specific license regime and imposed a new license fee of 8% of AGR on internet services revenue under the new UL-ISP Licenses. This created a non-level playing field among providers. In 2014, the company applied to the DoT for a new UL-ISP license with the condition that we would not pay the new license fee on internet services revenue to maintain a level playing field with providers not yet subject to the new license fee, and also requested an extension for the old service-specific license. The DoT, while extending the old license, imposed license fee on internet services, which was challenged by Tata Communications in TDSAT. In its hearing of March 25, 2014, TDSAT granted a stay on payment of license fee on pure internet services and extended company's license during the pendency of the litigation. TDSAT has granted similar stays on petitions filed by other service providers on imposition of license fee by DoT. Vide judgement and order dated October 18, 2019, TDSAT has allowed the petition and decision of DoT to include the revenue from pure internet services in the AGR for levy of license fee on the ISPs under Unified License regime is set aside with direction to raise revise demands of license fee on the basis of same concept of AGR as is being done in respect of ISPs holding license under the old regime. The expectation was expressed by TDSAT from DoT to expedite the process of taking decision keeping in view the relevant recommendations of TRAI as well as the constitutional requirement of providing and safeguarding a 'level playing field' for all the ISPs. DoT was further directed to do it without any delay to end the uncertainty.

### 3. Access Costs on Cable Landing Stations (CLS)

The Telecom Regulatory Authority of India ('TRAI'), issued the International Telecommunication Access to Essential Facilities at Cable Landing Stations Regulations, 2007 ('2007 Regulations') on June 7, 2007, authorizing the owners of Cable Landing Stations ('CLS') to fix their own cost-based charges for access to CLS, after obtaining approvals from TRAI to ensure that the charges were cost based. In 2012, TRAI amended the 2007 Regulations vide Amendment



Regulation dated October 19, 2012 empowering itself to specify/prescribe these charges, and thereafter issued another Regulation dated December 21, 2012 prescribing a uniform access charge in the form of a ceiling which led to an almost 90% reduction in the charges prevailing prior to issue of these Regulations and which were approved by TRAI in the year 2007 onwards. These were challenged by the Issuer by way of a Writ Petition filed in the Hon'ble High Court of Madras. The High Court, in 2016, dismissed the Company's Writ Petition, and against which order, the Company filed an appeal with the Division Bench of the Madras High Court. Since the Division bench of Madras High Court refused to grant interim stay to the Company while deciding to hear the Writ Appeal finally and keeping the Misc. Petition (CMP) for interim stay pending, the Company filed a Special Leave Petition ('SLP') with the Supreme Court of India. The Supreme Court, dismissing the Company's SLP, requested the Division Bench of the High Court to dispose off the matter at the earliest. The Division Bench of Madras High Court vide its Order dated July 2, 2018 partly allowed the Petition and quashed the schedules to the Regulations which prescribed charges, kept the CLS Regulations in abeyance and directed TRAI to rework the schedules within a period of six months. In October 2018, TRAI and other parties filed SLP in Supreme Court against the judgement of July 2018 in which the Supreme Court ordered TRAI to re-work the figures within a period of six weeks from October 8, 2018. TRAI reworked and re-enacted the schedules and issued Amendment Regulations with effect from November 28, 2018.

In December 2018, Association of Competitive Telecom Operators ('ACTO') filed an application in Supreme Court seeking direction and interpretation that the November 28, 2018 Regulations may be declared to be effective from retrospective effect. This application was disposed off by the Supreme Court on January 28, 2019 stating that it is not for the Supreme Court to give any interpretation and the matter may be taken up in Appellate Court and consequently remanded the matter to TDSAT.

On January 7, 2019 the Company filed in the Supreme Court an SLP challenging the jurisdiction of TRAI which has been admitted by the Supreme Court.

ACTO and Reliance Jio filed their separate petitions in TDSAT in pursuance of Supreme Court's order dated January 28, 2019. BSNL also filed a petition before TDSAT. By a judgement dated April 16, 2020, TDSAT has dismissed the petitions filed by ACTO, Reliance Jio and BSNL in favour of the Company. ACTO and Reliance Jio have filed their Civil Appeals before the Supreme Court challenging the TDSAT judgment dated April 16, 2020. These Civil Appeals are yet to be listed for hearing.

### 4. Premature termination of exclusivity and compensation

As previously reported, the Government of India (GoI) terminated the Company's exclusivity in the International Long Distance (ILD) business two years ahead of schedule and allowed other players to enter the ILD business on April 1, 2002. The GoI offered the Company a compensation package for this early termination under the terms of a letter dated September 7, 2000. The GoI also gave the Company an assurance that it would consider additional compensation, if found necessary, following a detailed review of its decision to open up the ILD market.

Contrary to its assurances, on January 18, 2002, the GoI issued a further letter to the Company, unilaterally declaring that the compensation package provided in its original letter was to be treated as full and final settlement of every sort of claim against the early termination of the Company's exclusivity rights in the ILD business. The Company filed a suit in the Bombay High Court in 2005. On July 7, 2010, the Bombay High Court ruled that it did not have the jurisdiction to hear this suit, in view of the provisions of the Telecom Regulatory Authority of India Act, 1997. Aggrieved by the said order, the Company instituted an appeal before a division bench of the Bombay High Court on various grounds. This appeal is yet to come up for a hearing.



### Indian Telecom Regulatory Developments

The Government of India, on September 26, 2018 approved its new telecom policy - National Digital Communications Policy 2018 - with a view to attract US\$ 100 billion investment in the telecom sector and create 40 lakh job opportunities by 2022. This policy envisages to provide universal broadband coverage at 50 megabit per second ('Mbps') to every citizen in addition to providing 1 gigabit per second ('Gbps') connectivity to all Village Panchayats of India by 2020 and 10 Gbps by 2022.

The Department of Telecommunications ('DoT') released the 'National Telecom Machine to Machine ('M2M') Roadmap' on May 12, 2015 to serve as a single reference document for all M2M stakeholders in India and with the aim to provide guidance to all stakeholders to nurture M2M Communications. The Telecom Regulatory Authority of India has provided its recommendations in respect of M2M to DOT. Further, the Telecommunication Engineering Centre, Department of Telecommunications ('TEC') has, on January 8, 2019 issued its Recommendations for IoT/M2M Security. DOT is expected to soon issue the guidelines with regard to the M2M/IoT services in India.

The DoT, on August 31, 2018, issued guidelines for grant of Unified License for Virtual Network Operators ('VNOs'), under which VNOs are treated as extensions of Network Service Operators ('NSOs') or Telecom Service Providers ('TSPs'), where NSOs or TSPs own the core network. Although VNO may establish, operate and maintain telecommunication networks parented to NSO or TSP network and provide telecommunication services using any technology as per prescribed standards in the service area authorised under VNO License, VNO are not allowed to own/install equipment interconnecting with the network of other NSO or TSP. VNOs are allowed to create their own service delivery platforms in respect of customer service, billing and Value Added Services.

### International Regulatory Developments

Concerns about the ability of certain telecommunications equipment providers to utilize their equipment as modes of government surveillance have prompted many countries to consider or apply restrictions on the use of high-risk telecommunications vendors. The focus of the restrictions has been on certain equipment manufacturers who may be deemed to pose security risks.

Internationally, certain countries like the United States of America, the United Kingdom, Australia, Canada, Japan, New Zealand, etc., are considering, or have



applied, restrictions or outright prohibitions on certain telecommunications equipment manufacturers.

Tata Communications is monitoring the regulatory developments on a global basis to align our existing network configuration and future deployment with applicable requirements.

### Our Commitment to Data Privacy

Tata Communications recognises the importance of protecting personal data to individuals, organisations and stakeholders. Accordingly, we strive to earn and maintain the public's trust in their ability to share personal data with us. We currently have policies, procedures and controls in place to ensure that we process and manage personal data securely and in accordance with all applicable privacy laws, including, the General Data Protection Regulation ('GDPR') in the European Union, which is regarded as one of the highest and strictest in the world. Our Privacy Policy, available at [www.tatacommunications.com/policies/privacy](http://www.tatacommunications.com/policies/privacy), further explains in detail our practices and processes with respect to handling of any personal data that we receive from customers, suppliers or partners.

As part of Tata Communications' ongoing commitment to ensure compliance with global data privacy laws and to provide enhanced protections for customer, supplier and employee personal data globally, we continue to review, test and improve our data privacy framework updating

it in light of emerging developments, best practice and new legislation. In the financial year, these efforts included reviewing our existing GDPR based compliance processes in light of the requirements of the California Consumer Privacy Act ('CCPA') which came into force on 1 January 2020 and ensuring fitness for purposes and identifying any additional measures required. We are also conducting an equivalent exercise with respect to India's Personal Data Privacy Bill (PDPB) as it progresses through the legislative process.

Data privacy laws like the GDPR, the CCPA and the PDPB are important steps forward for clarifying and enabling individual privacy rights. Tata Communications is committed to data privacy and information security compliance across all of our products and services. We continue to be vigilant on all matters of data privacy and security to ensure that our policies, processes and controls keep pace with this ever-developing landscape, so that we can maintain the public's trust in this area.

### Cautionary Statement

Statements in the Directors' Report and Management Discussion and Analysis describing Tata Communications' objectives, projections, estimates and expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ substantially or materially from those

expressed or implied. Important factors that could make a difference to our operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which we operate, changes in government regulations, policies, tax laws and other incidental factors. Further, Tata Communications retains the flexibility to respond to fast-changing market conditions and business imperatives. Therefore, Tata Communications may need to change any of the plans and projections that may have been outlined in this report, depending on market conditions.



# Corporate Governance Report

## I. Company's Philosophy on Corporate Governance

Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. The Company's philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Strong leadership and effective corporate governance practices have been the Company's hallmark inherited from the Tata culture and ethos.

The Company has a strong legacy of fair, transparent and ethical governance practices.

The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes the Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ('the Act'). The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model and Tata Communications Limited's Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ('Insider Trading Code'). The Company has in place an Information Security Policy that ensures proper utilization of IT resources.

The Company is in compliance with the requirements stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as applicable, with regard to corporate governance (including relaxations granted by SEBI in the wake of COVID-19).

## II. Board of Directors

- As on March 31, 2020, the Company has six Directors. One is an executive director and the remaining five are non-executive directors. Amongst the non-executive directors, two are independent and two are nominee directors of

the Government of India. Ms. Renuka Ramnath, a non-executive independent director, is the Chairperson of the Board. The profiles of Directors can be found on <https://www.tatacommunications.com/investors/board/>. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

Subsequent to the resignation of Mr. Vinod Kumar – Managing Director and CEO w.e.f. July 5, 2019, the strength of the Board of Directors of the Company was 5, which fell below the prescribed requirement of 6 directors for top 1000 listed entities. The Nomination and Remuneration Committee ('NRC') and the Board of Directors of the Company immediately initiated the process of identifying a suitable successor to be appointed as the MD & CEO of the Company. After due process, at their respective meetings held on July 30, 2019, the NRC and the Board identified Mr. Amur S. Lakshminarayanan to take up the position of the MD & CEO of the Company. However, in terms of the permissions granted by the Ministry of Information & Broadcasting ('MIB') to setup Teleports at certain places, it was mandatory for the Company to adhere to the Policy Guidelines for Uplinking of Television Channels from India dated December 5, 2011. The said Policy Guidelines make it obligatory on the part of the Company to take prior permission from the MIB before effecting any change in the Chief Executive Officer / Board of Directors of the Company. Accordingly, immediately after the NRC and the Board of Directors identified Mr. Amur S. Lakshminarayanan to be appointed as the MD & CEO of the Company, an application was made to the MIB on August 2, 2019 for the above mentioned necessary regulatory approval.

The Company received approval of the MIB on November 22, 2019, upon receipt of which the Board of Directors, promptly, appointed Mr. Amur S. Lakshminarayanan as the Managing Director and Chief Executive Officer of the Company with effect from November 26, 2019.

For the period between July 5, 2019 and November 26, 2019 the Company had 5 Directors, which was below the prescribed requirement of 6 directors for top 1000 listed entities. Thereafter, the composition of the Board of Directors was in compliance with the prescribed requirements under Regulation 17(1) of the SEBI Listing Regulations.

### Board changes this year:

Mr. Amur S. Lakshminarayanan was appointed as the Managing Director and Chief Executive Officer of the Company with effect from November 26, 2019, subject to approval of the shareholders. A resolution seeking shareholders' approval for his appointment forms part of the Notice.

Dr. Maruthi Prasad Tangirala retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Ms. Renuka Ramnath was appointed as an independent director at the 29<sup>th</sup> Annual General Meeting ('AGM') held on Tuesday, September 29, 2015 for a period of five years commencing from December 8, 2014 up to December 7, 2019. Based on the recommendation of the Nomination and Remuneration Committee, her re-appointment for a second term of five years commencing from December 8, 2019 up to December 7, 2024 was approved by the Board of Directors and is proposed at the ensuing AGM for the approval of the Members by way of a special resolution.

During the year under review, Mr. Vinod Kumar tendered his resignation as the Managing Director & CEO of the Company with effect from the close of business hours on July 5, 2019. The Board places on record its appreciation for his invaluable contribution and guidance.

- None of the Directors on the Board held directorships in more than 8 listed entities at any point during the financial year ended March 31, 2020. None of the Independent Directors serves as an independent director on more than 7 listed entities. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors. None of the Directors is related to the other.

- Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations and that they are independent of the management. The Independent Directors have also affirmed that they have completed requisite steps towards the inclusion of their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act, read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014.

- Nine Board Meetings were held during the year under review and the gap between two meetings did not exceed 120 days. The said meetings were held on:

|                   |                  |                  |
|-------------------|------------------|------------------|
| May 8, 2019       | June 7, 2019     | July 2, 2019     |
| July 30, 2019     | August 2, 2019   | November 8, 2019 |
| November 26, 2019 | January 22, 2020 | March 31, 2020   |

The necessary quorum was present for all the meetings.

- The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year under review and at the last AGM, name of other listed entities in which the Director is a director and the number of Directorships and Committee Chairmanships / Memberships held by them in other public limited companies as on March 31, 2020 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies registered under Section 8 of the Act. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he/she is a Director. For the purpose of determination of limit of the Board Committees, chairpersonship and membership of the Audit Committee and Stakeholders' Relationship Committee has been considered as per Regulation 26(1)(b) of SEBI Listing Regulations.



| Name of the Director   | Number of Board Meetings attended during the year 2019-2020 | Attendance at the last AGM (August 2, 2019) | Number of Directorships in public limited companies including Tata Communications Limited* |        | Number of Committee Positions held in public limited companies including Tata Communications Limited |        | Other listed entities where directors of the Company held Directorships |                           |
|--|---|---|--|--------|--|--------|---|---------------------------|
|  |   |   | Chairperson  | Member | Chairperson  | Member | Name of the Listed Entity   | Category of Directorship  |
| <b>Name of the Director</b>  |   |   |  |        |  |        |   |                           |
| Mr. Amur S. Lakshminarayanan<br>Managing Director & CEO<br>(w.e.f. November 26, 2019)<br>DIN: 08616830 | 2   | N.A.  | -  | 1      | -  | -      | -   | -                         |
| Mr. Vinod Kumar<br>Managing Director & CEO<br>(up to July 5, 2019)<br>DIN: 01204665                    | 2   | N.A.  | N.A.   | N.A.   | N.A.   | N.A.   | N.A.  | N.A.                      |
| <b>Non-Executive Independent Directors</b>   |   |   |  |        |  |        |   |                           |
| Ms. Renuka Ramnath<br>Chairperson<br>DIN: 00147182   | 9   | Yes   | 2  | 6      | 1  | 1      | Arvind Limited<br>TV18 Broadcast Limited<br>PVR Limited                 | NE - ID<br>NE - ID<br>NE  |
| Dr. Uday B Desai<br>DIN: 01735464  | 9   | Yes   | -  | 3      | 1  | 2      | -   | -                         |
| <b>Non-Executive Non-Independent Directors</b>   |   |   |  |        |  |        |   |                           |
| Mr. N. Srinath<br>DIN: 00058133  | 8   | Yes   | -  | 4      | -  | 2      | Tata Teleservices (Maharashtra) Limited                                 | MD (up to March 31, 2020) |
| Dr. Rajesh Sharma<br>DIN: 08200125   | 8   | Yes   | -  | 2      | -  | 1      | ITI Limited   | NE - ID (Nominee)         |
| Dr. Maruthi Prasad Tangirala<br>DIN: 03609968  | 9   | Yes   | -  | 1      | -  | 1      | -   | -                         |

MD - Managing Director; NE - Non-Executive Director; ID - Independent Director

\* Excludes directorships of associations, private limited companies, Section 8 companies or companies incorporated outside India.

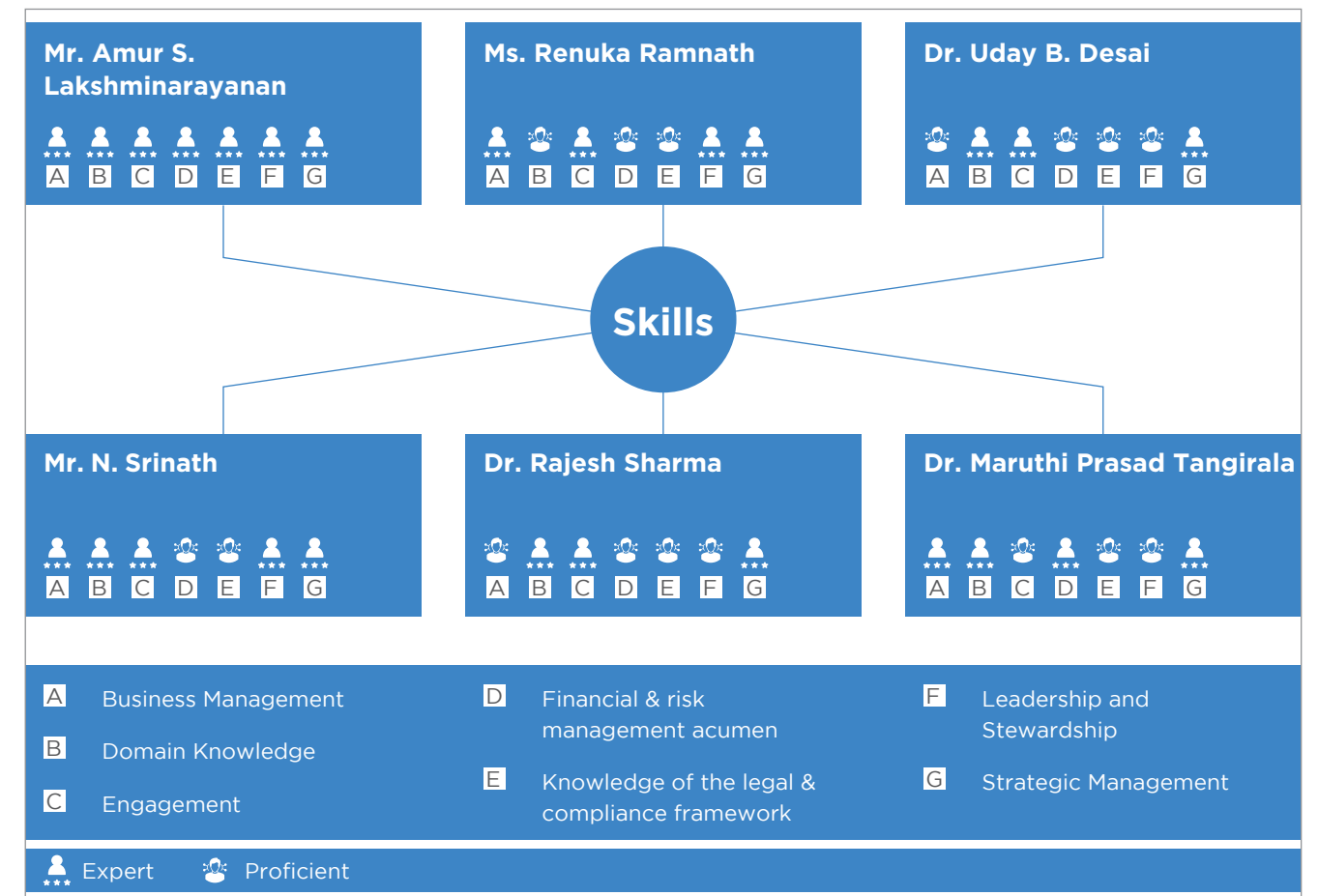
\*\* Represents Chairmanships / memberships of Audit Committee and Stakeholders' Relationship Committee in public limited companies whose equity shares are listed.

- vi. During FY 19-20, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.
- vii. During FY 19-20, one separate meeting of the Independent Directors was held on March 31, 2020. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors and the Board as a whole. The Board of Directors also evaluated the Independent Directors' performance.
- viii. The Board periodically reviews the compliance reports of all laws applicable to the Company.
- ix. None of the Directors held any equity shares of the Company as on March 31, 2020.

- x. The Board, based on the recommendation of the NRC, has identified the following skills / expertise / competencies fundamental for the effective functioning of the Company:

|   |   |
|---|---|
| Business Management                           | Ability to organize, plan, lead and direct a business.  |
| Domain Knowledge                              | Expertise and Knowledge in the fields of Telecom, Information Technology and Digitalisation.  |
| Engagement                                    | Aware. Listens to others and is able to put across own point of view in an assertive manner. Participative in the deliberations.  |
| Financial & risk management acumen            | Capability to read and interpret financial statements, understand financial and accounting policy & risk management assessment.   |
| Knowledge of the legal & compliance framework | Understanding of the legal and compliance framework within which the Board is expected to function & the duties responsibilities of individual Board members.   |
| Leadership and Stewardship                    | Capability to have leading and influencing conversations with the executive management. Conflict resolution & facilitation. Capability to serve / balance the wider interests and objectives of the Company, its various stakeholders while being compliant to good governance practices. |
| Strategic Management                          | Guiding the executive management in formulation and implementation of the major goals and initiatives of the Company.   |

The identified skills are mapped to each of the Directors basis their level of expertise or proficiency for each identified skill:



The eligibility of a person to be appointed as a Director of the Company is dependent on whether the person possesses the requisite skill sets identified by the Board as above and whether the person is a proven leader in running a business that is relevant to the Company's business or is a proven academician in the field relevant to

the Company's business. The Company's business runs across different industry verticals, geographical markets and is global in nature. The Directors so appointed are drawn from diverse backgrounds and possess special skills with regard to the industries / fields from where they come.

### III. Committees of the Board

A. There are five Board Committees as on March 31, 2020, statutory details of which are as follows:

| Name of the Committee               | Extract of Terms of Reference   | Category and Composition   | Other Details |          |                                     |                            |                   |                            |                   |               |  |
|-------------------------------------|---|--|---------------|----------|-------------------------------------|----------------------------|-------------------|----------------------------|-------------------|---------------|--|
| <b>Statutory Committees</b>         |   |  |               |          |                                     |                            |                   |                            |                   |               |  |
| Audit Committee                     | Constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations and Section 177 of the Act.<br>The broad terms of reference of the Audit Committee include: <ul style="list-style-type: none"> <li>Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.</li> <li>Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval.</li> <li>Evaluation of internal financial controls and risk management systems in conjunction with Internal and Statutory Auditors.</li> <li>Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.</li> <li>To provide advice to the Compliance Officer in setting forth policies in relation to the implementation of the Code of Conduct for Prevention of Insider Trading &amp; the Code of Corporate Disclosure Practices (Code) and the SEBI (Prohibition of Insider Trading) Regulations, 2015.</li> </ul> | <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Ms. Renuka Ramnath<br/>[Chairperson]</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Dr. Uday B. Desai</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Dr. Rajesh Sharma</td> <td>Non-Executive</td> </tr> </tbody> </table> | Name          | Category | Ms. Renuka Ramnath<br>[Chairperson] | Non-Executive, Independent | Dr. Uday B. Desai | Non-Executive, Independent | Dr. Rajesh Sharma | Non-Executive | <ul style="list-style-type: none"> <li>Four meetings of the Audit Committee were held during the year under review and the gap between two meetings did not exceed one hundred and twenty days.</li> <li>Ms. Renuka Ramnath, Chairperson of the Audit Committee was present at the Company's last Annual General Meeting held on August 2, 2019.</li> <li>The Audit Committee invites a number of people to its meetings, including any Company executive it feels will be relevant, as well as representatives of the statutory auditors and internal auditors.</li> <li>All members are financially literate and bring in expertise in the fields of finance, economics, development, strategy and management.</li> <li>Mr. Manish Sansi, Company Secretary &amp; General Counsel (India) is the Compliance Officer and ensures compliance with and implementation of the Insider Trading Code.</li> </ul> |
| Name                                | Category  |  |               |          |                                     |                            |                   |                            |                   |               |  |
| Ms. Renuka Ramnath<br>[Chairperson] | Non-Executive, Independent  |  |               |          |                                     |                            |                   |                            |                   |               |  |
| Dr. Uday B. Desai                   | Non-Executive, Independent  |  |               |          |                                     |                            |                   |                            |                   |               |  |
| Dr. Rajesh Sharma                   | Non-Executive   |  |               |          |                                     |                            |                   |                            |                   |               |  |

| Name of the Committee                       | Extract of Terms of Reference   | Category and Composition  | Other Details  |          |                                    |                            |                    |                            |                |               |                              |               |   |
|---|---|---|--|----------|------------------------------------|----------------------------|--------------------|----------------------------|----------------|---------------|------------------------------|---------------|---|
| <b>Statutory Committees</b>                 |   |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |
|   | <ul style="list-style-type: none"> <li>Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.</li> <li>Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.</li> </ul>  |   | <ul style="list-style-type: none"> <li>The management is responsible for the Company's internal controls and financial reporting process, with the statutory auditors responsible for performing independent audits of the Company's financial statements in line with generally accepted auditing practices, as well as for issuing reports based on their audits. The Audit Committee supervises these processes, and ensures accurate and timely disclosures to maintain transparency, integrity and quality of financial control and reporting.</li> </ul> |          |                                    |                            |                    |                            |                |               |                              |               |   |
| Nomination & Remuneration Committee ('NRC') | Constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations and Section 178 of the Act.<br>The broad terms of reference of the NRC include: <ul style="list-style-type: none"> <li>Recommend to the Board the setup and composition of the Board and its committees.</li> <li>Recommend to the Board the appointment/re appointment of Directors, Key Managerial Personnel and executive team members of the Company.</li> <li>Support the Board and Independent Directors in evaluation of the performance of the Board, its committees and individual directors.</li> <li>Recommend to the Board the Remuneration Policy for Directors, executive team or Key Managerial Personnel as well as the rest of employees.</li> <li>Oversee familiarization programs for directors.</li> </ul> | <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Dr. Uday B. Desai<br/>[Chairperson]</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Ms. Renuka Ramnath</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Mr. N. Srinath</td> <td>Non-Executive</td> </tr> <tr> <td>Dr. Maruthi Prasad Tangirala</td> <td>Non-Executive</td> </tr> </tbody> </table> | Name   | Category | Dr. Uday B. Desai<br>[Chairperson] | Non-Executive, Independent | Ms. Renuka Ramnath | Non-Executive, Independent | Mr. N. Srinath | Non-Executive | Dr. Maruthi Prasad Tangirala | Non-Executive | <ul style="list-style-type: none"> <li>Six Nomination and Remuneration Committee meetings were held during the year under review.</li> <li>Details of Performance Evaluation Criteria and Remuneration Policy are provided herein below.</li> </ul> |
| Name  | Category  |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |
| Dr. Uday B. Desai<br>[Chairperson]          | Non-Executive, Independent  |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |
| Ms. Renuka Ramnath                          | Non-Executive, Independent  |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |
| Mr. N. Srinath                              | Non-Executive   |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |
| Dr. Maruthi Prasad Tangirala                | Non-Executive   |   |  |          |                                    |                            |                    |                            |                |               |                              |               |   |



| Name of the Committee                        | Extract of Terms of Reference  | Category and Composition   | Other Details |          |                                    |                            |                |               |                              |               |   |
|--|--|--|---------------|----------|------------------------------------|----------------------------|----------------|---------------|------------------------------|---------------|---|
| <b>Statutory Committees</b>                  |  |  |               |          |                                    |                            |                |               |                              |               |   |
| Stakeholder's Relationship Committee ('SRC') | Constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations and Section 178 of the Act.<br><br>The broad terms of reference of the SRC include:<br><br><ul style="list-style-type: none"> <li>Review of statutory compliance relating to all security holders.</li> <li>Oversight of compliances in respect of dividend payments and transfer of unclaimed amounts to the Investor Education and Protection Fund.</li> <li>Oversight and review of all matters related to the transfer of securities of the company.</li> <li>Review of movements in shareholding and ownership structures of the company.</li> <li>Ensuring setting of proper controls and oversight of performance of the Registrar and Share Transfer Agent.</li> <li>Recommendation of measures for overall improvement of the quality of investor services.</li> <li>Resolving the grievances of the security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.</li> </ul> | <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Dr. Uday B. Desai<br/>[Chairperson]</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Mr. N. Srinath</td> <td>Non-Executive</td> </tr> <tr> <td>Dr. Maruthi Prasad Tangirala</td> <td>Non-Executive</td> </tr> </tbody> </table> | Name          | Category | Dr. Uday B. Desai<br>[Chairperson] | Non-Executive, Independent | Mr. N. Srinath | Non-Executive | Dr. Maruthi Prasad Tangirala | Non-Executive | <p>Four meetings of the Stakeholders' Relationship Committee were held during the year under review.</p> <ul style="list-style-type: none"> <li>Details of Investor complaints and Compliance Officer are provided herein below.</li> </ul> |
| Name   | Category   |  |               |          |                                    |                            |                |               |                              |               |   |
| Dr. Uday B. Desai<br>[Chairperson]           | Non-Executive, Independent   |  |               |          |                                    |                            |                |               |                              |               |   |
| Mr. N. Srinath                               | Non-Executive  |  |               |          |                                    |                            |                |               |                              |               |   |
| Dr. Maruthi Prasad Tangirala                 | Non-Executive  |  |               |          |                                    |                            |                |               |                              |               |   |

| Name of the Committee                                       | Extract of Terms of Reference  | Category and Composition  | Other Details |          |                                 |               |                   |                            |                   |               |  |
|---|--|---|---------------|----------|---------------------------------|---------------|-------------------|----------------------------|-------------------|---------------|--|
| <b>Statutory Committees</b>                                 |  |   |               |          |                                 |               |                   |                            |                   |               |  |
|   | <ul style="list-style-type: none"> <li>Review of measures taken for effective exercise of voting rights by shareholders.</li> <li>Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar &amp; Share Transfer Agent.</li> <li>Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.</li> </ul>   |   |               |          |                                 |               |                   |                            |                   |               |  |
| Corporate Social Responsibility Committee ('CSR Committee') | Constituted in line with the provisions of Section 135 of the Act.<br><br>The broad terms of reference of the CSR Committee include:<br><br><ul style="list-style-type: none"> <li>Formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company.</li> <li>Recommend the amount of expenditure to be incurred on the activities mentioned in the CSR Policy.</li> <li>Monitor the CSR Policy of the Company from time to time.</li> <li>Oversee the Company's conduct with regard to its corporate and societal obligations and its reputation as a responsible corporate citizen.</li> </ul> | <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Mr. N. Srinath<br/>[Chairperson]</td> <td>Non-Executive</td> </tr> <tr> <td>Dr. Uday B. Desai</td> <td>Non-Executive, Independent</td> </tr> <tr> <td>Dr. Rajesh Sharma</td> <td>Non-Executive</td> </tr> </tbody> </table> | Name          | Category | Mr. N. Srinath<br>[Chairperson] | Non-Executive | Dr. Uday B. Desai | Non-Executive, Independent | Dr. Rajesh Sharma | Non-Executive | One meeting was held during the year under review. |
| Name  | Category   |   |               |          |                                 |               |                   |                            |                   |               |  |
| Mr. N. Srinath<br>[Chairperson]                             | Non-Executive  |   |               |          |                                 |               |                   |                            |                   |               |  |
| Dr. Uday B. Desai   | Non-Executive, Independent   |   |               |          |                                 |               |                   |                            |                   |               |  |
| Dr. Rajesh Sharma   | Non-Executive  |   |               |          |                                 |               |                   |                            |                   |               |  |

| Name of the Committee             | Extract of Terms of Reference  | Category and Composition  | Other Details |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
|-----------------------------------|--|---|---------------|----------|------------------------------|---------------|------------------------------|---------------|--------------|--------|------------------------|--------|--------------------|----------------------------|---|
| <b>Statutory Committees</b>       |  |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Risk Management Committee ('RMC') | Constituted in line with the provisions of Regulation 21 of SEBI Listing Regulations.<br><br>The responsibilities and duties of the RMC include: <ul style="list-style-type: none"> <li>Helping to set the tone and develop a culture of risk management into the organisation's goals and compensation structure.</li> <li>Review and approve the Risk Management Framework once in three years.</li> <li>Evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner.</li> <li>To ensure that the Company has adequate cyber security measures in place to protect itself from cyber threats and also monitor such security measures from time to time.</li> </ul> | <table border="1"> <thead> <tr> <th>Name</th> <th>Category</th> </tr> </thead> <tbody> <tr> <td>Mr. N. Srinath [Chairperson]</td> <td>Non-Executive</td> </tr> <tr> <td>Dr. Maruthi Prasad Tangirala</td> <td>Non-Executive</td> </tr> <tr> <td>Mr. Tri Pham</td> <td>Member</td> </tr> <tr> <td>Ms. Pratibha K. Advani</td> <td>Member</td> </tr> <tr> <td>Dr. Uday B. Desai*</td> <td>Non-Executive, Independent</td> </tr> </tbody> </table> <p>* Appointed as a Member of the Committee w.e.f. August 2, 2019</p> | Name          | Category | Mr. N. Srinath [Chairperson] | Non-Executive | Dr. Maruthi Prasad Tangirala | Non-Executive | Mr. Tri Pham | Member | Ms. Pratibha K. Advani | Member | Dr. Uday B. Desai* | Non-Executive, Independent | As per the relaxation granted by the Securities and Exchange Board of India vide its Circular bearing reference no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020, an extension of three months i.e. till June 30, 2020 was granted to convene the meetings of the Nomination and Remuneration Committee; Stakeholders' Relationship Committee and Risk Management Committee. Accordingly, the meeting of the Risk Management Committee was held on June 13, 2020 within the extended period granted by SEBI. |
| Name                              | Category   |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Mr. N. Srinath [Chairperson]      | Non-Executive  |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Dr. Maruthi Prasad Tangirala      | Non-Executive  |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Mr. Tri Pham                      | Member   |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Ms. Pratibha K. Advani            | Member   |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |
| Dr. Uday B. Desai*                | Non-Executive, Independent   |   |               |          |                              |               |                              |               |              |        |                        |        |                    |                            |   |

## B. Stakeholders Relationship Committee - other details

a. Name, designation and address of Compliance Officer:

- Mr. Manish Sansi, Company Secretary & General Counsel (India) is the Compliance Officer for shareholder grievance redressal.
- The Stakeholders' Relationship Committee has been delegated the powers to approve the issue of Duplicate Share Certificates and approve transfer / transmission of shares. All shares received for transfer until March 31, 2020 have been duly processed.

b. Details of Investor Complaints received and redressed during FY 2020 are as follows:

| Opening Balance | Received during the year | Resolved during the year | Closing Balance |
|-----------------|--------------------------|--------------------------|-----------------|
| 0               | 13                       | 13                       | 0               |

## C. Nomination and Remuneration Committee - other details

Remuneration policy:

### Encouraging a high-performance culture

We've designed our remuneration policy to encourage a high-performance culture to attract and

retain the best staff, and motivate them to achieve results. The policy supports a customer-focused business model that demands our employees to be mobile to meet project needs. Pay models comply with local regulations in each country we operate, with a remuneration structure tailored to reflect its domestic IT industry.

The Company pays remuneration via salary, benefits, perquisites, incentives and allowances (fixed component) and commission (variable component) to its Managing Director. It does not have any employee stock option scheme.

The NRC decides on annual increments for the Managing Director, following the salary scale approved by shareholders of the Company. The NRC also decides on the commission payable to the Managing Director out of the net profits for the financial year, following the ceilings prescribed under the Companies Act, 2013. Its decision is based on Company performance, as well as that of the Managing Director and each executive director. The Remuneration policy is available on <https://www.tatacommunications.com/investors/governance/>.

### Sitting fees for the financial year 2019-20 - as recommended by the NRC and approved by the Board

- ₹50,000/- per meeting of the Board / Audit Committee / Nomination and Remuneration Committee, to Non-Executive Directors who are not employees of any Tata company.
- ₹25,000/- per meeting for the meetings of other committees, to Non-Executive Directors who are not employees of any Tata company.
- ₹25,000/- per meeting convened for any other purpose in the interest of business.
- ₹20,000/- per meeting of the Board, any committee, or for any meeting convened for any

other purpose in the interest of business, to Non-Executive Directors who are employees of any Tata company excluding the employees of the Company or its subsidiaries.

### Commission and sitting fees paid to Non-Executive Directors for the year 2019-20

At the Company's AGM on September 29, 2015, shareholders approved annual payment of commission to the Non-Executive Directors for the next five years, starting from April 1, 2015, within the ceiling of 1% of the net profits of the Company as outlined by the Act. The Board decides the exact commission each year and then distributes it amongst the non-executive directors based on their attendance and contribution at Board and committee meetings, as well as time spent on other operational matters. The Company also reimburses any out-of-pocket expenses incurred by directors for attending the meetings.

### Details of commission and sitting fees to Non-Executive Directors for the year 2019-20 are below:

| ₹ in lakhs                                |            |              |
|---|------------|--------------|
| Name of Director                          | Commission | Sitting Fees |
| Ms. Renuka Ramnath                        | 60.00      | 10.00        |
| Mr. N. Srinath <sup>1</sup>               | 23.00      | 4.00         |
| Dr. Uday B. Desai                         | 40.00      | 11.50        |
| Dr. Rajesh Sharma <sup>2</sup>            | 29.00      | -            |
| Dr. Maruthi Prasad Tangirala <sup>2</sup> | 22.00      | -            |

1 As per a Tata Group directive, in case an executive who is in full time employment of any Tata Company and is receiving salary as full-time employee is appointed as Non-Executive director (NE) on any Tata Company, such NE would not accept any commission. However, such NE would be eligible sitting fees as per the policy of the Company.

2 The Government Directors have informed the Company that they will not accept any sitting fees and commission, as their directorships are seen as part of their official duty.

### Remuneration paid to the whole-time director during the year 2019-20

| ₹ in lakhs   |        |                          |                                   |
|--|--------|--------------------------|-----------------------------------|
| Name   | Salary | Perquisites & Allowances | Performance and Other Incentives# |
| Mr. Vinod Kumar*<br>Managing Director & Group CEO (up to July 5, 2019)               | 589.02 | 8.34                     | -                                 |
| Mr. Amur S. Lakshminarayanan**<br>Managing Director & CEO (w.e.f. November 26, 2019) | 190.10 | 76.88                    | 253.40                            |

\* Mr. Vinod Kumar as a Chief Executive Officer of one of the Company's wholly owned foreign subsidiary, Tata Communications Services (International) Pte. Ltd., has also received a remuneration of SGD 4,962,556.43 during the year from that subsidiary.

\*\* Mr. Amur S. Lakshminarayanan has received a remuneration of ₹75.24 lakhs for the period October 3, 2019 to November 25, 2019, during which he was the Managing Director & CEO - Designate of Tata Communications Limited.

# Approved commission for FY 2019-20 will be paid in the current financial year.



Salary, perquisites and allowances and commission as stated above include the amount paid by a subsidiary company.

Performance evaluation criteria for independent directors

The NRC determines how the Company evaluates independent directors based on criteria including:

- Participation and contribution
- Commitment
- Deployment of their knowledge and expertise
- Management of relationships with stakeholders
- Integrity and maintenance of confidentiality
- Independence of behaviour and judgment.

#### D. Number of Committee Meetings Held and Attendance Records

| Name of the Committee                           | Audit Committee  | Nomination and Remuneration Committee  | Stakeholders' Relationship Committee                      | Corporate Social Responsibility Committee | Risk Management Committee* |
|---|--|--|---|---|----------------------------|
| No. of meetings held                            | 4  | 6  | 4   | 1   | -                          |
| Date of meetings                                | May 8, 2019<br>Aug 2, 2019<br>Nov 8, 2019<br>Jan 22, 2020              | May 8, 2019<br>June 7, 2019<br>July 2, 2019<br>July 30, 2019<br>Nov 26, 2019<br>Mar 31, 2020 | May 8, 2019<br>Aug 2, 2019<br>Nov 8, 2019<br>Jan 22, 2020 | Nov 8, 2019                               | -                          |
| No. of meetings attended                        |  |  |   |   |                            |
| Ms. Renuka Ramnath                              | 4  | 6  | -   | -   | -                          |
| Dr. Uday B. Desai**                             | 4  | 6  | 4   | 1   | -                          |
| Dr. Rajesh Sharma                               | 4  | -  | -   | 1   | -                          |
| Mr. N. Srinath                                  | -  | 5  | 4   | 1   | -                          |
| Dr. Maruthi Prasad Tangirala                    | -  | 5  | 4   | -   | -                          |
| Mr. Tri Pham                                    | -  | -  | -   | -   | -                          |
| Ms. Pratibha K. Advani                          | -  | -  | -   | -   | -                          |
| Whether quorum was present for all the meetings | The necessary quorum was present for all the above committee meetings. |  |   |   |                            |

\* As per the relaxation granted by the Securities and Exchange Board of India vide its Circular bearing reference no. SEBI/HO/CFD/CMD1/CIR/P/2020/48 dated March 26, 2020, an extension of three months i.e. till June 30, 2020 was granted to convene the meetings of the Nomination and Remuneration Committee; Stakeholders' Relationship Committee and Risk Management Committee. Accordingly, the meeting of the Risk Management Committee was held on June 13, 2020 within the extended period granted by SEBI.

\*\*Appointed as member of Risk Management Committee w.e.f. August 2, 2019.

#### IV. General Body Meetings

##### i. General Meeting

##### a. Annual General Meeting (AGM)

| Financial Year | Date           | Time       | Venue   | Resolutions & Voting   |
|----------------|----------------|------------|---|--|
| 2016-17        | June 27, 2017  | 11:00 a.m. | MC Ghia Hall, Bhogilal Hargovindas Building, Second Floor, 18/20 Kaikhushru Dubash Road, Kalaghoda, Mumbai - 400 001. | Special resolutions: Nil   |
| 2017-18        | August 9, 2018 | 10:00 a.m. | Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai - 400 020.                                   | Special resolutions: 3<br>a. Alteration of Clause III - Objects Clause of the Memorandum of Association of the Company.<br>b. Alteration of Clause IV - Liability Clause of the Memorandum of Association of the Company.<br>c. Alteration of Articles of Association of the Company.<br>All the resolutions were put to vote and carried with requisite majority. |
| 2018-19        | August 2, 2019 | 11:30 a.m. | BSE International Convention Hall, 1 <sup>st</sup> Floor, BSE Building, P.J. Towers, Fort, Mumbai - 400 001           | Special resolutions: 1<br>a. Re-appointment of Dr. Uday B. Desai (DIN: 01735464) as an Independent Director of the Company<br>The resolution was put to vote and carried with requisite majority   |

##### b. Extraordinary General Meeting:

No extraordinary general meeting of the members was held during FY 2019-20.

- Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise, details of the voting pattern and procedure of postal ballot:

Nil

- Details of special resolution proposed to be conducted through postal ballot:

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

**V. a.** A certificate has been received from Mr. Upendra C. Shukla, Practicing Company Secretary, that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority.

**b.** In accordance with SEBI Circular dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from Mr. Upendra C. Shukla, Practicing Company Secretary, confirming compliances with applicable SEBI Regulations, Circulars and Guidelines for the year ended March 31, 2020.

VI. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, on consolidated basis is given below:

| Particulars   | Amount (₹)         |
|---|--------------------|
| Fees for audit and related services paid to S.R. Batliboi & Associates LLP and Affiliates firms of the network of which the statutory auditor is a part | 93,325,000         |
| Other fees paid to Affiliates firms and to entities of the network of which the statutory auditor is a part   | 52,519,215         |
| <b>Total</b>  | <b>145,844,215</b> |

## VII. Other Disclosures

| Particulars  | Regulations  | Details   | Website link for details/policy   |
|--|--|---|---|
| Related party transactions   | Regulation 23 of SEBI Listing Regulations and as defined under the Act | There are no material related party transactions during the year that have conflict with the interest of the Company. Transactions entered into with related parties during the financial year were in the ordinary course of business and at arms' length basis and were approved by the Audit Committee. The Board's approved policy for related party transactions is uploaded on the website of the Company.  | <a href="https://www.tatacommunications.com/investors/governance/">https://www.tatacommunications.com/investors/governance/</a> |
| Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets | Schedule V (C) 10(b) to the SEBI Listing Regulations                   | Subsequent to the resignation of Mr. Vinod Kumar - Managing Director and CEO w.e.f. July 5, 2019, the strength of the Board of Directors of the Company was 5, which fell below the prescribed requirement of 6 directors for top 1000 listed entities. The Nomination and Remuneration Committee ("NRC") and the Board of Directors of the Company immediately initiated the process of identifying a suitable successor to be appointed as the MD & CEO of the Company. After due process, at their respective meetings held on July 30, 2019, the NRC and the Board identified Mr. Amur S. Lakshminarayanan to take up the position of the MD & CEO of the Company. However, in terms of the permissions granted by the Ministry of Information & Broadcasting ('MIB') to setup Teleports at certain places, it was mandatory for the Company to adhere to the Policy Guidelines for Uplinking of Television Channels from India dated December 5, 2011. The said Policy Guidelines make it obligatory on the part of the Company to take prior permission from the MIB before effecting any change in the Chief Executive Officer / Board of Directors of the Company. Accordingly, immediately after the NRC and the Board of Directors identified |   |

| Particulars                               | Regulations  | Details   | Website link for details/policy   |
|---|--|---|---|
|   |  | Mr. Amur S. Lakshminarayanan to be appointed as the MD & CEO of the Company, an application was made to the MIB on August 2, 2019 for the above mentioned necessary regulatory approval.  |   |
|   |  | The Company received approval of the MIB on November 22, 2019, upon receipt of which the Board of Directors, promptly, appointed Mr. Amur S. Lakshminarayanan as the Managing Director and Chief Executive Officer of the Company with effect from November 26, 2019.   |   |
|   |  | For the period between July 5, 2019 and November 26, 2019 the Company had 5 Directors, which was below the prescribed requirement of 6 directors for top 1000 listed entities. Thereafter, the composition of the Board of Directors was in compliance with the prescribed requirements under Regulation 17(1) of the SEBI Listing Regulations. |   |
|   |  | In compliance with the letters received from the Stock Exchanges for non-compliance with Regulation 17(1) - having less than six directors on the Board for a period of 52 days, the Company has made the payments of penalty levied, under protest.  |   |
| Whistle Blower Policy and Vigil Mechanism | Regulation 22 of SEBI Listing Regulations          | The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behaviour. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.                                   | <a href="https://www.tatacommunications.com/investors/governance/">https://www.tatacommunications.com/investors/governance/</a> |
| Discretionary requirements                | Schedule II Part E of the SEBI Listing Regulations | The half-yearly financial performance of the Company for the period ended September 30, 2019 was sent to every member in November 2019.<br><br>The auditors' report on financial statements of the Company are unqualified.<br><br>Internal auditors of the Company, make presentations to the audit committee on their reports.                |   |



| Particulars  | Regulations   | Details  | Website link for details/policy   |
|--|---|--|---|
| Subsidiary Companies                                   | Regulation 24 of the SEBI Listing Regulations   | The audit committee reviews the consolidated financial statements of the Company and the investments made by its unlisted subsidiary companies. The minutes of the Board meetings along with a report on significant developments of the unlisted subsidiary companies are periodically placed before the Board of Directors of the Company.<br><br>The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.  | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |
| Policy on Determination of Materiality for Disclosures | Regulation 30 of SEBI Listing Regulations   | The Company has adopted a Policy on Determination of Materiality for Disclosures.  | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |
| Policy on Archival and Preservation of Documents       | Regulation 9 of SEBI Listing Regulations  | The Company has adopted a Policy on Archival and Preservation of Documents.  |   |
| Reconciliation of Share Capital Audit Report           | Regulation 76 of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and SEBI Circular No D&CC / FITTC/ Cir-16/2002 dated December 31, 2002. | A qualified practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ('NSDL') and the Central Depository Services (India) Limited ('CDSL') and the total issued, and listed equity share capital. The audit report confirms that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL. |   |
| Code of Conduct  | Regulation 17 of the SEBI Listing Regulations   | The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March 31, 2020. The Annual Report of the Company contains a certificate by the Chief Executive Officer and Managing Director, on the compliance declarations received from Independent Directors, Non-Executive Directors and Senior Management.   | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |

| Particulars  | Regulations  | Details  | Website link for details/policy   |
|--|--|--|---|
| Dividend Distribution Policy   | Regulation 43A of the SEBI Listing Regulations   | The Company believes in enhancing shareholders' returns on an ongoing basis. The Board has the discretionary power to recommend the dividend. When deciding on the dividend pay-out, the Board may consider various parameters including, but not limited to, profits earned in the financial year, the Company's past performance, expansion plans, taxation and statutory regulations, and money market conditions.<br><br>The Board of Directors has approved the Dividend Distribution Policy, as per Regulation 43A of the SEBI Listing Regulations. The Dividend Distribution Policy lists the key factors that may affect the decision to pay out earnings in the form of dividends | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |
| Terms of Appointment of Independent Directors  | Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act | Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website.  | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |
| Familiarization Programme  | Regulations 25(7) and 46 of SEBI Listing Regulations                                       | The details of familiarization programme for independent directors is available on the Company's website.  | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |
| Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018 |  | The Company has in place a charter under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013,<br><br>The details of instances of complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, for the financial year 2019-20 have been disclosed as part of the Business Responsibility Report.   | <a href="http://www.tatacommunications.com/investor-relations/governance">http://www.tatacommunications.com/investor-relations/governance</a> |

**VIII. Means of Communication**

The quarterly, half-yearly and annual financial results of the Company are published in Free Press Journal and Navshakti among other newspapers. The results are also displayed on the Company's <https://www.tatacommunications.com/investors/results/>. Statutory notices are published in The Free Press Journal and Navshakti. The Company also issues press releases from time to time. Financial Results, Statutory Notices, Press Releases and Presentations made to the institutional investors/ analysts after the declaration of the quarterly, half-yearly and annual results are submitted to the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE') as well as uploaded on the Company's website. A Management Discussion and Analysis Report is a part of this Annual Report.

**IX. General shareholder information****i. Annual General Meeting for FY 2020**

Date: August 28, 2020

Time: 11:00 hours

Venue: Video-conferencing

As required under Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standard 2, particulars of Directors seeking appointment/re-appointment at this AGM are given in the Annexure number to the Notice of this AGM.

**vii. Market Price Data:**

High-Low (based on daily closing price) and number of equity shares traded during each month in the year 2019-2020 on NSE and BSE:

|          | BSE      |         |                                      | NSE      |         |                                      |
|----------|----------|---------|--------------------------------------|----------|---------|--------------------------------------|
|          | High (₹) | Low (₹) | Total number of equity shares traded | High (₹) | Low (₹) | Total number of equity shares Traded |
| Apr-2019 | 626.65   | 553.90  | 194,866                              | 627.70   | 553.95  | 3,714,489                            |
| May-2019 | 581.00   | 527.90  | 357,642                              | 580.80   | 527.65  | 6,447,993                            |
| Jun-2019 | 545.75   | 465.30  | 283,281                              | 545.30   | 465.30  | 7,523,029                            |
| Jul-2019 | 518.00   | 440.70  | 1,035,854                            | 519.75   | 442.00  | 5,608,857                            |
| Aug-2019 | 510.80   | 402.00  | 318,332                              | 516.90   | 401.95  | 2,987,963                            |
| Sep-2019 | 442.80   | 260.00  | 2,162,584                            | 442.50   | 408.00  | 2,157,621                            |
| Oct-2019 | 385.00   | 338.00  | 388,045                              | 384.40   | 337.30  | 3,044,318                            |
| Nov-2019 | 465.00   | 348.00  | 1,049,271                            | 464.80   | 346.60  | 8,236,049                            |
| Dec-2019 | 454.50   | 380.00  | 289,325                              | 454.00   | 380.00  | 2,745,106                            |
| Jan-2020 | 458.10   | 393.55  | 214,518                              | 458.60   | 393.05  | 2,709,564                            |
| Feb-2020 | 445.00   | 357.30  | 391,334                              | 445.90   | 357.70  | 1,556,020                            |
| Mar-2020 | 378.50   | 205.70  | 1,476,499                            | 379.00   | 200.00  | 2,734,073                            |

**ii. Financial Calendar**

Year ending: March 31, 2020

AGM: August 28, 2020

Dividend Payment: The final dividend, if declared, shall be paid on or after August 29, 2020

**iii. Date of Book Closure :** Saturday, August 22, 2020 to Friday, August 28, 2020 (both days inclusive)**iv. Listing on Stock Exchanges:**

National Stock Exchange of India Limited ('NSE')

Exchange Plaza, Plot No. C/1, G Block,

Bandra-Kurla Complex, Bandra (E),

Mumbai - 400 051

BSE Limited ('BSE')

25<sup>th</sup> Floor, P.J. Towers, Dalal Street,

Mumbai - 400 001.

**v. Stock Codes/Symbol**

NSE : TATACOMM

BSE : 500483

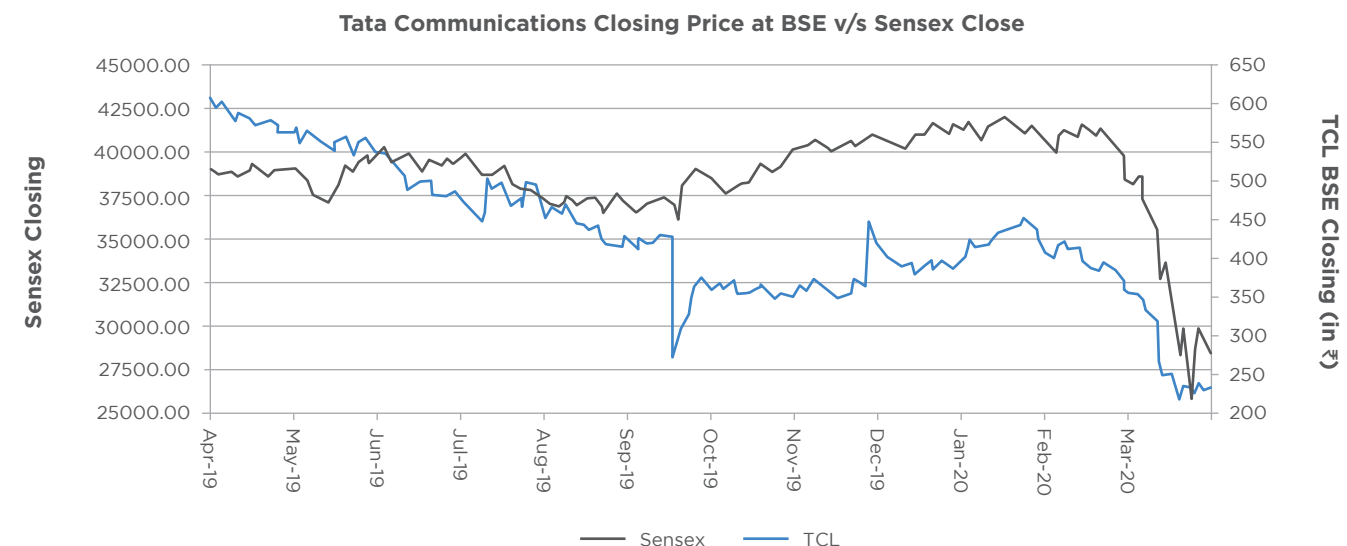
Listing Fees as applicable have been paid.

**vi. Corporate Identity Number (CIN) of the Company:**

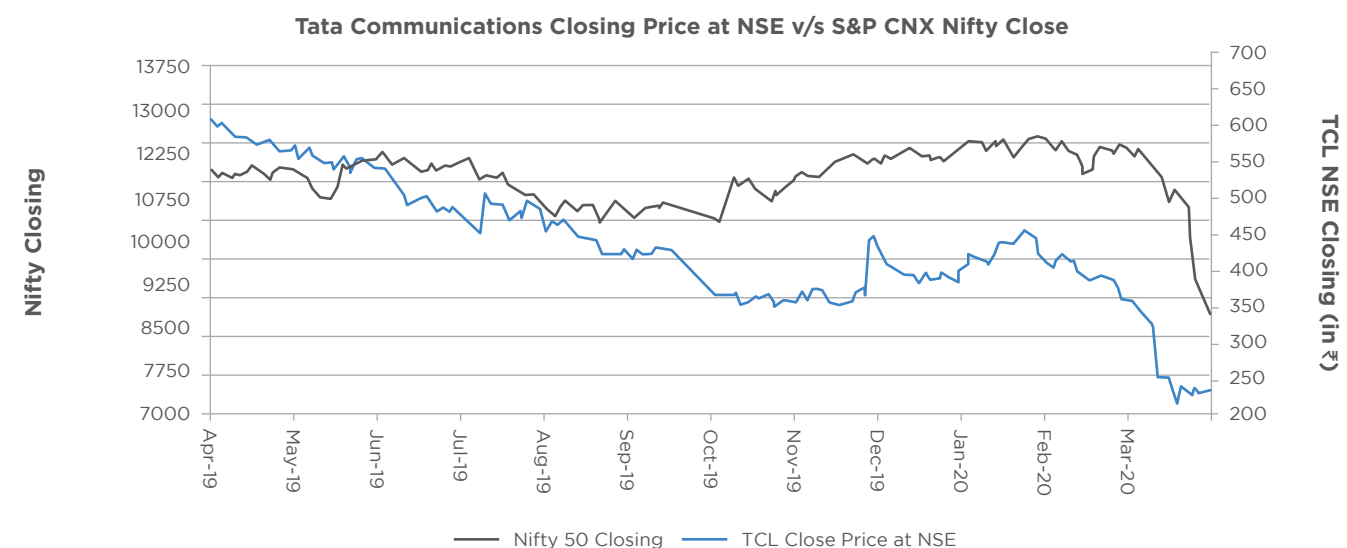
L64200MH1986PLC039266

**viii. Performance of the Company's share price in comparison to broad-based indices such as BSE Sensex and Nifty 50**

Performance of the Company's share price compared to the BSE Sensex



Performance of the Company's share price compared to the Nifty 50

**ix. Registrars and Transfer Agents**

Name and Address: TSR Darashaw Consultants Private Limited ('TSRDCPL') 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011

Telephone: 91 22 6656 8484

Fax: 91 22 6656 8494

E-mail: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)

Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)



**x. Place for acceptance of Documents:**

For the convenience of the shareholders, documents will also be accepted at the following branches/agencies of TSRDCPL

|                   |   |   |
|-------------------|---|---|
| <b>Bangalore</b>  | <b>TSR DARASHAW CONSULTANTS PRIVATE LIMITED</b> | 503, Barton Centre (5 <sup>th</sup> Floor)<br>84, Mahatma Gandhi Road,<br>Bangalore - 560 001<br>Tel: 080 - 25320321, Fax: 080 - 25580019<br>E-mail : tsrdlbg@tsrdarashaw.com |
| <b>Jamshedpur</b> | <b>TSR DARASHAW CONSULTANTS PRIVATE LIMITED</b> | 'E' Road, Northern Town, Bistupur,<br>Jamshedpur - 831 001<br>Tel: 0657-2426616, Fax: 0657-2426937<br>E-mail : tsrdljsr@tsrdarashaw.com                                       |
| <b>Kolkata</b>    | <b>TSR DARASHAW CONSULTANTS PRIVATE LIMITED</b> | Tata Centre, 1 <sup>st</sup> Floor,<br>43, J.L.Nehru Road Road<br>Kolkata - 700 071<br>Tel: 033-22883087, Fax: 033-22883062<br>E-mail : tsrdlcal@tsrdarashaw.com              |
| <b>New Delhi</b>  | <b>TSR DARASHAW CONSULTANTS PRIVATE LIMITED</b> | 2/42, Ansari Road, 1 <sup>st</sup> Floor<br>Daryaganj, Sant Vihar<br>New Delhi - 110 002<br>Tel: 011-23271805, Fax: 011-23271802<br>E-mail : tsrdldel@tsrdarashaw.com         |
| <b>AGENTS</b>     | <b>Shah Consultancy Services Limited</b>        | 3, Sumatinath Complex, 2 <sup>nd</sup> Dhal<br>Pritam Nagar, Ellisbridge<br>Ahmedabad - 380006<br>Telefax : 079-26576038<br>Email : shahconsultancy8154@gmail.com             |

**xi. Share Transfer System:**

Transfers of equity shares in electronic form are affected through the depositories with no involvement of the Company. The Stakeholders Relationship and certain Company officials (including Company Secretary) are empowered to approve share transfers.

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. April 1, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialised form.

**xii. Shareholding as on March 31, 2020:****a. Distribution of equity shareholding as on March 31, 2020:**

| Range              | Number of Shares   | Percentage to capital | Number of accounts/ Shareholders | Percentage to total accounts |
|--------------------|--------------------|-----------------------|----------------------------------|------------------------------|
| 1 - 500            | 3,410,441          | 1.20                  | 52,968                           | 94.91                        |
| 501 - 1000         | 1,013,239          | 0.36                  | 1,303                            | 2.33                         |
| 1001 -10000        | 3,483,172          | 1.22                  | 1,325                            | 2.37                         |
| Over 10000         | 277,093,148        | 97.23                 | 212                              | 0.38                         |
| <b>GRAND TOTAL</b> | <b>285,000,000</b> | <b>100.00</b>         | <b>55,808</b>                    | <b>100.00</b>                |

**b. Categories of equity shareholding as on March 31, 2020**

| Category  | Number of equity shares held | Percentage of holding |
|---|------------------------------|-----------------------|
| <b>Promoters &amp; Promoter Group</b>   |                              |                       |
| <b>1. Government of India</b>   | 74,446,885                   | 26.12                 |
| <b>2. Tata Group</b>  |                              |                       |
| i. Panatone Finvest Limited   | 99,172,854                   | 34.80                 |
| ii. Tata Sons Private Limited   | 40,087,639                   | 14.07                 |
| iii. The Tata Power Company Limited   | -                            | -                     |
| <b>Public</b>   |                              |                       |
| <b>1. Institutions</b>  |                              |                       |
| i. Mutual Funds & UTI   | 7,365                        | 0.00                  |
| ii. Banks, Financial Institutions, States and Central Government                | 80,6153                      | 0.28                  |
| iii. Insurance Companies  | 4,097,169                    | 1.44                  |
| iv. Foreign Institutional Investors and Foreign Portfolio Investors - Corporate | 49,811,961                   | 17.48                 |
| <b>2. Non-Institutions</b>  |                              |                       |
| i. NRI's / OCB's / Foreign Nationals  | 615,366                      | 0.22                  |
| ii. Corporate Bodies / Trust  | 2,026,902                    | 0.71                  |
| iii. Indian Public & Others   | 13,672,455                   | 4.80                  |
| iv. Alternate Investment Fund   | 194,448                      | 0.07                  |
| v. IEPF account   | 60,803                       | 0.02                  |
| <b>GRAND TOTAL</b>  | <b>285,000,000</b>           | <b>100</b>            |

**c. Top ten equity shareholder of the Company as on March 31, 2020:**

| Sr. No. | Name of the shareholder*  | Number of equity shares held | Percentage of holding |
|---------|---|------------------------------|-----------------------|
| 1       | East Bridge Capital Master Fund I Ltd   | 16,827,746                   | 5.90                  |
| 2       | Fidelity Investment Trust Fidelity Series Emerging Markets Fund                     | 6,399,778                    | 2.25                  |
| 3       | Government Pension Fund Global  | 4,931,788                    | 1.73                  |
| 4       | Baron Emerging Markets Fund   | 3,846,048                    | 1.35                  |
| 5       | Life Insurance Corporation Of India   | 2,622,110                    | 0.92                  |
| 6       | Rakesh Jhunjunwala  | 2,500,000                    | 0.88                  |
| 7       | WF Asian Reconnaissance Fund Limited  | 2,196,500                    | 0.77                  |
| 8       | University Of Notre Dame Du Lac   | 1,778,717                    | 0.62                  |
| 9       | Fiam Group Trust For Employee Benefit Plans - Fiam Emerging Markets Commingled Pool | 1,524,697                    | 0.53                  |
| 10      | Jhunjunwala Rekha Rakesh  | 1,250,687                    | 0.44                  |

**xiii. Dematerialization of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form on NSE and BSE. Equity shares of the Company representing 99.97 percent of the Company's equity share capital are dematerialized as on March 31, 2020. Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE151A01013.

**xiv. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity:**

The Company has no outstanding GDRs/ADRs/Warrants or any convertible instruments as on March 31, 2020.

**xv. Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

The Company does not deal in commodities and hence the disclosure pursuant to SEBI Circular dated November 15, 2018 is not required to be given. For a detailed discussion on foreign exchange risk and hedging activities, please refer to Management Discussion and Analysis Report.

**xvi. Equity Shares in the Suspense Account:**

The Company does not have any Equity Shares in suspense account.

**xvii. Transfer of Unclaimed/Unpaid Amounts to the Investor Education and Protection Fund:**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('IEPF Rules'), dividend, if not claimed for a consecutive period of seven (7) years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund ('IEPF').

Further, all the shares in respect of which dividend has remained unclaimed for seven (7) consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers and the details of unclaimed dividends and shareholders whose shares are liable to be transferred to the IEPF Authority, are uploaded on the Company's website at [www.tatacommunications.com/investors/shares](http://www.tatacommunications.com/investors/shares).

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for seven (7) consecutive years, of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for seven (7) consecutive years or more from the date of transfer to unpaid dividend

account, have also been transferred to the demat account of IEPF Authority.

The details of unclaimed dividends and shares transferred to IEPF during FY 2019-20 are as follows:

| Financial year | Amount of unclaimed dividend transferred (₹) | Number of shares transferred |
|----------------|--|------------------------------|
| 2011-12        | 48,0916                                      | 6,608                        |

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend/shares so transferred. The Members/Claimants can file only one consolidated claim in a financial year as per the IEPF Rules.

The following tables give information relating to various outstanding dividends and the dates by which they can be claimed by the shareholders from the Company's Registrar and Transfer Agent:

| Dividend for the year | Date of AGM        | Date of Transfer to Investor Education & Protection Fund | Balance as on March 31, 2020 |
|-----------------------|--------------------|--|------------------------------|
| 2012-13               | July 26, 2013      | August 27, 2020  | 686,769.00                   |
| 2013-14               | August 4, 2014     | September 5, 2021  | 873,742.50                   |
| 2014-15               | September 29, 2015 | October 30, 2022   | 1,193,516.50                 |
| 2015-16               | August 1, 2016     | September 2, 2023  | 1,139,216.20                 |
| 2016-17               | June 27, 2017      | July 28, 2024  | 1,604,736.00                 |
| 2017-18               | August 9, 2018     | September 10, 2025                                       | 1,019,844.00                 |
| 2018-19               | August 2, 2019     | September 3, 2026  | 864,657.00                   |
|                       |                    | <b>Total</b>   | <b>7,382,481.20</b>          |

**xviii. Details of Non-Convertible Debentures (NCD) issued and outstanding as at March 31, 2020.**

Nil.

The Company redeemed ₹150 crores of outstanding Unsecured NCDs during the year.

**xix. Credit Ratings**

The Company has obtained ratings from Brickworks Ratings India Pvt. Ltd., CRISIL and CARE Ratings Ltd. during the financial year 2019-20. There has been no change in credit ratings of the Company during the financial year 2019-20.

| Rating Agency                      | Credit Rating   |
|------------------------------------|---|
| Brickworks Ratings India Pvt. Ltd. | BWR AAA (Non-Convertible Debentures)  |
| CARE Ratings Limited               | CARE AA+ (Issuer Rating)<br>CARE AA+ (Non-Convertible Debentures)<br>CARE A1+ (Bank Facilities) |
| CRISIL                             | CRISIL A1+ (Short Term Debt)  |

**xx. Green Initiative**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report to shareholders at their e-mail address as registered with their Depository Participants / Registrar & Share Transfer Agent. Shareholders who have not registered their e-mail addresses are requested to do the same. Those holding shares in demat form can register their e-mail address with their concerned Depository Participants. Shareholders who hold shares in physical form can register their e-mail address with the R&T Agent.

**xxi. Plant locations:**

The Company operates from various offices in India and abroad and has no manufacturing facility.

**Registered office**

VSB, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.  
Tel: +91 22 6657 8765

Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)  
Website: [www.tatacommunications.com](http://www.tatacommunications.com)  
Address for correspondence:

**Compliance Officer**

Mr. Manish Sansi  
Company Secretary & General Counsel (India)  
Tata Communications Limited, 4<sup>th</sup> Floor, Tower 4,  
Equinox Business Park, LBS Marg, Kurla (West),  
Mumbai - 400 070.  
Tel: +91 22 6659 1968  
Email: [manish.sansi@tatacommunications.com](mailto:manish.sansi@tatacommunications.com)

If you have any shareholder complaints or queries, please contact:

**Registrar and Share Transfer Agent**

TSR Darashaw Consultants Pvt. Ltd.  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Near Famous Studio,  
Mahalaxmi,  
Mumbai - 400 011

Telephone: +91 22 6656 8484  
Fax: +91 22 6656 8494  
Email: [csg-unit@tsrdarashaw.com](mailto:csg-unit@tsrdarashaw.com)  
Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)  
Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)  
Website: [www.tatacommunications.com](http://www.tatacommunications.com)

If you have any queries about the Company's financial statements, please contact:

**Corporate Finance**

Tata Communications Limited  
Plot No. C-21 and C-36, G Block,  
Bandra Kurla Complex, Bandra (East)  
Mumbai - 400 098.  
Tel: +91 22 6657 8765  
Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)



## xxii. Share Capital History Since Incorporation

| Dates                 | Particulars of issue  | Number of shares | Total number of shares | Nominal value of shares (₹ in '000) |
|-----------------------|---|------------------|------------------------|-------------------------------------|
| March 19, 1986        | Allotted as Purchase consideration for assets & liabilities of OCS  | 126              | 126                    | 126                                 |
| April 1, 1986         | Allotted as Purchase consideration for assets & liabilities of OCS  | 599,874          | 600,000                | 600,000                             |
| March 1991            | Shares of ₹1000/- each subdivided into shares of ₹10/- each   | -                | 60,000,000             | 600,000                             |
| February 6, 1992      | Bonus of 1:3 issued to Government of India.   | 20,000,000       | 80,000,000             | 800,000                             |
| January-February 1992 | 12 million shares disinvested in favour of Indian Financial Institutions by GOI @ ₹123/- per share  | -                | 80,000,000             | 800,000                             |
| 1994-1995             | 2,382,529 Shares transferred to disinvested parties as bonus shares   | -                | 80,000,000             | 800,000                             |
| March 27, 1997        | Raised its share capital by way of GDR Issue, and also GOI Divested 39 lakh shares in GDR markets @ US\$13.93 per GDR equivalent to ₹1000 per share.                      | 12,165,000       | 92,165,000             | 921,650                             |
| April 4, 1997         | Raised its capital by way of GDR Issue Green Shoe option @ US\$13.93 per GDR equivalent ₹1000 per share.  | 2,835,000        | 95,000,000             | 950,000                             |
| February 1999         | 10 million shares divested by GOI in GDR markets @ US\$9.25 per GDR equivalent to ₹786.25 per share.  | -                | 95,000,000             | 950,000                             |
| May 1999              | 396,991 shares Divested by GOI by way of offer of shares to employees @ ₹294 per share locked in for a period of 3 years.   | -                | 95,000,000             | 950,000                             |
| September 1999        | 10 lakh shares Divested by GOI in domestic markets @ ₹750 per share.  | -                | 95,000,000             | 950,000                             |
| August 15, 2000       | Listing of ADRs on New York Stock Exchange  | -                | 95,000,000             | 950,000                             |
| November 24, 2000     | Bonus shares in the ratio of 2:1.   | 190,000,000      | 285,000,000            | 2,850,000                           |
| September 27, 2001    | Declared dividend @ 500% i.e. ₹50/- per share at 15 AGM.  | -                | 285,000,000            | 2,850,000                           |
| January 2002          | Paid special interim Dividend of 750% i.e. ₹75/- per share  | -                | 285,000,000            | 2,850,000                           |
| February 13, 2002     | 25% Stake transferred to Tata Group's investment vehicle Panatone Finvest Ltd. Govt holdings reduced to 27.97% from 52.97%. Ceases to be a Government of India Enterprise | -                | 285,000,000            | 2,850,000                           |
| February 21, 2002     | 5264555 shares Divested by GOI by way of offer of shares to employees @ ₹47.85 per share locked in for a period of 1 year.  | -                | 285,000,000            | 2,850,000                           |
| April 10, 2002        | Open Offer by Panatone Finvest Limited in accordance with SEBI guidelines to acquire up to 57 million shares @ ₹202/- per share   | -                | 285,000,000            | 2,850,000                           |
| June 8, 2002          | Open offer complete with Panatone holding total of 128249910 shares including 57 million shares as above.   | -                | 285,000,000            | 2,850,000                           |
| August 13, 2013       | Delisting of ADRs from NYSE   | -                | 285,000,000            | 2,850,000                           |

## Dividend Distribution Policy of Tata Communications Limited

### Scope, Purpose and Objective of The Policy

The Securities and Exchange Board of India (SEBI), vide its Notification dated July 08, 2016 has amended the Listing Regulations by inserting Regulation 43A thereby mandating the top five hundred listed entities (based on their market capitalization as on the 31<sup>st</sup> day of March of every year) to formulate a Dividend Distribution Policy and to disclose such policy in the Annual Report of the Company and on the Company's website.

In accordance with the aforesaid amendment, the Board of Directors (the Board) of Tata Communications Limited (the Company) lay down a broad framework for decisions to be made with regard to distribution of dividend to shareholders and retaining of profits in this Dividend Distribution Policy (Policy), so as to maintain a consistent approach to dividend pay-out plans.

This Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall, in line with this Policy, pay dividend which shall be consistent with the performance of the Company over the years.

The power to recommend dividend rests with the Board of Directors of the Company. The Board may recommend dividend based on considerations enumerated hereunder or other factors as the Board considers appropriate. This Policy shall not be a substitute for the decision of the Board for recommending dividend. The Board retains complete discretion for recommending of dividend as it may consider appropriate.

### Dividend Guideline

The Company shall pay dividend in accordance with the provisions of the Companies Act, 2013 and the rules made thereunder. The Companies Act, 2013 provides for two forms of dividend – Final and Interim. The process for pay-out of dividend shall be as follows:

#### a. Final Dividend

- The Board of Directors shall have the power to recommend the final dividend in line with this Policy and based on the profits as per the annual financial statements.

- The dividend recommended by the Board shall be approved / declared by the shareholders at the Annual General Meeting.

- The dividend declared at the Annual general meeting shall be paid within 30 days from date of declaration to the shareholders entitled to receive the same.

#### b. Interim Dividend

- The Board of Directors shall have the absolute power to declare interim dividend at any time during the financial year.

- The Board shall declare interim dividend on the basis of the financial position of the Company and in line with the considerations of this Policy.

- The dividend so declared shall be paid within 30 days from date of declaration to the shareholders entitled to receive the same.

### Key Parameters to be Considered While Declaring Dividend

#### A. Financial Parameters

Dividend shall always be declared and paid in accordance with the Companies Act, 2013 and the rules made thereunder.

In computing the aforesaid, the Board may consider inter-alia the following parameters:

- Capital requirements including proposals for major capital expenditures
- Profits earned during the financial year
- Overall financial condition
- Cost of raising funds from alternate sources
- Liquidity and cash flow position
- Obligations to creditors
- Post dividend EPS

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extraordinary profits from sale of investments etc.

**B. Internal & External Factors**

The dividend pay-out decision depends on several internal and external factors and inter-alia includes the following:

**1. Internal Factors**

- i. Past performance of the Company
- ii. Expansion plans for existing business
- iii. Plans for additional investments in subsidiaries / associates
- iv. Strategy for investments into additional businesses
- v. Any other factor as may be deemed fit by the Board

**2. External Factors**

- i. Macroeconomic conditions
- ii. Money market conditions
- iii. Taxation and other statutory and regulatory considerations
- iv. Providing for unforeseen events and contingencies with financial implications

**C. Manner of Utilisation of Retained Earnings**

The profits earned by the Company can either be retained in business or distributed to shareholders. The Board may also strike a balance by retaining part of the profits and distribute the balance among shareholders in the form of dividend. The Board may also retain earnings so as to make better use of available funds to increase the value of the business for the stakeholders in the long run. The Board may consider various factors to determine the utilisation

of retained earnings including, but not limited to: strategic expansion plans, diversification of business, cost of raising capital from other sources and other factors as the Board may deem fit.

**Circumstances under which Dividend Pay-Out may be expected**

The Board shall inter-alia consider the factors provided in this Policy at the time of determination of dividend pay-out. Dividend shall be paid in compliance with the relevant provisions of the Companies Act, 2013 and the rules made thereunder. The Board shall make its decision on Dividend pay-out after taking into consideration the prospective opportunities for expansion and shall endeavour to arrive at a decision which balances the interests of the shareholders and the Company alike.

**Provisions for Dividend with regard to Various Classes of Shares**

The Equity Shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited. The Company shall pay all dividend on such equity shares in line with this policy.

Dividend on Preference Shares and shares of other classes, if and when issued by the Company, shall be determined in accordance with the terms and conditions of issue of such shares.

**Review and Amendment**

The Board of Directors of Tata Communications Limited has approved and adopted this 'Dividend Distribution Policy'. The Board of Directors may, if thought fit, review and amend the Policy, as and when required.

**Declaration by the CEO on Code of Conduct as required by Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015**

I, Amur S. Lakshminarayanan, Managing Director and CEO of the Company hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2019-20.

For Tata Communications Limited

**Amur S. Lakshminarayanan**  
Managing Director and CEO  
(DIN: 08616830)

Place Mumbai  
June 13, 2020



## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of  
Tata Communications Limited  
VSB, Mahatma Gandhi Road, Fort,  
Mumbai - 400001

- The Corporate Governance Report prepared by Tata Communications Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

### Management's Responsibility

- The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
- The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### Auditor's Responsibility

- Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
- We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on

Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
- The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
  - Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
  - Obtained and read the Register of Directors as on March 31, 2020 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
  - Obtained and read the minutes of the following committee meetings / other meetings held during the period April 01, 2019 to June 13, 2020:
    - Board of Directors;
    - Audit Committee;
    - Annual General Meeting (AGM);
    - Nomination and Remuneration Committee;
    - Stakeholders Relationship Committee;
    - Corporate Social Responsibility Committee;
    - Independent Directors' Meeting; and
    - Risk Management Committee

- Obtained necessary declarations from the directors of the Company.
  - Obtained and read the policy adopted by the Company for related party transactions.
  - Obtained the listing of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved.
  - Performed necessary inquiries with the management and also obtained necessary specific representations from management.
- The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### Basis for Qualified Opinion

- Based on the procedures performed by us as referred to in paragraph 7 above and according to the information and explanations provided to us,
  - The number of directors of the Company for the period July 05, 2019 to November 26, 2019 was less than 6 directors as required by Regulation 17(1) of the Listing Regulations, for the reasons explained in the Company's 'Report on Corporate Governance for the financial year 2019-20.

### Qualified Opinion

- Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, except for the matter(s)

stated in paragraph 9 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

### Other matters and Restriction on Use

- This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
- This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per Prashant Singhal  
Partner  
Membership Number: 93282  
UDIN: 20093283AAAAAE8734

Date: June 13, 2020

# SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members,  
Tata Communications Limited,

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practices by Tata Communications Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Tata Communications Limited for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-

- (a) the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- (c) Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

I report that during the year under review, there was no action/event in pursuance of -

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and/or SEBI (Share Based Employee Benefits) Regulations, 2014;
- (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (d) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
- (e) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998; and
- (f) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client.
- (vi) The following Acts / Guidelines specifically applicable to the Company:
  - (a) Telecommunication Regulatory Authority of India Act, 1997

- (b) Information Technology Act, 2000
- (c) Indian Wireless Telegraphy Act, 1933
- (d) Indian Telegraph Act, 1885.

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

- (i) Secretarial Standards with regard to the Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by 'The Institute of Company Secretaries of India'; and
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has complied with the provisions of the Act, Rules Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. The Company has complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 *except that the total strength of the Board was five from 5<sup>th</sup> July 2019 to 26<sup>th</sup> November, 2019.*

It is clarified by the Company that subsequent to the resignation of Mr. Vinod Kumar - Managing Director and Chief Executive Officer with effect from 5 July 2019, the strength of the Board of Directors of the Company was 5, which was below the prescribed requirement of 6 directors for top 1000 listed entities. The Company appointed Mr. Amur S. Lakshminarayanan as Managing Director and Chief Executive Officer of the Company with effect from 26 November 2019 and the composition of the Board of Directors was compliant with statutory requirements from that date.

I further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws has not been reviewed in this audit since the same has been subject to review by statutory financial audit and other designated professionals.

I further report that -

- The Board of Directors of the Company is constituted with proper balance of Executive Directors and Non-Executive Directors *except that the total strength of the Board was five from 5<sup>th</sup> July 2019 to 26<sup>th</sup> November, 2019.*
- The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule most of the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- As per the minutes of the meeting duly recorded and signed by the chairperson, decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operation of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company had no specific events/actions having a major bearing on the Company's affairs in pursuance to the laws, rules, regulations, guidelines, standards, etc. referred to above.

**(U.C. SHUKLA)**

COMPANY SECRETARY

FCS: 2727/CP: 1654

UDIN: FO02727B000550604

Date: 04/08/2020

Place: Mumbai



## ANNEXURE A

To,  
The Members,  
Tata Communications Limited,

My report of even date is to be read with this letter.

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

Date: 04/08/2020  
Place: Mumbai

**(U.C. SHUKLA)**  
COMPANY SECRETARY  
FCS: 2727/CP: 1654

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

The Board of Directors  
Tata Communications Limited  
VSB, Mahatma Gandhi  
Road, Fort  
Mumbai 400 001

I have examined the registers, records, books, form, returns and disclosures received from the Directors of Tata Communications Limited, (CIN L64200MH1986PLCO39266), having Registered Office at VSB, Mahatma Gandhi Road, Fort, Mumbai 400 001 (the Company), produced before me by the Company for the purpose of issuing this Certificate in pursuance to Regulation 34(3) read with Schedule V Para-C Sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verification (including Director Identification Number (DIN) status on MCA website) as considered necessary and explanation furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended on 31<sup>st</sup> March, 2020 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and/or Ministry of Corporate Affairs:

| Sr. No: | Name of the Director                            | DIN                     | Date of first Appointment in the Company |
|---------|---|-------------------------|--|
| 1)      | Mr. Amur S. Lakshminarayanan<br>(DIN: 08616830) | Managing Director       | 26/11/2019                               |
| 2)      | Mr. Srinath Narasimhan<br>(DIN: 00058133)       | Non- Executive Director | 13/02/2002                               |
| 3)      | Ms. Renuka Ramnath<br>(DIN: 00147182)           | Independent Director    | 08/12/2014                               |
| 4)      | Dr. Uday B. Desai<br>(DIN: 01735464)            | Independent Director    | 06/06/2011                               |
| 5)      | Dr. Maruthi P. Tangirala<br>(DIN: 03609968)     | Non- Executive Director | 05/03/2019                               |
| 6)      | Dr. Rajesh Sharma<br>(DIN: 08200125)            | Non- Executive Director | 05/03/2019                               |

**Note:** Ensuring the eligibility for appointment/continuing as Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion based on verification of documents/ information available to me. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date: 04/08/2020  
Place: Mumbai

**(U.C. SHUKLA)**  
COMPANY SECRETARY  
FCS: 2727/CP: 1654  
UDIN: FO02727B000550626

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

### 1. Corporate Identity Number (CIN) of the Company:

L64200MH1986PLC039266

### 2. Name of the Company:

Tata Communications Limited

### 3. Registered address:

VSB, Mahatma Gandhi Road, Fort, Mumbai - 400001.

### 4. Website:

www.tatacommunications.com

### 5. E-mail id:

manish.sansi@tatacommunications.com

### 6. Financial Year reported:

April 1, 2019 to March 31, 2020

### 7. Sector(s) that the Company is engaged in (industrial activity code-wise):

| Name & Description of services   | NIC Code |
|--|----------|
| <b>Telecommunications:</b>   |          |
| a. Activities of providing internet access by the operator of the wired infrastructure | 61104    |
| b. Other satellite telecommunications activities                                       | 61309    |
| c. Other telecommunications activities   | 61900    |

### 8. List three key products/services that the Company manufactures/provides (as in balance sheet):

- Voice Solutions (VS) and
- Data Managed Services (DMS)

### 9. Total number of locations where business activity is undertaken by the Company

#### i. Number of International Locations (Provide details of major 5):

As on March 31, 2020, the Company has 56 subsidiaries in 37 countries.

#### ii. Number of National Locations:

The Company has offices in all major cities in India.

### 10. Markets served by the Company - Local/State/National/International

The Company along with its subsidiaries provides telecommunications services across the globe.

## Section B: Financial Details of the Company

#### 1. Paid up Capital (₹):

₹285 crores

#### 2. Total Turnover (₹):

|                | ₹ in Crores |              |
|----------------|-------------|--------------|
|                | Standalone  | Consolidated |
| Total Turnover | 5,930.60    | 17,137.67    |

#### 3. Total profit after taxes (₹):

|                           | ₹ in Crores |              |
|---------------------------|-------------|--------------|
|                           | Standalone  | Consolidated |
| Profit (loss) after taxes | 208.78      | (84.83)      |

#### 4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%).

During the year 2019-20, the entire prescribed CSR budget (2% of profit after tax) amounting to ₹12.62 crore was spent on CSR activities, of which ~50% was on affirmative action and communities.

#### 5. List of activities in which expenditure in 4 above has been incurred: -

- Education
- Employability & Sustainable Livelihoods
- Healthcare
- Disaster Relief

## Section C: Other Details

#### 1. Does the Company have any Subsidiary Company/Companies?

Yes

#### 2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

The BR initiatives are driven by the parent company and all the subsidiaries contribute towards such initiatives as and when required.

#### 3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The Company does not make it mandatory for its suppliers/distributors to participate in its BR initiatives.

## Section D: BR Information

### 1. Details of Director/Directors responsible for BR

#### a) Details of the Director/Director responsible for implementation of the BR policy/policies

- DIN Number:** 08616830
- Name:** Amur S. Lakshminarayanan
- Designation:** Managing Director & CEO

#### b) Details of the BR head

| S. No. | Particulars                       | Details                                       |
|--------|-----------------------------------|---|
| 1.     | <b>DIN Number (if applicable)</b> | NA  |
| 2.     | <b>Name</b>                       | Aadesh Goyal                                  |
| 3.     | <b>Designation</b>                | Chief Human Resource Officer & Global HR Head |
| 4.     | <b>Telephone number</b>           | +91 11 66505060                               |
| 5.     | <b>e-mail id</b>                  | aadesh.goyal@tatacommunications.com           |

### 2. Principle-wise Business Responsibility Policy/Policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business responsibility. Briefly, they are as follows:

#### Principle 1

Business should conduct and govern themselves with ethics, transparency and accountability.

#### Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

#### Principle 3

Business should promote the wellbeing of all employees.

#### Principle 4

Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

#### Principle 5

Business should respect and promote human rights.

#### Principle 6

Business should respect, protect and make efforts to restore environment.

#### Principle 7

Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

#### Principle 8

Business should support inclusive growth and equitable development.

#### Principle 9

Business should engage with and provide value to their customers and consumers in a responsible manner.

**a. Details of Compliance (Reply in Y/N)**

| No. | Questions  | P1                                 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|-----|--|------------------------------------|----|----|----|----|----|----|----|----|
| 1.  | Do you have a policy/policies for  | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2.  | Has the policy been formulated in consultation with the relevant stakeholders?   | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3.  | Does the policy conform to any national /international standards? If yes, specify? (50 words)  | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 4.  | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?  | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5.  | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?                                 | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6.  | Indicate the link for the policy to be viewed online?  | https://www.tatacommunications.com |    |    |    |    |    |    |    |    |
| 7.  | Has the policy been formally communicated to all relevant internal and external stakeholders?  | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8.  | Does the company have in-house structure to implement the policy/policies.   | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 9.  | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y                                  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10. | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?                               | N                                  | N  | N  | N  | N  | N  | N  | N  | N  |

If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options) :  
Not Applicable

**3. Governance related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

More than 1 year

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

We are committed to transparency in our communication with all our stakeholders and communicate periodically with all our stakeholders through various internal and external platforms, as relevant.

As part of our communication with our stakeholders, we report our Environmental, Social, Governance

and Financial performance of our company through Business Responsibility Report (Annexure of Annual Report). The Business Responsibility Report includes disclosure on the nine National Voluntary Principles released and mandated by Ministry of Corporate Affairs, Government of India. Further, the Company has been submitting and participating in voluntary sustainability reporting initiatives like Carbon Disclosure Projects since 2013. Business Responsibility Report which is a part of the Annual Report can be found on our website.

This year the company is looking forward to release its maiden Sustainable Development Report 2019-20 in accordance with Global Reporting Initiative (GRI) standards-Core option. The report will include data pertaining to FY 2020 (year ending March 31, 2020) including the material aspects.

**Section E: Principle-wise performance****Principle 1**

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No.**

No

- **Does it extend to the Group / Joint entities / Suppliers / Contractors / NGOs / Others?**

The Tata Code of Conduct and Tata Communications' Anti-corruption Policy are applicable to Tata Communications Limited and its subsidiaries ('Company'). Tata Communications, adopting a risk-based approach, cascades the obligation to comply with the aforementioned policies to appropriate categories of business third parties such as vendors, reseller, partners, agents, NGOs, etc. Tata Communications may waive all or a portion of these requirements for selected third parties; however, such waiver is granted only when Tata Communications has reviewed the policies of the third party and is satisfied that the third party's policies have principles/conditions no less stringent than those set forth in the Tata Code of Conduct and Tata Communications' Anti-corruption Policy. Furthermore, in these instances, a copy of the third party's code of conduct and/or anti-corruption policy is attached as an exhibit to the governing agreement.

- 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

Given below are the statistics of the Whistle Blower cases received and actioned during financial year 2019-20:

| Financial Year | Complaints reported, investigated and closed     | Complaints found to be valid and actioned |
|----------------|--|---|
| 2019-20        | Complaints Reported: 49<br>Complaints Closed: 19 | 11  |

**Principle 2**

- 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

Tata Communications is a leading global provider of telecommunications solutions serving voice,

data and next-generation service needs of carriers, enterprises and consumers across the world. Tata Communications does not deal in any physical products. However, we believe in the principles of Environmental and Social Stewardship at the forefront.

Tata Communications believes in developing and delivering green solutions to its customers to help them enhance their competitiveness and to allow their supply chains to be environmentally friendly. Our Mobility, IoT, Cloud & hosting, Business Collaboration platforms provide lots of avenues / solutions that lead to cost savings, business optimisation, avoidance of travel and automation etc. for our customers.

This year, as part of sustainability initiative for Tata Communications, we are assessing the value chain and environmental benefits provided by our products and services to our customers.

- 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

**i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

**ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

In FY 2020, we consumed 175 million kilowatthours (kWh) across our operations across the globe. Our energy consumption over the years has decreased as we have expanded, mainly due to our focus towards optimising our energy efficiency with an aim to continuously measure energy consumption, while also identifying any leakages in our operating procedures. Last year, our Indian operations identified a total of 56 opportunities involving projects related to Heating, Ventilation and Air Conditioning (HVAC), Switched-Mode Power Supply (SMPS) and Uninterruptible Power Supply (UPS) efficiency enhancement / Optimization and consolidation, Smart Lighting (Conversion of conventional lighting into LED), usage of IOT (Internet of Things) and reduction in State Electricity Board (SEB) contract demand. Out of the 56 identified opportunities, 37 (66%) projects stand completed, and we have achieved savings of around 804,000 kWh with annual savings of ₹7.85 crore.

Our international operations have completed two big projects - installation of VFD (Variable Frequency Drives) on IT room HVAC units in our



Wall, New Jersey site resulting in annual savings of approximately 82 thousand units; and installation of EC (Electronically Commutated) fans on Stratford, London Colocation room Computer Room Air Handler (CRAH) units, resulting in annual savings of approximately 30,600 kWh. Further, our teams installed EV (Electric Vehicle) Charging station at our site in the United States of America - Wall, New Jersey - allowing employees to utilize the charging station while at work as well as to enable future site-vehicles to be Electric Vehicles.

The Company is also an ISO 14001 certified organization with regular audits and all processes are aligned with respect to the safe disposal of wastes and all emissions are within the limits prescribed by the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB).

Apart from Telepresence, there are other products and services which have environmental benefits, and we are conducting a formal study to identify and quantify all those benefits.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**i. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Tata Communications is engaged in the business of providing international telecommunications services. The criteria for procurement of goods and services are reliability, quality and price.

Although our suppliers follow and sign the Tata Code of Conduct which includes relevant aspects pertaining to Sustainable sourcing, Tata Communications is considering developing a framework for its suppliers keeping in mind sustainability procurement practices.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If**

**yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

Tata Communications is engaged in the business of providing international telecommunications services. The criteria for procurement of goods and services are reliability, quality and price. Tata Communications gives preference to small organisations, particularly promoted by entrepreneurs, wherever feasible.

**5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

Tata Communications is engaged in in the business of providing international telecommunications services. Therefore, the Company's nature of business is such that it does not result in significant emissions or creation of significant process wastes.

Tata Communications is focused towards achieving operational efficiency by reducing the amount of waste generated. Our motto for waste management, like in other resource management areas, is driven by the 3R's - Reduce, Reuse and Recycle. As a service company, we do not produce a lot of waste but we generate different types of waste at our facilities which include unsegregated solid waste such as food, paper and consumables, e-waste such as IT hardware and telecom equipment, and other wastes.

Food Waste is collected and segregated separately at each of the facilities' in India and is measured and reported accordingly. To reduce the amount of food waste, a number of awareness programmes have been organized which also included display of amount of food waste generated on a particular day in the facility. Further, to dispose the food waste generated, we have Organic Waste Converters at our key facilities like Chennai, Pune, Delhi- GK-1 etc. At other facilities it is disposed through Municipal authorities.

Electronic waste, Battery waste and hazardous waste is properly collected and disposed through registered recyclers.

**Principle 3**

**1. Please indicate the Total number of employees.**

Tata Communications Limited along with its subsidiaries employs 12,107 on-roll employees as on March 31, 2020.

**2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

On-roll Employees - 12,107  
Manpower Off-roll Employees - 185  
Total Employees - 12,292

**3. Please indicate the Number of permanent women employees.**

2,730 permanent women employees (21.5% of total on-roll employees)

**4. Please indicate the Number of permanent employees with disabilities**

Tata Communications Limited provides equal opportunities to all its employees and all qualified applicants for employment without regard to their race, caste, religion, colour, ancestry, marital status, sex, age, nationality and different ability status.

**5. Do you have an employee association that is recognised by management?**

Yes

**6. What percentage of your permanent employees is members of this recognised employee association?**

2.0% employees. (India Employees: 242)

**7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

| S. No. | Category  | No. of complaints filed during the financial year | No. of complaints pending as on end of the financial year |
|--------|---|---|---|
| 1.     | Child labour/ forced labour/ involuntary labour | NIL   | NIL   |
| 2.     | Sexual harassment                               | 2   | 1   |
| 3.     | Discriminatory employment                       | NIL   | NIL   |

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees
- Employees with Disabilities

The Company conducts safety training such as fire drills for all its employees periodically. The Company has in place a structured training program for its employees.

**Principle 4**

**1. Has the company mapped its internal and external stakeholders? Yes/No**

Yes. The Company considers communities in the areas of its larger operations as primary stakeholders.

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?**

Yes.

The Company focuses on youth, women and children from socially and economically underserved and vulnerable backgrounds like Affirmative Action communities (Dalits and Tribals).

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.**

Yes.

Tata Communications is committed to creating empowered and connected societies for sustainable development through innovative practices. We have three priority areas - education, employability & sustainable livelihoods and healthcare. In line with our business, digital enablement is the cornerstone of all our initiatives, which are also aligned to the Sustainable Development Goals (SDGs). An emphasis on affirmative action enables the Company to impact the lives of Affirmative Action communities (Dalits and Tribals) and live up to its commitment of resolving the fundamental concerns of the communities.

**Principle 5****1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

The Company's policy on human rights covers the Company and its subsidiaries.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

None

**Principle 6****1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

Yes, it covers the Company and also extends to its subsidiaries and third parties like suppliers and contractors, subject to it being limited to the Company's contracts and arrangements.

**2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

At Tata Communications, we recognise that we have both social and economic responsibility to act to reduce our footprint and to engage constructively on climate change issues. By understanding the risks and opportunities of climate change, and how these affect the organisation, we can reduce our own impact on the environment and make a positive contribution to the cause. Our innovation efforts are focused on enhancing our energy efficiency, finding more carbon-neutral solutions for network operations including data centres. The approach on Energy and Climate Change management is governed by the company's Environmental policy, the group's Tata Code of Conduct (TCOC) and Tata Group Climate Change Steering Committee.

In the Company's Environmental policy, Tata Communications commits to prevent pollution, conserve resources, comply with applicable legal and other requirements relating to environment, and to continually improve its environmental performance. The policy includes a commitment to continual improvement and prevention of pollution, as well as a commitment to comply with applicable legal and other environmental legislation.

Tata Communications has also adopted the Tata Group Climate Change Policy. As per this policy, Tata Communications shall engage actively in climate change advocacy and incorporate 'green' perspectives in all key organisational processes.

**3. Does the company identify and assess potential environmental risks? Y/N**

Yes. The environment risk and consequential issues arising out of it are part of risk assessment and mitigation process.

**4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

No, the Company does not have any current project on Clean Development Mechanism.

**5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes.

In our operations across the globe, almost 8% ~52,000 gigajoules ('GJ') of the electricity used in the reporting period was sourced from either wind or solar energy. The major locations harnessing green energy are Delhi, Chennai, Bangalore, Hyderabad and Pune. In order to meet the increasing energy demand for customer services as well as our own facilities as on date, we have 10 megawatt (MW) (18 million units) capacity agreement with third party providers whereas our inhouse solar power generation capacity amounts to 5 MW (on site for both IDC and non-IDC).

Last year, we completed the Renewable Energy Assessment studies with the help of expert consultants like Deloitte and PTS: Schneider Electric for India and International regions (United Kingdom, Guam, North America, Japan, Portugal, Spain and Singapore) respectively. The exercise was planned under two phases, of which maximum focus was placed on India region primarily on account of the large infrastructure space and high energy consumption pattern. The study confirmed that Tata Communications has a scope to expand the existing Renewable Energy ('RE') capacity by ~16.5% to 32% (34.3 million units per annum).

We periodically report on environmental stewardship and actions in managing climate change through the Carbon Disclosure Project - CDP [a network

organisation which works with shareholders and corporations to disclose the greenhouse gas ('GHG') emissions of major corporations]. Tata Communications has received a score of 'C' Grade, which is within the "Awareness" band. Our CDP submissions are available on [www.cdp.net/en](http://www.cdp.net/en).

**6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Yes, the Company is compliant with regular audits and all processes are aligned with respect to the safe disposal of wastes and all emissions are within the limits prescribed by the Central Pollution Control Board (CPCB) and respective State Pollution Control Board (SPCB).

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There are no show cause notices issued by any statutory authorities for non-compliances from CPCB/ SPCB.

**Principle 7****1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company participates in the stakeholder consultations with the Department of Telecommunications, Government of India, Telecom Regulatory Authority of India and also interactions between industry associations like FICCI, ISPAI and relevant Ministries (Department of Telecommunications, Department of Information Technology, Ministry of Home Affairs) to support long term policy formulation in the Telecom sector as well as to deal with the critical operational / business issues being consulted upon by the relevant authorities.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

In order to bring transparency in its decision-making process, the Telecom Regulatory Authority of India has evolved a consultative process wherein on important issues pertaining to Telecom sector,

Consultation Papers are issued by it eliciting response from the stakeholders including Tata Communications Limited. The Consultation Paper, post the response from all the stakeholders, is followed by an Open House discussion wherein all the stakeholders put forward their views on the issues involved in the consultation. Tata Communications Limited participates in all such consultation processes which are relevant to its line of business and puts forth its views in a fair and transparent manner.

The Company also gives its inputs to the Government / Regulator as and when the same is called for.

The Company performs the function of policy advocacy in a transparent and responsible manner while engaging with all the authorities and while doing so it takes into account both its corporate as well as the larger national interest.

**Principle 8****1. Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes.

The company has specified programmes/ initiatives/ projects in pursuit of Principle - 8.

Information and Communications Technology (ICT), a core business expertise of Tata Communications, is widely recognized to enable innovations at multiple levels. The United Nations recognizes ICT as a 'means of implementation' for the 17 Sustainable Development Goals (SDGs). Tata Communications believes that it is ideally positioned to support the realization of the Global Goals and has therefore adopted the SDG framework for its companywide Corporate Social Responsibility (CSR) programs. We collaborate with NGOs to implement long term projects in the areas of healthcare, education and employability & sustainable livelihoods.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

The entire CSR portfolio is managed by a dedicated team of in-house CSR professionals. We collaborate with NGOs, trusts and agencies to implement projects. Additionally, through a Global Employee Volunteering Program (GEVP), we utilise the skills of our employees to support different projects.

**3. Have you done any impact assessment of your initiative?**

Yes.

Impact assessment is key to the CSR initiatives of the Company and is integrated into the design of the projects. The projects are evaluated at regular intervals, by independent agencies for detailed impact assessments to ensure that they are relevant and responsive to the needs of the communities. This year, a detailed Social Return on Investment (SRoI) study was carried out for Mpowered – a mobile based sustainable livelihoods programme running in Odisha and Jharkahnd.

**4. What is your company's direct contribution to community development projects - Amount in ₹ and the details of the projects undertaken?**

Tata Communications Limited spent its entire prescribed CSR budget (2% of profit after tax) amounting to ₹12.62 crore on CSR activities during FY 2019-20. For details of the projects please refer to Annexure I to the Directors' Report - Annual Report on CSR Activities.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Our community development initiatives are undertaken in a project mode with defined activities for each stakeholder which is mapped to outcomes with specified targets and milestones. As a practice, Tata Communications establishes long-term multi-year partnerships, to provide ample time for creating an impact. All projects undergo periodic monitoring with a defined, project-specific Monitoring and Evaluation framework. Monitoring is done through a cloud-based tool that enables partners to upload real-time and geo-tagged data. In addition to this, regular interactions and site visits are also conducted by our CSR team to monitor the progress of the projects and to provide guidance in achieving their specified targets.

**Principle 9****1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

The Company is engaged in the business of providing national and international telecommunications services; hence this is not applicable.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**

The Company being in the business of providing telecommunications services; the same is not applicable.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

There are no cases pending against the Company regarding unfair trade practices, abuse of dominant position or anti-competitive practices.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Customer satisfaction surveys are conducted every year and improvement actions are taken on the basis of the surveys.

## Independent Auditor's Report

To the Members of **Tata Communications Limited****Report on the Audit of the Standalone Ind AS Financial Statements****Opinion**

We have audited the accompanying standalone Ind AS financial statements of Tata Communications Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Emphasis of Matter**

As fully discussed in note 44(2)(ii) to the standalone financial statements, the Company had received demands dated September 12, 2019 from Department of Telecommunications (DoT) towards license fee on its Adjusted Gross Revenue (AGR) for FY 2006-07 to 2017-18, for ₹ 6,633.43 crores. Of this amount, the Company has made provision of ₹ 337.17 crores with respect to the demand of ₹ 5,433.70 crores and believes that the likelihood of the balance demand materialising is remote. Further, with respect to the demand of ₹ 1,199.73 crores, the Company has disclosed the same as part of contingent liability. The Company believes that it has grounds to defend its position and has also obtained a legal opinion in this regard.

Our opinion is not modified in this regard

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.



| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Receivable on account of Access Facilitation Charges ('AFC') (as described in note 25(i) of the financial statements)</b></p> <p>On November 28, 2018, Telecom Regulatory Authority of India ('TRAI') re-enacted schedules to 2012 Regulation, containing AFC and Operation &amp; Maintenance (O&amp;M) recovery rates with respect to the use of CLS, pursuant to the High Court judgement dated July 2, 2018 and the Hon'ble Supreme Court judgement dated October 8, 2018. TRAI specified that these revised rates are applicable prospectively.</p> <p>The Company was recognizing AFC revenue and recovery of the O&amp;M charges, as per the erstwhile rates specified in schedules to 2012 Regulation. In view of above facts, the Company in the previous year, recognized the differential AFC revenue and O&amp;M charges of ₹ 348.75 crores for the period January 2013 to November 2018, as per the rates specified in the contracts with the customers.</p> <p>The customers contested the revised order in the Hon'ble Supreme Court, which in its meeting held in January 28, 2019 directed the TDSAT for evaluation.</p> <p>The TDSAT had issued an order dated April 16, 2020 stating the rates are applicable prospectively from November 28, 2018.</p> <p>The customers have preferred an appeal against the TDSAT order seeking an interim stay on the order. The Company as at March 31, 2020 has receivable of ₹ 211 crores towards the AFC revenue for the period January 2013 to November 2018.</p> <p>Considering the significance of the amount to the financial statements, the fact that the matter is currently litigative, and management judgement of considering the receivable towards the AFC revenue as recoverable and good, we have considered the matter to be key audit matter.</p> | <p>Our audit procedures related to this key audit matters included the following:</p> <p>We evaluated the customer correspondences and various judgements pronounced by the High Court, the Hon'ble Supreme Court and TDSAT.</p> <p>We tested the underlying computation of necessary adjustments recorded in the books.</p> <p>We assessed the disclosure made in the financial statements.</p>  |
| <p><b>Assessment of impairment of investments and Receivables due to the impact of Covid (as described in note 48 of the financial statements)</b></p> <p>Covid-19 outbreak continues to spread across the globe and India, which has contributed to significant impact to the global financial and economic activities. The Company has assessed the impact of the global pandemic on the financial statements, including the subsequent events upto the reporting date as below;</p> <p>a) The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions at each reporting date. The management has considered impact of the pandemic on the customer's industry-segment to estimate the probability of default in future on the receivable.</p> <p>b) The Company has investments of ₹ 4,037.74 crores as at the balance sheet date and tested these for annual impairment testing using discounted cash flow method. The management has considered the impact of the pandemic on the future projections.</p> <p>In consideration of the judgements required and considering the uncertainty of estimations, we have considered the matter to be a key audit matter.</p>  | <p>Our audit procedures related to this key audit matters included the following:</p> <p>We tested the effectiveness of controls over the development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions. We validated the estimates and assumptions used by the management in determining the carrying value of receivables and made corroborative inquires with appropriate level of management. We tested the mathematical accuracy of the computation done of the allowances.</p> <p>We obtained an understanding of the process over the preparation of the cash flow forecast considered for the annual impairment testing. We understood the potential changes in key drivers with management including impact of COVID-19 in order to evaluate the assumptions used in the cash flow forecasts.</p> <p>We assessed the valuation methodology and evaluated the key assumptions used by the management in the valuations, with the help of valuation experts.</p> <p>We assessed the disclosure made in the financial statements.</p> |

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- As required by Section 143(3) of the Act, we report that:
  - We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

- In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 44 to the standalone Ind AS financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

#### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

#### per Prashant Singhal

Partner  
Membership Number: 93283  
UDIN: 20093283AAAAAC2992

Date: June 13, 2020

## Annexure 1 referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Report of even date

### Re: Tata Communication Limited (the "Company")

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment and investment property are held in the name of the Company except seven immovable properties aggregating to gross block of ₹ 36.03 crores and net block of ₹ 22.47 crores as at March 31, 2020, for which title deeds were pending registration or not available with the Company and hence, we are unable to comment on the same.
  - The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.
  - According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.
- We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to International long distance services, National long distance services, Internet service provider services and certain other services and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.
  - According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, duty of custom, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



(c) According to the records of the Company, the dues outstanding of income tax, sales tax, service tax, value added tax and other statutory dues on account of any dispute, are as follows:

| Sr No | Name of Statute                     | Nature of dues           | Amount<br>(₹ in crores) | Period to which<br>the amount relates | Forum where dispute is<br>pending                                    |
|-------|-------------------------------------|--------------------------|-------------------------|---------------------------------------|--|
| 1     | Income Tax Act, 1961                | Income Tax               | 1.02                    | AY 1997-1998                          | Appellate Authority,<br>Income Tax Officer                           |
| 2     | Income Tax Act, 1961                | Income Tax               | 3.88                    | AY 2013-2014                          | Appellate Authority,<br>Income Tax Officer                           |
| 3     | Income Tax Act, 1961                | Income Tax               | 672.78                  | AY 2007-2008 to<br>AY 2012-2013       | Income Tax Appellate<br>Tribunal                                     |
| 4     | Income Tax Act, 1961                | Income Tax               | 72.78                   | AY 2014-15                            | Income Tax Appellate<br>Tribunal                                     |
| 5     | Income Tax Act, 1961                | Income Tax               | 172.42                  | AY 2015-16                            | Income Tax Appellate<br>Tribunal                                     |
| 6     | Income Tax Act, 1961                | Income Tax -<br>TDS      | 205.50                  | Various Years                         | Commissioner (Appeal)<br>(TDS) - Income Tax                          |
| 7     | Income Tax Act, 1961                | Income Tax               | 224.83                  | AY 1999-2000 to<br>2000-2001          | High Court   |
| 8     | Income Tax Act, 1961                | Income Tax               | 141.49                  | AY 2002-2003                          | High Court   |
| 9     | Income Tax Act, 1961                | Income Tax               | 309.55                  | AY 2003-2004 to<br>2005-2006          | High Court   |
| 10    | Income Tax Act, 1961                | Income Tax               | 3.74                    | AY 2006-2007                          | Supreme Court  |
| 11    | Income Tax Act, 1961                | Income Tax               | 0.15                    | AY 2007-2008                          | Income Tax Appellate<br>Tribunal                                     |
| 12    | Income Tax Act, 1961                | Income Tax               | 74.42                   | AY 2009-2010 to<br>2011-2012          | Income Tax Appellate<br>Tribunal                                     |
| 13    | Finance Act, 1994                   | Service Tax              | 97.56                   | Various Years                         | Various forum  |
| 14    | Goods and Services<br>Tax Act, 2017 | Goods and<br>Service Tax | 0.12                    | AY 18-19                              | The Deputy Commissioner<br>(Appeals)- Gujarat                        |
| 15    | Central Sales Tax<br>Act, 1956      | Sales Tax                | 1.86                    | AY 2007-08 to<br>2008-09              | High Court of West Bengal  |
| 16    | Central Sales Tax<br>Act, 1956      | Sales Tax                | 1.56                    | AY 2015-16 to<br>2017-2018            | High Court of Kerala   |
| 17    | Central Sales Tax<br>Act, 1956      | Sales Tax                | 1.90                    | AY 2016-17                            | Fast Track Revisional<br>Authority, Commercial<br>Taxes, West Bengal |
| 18    | Central Sales Tax<br>Act, 1956      | Sales Tax                | 2.48                    | AY 2017-18                            | West Bengal Commercial<br>Tax Appellate and Revision<br>Board        |
| 19    | Value Added Tax                     | Value Added<br>Tax       | 12.32                   | AY 2007-2008 to<br>AY 2017-2018       | Fast Track Revisional<br>Authority, Commercial<br>Taxes              |

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of debentures, initial public offer / further public offer and term loans, hence, reporting under clause (ix) of the Order is not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no material fraud on the Company or by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the



requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence, not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Prashant Singhal**

Partner

Membership Number: 93283

UDIN: 20093283AAAAAC2992

Date: June 13, 2020



## Annexure 2 to the Independent Auditor's Report of even date on the standalone financial statements of Tata Communications Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Tata Communications Limited (the "Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over

financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

### per Prashant Singhal

Partner  
Membership Number: 93283  
UDIN: 20093283AAAAAC2992

Date: June 13, 2020



## Balance Sheet as at 31 March 2020

(₹ in crores)

| Particulars  | Note | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------|------------------------|------------------------|
| <b>A ASSETS</b>  |      |                        |                        |
| <b>(1) Non-current assets</b>  |      |                        |                        |
| (a) Property, plant and equipment  | 3    | 3,804.01               | 3,834.25               |
| (b) Capital work-in-progress   |      | 117.29                 | 190.78                 |
| (c) Right of Use asset   | 4    | 573.67                 | -                      |
| (d) Investment property  | 5    | 298.42                 | 262.00                 |
| (e) Other intangible assets  | 6    | 478.58                 | 454.18                 |
| (f) Intangible assets under development  |      | 32.18                  | 19.53                  |
| (g) Investment property under development  |      | 97.74                  | 46.82                  |
| (h) Financial assets   |      |                        |                        |
| (i) Investments  | 7A   | 3,472.97               | 3,423.59               |
| (ii) Other financial assets  | 8A   | 90.90                  | 104.72                 |
| (i) Deferred tax assets (net)  | 9    | 318.03                 | 235.63                 |
| (j) Advance tax (net)  |      | 1,414.01               | 1,420.78               |
| (k) Other assets   | 10A  | 103.65                 | 250.86                 |
| <b>Total non-current assets</b>  |      | <b>10,801.45</b>       | <b>10,243.14</b>       |
| <b>(2) Current assets</b>  |      |                        |                        |
| (a) Inventories  |      | 68.32                  | 63.10                  |
| (b) Financial assets   |      |                        |                        |
| (i) Other investments  | 7B   | 564.77                 | 449.44                 |
| (ii) Trade receivables   | 11   | 1,299.69               | 1,296.68               |
| (iii) Cash and cash equivalents  | 12   | 162.95                 | 146.24                 |
| (iv) Other bank balances   | 13   | 0.77                   | 3.49                   |
| (v) Other financial assets   | 8B   | 135.61                 | 108.13                 |
| (c) Other assets   | 10B  | 339.03                 | 301.63                 |
| <b>Total current assets</b>  |      | <b>2,571.14</b>        | <b>2,368.71</b>        |
| Assets classified as held for sale   | 14   | 117.10                 | 2.11                   |
| <b>Total current assets</b>  |      | <b>2,688.24</b>        | <b>2,370.82</b>        |
| <b>Total assets</b>  |      | <b>13,489.69</b>       | <b>12,613.96</b>       |
| <b>EQUITY AND LIABILITIES</b>  |      |                        |                        |
| <b>(1) Equity</b>  |      |                        |                        |
| (a) Equity share capital   | 15   | 285.00                 | 285.00                 |
| (b) Other equity   | 16   | 7,935.60               | 7,913.88               |
| <b>Total equity</b>  |      | <b>8,220.60</b>        | <b>8,198.88</b>        |
| <b>(2) Non-current liabilities</b>   |      |                        |                        |
| (a) Financial liabilities  |      |                        |                        |
| (i) Borrowings   | 17A  | 10.64                  | -                      |
| (ii) Other financial liabilities   | 18A  | 18.68                  | 32.79                  |
| (iii) Lease liabilities  |      | 436.09                 | -                      |
| (b) Provisions   | 19A  | 243.13                 | 206.10                 |
| (c) Other liabilities  | 20A  | 425.61                 | 452.18                 |
| <b>Total non-current liabilities</b>   |      | <b>1,134.15</b>        | <b>691.07</b>          |
| <b>(3) Current liabilities</b>   |      |                        |                        |
| (a) Financial liabilities  |      |                        |                        |
| (i) Borrowings   | 17B  | 532.83                 | 301.14                 |
| (ii) Trade payables  | 21   |                        |                        |
| (A) Total outstanding dues of micro enterprises and small enterprises                      |      | 7.58                   | 4.26                   |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises |      | 1,583.87               | 1,797.82               |
| (iii) Other financial liabilities  | 18B  | 823.46                 | 746.47                 |
| (iv) Lease liabilities   |      | 29.87                  | -                      |
| (b) Provisions   | 19B  | 77.95                  | 46.93                  |
| (c) Current tax liability (net)  |      | 245.29                 | 201.23                 |
| (d) Other liabilities  | 20B  | 820.85                 | 626.16                 |
| (e) Liabilities for assets classified as held for sale                                     |      | 13.24                  | -                      |
| <b>Total current liabilities</b>   |      | <b>4,134.94</b>        | <b>3,724.01</b>        |
| <b>Total equity and liabilities</b>  |      | <b>13,489.69</b>       | <b>12,613.96</b>       |

### See accompanying notes forming part of the financial statements

In terms of our report attached

#### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner  
Membership No. 93283New Delhi  
Dated: 13 June 2020

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

#### RENUKA RAMNATH

Chairperson  
Mumbai

#### PRATIBHA K. ADVANI

Chief Financial Officer

New Delhi  
Dated: 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO  
Mumbai

#### MANISH SANSI

Company Secretary

New Delhi

## Statement of Profit and Loss for the year ended 31 March 2020

(₹ in crores)

| Particulars   | Note | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|------|-------------------------------------|-------------------------------------|
| <b>INCOME</b>   |      |                                     |                                     |
| I Revenue from Operations   |      | 5,750.33                            | 5,389.13                            |
| II Other income   | 22   | 180.27                              | 92.23                               |
| <b>III Total income (I + II)</b>  |      | <b>5,930.60</b>                     | <b>5,481.36</b>                     |
| <b>IV EXPENSES</b>  |      |                                     |                                     |
| Network and transmission  | 23   | 1,842.35                            | 2,183.66                            |
| Employee benefits   | 24   | 998.83                              | 921.25                              |
| Operating and other expenses  | 25   | 1,337.09                            | 1,058.25                            |
| Finance cost  | 27   | 55.19                               | 36.12                               |
| Depreciation and amortisation   | 26   | 977.44                              | 890.88                              |
| <b>Total expenses</b>   |      | <b>5,210.90</b>                     | <b>5,090.16</b>                     |
| <b>V Profit before exceptional items and taxes (III-IV)</b>                     |      | <b>719.70</b>                       | <b>391.20</b>                       |
| VI Exceptional items  | 28   | (346.15)                            | (666.97)                            |
| <b>VII Profit/ (Loss) before tax (V+VI)</b>                                     |      | <b>373.55</b>                       | <b>(275.77)</b>                     |
| <b>VIII Tax expense</b>   |      |                                     |                                     |
| (a) Current tax   |      | 238.48                              | 223.83                              |
| (b) Deferred tax  |      | (73.71)                             | (57.28)                             |
| <b>IX Profit/ (Loss) for the year (VII - VIII)</b>                              |      | <b>208.78</b>                       | <b>(442.32)</b>                     |
| <b>X Other comprehensive income/ (loss)</b>                                     |      |                                     |                                     |
| a. Items that will not be reclassified to profit or loss                        |      |                                     |                                     |
| (i) Remeasurement of the defined benefit plans                                  |      | (42.77)                             | (13.62)                             |
| (ii) Equity instruments through other comprehensive income                      |      | -                                   | -                                   |
| b. Income tax relating to items that will not be reclassified to profit or loss |      | 10.76                               | 4.76                                |
| <b>Total other comprehensive income/ (loss) (a+b)</b>                           |      | <b>(32.01)</b>                      | <b>(8.86)</b>                       |
| <b>XI Total comprehensive income/ (loss) for the year (IX+X)</b>                |      | <b>176.77</b>                       | <b>(451.18)</b>                     |
| <b>XII Earnings per equity share</b>  |      |                                     |                                     |
| Basic and diluted (of ₹ 10 each)  | 35   | <b>7.33</b>                         | <b>(15.52)</b>                      |

### See accompanying notes forming part of the financial statements

In terms of our report attached

#### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner  
Membership No. 93283New Delhi  
Dated: 13 June 2020

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

#### RENUKA RAMNATH

Chairperson  
Mumbai

#### PRATIBHA K. ADVANI

Chief Financial Officer

New Delhi  
Dated: 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO  
Mumbai

#### MANISH SANSI

Company Secretary

New Delhi



## Cash Flow Statement for the year ended 31 March 2020

(₹ in crores)

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |                                     |                                     |
| <b>PROFIT/ (LOSS) BEFORE TAX</b>  | <b>373.55</b>                       | <b>(275.77)</b>                     |
| Adjustments for non cash items:   |                                     |                                     |
| Depreciation and amortisation   | 977.44                              | 890.88                              |
| Interest income   | (3.66)                              | (4.42)                              |
| Finance cost  | 55.19                               | 36.12                               |
| Gain on investments at fair value through profit and loss (net)               | (20.36)                             | (23.54)                             |
| Dividend income   | (68.69)                             | (5.91)                              |
| Unrealised foreign exchange gain/ (loss) (net)                                | 32.55                               | 11.87                               |
| Allowance for doubtful trade receivables                                      | 29.53                               | 45.59                               |
| Provision for inventories and capital work-in-progress                        | 30.23                               | 2.74                                |
| Allowance for doubtful advances   | 1.03                                | 11.46                               |
| Provision towards advances (refer note 28 (i))                                | 5.92                                | -                                   |
| Impairment of investment  | -                                   | 660.02                              |
| Advances written off  | 0.96                                | -                                   |
| Gain/ (loss) on disposal of property, plant and equipment (net)               | (2.23)                              | (2.15)                              |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                        | <b>1,411.46</b>                     | <b>1,346.89</b>                     |
| <b>Changes in working capital</b>   |                                     |                                     |
| Adjustments for (increase) / decrease in operating assets:                    |                                     |                                     |
| Inventories   | (16.35)                             | (41.91)                             |
| Trade receivables   | (32.54)                             | (120.68)                            |
| Other assets  | (86.09)                             | (190.27)                            |
| Adjustments for increase / (decrease) in operating liabilities:               |                                     |                                     |
| Trade payables  | (210.63)                            | 503.61                              |
| Other liabilities   | 210.91                              | 167.04                              |
| Provisions  | 10.68                               | 8.35                                |
| <b>Cash generated from operations before tax</b>                              | <b>1,287.44</b>                     | <b>1,673.03</b>                     |
| Income tax paid (net of refund)   | (179.40)                            | (425.16)                            |
| <b>NET CASH FROM OPERATING ACTIVITIES</b>                                     | <b>1,108.04</b>                     | <b>1,247.87</b>                     |
| <b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>                                 |                                     |                                     |
| Purchase of property, plant and equipment and intangible assets               | (1,165.64)                          | (1,164.71)                          |
| Proceeds from disposal of property, plant and equipment and intangible assets | 2.25                                | 4.83                                |
| Purchase of non-current investments   | (49.38)                             | (35.04)                             |
| Purchase of current investments   | (6,684.76)                          | (6,192.59)                          |
| Proceeds from sale of current investments                                     | 6,589.79                            | 5,928.70                            |
| Advance received towards assets held for sale                                 | 144.35                              | -                                   |
| Dividend income from subsidiaries   | 68.69                               | 5.91                                |
| Interest received   | 2.34                                | 3.06                                |
| Earmarked funds   | 2.72                                | (0.28)                              |
| Fixed deposits transferred as part of Land demerger (refer note 28 (i))       | (2.90)                              | -                                   |
| <b>NET CASH (USED IN) INVESTING ACTIVITIES</b>                                | <b>(1,092.54)</b>                   | <b>(1,450.12)</b>                   |



## Cash Flow Statement for the year ended 31 March 2020

(₹ in crores)

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>                              |                                     |                                     |
| Proceeds from short-term borrowings  | 554.51                              | 250.30                              |
| Repayment of short-term borrowings   | (460.58)                            | (334.92)                            |
| Payment for acquiring right of use assets                                  | (26.80)                             | -                                   |
| Dividend paid including dividend tax                                       | (140.49)                            | (153.40)                            |
| Interest paid  | (30.63)                             | (25.31)                             |
| Working Capital Borrowings availed   | 105.20                              | -                                   |
| <b>NET CASH GENERATED/ (USED IN) FINANCING ACTIVITIES</b>                  | <b>1.21</b>                         | <b>(263.33)</b>                     |
| <b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>               | <b>16.71</b>                        | <b>(465.58)</b>                     |
| <b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>           | <b>146.24</b>                       | <b>611.82</b>                       |
| <b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (refer note 12)</b> | <b>162.95</b>                       | <b>146.24</b>                       |

I. Figures in brackets represent outflows.

### See accompanying notes forming part of the financial statements

In terms of our report attached

#### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner

Membership No. 93283

New Delhi

Dated: 13 June 2020

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

#### RENUKA RAMNATH

Chairperson

Mumbai

#### PRATIBHA K. ADVANI

Chief Financial Officer

New Delhi

Dated: 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director &amp; CEO

Mumbai

#### MANISH SANSI

Company Secretary

New Delhi





## Statement of Changes in Equity for the year ended 31 March 2020

### A. Equity share capital

(₹ in crores)

| Particulars                                     | No. of shares       | Amount        |
|---|---------------------|---------------|
| <b>Balance as at 01 April 2018</b>              | <b>28,50,00,000</b> | <b>285.00</b> |
| Changes in equity share capital during the year | -                   | -             |
| <b>Balance as at 31 March 2019</b>              | <b>28,50,00,000</b> | <b>285.00</b> |
| Changes in equity share capital during the year | -                   | -             |
| <b>Balance as at 31 March 2020</b>              | <b>28,50,00,000</b> | <b>285.00</b> |

### B. Other equity

(₹ in crores)

| Particulars  | Reserves and surplus |                    |                 |                              | Items of other comprehensive income |  |   | Total other equity |
|--|----------------------|--------------------|-----------------|------------------------------|-------------------------------------|--|---|--------------------|
|  | Capital reserve      | Securities premium | General reserve | Debenture redemption reserve | Retained earnings                   | Remeasurement of the defined benefit plans | Equity instruments through other comprehensive income |                    |
| <b>Balance as at 1 April 2018</b>  | <b>206.06</b>        | <b>725.01</b>      | <b>5,342.00</b> | <b>38.75</b>                 | <b>3,172.34</b>                     | <b>(31.93)</b>                             | <b>(933.77)</b>                                       | <b>8,518.46</b>    |
| Loss for the year  | -                    | -                  | -               | -                            | (442.32)                            | -  | -   | (442.32)           |
| Other comprehensive income/(loss)  | -                    | -                  | -               | -                            | -                                   | (13.62)                                    | -   | (13.62)            |
| Tax impact on other comprehensive income/(loss)  | -                    | -                  | -               | -                            | -                                   | 4.76                                       | -   | 4.76               |
| <b>Total comprehensive income/(loss)</b>   | <b>-</b>             | <b>-</b>           | <b>-</b>        | <b>-</b>                     | <b>(442.32)</b>                     | <b>(8.86)</b>                              | <b>-</b>  | <b>(451.18)</b>    |
| Dividend paid (including dividend tax)   | -                    | -                  | -               | -                            | (153.40)                            | -  | -   | (153.40)           |
| Transfer from debenture redemption reserve   | -                    | -                  | 1.25            | (1.25)                       | -                                   | -  | -   | -                  |
| <b>Balance as at 31 March 2019</b>   | <b>206.06</b>        | <b>725.01</b>      | <b>5,343.25</b> | <b>37.50</b>                 | <b>2,576.62</b>                     | <b>(40.79)</b>                             | <b>(933.77)</b>                                       | <b>7,913.88</b>    |
| Profit for the year  | -                    | -                  | -               | -                            | 208.78                              | -  | -   | 208.78             |
| Fixed deposits and surplus land transferred as part of land demerger (refer note 28 (i)) | -                    | -                  | -               | -                            | (3.06)                              | -  | -   | (3.06)             |
| Impact of INDAS 116 transition on retained earnings (refer note 2 (u))                   | -                    | -                  | -               | -                            | (11.50)                             | -  | -   | (11.50)            |
| Other comprehensive income/(loss)  | -                    | -                  | -               | -                            | -                                   | (42.77)                                    | -   | (42.77)            |
| Tax impact on other comprehensive income/(loss)  | -                    | -                  | -               | -                            | -                                   | 10.76                                      | -   | 10.76              |
| <b>Total comprehensive income/(loss)</b>   | <b>-</b>             | <b>-</b>           | <b>-</b>        | <b>-</b>                     | <b>194.22</b>                       | <b>(32.01)</b>                             | <b>-</b>  | <b>162.21</b>      |
| Dividend paid (including dividend tax)   | -                    | -                  | -               | -                            | (140.49)                            | -  | -   | (140.49)           |
| Transfer from debenture redemption reserve   | -                    | -                  | 37.50           | (37.50)                      | -                                   | -  | -   | -                  |
| <b>Balance as at 31 March 2020</b>   | <b>206.06</b>        | <b>725.01</b>      | <b>5,380.75</b> | <b>-</b>                     | <b>2,630.35</b>                     | <b>(72.80)</b>                             | <b>(933.77)</b>                                       | <b>7,935.60</b>    |

#### See accompanying notes forming part of the financial statements

In terms of our report attached

#### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner  
Membership No. 93283

New Delhi

Dated: 13 June 2020

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

#### RENUKA RAMNATH

Chairperson  
Mumbai

#### PRATIBHA K. ADVANI

Chief Financial Officer

New Delhi

Dated: 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO  
Mumbai

#### MANISH SANSI

Company Secretary

New Delhi

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 1. Corporate information

TATA Communications Limited (the "Company") was incorporated on 19 March 1986. The Government of India vide its letter No. G-25015/6/86OC dated 27 March 1986, transferred all assets and liabilities of the Overseas Communications Service ("OCS") (part of the Department of Telecommunications, Ministry of Communications) as appearing in the Balance sheet as at 31 March 1986 to the Company with effect from 1 April 1986. During the financial year 2007-08, the Company changed its name from Videsh Sanchar Nigam Limited to Tata Communications Limited and the fresh certificate of incorporation consequent upon the change of name was issued by the Registrar of Companies, Mumbai, Maharashtra on 28 January 2008.

The Company is domiciled in India and its registered office is at VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001. The Company's shares are listed on two recognised stock exchanges in India.

The Company offers international and national voice and data transmission services, selling and leasing of bandwidth on undersea cable systems, internet connectivity services and other value-added services comprising telepresence, managed hosting, mobile global roaming and signalling services, transponder lease, television uplinking and other related services.

The shareholders at the Annual General Meeting held on 9 August 2018 approved the change to the object clause of the Memorandum of Association to inter-alia include in the objects to be pursued by the Company, leasing, letting out, licensing or developing immovable properties of the Company and to earn income of any nature including inter-alia rental, lease, license income, etc from immovable properties of the Company including land and buildings. Accordingly, the related revenue from real estate business for previous year has been reclassified from 'Other income' to 'Revenue from operations' along with the related receivables in the balance sheet from 'Other financial assets' to 'Trade receivables'. The figures for this business have been disclosed as a separate segment as "Real Estate" in the segment information.

### 2. Significant accounting policies

#### a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

#### b. Basis of preparation of financial statements

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer note 2 (o)).

The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy on introduction of Ind AS 116 that was effective for annual period beginning on or after 1 April 2019 (refer note 2 (u)).

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest crores (INR 00,00,000), except when otherwise indicated.

#### c. Significant accounting judgements, estimates and assumptions

The preparation of these financial statements in conformity with recognition and measurement principles of Ind AS requires the management of the Company to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liability as at the date of the financial statements and the reported amounts of income and expenses for the periods presented.



## Notes forming part of the financial statements

for the year ended 31 March 2020

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

### i. Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Operating lease commitments – Company as lessor

The Company has entered into property leases ('the leases') on its investment property portfolio. The Company has determined the accounting of the leases as operating lease on its Investment property portfolio, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, the fair value of the asset and the fact that it retains all the significant risks and rewards of ownership of these properties.

#### Impairment of investments in subsidiaries and associates

The carrying values of the investments are reviewed for impairment at each balance sheet date or earlier, if any indication of impairment exists. The Company's business layout and asset structure of its India and International operations are integrated for delivering products and services to its customers in all jurisdictions. For the purpose of impairment testing, the Company prepares and analyses its business units, on detailed budgets and forecast calculations, which are prepared in an integrated way across all jurisdictions.

### ii. Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### Useful lives of assets

The Company reviews the useful lives of assets at the end of each reporting period. This re-assessment may result in change in depreciation expense in future periods.

#### Fair value measurement of financial instruments

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### Provision for decommissioning of assets

Provision for decommissioning of assets relates to the costs associated with the removal of long-lived assets when they will be retired. The Company records a liability at the estimated current fair value of the costs associated with the removal obligations, discounted at present value using risk-free rate of return. The liability for decommissioning of assets is capitalised by increasing the carrying amount of the related asset and is depreciated over its useful life. The estimated removal liabilities are based on historical cost information, industry factors and engineering estimates.

### d. Cash and cash equivalents

Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts do not form an integral part of the Company's cash management and so the same is not considered as component of cash and cash equivalents.

### e. Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes inward freight, duties, taxes and all incidental expenses incurred to bring the assets ready for their intended use.

Jointly owned assets are capitalised in proportion to the Company's ownership interest in such assets.

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and is carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

The depreciable amount for property, plant and equipment is the cost of the property, plant and equipment or other amount substituted for cost, less its estimated residual value (wherever applicable).

Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful lives. The assets' residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

| Property, plant and equipment               | Estimated useful life                            |
|---|--|
| i. Plant and machinery                      |  |
| Network equipment, switches and component** | 2 to 13 years                                    |
| Undersea cable**                            | 20 years or contract period whichever is earlier |
| Land cable**                                | 15 years or contract period whichever is earlier |
| Electrical equipment and installations*     | 10 years   |
| Earth station *                             | 13 years   |
| General plant and machinery*                | 15 years   |
| ii. Office equipment                        |  |
| Integrated building management Systems**    | 8 years  |
| Others*                                     | 5 years  |
| iii. Leasehold land                         | Over the lease period                            |
| iv. Leasehold improvements                  | Asset life or lease period whichever is lower    |
| v. Buildings*                               | 30 to 60 years                                   |
| vi. Motor Vehicles*                         | 8 to 10 years                                    |
| vii. Furniture and fixtures*                | 8 to 10 years                                    |
| viii. Computers *                           | 3 to 6 years                                     |

\* On the above categories of assets, the depreciation has been provided as per useful life prescribed in Schedule II to the Companies Act, 2013.

\*\* In these cases, the useful lives of the assets are different from the useful lives prescribed in Schedule II to the Companies Act, 2013. The useful lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, etc.



## Notes forming part of the financial statements

for the year ended 31 March 2020

Property, plant and equipment is eliminated from financial statements, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of occurrence.

Cost of property, plant and equipment also includes present value of provision for decommissioning of assets if the recognition criterias for a provision are met.

Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets classified as held for sale are presented separately in the balance sheet and are not depreciated post such classification.

### f. Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

Indefeasible Right to Use (“IRU”) taken for optical fibres are capitalised as intangible assets at the amounts paid for acquiring such rights. These are amortised on straight line basis, over the period of agreement.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortised as follows:

| Intangible asset         | Expected useful life     |
|--------------------------|--------------------------|
| Software and application | 3 to 6 years             |
| IRU                      | Over the contract period |

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

### g. Investment properties

Investment properties comprise of land and buildings that are held for long term lease rental yields and/or for capital appreciation. Investment properties are initially recognised at cost including transaction costs. Subsequently investment properties comprising of building are carried at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on building is provided over the estimated useful lives (refer note 2(e)) as specified in Schedule II to the Companies Act, 2013. The residual values, estimated useful lives and depreciation method of investment properties are reviewed and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the Statement of Profit and Loss when the changes arise.

Though the Company measures investment properties using cost based measurement, the fair values of investment properties are disclosed in note 5(b).

Investment properties are de-recognised when either they have been disposed of or doesn't meet the criteria of investment property when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of de-recognition.

### h. Impairment of non-financial assets

The carrying values of assets / cash generating units (“CGU”) at each balance sheet date are reviewed for impairment, if any indication of

## Notes forming part of the financial statements

for the year ended 31 March 2020

impairment exists. The following intangible assets are tested for impairment at the end of each financial year even if there is no indication that the asset is impaired:

- an intangible asset that is not yet available for use; and
- an intangible asset with indefinite useful lives.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the fair value less cost of disposal and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast. These budgets and forecast generally cover a significant period. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the significant period.

### i. Leases

Effective 1 April 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies applicable for previous year, refer note 2(u) for the impact on transition.

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Lessee

##### Policy effective 1 April 2019

The Company's lease asset classes primarily consist of leases for Land, buildings and colocations spaces. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.



## Notes forming part of the financial statements

for the year ended 31 March 2020

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer to the accounting policies in note 2(h) Impairment of non-financial assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. The Company uses return on treasury bills with similar maturity as base rate and makes adjustments for spread based on the Company's credit rating as the implicit interest rate cannot be readily determinable. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet.

### Policy prior to 1 April 2019

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease and all other leases are defined as operating lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor is structured in a manner that the increase is not expected to be in line with expected general inflation.

### Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of an asset are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in

## Notes forming part of the financial statements

for the year ended 31 March 2020

the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

The Company enters into agreements for granting IRU of dark fibre and duct capacities to third parties. These arrangements are classified as operating leases as the title to the assets and significant risks associated with the operation and maintenance of these assets remain with the Company. Upfront consideration is received for these arrangements and the same is deferred and amortized over the tenure of the IRU agreement for revenue recognition. Unearned IRU revenue net of the amount recognisable within one year is disclosed as deferred revenue in non-current liabilities and the amount recognisable within one year is disclosed as deferred revenue in current liabilities.

### j. Inventories

Inventories of traded goods, required to provide Data Managed Services ("DMS"), are valued at the lower of cost or net realisable value. Cost includes cost of purchase and all expenses incurred to bring the inventory to its present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### k. Employee benefits

Employee benefits include contributions to provident fund, employee state insurance scheme, gratuity fund, compensated absences, pension and post-employment medical benefits.

#### i. Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within twelve months.

#### ii. Post-employment benefits

Contributions to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable), excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises changes in service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under employee benefit expenses in the Statement of Profit and Loss. The net interest expense or income is recognised as part of finance cost in the Statement of Profit and Loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service



## Notes forming part of the financial statements

for the year ended 31 March 2020

cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### iii. Other long-term benefits

Compensated absences, which are not expected to occur within twelve months after the end of the period in which the employee renders the related services, are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

### I. Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to the customers for an amount, that reflects the consideration which the Company expects to receive in exchange for those goods or services in normal course of business. Revenue is measured at the fair value of the consideration received or receivable excluding taxes collected on behalf of the government and is reduced for estimated credit notes and other similar allowances.

Types of products and services and their revenue recognition criterion are as follows:

- i. Revenue from Voice Solutions (VS) is recognised at the end of each month based on minutes of traffic carried during the month.
- ii. Revenue from Data Managed Services (DMS) is recognised over the period of the arrangement based on contracted fee schedule or based on usage. In respect of sale of equipment (ancillary to DMS) revenue is recognised when the control over the goods has been passed to the customer and/ or the performance obligation has been fulfilled.
- iii. Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Revenue is recognised

for respective components either at the point in time or over time on satisfaction of the performance obligation.

- iv. Bandwidth capacity sale under IRU arrangements is treated as revenue from operations. These arrangements do not have any significant financing component and are recognised on a straight line basis over the term of the relevant IRU arrangement.
- v. Exchange/ swaps with service providers are accounted as monetary/ non-monetary transactions depending on the nature of the arrangement with such service provider.
- vi. Revenue/ Cost recovery in respect of annual maintenance service charges is recognised over the period for which services are provided.
- vii. Income from real estate business and dark fibre contracts are considered as revenue from operations.

Accounting treatment of assets and liabilities arising in course of sale of goods and services is set out below:

#### I. Trade receivable

Trade receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

#### II. Contract assets

Contract asset is recorded when revenue is recognized in advance of the Company's right to bill and receive the consideration (i.e. the Company must perform additional services or complete a milestone of performance obligation in order to bill and receive the consideration as per the contract terms).

#### III. Contract liabilities

Contract liabilities represent consideration received from customers in advance for providing the goods and services promised in the contract. The Company defers recognition of the consideration until the

## Notes forming part of the financial statements

for the year ended 31 March 2020

related performance obligation is satisfied. Contract liabilities include recurring services billed in advance and the non-recurring charges recognized over the contract/ service period.

The incremental cost of acquisition or fulfilment of a contract with customer is recognised as an asset and amortised over the period of the respective arrangement. This includes non recurring charges for connectivity services and incentives for customer contracts as disclosed under network and transmission and employee benefits respectively.

### m. Other income

- i. Dividend from investments is recognised when the right to receive payment is established and no significant uncertainty as to collectability exists.
- ii. Interest income - For all financial instruments measured at amortised cost, interest income is recorded on accrual basis.

### n. Taxation

#### Current income tax

Current tax expense is determined in accordance with the provisions of the Income Tax Act, 1961.

Provisions for current income taxes and advance taxes paid in respect of the same jurisdiction are presented in the balance sheet after offsetting these balances on an assessment year basis.

Current tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

#### Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled and are based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### o. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

## Notes forming part of the financial statements

for the year ended 31 March 2020

The principal or the most advantageous market must be accessible by the Company.

The fair value of a financial asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### p. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are converted into INR at rates of exchange approximating those prevailing at the transaction dates or at the average exchange rate for the month in which the transaction occurs. Foreign currency monetary assets and liabilities outstanding as at the balance sheet date are translated to INR at the closing rates prevailing on the balance sheet date. Exchange differences on foreign currency transactions are recognised in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not restated on the balance sheet date.

### q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### r. Earnings per share

Basic and diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events if any of a bonus issue to existing shareholders or a share split.

### s. Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources

## Notes forming part of the financial statements

for the year ended 31 March 2020

will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions and contingent liabilities are reviewed at each balance sheet date.

### t. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of an instrument. Financial assets and 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 measured on initial recognition of financial asset or financial liability.

#### A. Financial assets

##### i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal

amount outstanding.

##### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

##### iii. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

##### iv. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all





## Notes forming part of the financial statements

for the year ended 31 March 2020

the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and maximum amount of consideration that the Company could be required to repay.

### v. Impairment of financial assets

The Company assesses impairment based on expected credit loss (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive income.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at reporting date.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates and forward-looking changes in estimates are analyzed and updated.

For assessing ECL on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.

### B. Financial liabilities

#### i. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis and using the EIR method.

#### ii. Guarantee fee obligations

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined and the amount recognised less cumulative amortisation.

#### iii. De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

### C. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### D. Derivative financial instruments – Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### E. Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

### u. New and amended accounting standards

Effective 1 April 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount equal to the lease liability on initial application date, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March 2019.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

On transition, the adoption of the new standard resulted in recognition as below:

| (₹ in crores)  |                       |
|--|-----------------------|
| Balance sheet  | As at<br>1 April 2019 |
| Right of Use assets                                    | 61.17                 |
| Reclassified from<br>prepaid expenses to<br>ROU assets | 166.14                |
| Other equity (net of tax)                              | (11.50)               |
| Lease liabilities                                      | 78.85                 |

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and for low-value leases.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- The Company applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.
- Relied on its assessment of whether leases are onerous immediately before the date of initial application.

The incremental borrowing rate applied to lease liabilities as at 1 April 2019 is 8.67%.

### v. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2020.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 3. Property, plant and equipment

(₹ in crores)

| Particulars                        | Freehold land | Leasehold land | Leasehold improvements | Building | Plant and machinery | Furniture and fixtures | Office equipment | Computers | Motor vehicles | Total     |
|------------------------------------|---------------|----------------|------------------------|----------|---------------------|------------------------|------------------|-----------|----------------|-----------|
| <b>Cost</b>                        |               |                |                        |          |                     |                        |                  |           |                |           |
| <b>Balance as at 1 April 2018</b>  | 13.13         | 1.42           | 3.95                   | 312.33   | 9,588.22            | 142.23                 | 80.30            | 418.92    | 1.20           | 10,561.70 |
| Additions                          | -             | -              | 2.93                   | 17.98    | 1,025.65            | 28.12                  | 12.14            | 49.03     | 0.42           | 1,136.27  |
| Disposals/ adjustments             | 0.29          | -              | -                      | (0.62)   | (29.55)             | (2.28)                 | (0.87)           | (5.81)    | -              | (38.84)   |
| Transfers                          | (2.23)        | -              | -                      | (19.55)  | 0.06                | -                      | -                | -         | -              | (21.72)   |
| <b>Balance as at 31 March 2019</b> | 11.19         | 1.42           | 6.88                   | 310.14   | 10,584.38           | 168.07                 | 91.57            | 462.14    | 1.62           | 11,637.41 |
| Additions                          | -             | -              | (0.06)                 | 5.99     | 760.81              | 0.95                   | 3.90             | 30.43     | 0.20           | 802.22    |
| Disposals/ adjustments             | (0.64)        | -              | -                      | (2.23)   | (79.81)             | (2.99)                 | (0.92)           | (11.94)   | (0.04)         | (98.57)   |
| Transfers                          | (0.97)        | 0.48           | 15.40                  | (72.43)  | (0.03)              | (1.49)                 | (0.02)           | -         | -              | (59.06)   |
| <b>Balance as at 31 March 2020</b> | 9.58          | 1.90           | 22.22                  | 241.47   | 11,265.35           | 164.54                 | 94.53            | 480.63    | 1.78           | 12,282.00 |
| <b>Accumulated depreciation</b>    |               |                |                        |          |                     |                        |                  |           |                |           |
| <b>Balance as at 1 April 2018</b>  | -             | 0.02           | 1.09                   | 84.68    | 6,481.02            | 103.30                 | 62.32            | 358.94    | 0.50           | 7,091.87  |
| Depreciation                       | -             | -              | 1.35                   | 6.39     | 696.35              | 11.85                  | 7.33             | 25.92     | 0.14           | 749.33    |
| Disposals/ adjustments             | -             | -              | -                      | (0.51)   | (27.15)             | (2.23)                 | (0.67)           | (5.78)    | -              | (36.34)   |
| Transfers                          | -             | -              | -                      | (1.70)   | -                   | -                      | -                | -         | -              | (1.70)    |
| <b>Balance as at 31 March 2019</b> | -             | 0.02           | 2.44                   | 88.86    | 7,150.22            | 112.92                 | 68.98            | 379.08    | 0.64           | 7,803.16  |
| Depreciation                       | -             | -              | 2.49                   | 8.46     | 730.58              | 9.55                   | 7.31             | 28.82     | 0.16           | 787.37    |
| Disposals/ adjustments             | -             | -              | -                      | (1.01)   | (78.51)             | (2.99)                 | (0.92)           | (11.92)   | (0.04)         | (95.39)   |
| Transfers                          | -             | -              | 6.86                   | (22.97)  | (0.03)              | (0.99)                 | (0.02)           | -         | -              | (17.15)   |
| <b>Balance as at 31 March 2020</b> | -             | 0.02           | 11.79                  | 73.34    | 7,802.26            | 118.49                 | 75.35            | 395.98    | 0.76           | 8,477.99  |
| <b>Carrying amount</b>             |               |                |                        |          |                     |                        |                  |           |                |           |
| <b>Balance as at 31 March 2019</b> | 11.19         | 1.40           | 4.44                   | 221.28   | 3,434.16            | 55.15                  | 22.59            | 83.06     | 0.98           | 3,834.25  |
| <b>Balance as at 31 March 2020</b> | 9.58          | 1.88           | 10.43                  | 168.13   | 3,463.09            | 46.05                  | 19.18            | 84.65     | 1.02           | 3,804.01  |

- a. Freehold land includes ₹ Nil (31 March 2019: ₹ 0.16 crores) identified as surplus land (refer note 28 (i)).
- b. Gross block of buildings includes
- ₹ 34.16 crores (31 March 2019: ₹ 34.20 crores) for properties at Oshiwara & Sanchar Niwas, Mumbai in respect of which title deeds are under dispute and pending resolution in Hon'ble High Court of Mumbai at the year end.
  - ₹ 1.02 crores (31 March 2019: ₹ 0.38 crores) for properties at GIDC Gandhinagar, Gujarat in respect of which title deeds is not yet registered in the name of Company at the year end.
  - ₹ 0.85 crores (31 March 2019: ₹ Nil) for properties (Land) at Chattarpur (Delhi), Greater Kailash (Delhi), VSB Chennai, Mussoorie in respect of which title deeds are not yet registered in the name of Company at the year end.
- c. Refer note 43 (b) for assets given on operating leases.
- d. During the year, transfers include assets transferred from / to intangible assets and investment property respectively.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 4. Right of Use asset

(₹ in crores)

| Particulars                                | Land   | Building | Total   |
|--|--------|----------|---------|
| <b>Balance as at 1 April 2019</b>          | 165.94 | 61.37    | 227.31  |
| Additions                                  | 0.01   | 392.27   | 392.28  |
| Terminated (net Right of Use asset impact) | (0.01) | (0.18)   | (0.19)  |
| Depreciation                               | (2.57) | (43.16)  | (45.73) |
| <b>Balance as at 31 March 2020</b>         | 163.37 | 410.30   | 573.67  |

- a. Refer note 2(u) for effect on adoption of Ind AS 116 as at 1 April 2019.
- b. The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expenses in the Statement of Profit and Loss.

### 5. Investment property

(₹ in crores)

| Particulars                        | Land | Building | Total   |
|------------------------------------|------|----------|---------|
| <b>Cost</b>                        |      |          |         |
| <b>Balance as at 1 April 2018</b>  | 0.53 | 293.12   | 293.65  |
| Transfers                          | 2.23 | 19.55    | 21.78   |
| <b>Balance as at 31 March 2019</b> | 2.76 | 312.67   | 315.43  |
| Additions                          | -    | 62.28    | 62.28   |
| Disposals/ adjustments             | -    | (62.28)  | (62.28) |
| Transfers                          | 0.48 | 58.55    | 59.03   |
| <b>Balance as at 31 March 2020</b> | 3.24 | 371.22   | 374.46  |
| <b>Accumulated depreciation</b>    |      |          |         |
| <b>Balance as at 1 April 2018</b>  | -    | 46.88    | 46.88   |
| Depreciation                       | -    | 4.85     | 4.85    |
| Transfers                          | -    | 1.70     | 1.70    |
| <b>Balance as at 31 March 2019</b> | -    | 53.43    | 53.43   |
| Depreciation                       | -    | 5.49     | 5.49    |
| Transfers                          | -    | 17.12    | 17.12   |
| <b>Balance as at 31 March 2020</b> | -    | 76.04    | 76.04   |
| <b>Carrying amount</b>             |      |          |         |
| <b>Balance as at 31 March 2019</b> | 2.76 | 259.24   | 262.00  |
| <b>Balance as at 31 March 2020</b> | 3.24 | 295.18   | 298.42  |

#### a. Information regarding income and expenditure of investment property

(₹ in crores)

| Particulars  | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|--|----------------------------------|----------------------------------|
| <b>Rental income derived from investment properties (A)</b>                            | 154.15                           | 117.38                           |
| Direct operating expenses (including repairs and maintenance) generating rental income |                                  |                                  |
| Rates and taxes  | 10.04                            | 2.13                             |
| Repairs and maintenance  | 18.18                            | 15.00                            |
| Other operating expenses   | 3.82                             | 1.97                             |
| <b>Total (B)</b>   | 32.04                            | 19.10                            |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 5. Investment property (Contd..)

#### a. Information regarding income and expenditure of investment property (Contd..)

(₹ in crores)

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Direct operating expenses (including repairs and maintenance) that did not generate rental income    |                                     |                                     |
| Rates and taxes  | 1.88                                | 0.16                                |
| Repairs and maintenance  | 2.77                                | 1.19                                |
| Other operating expenses   | 0.83                                | 0.08                                |
| <b>Total (C)</b>   | <b>5.48</b>                         | <b>1.43</b>                         |
| <b>Total (D) (B+C)</b>   | <b>37.52</b>                        | <b>20.53</b>                        |
| <b>Profit arising from investment properties before depreciation and indirect expenses (E) (A-D)</b> | <b>116.63</b>                       | <b>96.85</b>                        |
| Less: Depreciation   | 5.49                                | 4.85                                |
| <b>Profit arising from investment properties before indirect expenses</b>                            | <b>111.14</b>                       | <b>92.00</b>                        |

#### b. Fair value of investment property

(₹ in crores)

| Particulars         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------|------------------------|------------------------|
| Investment property | 2,201.23               | 1,412.95               |

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The best evidence of fair value is current price in an active market for similar properties. Where such information is not available, the Company considers information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

### 6. Intangible assets

(₹ in crores)

| Particulars                        | Software and<br>application | Indefeasible right<br>to use assets | Total           |
|------------------------------------|-----------------------------|-------------------------------------|-----------------|
| <b>Cost</b>                        |                             |                                     |                 |
| <b>Balance as at 1 April 2018</b>  | <b>769.27</b>               | <b>465.53</b>                       | <b>1,234.80</b> |
| Additions                          | 159.67                      | 36.34                               | <b>196.01</b>   |
| Disposals/ adjustments             | (0.01)                      | -                                   | <b>(0.01)</b>   |
| Transfers                          | (0.06)                      | -                                   | <b>(0.06)</b>   |
| <b>Balance as at 31 March 2019</b> | <b>928.87</b>               | <b>501.87</b>                       | <b>1,430.74</b> |
| Additions                          | 86.22                       | 77.03                               | <b>163.25</b>   |
| Disposals/ adjustments             | (0.67)                      | -                                   | <b>(0.67)</b>   |

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 6. Intangible assets (Contd..)

(₹ in crores)

| Particulars                        | Software and<br>application | Indefeasible right<br>to use assets | Total           |
|------------------------------------|-----------------------------|-------------------------------------|-----------------|
| Transfers                          | -                           | 0.03                                | <b>0.03</b>     |
| <b>Balance as at 31 March 2020</b> | <b>1,014.42</b>             | <b>578.93</b>                       | <b>1,593.35</b> |
| <b>Accumulated amortization</b>    |                             |                                     |                 |
| <b>Balance as at 1 April 2018</b>  | <b>514.48</b>               | <b>325.39</b>                       | <b>839.87</b>   |
| Amortisation                       | 110.08                      | 26.62                               | <b>136.70</b>   |
| Disposals/ adjustments             | (0.01)                      | -                                   | <b>(0.01)</b>   |
| Transfers                          | -                           | -                                   | -               |
| <b>Balance as at 31 March 2019</b> | <b>624.55</b>               | <b>352.01</b>                       | <b>976.56</b>   |
| Amortisation                       | 110.61                      | 28.24                               | <b>138.85</b>   |
| Disposals/ adjustments             | (0.67)                      | -                                   | <b>(0.67)</b>   |
| Transfers                          | -                           | 0.03                                | <b>0.03</b>     |
| <b>Balance as at 31 March 2020</b> | <b>734.49</b>               | <b>380.28</b>                       | <b>1,114.77</b> |
| <b>Carrying amount</b>             |                             |                                     |                 |
| <b>Balance as at 31 March 2019</b> | <b>304.32</b>               | <b>149.86</b>                       | <b>454.18</b>   |
| <b>Balance as at 31 March 2020</b> | <b>279.93</b>               | <b>198.65</b>                       | <b>478.58</b>   |

### 7. Investments

(₹ in crores)

| Particulars  | As at 31 March 2020 |                 | As at 31 March 2019 |                 |
|--|---------------------|-----------------|---------------------|-----------------|
|  | No of shares        | ₹ in crores     | No of shares        | ₹ in crores     |
| <b>A. Non-current investments</b>  |                     |                 |                     |                 |
| <b>a. Investment at cost</b>   |                     |                 |                     |                 |
| <b>i. In subsidiaries (fully paid equity shares - unquoted)</b>                    |                     |                 |                     |                 |
| Tata Communications International Pte. Ltd.* (refer I below)                       | 191,102,862         | 2,521.15        | 191,102,862         | 2,521.15        |
| Tata Communications Payment Solutions Limited (refer II below) (net of impairment) | 987,091,784         | 853.03          | 987,091,784         | 853.03          |
| Tata Communications Lanka Limited  | 13,661,422          | 7.41            | 13,661,422          | 7.41            |
| Tata Communications Transformation Services Limited                                | 500,000             | 0.50            | 500,000             | 0.50            |
| Tata Communications Collaboration Services Private Limited                         | 20,000              | 0.02            | 20,000              | 0.02            |
| <b>Subtotal (a) (i)</b>  |                     | <b>3,382.11</b> |                     | <b>3,382.11</b> |
| <b>ii. In associates (unquoted)</b>  |                     |                 |                     |                 |
| STT Global Data Centres India Private Limited (equity shares) (refer III below)    | 2,899               | 84.36           | 2,730               | 35.01           |
| United Telecom Limited (equity shares) (net of impairment)                         | 5,731,900           | -               | 5,731,900           | -               |
| Smart ICT Services Private Limited   |                     |                 |                     |                 |
| Preference shares (refer IV below)   | 335,146             | 0.33            | 303,186             | 0.30            |
| Equity shares  | 12,000              | 0.01            | 12,000              | 0.01            |
| <b>Subtotal (a) (ii)</b>   |                     | <b>84.70</b>    |                     | <b>35.32</b>    |
| <b>Subtotal (a) (i)+(ii)</b>   |                     | <b>3,466.81</b> |                     | <b>3,417.43</b> |





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 7. Investments (Contd..)

(₹ in crores)

| Particulars  | As at 31 March 2020 |                 | As at 31 March 2019 |                 |
|--|---------------------|-----------------|---------------------|-----------------|
|  | No of shares        | ₹ in crores     | No of shares        | ₹ in crores     |
| <b>b. Investments at FVTOCI</b>                                      |                     |                 |                     |                 |
| <b>Investment in others (fully paid equity shares - unquoted)</b>    |                     |                 |                     |                 |
| Tata Teleservices Ltd.*  | 598,213,926         | -               | 598,213,926         | -               |
| Other investments  | 297,134             | 6.16            | 297,134             | 6.16            |
| <b>Subtotal (b)</b>  |                     | <b>6.16</b>     |                     | <b>6.16</b>     |
| <b>Total (a)+(b)</b>   |                     | <b>3,472.97</b> |                     | <b>3,423.59</b> |
| Aggregate market value of quoted investments                         |                     | -               |                     | -               |
| Aggregate carrying value of unquoted investments (net of impairment) |                     | 3,472.97        |                     | 3,423.59        |
| <b>Total non-current investments</b>                                 |                     | <b>3,472.97</b> |                     | <b>3,423.59</b> |
| <b>B. Current investments</b>  |                     |                 |                     |                 |
| Investments at FVTPL (Mutual funds)                                  |                     | 564.77          |                     | 449.44          |
| <b>Investments in others (Preference Shares) (refer V below)</b>     |                     |                 |                     |                 |
| Bharti Airtel Limited - Preference shares                            | 51                  | @               | -                   | -               |
| Bharti Hexacom Limited - Preference shares                           | 51                  | @               | -                   | -               |

\* Equity investments in these companies are subject to certain restrictions on transfer as per the terms of individual contractual agreements.

- I. The Company has an investment of ₹ 2,521.15 crores (31 March 2019: ₹ 2,521.15 crores) in equity shares of Tata Communications International Pte Limited.

In the opinion of the management, having regard to the nature of the subsidiary business and future business projections, there is no diminution, other than temporary in the value of investment despite significant accumulated losses (refer note 2(c)(i)).

- II. The Company has investment in its wholly owned subsidiary Tata Communications Payment Solutions Limited ('TCPSL'). Management performed impairment assessment as at 31 March 2020. The recoverable value was determined by Value in use ('VIU') of TCPSL business. The recoverable amount was greater than the carrying value of investment in TCPSL for the year ended 31 March 2020. However, the recoverable amount was lower than the carrying value of investment in TCPSL for the year ended 31 March 2019 and hence the Company had recorded a diminution in the fair value of the investment of ₹ 660.02 crores in the previous year. This was disclosed as an exceptional item.

The approach and key assumptions used to determine the VIU were as follows:

| Particulars                                | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Growth rate applied beyond forecast period | 1%                     | 3%                     |
| Pre-tax discount rate                      | 10.74%                 | 13.47%                 |

The Company has considered it appropriate to undertake the impairment assessment with reference to the latest business plan which includes a 5 year cash flow forecast. The growth rates used in the value in use calculation reflect those inherent to the Company's business. The future cash flows consider potential risks given the current economic environment and key assumptions, such as volume forecasts, rates and margins.

- III. During the current year, the Company has made additional investment of ₹ 49.35 crores (during previous year ₹ 35.01 crores) in equity shares of STT Global Data Centers India Private Limited.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 7. Investments (Contd..)

- IV. During the current year, the Company has acquired an additional 31,960 Cumulative Non- Convertible Redeemable Preference Shares (during previous year 31,960 Cumulative Non- Convertible Redeemable Preference Shares) of Smart ICT Services Private Limited.

- V. During the current year, the Company received 51 Redeemable Preference Shares (having face value of ₹ 100 per share) each of Bharti Airtel Limited and Bharti Hexacom Limited pursuant to the Composite Scheme of Arrangement amongst Bharti Airtel Limited; Tata Teleservices Limited and Bharti Hexacom Limited and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi.

@ represents transaction of amount less than ₹ 50,000

### 8. Other financial assets

(₹ in crores)

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>A. Non - current</b>  |                        |                        |
| a. Security deposits   |                        |                        |
| i. Unsecured, considered good  | 64.43                  | 64.13                  |
| ii. Unsecured, considered doubtful   | 8.78                   | 4.05                   |
| Less: allowance for doubtful security deposits   | (8.78)                 | (4.05)                 |
|  | <b>64.43</b>           | <b>64.13</b>           |
| b. Guarantee fees receivable from subsidiaries - Unsecured, considered good (refer i below)                      | 18.68                  | 32.79                  |
| c. Pension contribution recoverable from Government of India (net) - Unsecured, considered good (refer ii below) | 7.44                   | 7.44                   |
| d. Other advances / receivables  |                        |                        |
| i. Unsecured, considered good  | 0.35                   | 0.36                   |
| ii. Unsecured, considered doubtful   | 0.01                   | 0.01                   |
| Less: allowance for doubtful advances/ receivables   | (0.01)                 | (0.01)                 |
|  | <b>0.35</b>            | <b>0.36</b>            |
| <b>Sub-total (A)</b>   | <b>90.90</b>           | <b>104.72</b>          |
| <b>B. Current</b>  |                        |                        |
| a. Security deposits   |                        |                        |
| Unsecured, considered good   | 35.13                  | 24.25                  |
| Unsecured, considered doubtful   | 1.14                   | 1.14                   |
| Less: allowance for doubtful security deposits   | (1.14)                 | (1.14)                 |
|  | <b>35.13</b>           | <b>24.25</b>           |
| b. Guarantee fees receivable from subsidiaries - Unsecured, considered good (refer i below)                      | 26.70                  | 23.61                  |
| c. Other advances/ receivables   |                        |                        |
| Unsecured, considered good   | 2.67                   | 2.98                   |
| Unsecured, considered doubtful   | 1.79                   | 0.20                   |
| Less: allowance for doubtful advances/ receivables   | (1.79)                 | (0.20)                 |
|  | <b>2.67</b>            | <b>2.98</b>            |
| d. Amount due from related parties - Unsecured, considered good  | 48.53                  | 57.08                  |
| e. Advance to employees - Unsecured, considered good   | 0.03                   | 0.03                   |
| f. Interest receivable - Unsecured, considered good  | 0.12                   | 0.18                   |
| g. Fair value of foreign exchange forward contracts  | 22.43                  | -                      |
| <b>Sub-total (B)</b>   | <b>135.61</b>          | <b>108.13</b>          |
| <b>Total (A) + (B)</b>   | <b>226.51</b>          | <b>212.85</b>          |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 8. Other financial assets (Contd..)

- i. The Company has issued corporate guarantees for the loans and credit facility arrangements in respect of various subsidiaries.
- ii. As at 31 March 2020, the proportionate share of pension obligations and payments of ₹ 61.15 crores (31 March 2019: ₹ 61.15 crores) to the erstwhile OCS employees was recoverable from the Government of India (the "Government"). Pursuant to discussion with the Government, the Company had made a provision of ₹ 53.71 crores (31 March 2019: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (31 March 2019: ₹ 7.44 crores).

### 9. Deferred tax assets (net)

Major components of deferred tax asset and liability consist of the following

| Particulars   |                       |   |   |   | (₹ in crores)          |
|---|-----------------------|---|---|---|------------------------|
|   | As at<br>1 April 2019 | Recognised<br>in Statement<br>of Profit and<br>Loss | Recognised in<br>Reserves and<br>Surplus<br>(refer a below) | Recognised<br>in Other<br>Comprehensive<br>Income | As at<br>31 March 2020 |
| <b>Deferred tax assets arising out of timing differences on:</b>    |                       |   |   |   |                        |
| Provision for doubtful trade receivables                            | 106.57                | (21.57)   | -   | -   | 85.00                  |
| Provision for employee benefits                                     | 26.95                 | (7.46)  | -   | 2.51  | 22.00                  |
| Expenditure incurred on NLD licence fees                            | 3.68                  | (2.36)  | -   | -   | 1.32                   |
| Expenditure disallowed u/s. 40 (a) (ia) of the Income Tax Act, 1961 | 76.88                 | (11.61)   | -   | -   | 65.27                  |
| Unearned income and deferred revenues                               | 0.70                  | (0.70)  | -   | -   | -                      |
| Interest received on provisional income-tax assessment              | 6.81                  | 4.27  | -   | -   | 11.08                  |
| Accrued expenditure   | 14.98                 | 84.04   | -   | -   | 99.02                  |
| Difference between accounting and tax depreciation / amortization   | (11.15)               | 29.80   | -   | -   | 18.65                  |
| Others  | 10.21                 | (0.70)  | 6.18  | -   | 15.69                  |
| <b>Sub-total deferred tax assets (A)</b>                            | <b>235.63</b>         | <b>73.71</b>  | <b>6.18</b>   | <b>2.51</b>                                       | <b>318.03</b>          |

- a. Refer note 2(u) for effect on adoption of Ind AS 116 as at 1 April 2019.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 9. Deferred tax assets (net) (Contd..)

| Particulars   |                       |  |   | (₹ in crores)          |
|---|-----------------------|--|---|------------------------|
|   | As at<br>1 April 2018 | Recognised in<br>Statement of<br>Profit and Loss | Recognised<br>in Other<br>Comprehensive<br>Income | As at<br>31 March 2019 |
| <b>Deferred tax assets arising out of timing differences on:</b>    |                       |  |   |                        |
| Provision for doubtful trade receivables                            | 87.38                 | 19.19  | -   | 106.57                 |
| Provision for employee benefits                                     | 36.38                 | (9.36)   | (0.07)  | 26.95                  |
| Expenditure incurred on NLD licence fees                            | 5.52                  | (1.84)   | -   | 3.68                   |
| Expenditure disallowed u/s. 40 (a) (ia) of the Income Tax Act, 1961 | 77.18                 | (0.30)   | -   | 76.88                  |
| Unearned income and deferred revenues                               | 2.10                  | (1.40)   | -   | 0.70                   |
| Interest received on provisional income-tax assessment              | 6.81                  | -  | -   | 6.81                   |
| Accrued expenditure   | 8.94                  | 6.04   | -   | 14.98                  |
| Others  | 7.25                  | 2.96   | -   | 10.21                  |
| <b>Sub-total deferred tax assets (A)</b>                            | <b>231.56</b>         | <b>15.29</b>                                     | <b>(0.07)</b>                                     | <b>246.78</b>          |
| <b>Deferred tax liability arising out of timing differences on:</b> |                       |  |   |                        |
| Difference between accounting and tax depreciation / amortization   | 43.93                 | (32.78)  | -   | 11.15                  |
| Foreign exchange loss on buyers' credit                             | 9.21                  | (9.21)   | -   | -                      |
| <b>Sub-total deferred tax liabilities (B)</b>                       | <b>53.14</b>          | <b>(41.99)</b>                                   | <b>-</b>  | <b>11.15</b>           |
| <b>Total (A - B)</b>  | <b>178.42</b>         | <b>(57.28)</b>                                   | <b>(0.07)</b>                                     | <b>235.63</b>          |

### 10. Other assets

| Particulars   |                        |                        | (₹ in crores) |
|---|------------------------|------------------------|---------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |               |
| <b>A. Non-current</b>                                     |                        |                        |               |
| a. Capital advances                                       |                        |                        |               |
| i. Unsecured, considered good                             | 22.84                  | 19.10                  |               |
| ii. Unsecured, considered doubtful                        | 6.05                   | 6.05                   |               |
| Less: allowance for doubtful advances                     | (6.05)                 | (6.05)                 |               |
|   | <b>22.84</b>           | <b>19.10</b>           |               |
| b. Prepaid expenses - Unsecured, considered good          | 30.56                  | 186.21                 |               |
| c. Amount paid under protest                              |                        |                        |               |
| i. Unsecured, considered good                             | 0.82                   | 0.01                   |               |
| ii. Unsecured, considered doubtful (refer note 19 (b))    | 34.23                  | 33.60                  |               |
| Less: allowance for doubtful advances (refer note 19 (b)) | (34.23)                | (33.60)                |               |
|   | <b>0.82</b>            | <b>0.01</b>            |               |
| d. NLD license fees recoverable from Government of India  |                        |                        |               |
| i. Unsecured, considered good                             | -                      | -                      |               |
| ii. Unsecured, considered doubtful                        | 0.64                   | 0.64                   |               |
| Less: allowance for doubtful balance                      | (0.64)                 | (0.64)                 |               |
|   | <b>-</b>               | <b>-</b>               |               |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 10. Other assets (Contd..)

| Particulars   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| e. Pension asset recoverable – Unsecured, considered good | 48.73                  | 45.54                  |
| f. Other advances / receivables                           |                        |                        |
| i. Unsecured, considered good                             | 0.70                   | -                      |
| ii. Unsecured, considered doubtful                        | 0.01                   | 0.19                   |
| Less: allowance for doubtful advances/ receivables        | (0.01)                 | (0.19)                 |
|   | <b>0.70</b>            | -                      |
| <b>Sub-total (A)</b>                                      | <b>103.65</b>          | <b>250.86</b>          |
| <b>B. Current</b>   |                        |                        |
| a. Advance to employees                                   |                        |                        |
| Unsecured, considered good                                | 1.25                   | 2.53                   |
| Unsecured, considered doubtful                            | 0.36                   | 0.36                   |
| Less: allowance for doubtful advances                     | (0.36)                 | (0.36)                 |
|   | <b>1.25</b>            | <b>2.53</b>            |
| b. Prepaid expenses - Unsecured, considered good          |                        |                        |
| From related parties                                      | 9.46                   | 15.93                  |
| Others  | 84.55                  | 104.98                 |
|   | <b>94.01</b>           | <b>120.91</b>          |
| c. Indirect taxes recoverable (net)                       | 150.50                 | 114.47                 |
| d. Advance to contractors and vendors                     |                        |                        |
| Related parties – Unsecured, considered good              | 0.32                   | 1.48                   |
| Others – Unsecured, considered good                       | 4.00                   | 6.87                   |
|   | <b>4.32</b>            | <b>8.35</b>            |
| e. Other advances/ receivables                            |                        |                        |
| Related parties – Unsecured, considered good              | 79.30                  | 28.25                  |
| Others – Unsecured, considered good                       | 9.65                   | 27.12                  |
| Unsecured, considered doubtful                            | 0.89                   | 0.71                   |
| Less: allowance for doubtful advances/ receivables        | (0.89)                 | (0.71)                 |
|   | <b>88.95</b>           | <b>55.37</b>           |
| <b>Sub-total (B)</b>                                      | <b>339.03</b>          | <b>301.63</b>          |
| <b>Total (A) + (B)</b>                                    | <b>442.68</b>          | <b>552.49</b>          |

### 11. Trade receivables

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Unsecured</b> (including unbilled receivables)            |                        |                        |
| Considered good  | 1,299.69               | 1,296.68               |
| Considered doubtful  | 315.28                 | 285.75                 |
|  | <b>1,614.97</b>        | <b>1,582.43</b>        |
| Less: Allowance for doubtful receivables (refer note 40 (e)) | (315.28)               | (285.75)               |
|  | <b>1,299.69</b>        | <b>1,296.68</b>        |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 12. Cash and cash equivalents

| Particulars   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| a. Cash on hand   | 0.06                   | 0.02                   |
| b. Cheques on hand  | -                      | 0.26                   |
| c. Current accounts with scheduled banks  | 30.89                  | 80.96                  |
| d. Deposit accounts with scheduled banks with original maturity of less than three months | 132.00                 | 65.00                  |
|   | <b>162.95</b>          | <b>146.24</b>          |

### 13. Other bank balances

| Particulars                                       | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| a. Unpaid dividend accounts                       | 0.74                   | 0.70                   |
| b. Restricted bank balance (refer i and ii below) | 0.03                   | 2.79                   |
|   | <b>0.77</b>            | <b>3.49</b>            |

- Includes ₹ Nil (31 March 2019: ₹ 2.75 crores) held towards sales consideration of Chennai land as per direction of Panatone Finvest Limited and ₹ 0.03 crores (31 March 2019: ₹ 0.04 crores) held towards other legal matters.
- Also refer note 28 (i).

### 14. Assets classified as held for sale

- The Management intends to dispose off few staff quarters and few buildings of the Company having net block of ₹ 114.68 crores (31 March 2019: ₹ 2.11 crores) and advances to vendors of ₹ 2.42 crores (31 March 2019: ₹ Nil) against the same. The Company was only able to partially dispose off its assets classified as held for sale as on 31 March 2020 on account of certain circumstances beyond its control that lead to extension of the period required to complete the sale. Accordingly, these assets has been classified as assets held for sale as on 31 March 2020.
- Further the fair value of these assets is higher than their carrying value as on 31 March 2020 and hence, no impairment loss has been recognised.

### 15. Equity share capital

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>a. Authorised</b>   |                        |                        |
| 400,000,000 (31 March 2019: 400,000,000) Equity shares of ₹ 10 each                | 400.00                 | 400.00                 |
| <b>b. Issued, subscribed and paid up</b>   |                        |                        |
| 285,000,000 (31 March 2019: 285,000,000) Equity shares of ₹ 10 each, fully paid up | 285.00                 | 285.00                 |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 15. Equity share capital (Contd..)

#### a. Issued, subscribed and paid up

There is no change in the issued, subscribed and paid up share capital of the Company during the current and past five financial years.

#### b. Terms / rights attached to equity shares

The Company has only one class of equity shares with a face value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share at any general meeting of shareholders. The Company declares and pays dividends in INR. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

c. The Board of Directors have recommended a dividend of ₹ 4.00 (2018 - 2019: ₹ 4.50) per share.

#### d. Number of shares held by each shareholder holding more than 5% of the issued share capital

| Particulars                           | As at 31 March 2020 |            | As at 31 March 2019 |            |
|---------------------------------------|---------------------|------------|---------------------|------------|
|                                       | No of shares        | Percentage | No of shares        | Percentage |
| Panatone Finvest Limited              | 99,172,854          | 34.80%     | 99,172,854          | 34.80%     |
| Government of India                   | 74,446,885          | 26.12%     | 74,446,885          | 26.12%     |
| Tata Sons Private Limited             | 40,087,639          | 14.07%     | 40,087,639          | 14.07%     |
| East Bridge Capital Master Fund I Ltd | 16,827,746          | 5.90%      | 14,317,080          | 5.02%      |

### 16. Other equity

(₹ in crores)

| Particulars                                   | As at 31 March 2020 |                 | As at 31 March 2019 |                 |
|---|---------------------|-----------------|---------------------|-----------------|
|   |                     |                 |                     |                 |
| Capital reserve (refer i below)               |                     | 206.06          |                     | 206.06          |
| Debenture redemption reserve (refer ii below) |                     | -               |                     | 37.50           |
| Securities premium                            |                     | 725.01          |                     | 725.01          |
| General reserve                               |                     | 5,380.75        |                     | 5,343.25        |
| Retained earnings                             |                     | 2,630.35        |                     | 2,576.62        |
| Other comprehensive income (refer iii below)  |                     | (1,006.57)      |                     | (974.56)        |
| <b>Total</b>                                  |                     | <b>7,935.60</b> |                     | <b>7,913.88</b> |

- i. **Capital reserve** includes ₹ 205.22 crores in respect of foreign exchange gains on unutilised proceeds from Global Depository Receipts in earlier years.
- ii. **Debenture redemption reserve (DRR):** The Company had issued redeemable non-convertible debentures, accordingly, the Companies (Share capital and Debenture) Rules, 2014 (as amended), require that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the Company available for payment of dividend. The Company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the DRR may not be utilised by the Company except to redeem debentures. Refer note 17 (i).
- iii. **Other comprehensive income:** This represents the cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, net of amounts reclassified to retained earnings when those assets have been disposed off and remeasurement of defined employee benefit plans (net of taxes).

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 17. Borrowings

(₹ in crores)

| Particulars  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>A. Non-current</b>  |                     |                     |
| <b>a. Unsecured debentures</b>   |                     |                     |
| <b>Taxable rated non-convertible redeemable debentures (refer i below)</b>                                     |                     |                     |
| 1,500, 9.85% rated debentures of face value ₹ 10 lakhs each  | -                   | 150.00              |
| <b>b. Term loan - Unsecured</b>  |                     |                     |
| From financial institution (refer ii below)  | 13.43               | -                   |
|  | <b>13.43</b>        | <b>150.00</b>       |
| Less: Current maturities of long term borrowings (refer note 18)   | (2.79)              | (150.00)            |
| <b>Sub-total (A)</b>   | <b>10.64</b>        | <b>-</b>            |
| <b>B. Current</b>  |                     |                     |
| <b>Unsecured loan from bank</b>  |                     |                     |
| a. Buyers' credit (rate of interest per annum - 31 March 2020: 1.02% to 2.74%) (31 March 2019: 2.27% to 3.60%) | 427.62              | 301.14              |
| b. Term loans (rate of interest per annum - 31 March 2020: 6.45% to 8.70%)                                     | 85.00               | -                   |
| c. Loan repayable on demand (Bank overdraft)   | 20.21               | -                   |
| <b>Sub-total (B)</b>   | <b>532.83</b>       | <b>301.14</b>       |
| <b>Total (A) + (B)</b>   | <b>543.47</b>       | <b>301.14</b>       |

#### i. Unsecured debentures

As at 31 March 2019, the outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores were due for redemption on 2 July 2019.

For facilitating the above redemption, the Company had created a DRR of ₹ 37.50 crores.

During the current year, 1,500, 9.85% debentures amounting to ₹ 150.00 crores were redeemed on 2 July 2019 and consequently DRR of ₹ 37.50 crores created to facilitate redemption of above debentures was transferred to general reserve.

#### ii. Unsecured loan from financial institution

During the year, the Company availed ₹ 15.94 crores loan from a financial institution. The present value of the said loan is calculated using an interest rate of 5.95% and the loan is repayable in 20 equal quarterly instalments with final maturity in December 2024. During the current year, the first instalment of ₹ 0.80 crores was paid on due date. There are no covenants on the said loan. The repayment schedule of the loan is as under:

| Year of Repayment | Amount of Repayment (₹ in crores) |
|-------------------|-----------------------------------|
| FY 20-21          | 3.19                              |
| FY 21-22          | 3.19                              |
| FY 22-23          | 3.19                              |
| FY 23-24          | 3.19                              |
| FY 24-25          | 2.38                              |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 18. Other financial liabilities

(₹ in crores)

| Particulars   | As at         |               |
|---|---------------|---------------|
|   | 31 March 2020 | 31 March 2019 |
| <b>A. Non-current</b>   |               |               |
| a. Obligation for financial guarantee (refer i below)         | 18.68         | 32.79         |
| <b>Sub-total (A)</b>  | <b>18.68</b>  | <b>32.79</b>  |
| <b>B. Current</b>   |               |               |
| a. Current maturities of long term borrowings (refer note 17) | 2.79          | 150.00        |
| b. Interest accrued but not due on loans from banks           | 3.11          | 12.36         |
| c. Deposits from customers and contractors                    |               |               |
| - Deposits from related parties                               | 23.32         | 23.32         |
| - Others  | 34.94         | 35.19         |
| d. Government of India account                                | 20.57         | 20.57         |
| e. Unpaid dividend (refer ii below)                           | 0.74          | 0.70          |
| f. Capital creditors  |               |               |
| - Payables to related parties                                 | 20.55         | 14.50         |
| - Others  | 279.63        | 372.87        |
| g. Fair value of foreign exchange forward contract            | -             | 33.89         |
| h. Obligation for financial guarantee (refer i below)         | 26.70         | 23.61         |
| i. Other liabilities  | 411.11        | 59.46         |
| <b>Sub-total (B)</b>  | <b>823.46</b> | <b>746.47</b> |
| <b>Total (A) + (B)</b>  | <b>842.14</b> | <b>779.26</b> |

i. The Company has issued corporate guarantees for the loans and credit facility arrangements in respect of various subsidiaries.

ii. There are no dividends due and outstanding for a period exceeding seven years.

### 19. Provisions

(₹ in crores)

| Particulars  | As at         |               |
|--|---------------|---------------|
|  | 31 March 2020 | 31 March 2019 |
| <b>A. Non-current</b>                              |               |               |
| a. Provision for employee benefits (refer note 33) |               |               |
| - Compensated absences                             | 50.04         | 42.90         |
| - Post-employment medical benefits                 | 137.37        | 122.26        |
| - Pension  | 31.15         | 27.06         |
| - Gratuity   | 17.27         | 8.00          |
| b. Provision for decommissioning cost              | 7.30          | 5.88          |
| <b>Sub-total (A)</b>                               | <b>243.13</b> | <b>206.10</b> |
| <b>B. Current</b>                                  |               |               |
| a. Provision for employee benefits (refer note 33) |               |               |
| - Compensated absences                             | 6.02          | 6.79          |
| b. Provision for others                            | 71.93         | 40.14         |
| <b>Sub-total (B)</b>                               | <b>77.95</b>  | <b>46.93</b>  |
| <b>Total (A) + (B)</b>                             | <b>321.08</b> | <b>253.03</b> |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 19. Provisions (Contd..)

#### Movement of provisions

(₹ in crores)

| Particulars                  | As at 31 March 2020                                |                                      | As at 31 March 2019                                |                                      |
|------------------------------|--|--------------------------------------|--|--------------------------------------|
|                              | Provision for decommissioning cost (refer a below) | Provision for others (refer b below) | Provision for decommissioning cost (refer a below) | Provision for others (refer b below) |
| <b>Opening balance</b>       | 5.88   | 40.14                                | 3.78   | 25.57                                |
| Addition                     | 1.67   | 33.43                                | 2.07   | 40.14                                |
| Utilisation/ adjustments     | 0.24   | 1.64                                 | 0.03   | 25.57                                |
| <b>Closing balance</b>       | <b>7.30</b>  | <b>71.93</b>                         | <b>5.88</b>  | <b>40.14</b>                         |
| <b>Non-current provision</b> | <b>7.30</b>  | <b>-</b>                             | <b>5.88</b>  | <b>-</b>                             |
| <b>Current provision</b>     | <b>-</b>   | <b>71.93</b>                         | <b>-</b>   | <b>40.14</b>                         |

a. The provision for decommissioning cost has been recorded in the books of the Company in respect of certain fixed assets.

b. Provision for others is mainly towards demand/ notice received from Employee State Insurance Corporation, Directorate of Revenue Intelligence and provision for contingencies net of amount paid under protest (₹ 34.49 crores) as disclosed in note 10.

### 20. Other liabilities

(₹ in crores)

| Particulars   | As at           |                 |
|---|-----------------|-----------------|
|   | 31 March 2020   | 31 March 2019   |
| <b>A. Non-current</b>   |                 |                 |
| a. Deferred revenue (refer i below)                                       |                 |                 |
| - Related parties   | 36.10           | 42.27           |
| - Others  | 380.09          | 392.64          |
| b. Accrued employee cost  | 9.42            | 17.27           |
| <b>Sub-total (A)</b>  | <b>425.61</b>   | <b>452.18</b>   |
| <b>B. Current</b>   |                 |                 |
| a. Deferred revenues and advances received from customers (refer i below) |                 |                 |
| - Related parties   | 71.85           | 100.93          |
| - Others  | 298.46          | 247.68          |
| b. Accrued employee cost  |                 |                 |
| - Related parties   | 1.85            | -               |
| - Others  | 148.94          | 164.17          |
| c. Statutory liabilities  |                 |                 |
| TDS payable   | 48.35           | 11.35           |
| d. Other liabilities  |                 |                 |
| - Related parties   | 144.35          | -               |
| - Others  | 107.05          | 102.03          |
| <b>Sub-total (B)</b>  | <b>820.85</b>   | <b>626.16</b>   |
| <b>Total (A) + (B)</b>  | <b>1,246.46</b> | <b>1,078.34</b> |

i. Deferred revenue represents contract liabilities.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 21. Trade payables

| Particulars   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| A. Total outstanding dues of micro enterprises and small enterprises (refer note 46)      | 7.58                   | 4.26                   |
| <b>Sub-total (A)</b>  | <b>7.58</b>            | <b>4.26</b>            |
| B. Total outstanding dues of creditors other than micro enterprises and small enterprises |                        |                        |
| - Payable to related parties  | 678.53                 | 935.78                 |
| - Other creditors   | 905.34                 | 862.04                 |
| <b>Sub-total (B)</b>  | <b>1,583.87</b>        | <b>1,797.82</b>        |
| <b>Total (A + B)</b>  | <b>1,591.45</b>        | <b>1,802.08</b>        |

### 22. Other income

| Particulars  | (₹ in crores)                       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a. Interest income on financial assets carried at amortised cost |                                     |                                     |
| i. Bank deposits   | 0.59                                | 1.49                                |
| ii. Others (refer i below)                                       | 3.07                                | 2.93                                |
| b. Dividend income   | 68.69                               | 5.91                                |
| c. Gain on investments at FVTPL (net)                            | 20.36                               | 23.54                               |
| d. Gain on disposal of property, plant and equipment (net)       | 1.98                                | 2.57                                |
| e. Foreign exchange gain/ (loss) (net)                           | (34.96)                             | (27.20)                             |
| f. Liabilities no longer required - written back                 | 15.42                               | 15.79                               |
| g. Interest on income tax refund                                 | -                                   | 3.13                                |
| h. Guarantee income from subsidiaries                            | 31.64                               | 30.69                               |
| i. Shared service fees from subsidiaries/ associates             | 58.97                               | 27.59                               |
| j. Others  | 14.51                               | 5.79                                |
|  | <b>180.27</b>                       | <b>92.23</b>                        |

i. Interest on others includes ₹ 1.38 crores (2018 - 2019: ₹ 1.93 crores) from subsidiaries.

### 23. Network and transmission

| Particulars   | (₹ in crores)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a. Charges for use of transmission facilities (refer note 25 (i)) | 1,562.31                            | 1,918.73                            |
| b. Royalty and licence fee to Department of Telecommunications    | 234.98                              | 221.69                              |
| c. Rent of landlines and satellite channels                       | 45.06                               | 43.24                               |
|   | <b>1,842.35</b>                     | <b>2,183.66</b>                     |

Charges for use of transmission facilities include cost of certain equipment ancillary to DMS of ₹ 108.96 crores (2018 - 2019: ₹ 108.05 crores).



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 24. Employee benefits

| Particulars   | (₹ in crores)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a. Salaries and related costs                                 | 904.57                              | 835.26                              |
| b. Contributions to provident and other funds (refer note 33) | 46.29                               | 39.08                               |
| c. Staff welfare expenses                                     | 47.97                               | 46.91                               |
|   | <b>998.83</b>                       | <b>921.25</b>                       |

### 25. Operating and other expenses

| Particulars   | (₹ in crores)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a. Consumption of stores  | 1.11                                | 0.53                                |
| b. Light and power (net of reimbursements of ₹ 209.32 crores (2018 - 2019 ₹ 270.69 crores)) | 113.88                              | 109.16                              |
| c. Repairs and maintenance  |                                     |                                     |
| i. Buildings  | 31.86                               | 29.32                               |
| ii. Plant and machinery (refer i below)   | 460.17                              | 140.98                              |
| iii. Others   | 0.59                                | 0.02                                |
| d. Advances written off   | 0.96                                | -                                   |
| e. Allowance for doubtful trade receivables   | 29.53                               | 45.59                               |
| f. Allowance for doubtful advances  | 1.03                                | 11.46                               |
| g. Rent   | 76.29                               | 83.65                               |
| h. Rates and taxes  | 24.47                               | 20.59                               |
| i. Travelling   | 28.82                               | 27.70                               |
| j. Telephone  | 7.56                                | 8.03                                |
| k. Printing, postage and stationery   | 2.43                                | 3.62                                |
| l. Legal and professional fees  | 84.22                               | 107.59                              |
| m. Advertising and publicity  | 43.28                               | 47.29                               |
| n. Commission   | 20.92                               | 20.06                               |
| o. Services rendered by agencies  | 236.16                              | 234.11                              |
| p. Insurance  | 7.36                                | 6.16                                |
| q. Corporate social responsibility expenditure (Refer ii below)                             | 12.88                               | 13.94                               |
| r. Other expenses (refer note 34)   | 153.57                              | 148.45                              |
|   | <b>1,337.09</b>                     | <b>1,058.25</b>                     |

i. During the previous year, based on the Supreme Court order dated 8 October 2018, Telecom Regulatory Authority of India ('TRAI') issued amendment Regulations dated 28 November 2018 specifying charges for Cable Landing Station ('CLS') access. The new amendment Regulation on CLS dated 28 November 2018 would be effective from date of its publication in official Gazette i.e. 28 November 2018. Accordingly, during the previous year the Company had recorded revenue from operations of ₹ 89.94 crores and operating and maintenance recovery of ₹ 258.81 crores in operating and other expenses. Further there was a corresponding increase in network and transmission expense of ₹ 318.36 crores on account of transfer pricing adjustment. The Company has challenged the jurisdiction of TRAI on issue of regulation on CLS in the Hon'ble Supreme Court. CLS Access seekers RJIO, BSNL and ACTO had filed a petition in TDSAT for declaring retrospective applicability of the newly notified amendment regulations dated 28 November 2018 on CLS, which has been dismissed by TDSAT vide its judgement dated 16 April 2020. The receivable balances for these services being sub judice are considered good and recoverable.





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 25. Operating and other expenses (Contd..)

#### ii. Disclosure in respect of Corporate Social Responsibility (CSR) expenditure:

As required by the Companies Act, 2013 and rules thereon, gross amount required to be spent by the Company during the year towards CSR amount to ₹ 12.63 crores (2018 - 2019: ₹ 13.94 crores). The Company has spent ₹ 12.88 crores (2018 - 2019: ₹ 13.94 crores) during the year on CSR activities mainly for promotion of education, social business projects, etc. including ₹ 1.00 crores (2018 - 2019: ₹ 0.43 crores) on construction/ acquisition of assets.

### 26. Depreciation and amortisation

| Particulars  | (₹ in crores)                       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| Depreciation on property, plant and equipment (refer note 3) | 787.37                              | 749.33                              |
| Amortisation of ROU assets (refer note 4)                    | 45.73                               | -                                   |
| Depreciation on investment property (refer note 5)           | 5.49                                | 4.85                                |
| Amortisation of intangible assets (refer note 6)             | 138.85                              | 136.70                              |
|  | <b>977.44</b>                       | <b>890.88</b>                       |

- During the current year, the Company has provided additional depreciation of ₹ 20.38 crores (2018 - 2019: ₹ 36.81 crores) on certain assets that are not in use.
- During the current year, the Company has aligned useful life of certain upgrades to the Property, plant and equipment with the useful life of the respective base assets and has recorded an additional depreciation charge of ₹ 21.83 crores.

### 27. Finance cost

| Particulars                        | (₹ in crores)                       |                                     |
|------------------------------------|-------------------------------------|-------------------------------------|
|                                    | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| a. Interest on loans from banks    | 10.96                               | 7.99                                |
| b. Interest on debentures          | 3.72                                | 15.23                               |
| c. Interest on right of use assets | 24.27                               | -                                   |
| d. Other interest (refer i below)  | 16.24                               | 12.90                               |
|                                    | <b>55.19</b>                        | <b>36.12</b>                        |

- Includes mainly interest cost on actuarial valuation (refer note 33).

### 28. Summary of exceptional items

| Particulars                                | (₹ in crores)                       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| Provision for advances (Refer i below)     | (5.92)                              | -                                   |
| Staff cost optimization (Refer note 29)    | 1.41                                | (6.95)                              |
| Provision for license fees (Refer note 30) | (341.64)                            | -                                   |
| Provision for diminution (Refer note 31)   | -                                   | (660.02)                            |
|  | <b>(346.15)</b>                     | <b>(666.97)</b>                     |

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 28. Summary of exceptional items (Contd..)

#### i. Provision for advances

On 5 March 2018, the Company filed with the National Company Law Tribunal, Mumbai Bench ('NCLT'), a scheme of arrangement and reconstruction among the Company and Hemisphere Properties India Limited ('HPIL') and their respective shareholders and creditors for demerger of surplus land ('Scheme'). By order of the NCLT, a meeting of the shareholders of the Company was held on 10 May 2018, at which the shareholders approved the Scheme. On 12 July 2018, the NCLT approved the Scheme. HPIL, being a 'government company', as defined under Section 2(45) of the Companies Act, 2013, had filed its petition seeking sanction to the Scheme, before the Central Government through the Ministry of Corporate Affairs, New Delhi ('MCA'). The MCA has approved the Scheme through its order dated 5 August 2019 and HPIL has filed the order with the Registrar of Companies, New Delhi. Consequent to the receipt of the approvals of the NCLT and the MCA, to the Scheme, the Board of Directors of the Company fixed 18 September 2019 as the "Record Date" for the Scheme, for determining the shareholders of the Company who shall be eligible to receive the equity shares of HPIL. The Board of Directors of HPIL, at its meeting held on 18 February 2020, approved the allotment of HPIL's shares to the shareholders of the Company on the Record Date in the ratio of 1 share of HPIL for every share of the Company. HPIL is working towards listing of the equity shares allotted. Accordingly, during the current year, the Company has recorded an expense of ₹ 5.92 crores relating to such demerger under exceptional items. Further, the carrying value of surplus land and fixed deposits amounting to ₹ 3.06 crores has been derecognised and the same is adjusted in retained earnings.

### 29. Staff cost optimisation

As part of its initiative to enhance the long term efficiency of the business during the year, the Company undertook organisational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred a one-time (reversal)/ charge of ₹ (1.41) crores (2018 - 2019: ₹ 6.95 crores).

### 30. Provision for license fees

During the quarter ended 31 March 2020, the Company made a provision towards licence fees of ₹ 341.64 crores which includes ₹ 337.17 crores towards the period covered in the Department of Telecommunications ('DOT') demand (Refer note 44(a)(2)(ii)).

### 31. Provision for diminution

The Company has investment in its wholly owned subsidiary TCPSL. During the previous year, there has been a diminution in the fair value of the investment resulting into a loss of ₹660.02 crores (refer note 7 (II)).

### 32. Income tax

#### i. Income tax recognised in Statement of Profit and Loss

| Particulars                      | (₹ in crores)                       |                                     |
|----------------------------------|-------------------------------------|-------------------------------------|
|                                  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>Current tax</b>               |                                     |                                     |
| In respect of current year       | 222.54                              | 215.05                              |
| In respect of prior years        | 15.94                               | 8.78                                |
| <b>Sub-total current tax (a)</b> | <b>238.48</b>                       | <b>223.83</b>                       |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 32. Income tax (Contd..)

#### i. Income tax recognised in Statement of Profit and Loss (Contd..)

(₹ in crores)

| Particulars                       | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|-----------------------------------|-------------------------------------|-------------------------------------|
| <b>Deferred tax</b>               |                                     |                                     |
| In respect of the current year    | (63.88)                             | (70.03)                             |
| In respect of prior years         | (9.83)                              | 12.75                               |
| <b>Sub-total deferred tax (b)</b> | <b>(73.71)</b>                      | <b>(57.28)</b>                      |
| <b>Total (a+b)</b>                | <b>164.77</b>                       | <b>166.55</b>                       |

#### ii. Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in crores)

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Profit/ (Loss) before tax</b>   | <b>373.55</b>                       | <b>(275.77)</b>                     |
| Income tax expense calculated at 25.168% tax rate (2018 - 2019: 34.944% tax rate) (A)  | 94.02                               | (96.36)                             |
| <b>Adjustments:</b>  |                                     |                                     |
| Impact on account of change in statutory tax rate (refer I below)                      | 67.64                               | -                                   |
| Provision for impairment of investments  | -                                   | 230.64                              |
| Effect of adjustments / expenses that are not deductible in determining taxable profit | 5.53                                | 15.85                               |
| Tax pertaining to prior years  | 6.11                                | 21.53                               |
| Effect of net income subjected to lower tax rate                                       | (14.07)                             | (1.38)                              |
| Others   | 5.54                                | (3.73)                              |
| <b>Sub-total (B)</b>   | <b>70.75</b>                        | <b>262.91</b>                       |
| <b>Income tax expense recognised in Statement of Profit and Loss (A+B)</b>             | <b>164.77</b>                       | <b>166.55</b>                       |

- i. The Company has exercised the option of lower tax rate of 25.17% (inclusive of Surcharge and Cess) permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Deferred Tax Assets (net) as at 31 March 2019 have been re-measured. Consequently, tax expense for the year ended 31 March 2020 includes a charge of ₹ 67.64 crores.

#### iii. Income tax recognised in other comprehensive income

(₹ in crores)

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Current tax (a)  | 8.25                                | 4.83                                |
| Deferred tax (b)   | 2.51                                | (0.07)                              |
| <b>Total (a+b)</b>   | <b>10.76</b>                        | <b>4.76</b>                         |
| <b>Bifurcation of income tax recognised in other comprehensive income into</b> |                                     |                                     |
| Items that will be reclassified to Statement of Profit and Loss                | -                                   | -                                   |
| Items that will not be reclassified to Statement of Profit and Loss            | 10.76                               | 4.76                                |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan)

#### Provident fund

The Company makes contributions towards a provident fund under a defined benefit retirement plan for qualifying employees. The provident fund (the 'Fund') is administered by the Trustees of the Tata Communications Employees' Provident Fund Trust (the 'Trust') and by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The rules of the Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under the applicable law for the reason that the return on investment is lower or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 37.63 crores (2018 - 2019: ₹ 31.34 crores) have been charged to the Statement of Profit and Loss, under contributions to provident and other funds in note 24 "Employee benefits".

There are numerous interpretative issues relating to the Hon'ble Supreme Court ('SC') judgement on Provident Fund dated 28 February 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC judgement.

#### Gratuity

The Company makes annual contributions under the Employees Gratuity Scheme to a fund administered by Trustees of the Tata Communications Employees' Gratuity Fund Trust covering all eligible employees. The plan provides for lump sum payments to employees whose right to receive gratuity had vested at the time of resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days' salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service except in case of death.

#### Medical benefit

The Company reimburses domiciliary and hospitalisation expenses not exceeding specified limits incurred by eligible and qualifying employees and their dependent family members under the Tata Communications Employee's Medical Reimbursement Scheme.

#### Pension plan

The Company's pension obligations relate to certain employees transferred to the Company from OCS. The Company purchases life annuity policies from an insurance company to settle such pension obligations.

These plans typically expose the Company to actuarial risk such as investment risk, interest rate risk, salary risk and demographic risk:

|                    |   |
|--------------------|---|
| Investment risk    | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, the plan has a relatively balanced mix of investments in government securities, high quality corporate bonds, equity and other debt instruments. |
| Interest rate risk | The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.  |
| Salary risk        | Higher than expected increases in salary will increase the defined benefit obligation   |

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan) (Contd..)

#### Pension plan (Contd..)

Demographic risk This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

The most recent actuarial valuation of the plan assets and defined benefit obligation has been carried out as at 31 March 2020 by an independent actuary.

The details in respect of the status of funding and the amounts recognised in the Company's financial statements for the year ended 31 March 2020 and 31 March 2019 for these defined benefit schemes are as under:

(₹ in crores)

| Particulars                               | Gratuity (funded) |               | Medical benefits (unfunded) |               | Pension (unfunded)    |               |
|---|-------------------|---------------|-----------------------------|---------------|-----------------------|---------------|
|   | As at             |               | As at                       |               | As at                 |               |
|   | 31 March 2020     | 31 March 2019 | 31 March 2020               | 31 March 2019 | 31 March 2020         | 31 March 2019 |
| <b>I Principal actuarial assumptions:</b> |                   |               |                             |               |                       |               |
| Discount rate                             | 6.60%             | 7.30%         | 6.60%                       | 7.30%         | 6.60%                 | 7.30%         |
| Increase in compensation cost             | 6% to 7%          | 6% to 7%      | 6% to 7%                    | 6% to 7%      | -                     | -             |
| Health care cost increase rate            | -                 | -             | 7.00%                       | 7.00%         | -                     | -             |
| Attrition rate                            | 3% to 15%         | 3% to 15%     | 3% to 15%                   | 3% to 15%     | -                     | -             |
| Post retirement mortality                 | -                 | -             | Annuitants mort 96-98       |               | Annuitants mort 96-98 |               |
| Increase in dearness allowance            | -                 | -             | -                           | -             | 5.00%                 | 5.00%         |

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimates of future compensation cost considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors.

(₹ in crores)

| Particulars  | Gratuity (funded) |             | Medical benefits (unfunded) |             | Pension (unfunded) |             |
|--|-------------------|-------------|-----------------------------|-------------|--------------------|-------------|
|  | Year ended March  |             | Year ended March            |             | Year ended March   |             |
|  | 2020              | 2019        | 2020                        | 2019        | 2020               | 2019        |
| <b>II Components of defined benefit costs recognised in the Statement of Profit and Loss (refer notes 24 and 27)</b> |                   |             |                             |             |                    |             |
| Current service cost   | 8.65              | 7.74        | 0.67                        | 0.70        | -                  | -           |
| Past service cost  | -                 | -           | -                           | -           | -                  | -           |
| Interest cost (net)  | 0.18              | 0.68        | 8.37                        | 8.09        | 1.70               | 2.13        |
| <b>Total</b>   | <b>8.83</b>       | <b>8.42</b> | <b>9.04</b>                 | <b>8.79</b> | <b>1.70</b>        | <b>2.13</b> |

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan) (Contd..)

(₹ in crores)

| Particulars   | Gratuity (funded) |             | Medical benefits (unfunded) |              | Pension (unfunded) |               |
|---|-------------------|-------------|-----------------------------|--------------|--------------------|---------------|
|   | Year ended March  |             | Year ended March            |              | Year ended March   |               |
|   | 2020              | 2019        | 2020                        | 2019         | 2020               | 2019          |
| <b>III Components of defined benefit costs recognised in the Other Comprehensive Income</b> |                   |             |                             |              |                    |               |
| Actuarial (gain)/ loss due to defined benefit obligation experience adjustments             | 6.24              | 1.57        | 11.51                       | 9.87         | 7.67               | (0.84)        |
| Actuarial (gain)/ loss due to defined benefit obligation assumptions changes                | 5.63              | 1.38        | 9.88                        | 2.53         | 2.32               | 0.65          |
| <b>Actuarial (gain)/ loss arising during the year</b>                                       | <b>11.87</b>      | <b>2.95</b> | <b>21.39</b>                | <b>12.40</b> | <b>9.99</b>        | <b>(0.19)</b> |
| Return on plan assets   | (0.48)            | (1.54)      | -                           | -            | -                  | -             |
| <b>Total</b>  | <b>11.39</b>      | <b>1.41</b> | <b>21.39</b>                | <b>12.40</b> | <b>9.99</b>        | <b>(0.19)</b> |

(₹ in crores)

| Particulars  | As at 31, March                                  |             | As at 31, March |               | As at 31, March |              |
|--|--|-------------|-----------------|---------------|-----------------|--------------|
|  | 2020   | 2019        | 2020            | 2019          | 2020            | 2019         |
|  | <b>IV Amount recognised in the balance sheet</b> |             |                 |               |                 |              |
| Obligation at the end of the year                            | 120.61   | 106.20      | 137.37          | 122.26        | 31.15           | 27.06        |
| Fair value of plan assets at the end of the year             | (103.34)   | (98.20)     | -               | -             | -               | -            |
| <b>Net liability arising from defined benefit obligation</b> | <b>17.27</b>                                     | <b>8.00</b> | <b>137.37</b>   | <b>122.26</b> | <b>31.15</b>    | <b>27.06</b> |

(₹ in crores)

| Particulars  | Gratuity (funded) |               | Medical benefits (unfunded) |               | Pension (unfunded) |              |
|--|-------------------|---------------|-----------------------------|---------------|--------------------|--------------|
|  | Year ended March  |               | Year ended March            |               | Year ended March   |              |
|  | 2020              | 2019          | 2020                        | 2019          | 2020               | 2019         |
| <b>V Change in the defined benefit obligation</b>                  |                   |               |                             |               |                    |              |
| Opening defined benefit obligation                                 | 106.20            | 98.20         | 122.26                      | 114.81        | 27.06              | 31.59        |
| Current service cost   | 8.65              | 7.74          | 0.67                        | 0.70          | -                  | -            |
| Past service cost  | -                 | -             | -                           | -             | -                  | -            |
| Interest cost  | 7.26              | 7.00          | 8.37                        | 8.09          | 1.70               | 2.13         |
| Obligation transferred to other companies on transfer of employees | (1.28)            | 1.72          | -                           | -             | -                  | -            |
| Actuarial (gain) / loss on experience adjustments                  | 6.24              | 1.57          | 11.51                       | 9.87          | 7.67               | (0.84)       |
| Actuarial (gain) / loss on change in financial assumption          | 5.63              | 1.38          | 9.88                        | 2.53          | 2.32               | 0.65         |
| Benefits paid  | (12.09)           | (11.41)       | (15.32)                     | (13.74)       | (7.60)             | (6.47)       |
| <b>Closing defined benefit obligation</b>                          | <b>120.61</b>     | <b>106.20</b> | <b>137.37</b>               | <b>122.26</b> | <b>31.15</b>       | <b>27.06</b> |





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan) (Contd..)

(₹ in crores)

| Particulars                                   | Gratuity (funded) |              |
|---|-------------------|--------------|
|   | Year ended March  |              |
|   | 2020              | 2019         |
| <b>VI Change in fair value of plan assets</b> |                   |              |
| Opening fair value of plan assets             | 98.20             | 78.07        |
| Expected return on plan assets                | 7.08              | 6.32         |
| Employer's contribution                       | 10.95             | 21.96        |
| Transfer to other companies                   | (1.28)            | 1.72         |
| Actuarial (loss)/ gain                        | 0.48              | 1.54         |
| Benefits paid                                 | (12.09)           | (11.41)      |
| <b>Closing fair value of plan assets</b>      | <b>103.34</b>     | <b>98.20</b> |

(₹ in crores)

| Particulars   | Gratuity (funded) |             |
|---|-------------------|-------------|
|   | As at 31 March    |             |
|   | 2020              | 2019        |
| <b>VII Categories of plan assets as a percentage of total plan assets</b> |                   |             |
| Cash and bank   | 5.22%             | 5.68%       |
| Government securities   | 31.24%            | 35.16%      |
| Corporate bonds   | 51.62%            | 41.90%      |
| Equity  | 8.92%             | 11.99%      |
| Others  | 3.00%             | 5.27%       |
| <b>Total</b>  | <b>100%</b>       | <b>100%</b> |

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets. This policy has been implemented during the current and prior years.

**VIII A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below: (As per actuarial valuation report). The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant**

(₹ in crores)

| Particulars                    | Gratuity (funded) |               | Medical benefits (unfunded) |               | Pension (unfunded) |               |
|--------------------------------|-------------------|---------------|-----------------------------|---------------|--------------------|---------------|
|                                | As at             |               | As at                       |               | As at              |               |
|                                | 31 March 2020     | 31 March 2019 | 31 March 2020               | 31 March 2019 | 31 March 2020      | 31 March 2019 |
| <b>Discount rate</b>           |                   |               |                             |               |                    |               |
| Increase (1%)                  | (7.89)            | (6.57)        | (13.74)                     | (11.75)       | (3.25)             | (3.07)        |
| Decrease (1%)                  | 8.97              | 7.43          | 16.72                       | 14.22         | 3.75               | 3.54          |
| <b>Future salary increases</b> |                   |               |                             |               |                    |               |
| Increase (1%)                  | 5.93              | 5.01          | -                           | -             | -                  | -             |
| Decrease (1%)                  | (5.70)            | (4.87)        | -                           | -             | -                  | -             |
| <b>Withdrawal rate</b>         |                   |               |                             |               |                    |               |
| Increase (5%)                  | 1.78              | 2.72          | (5.45)                      | (4.76)        | -                  | -             |
| Decrease (5%)                  | (2.24)            | (3.74)        | 4.58                        | 4.04          | -                  | -             |

## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan) (Contd..)

(₹ in crores)

| Particulars                           | Gratuity (funded) |               | Medical benefits (unfunded) |               | Pension (unfunded) |               |
|---------------------------------------|-------------------|---------------|-----------------------------|---------------|--------------------|---------------|
|                                       | As at             |               | As at                       |               | As at              |               |
|                                       | 31 March 2020     | 31 March 2019 | 31 March 2020               | 31 March 2019 | 31 March 2020      | 31 March 2019 |
| <b>Health care cost increase rate</b> |                   |               |                             |               |                    |               |
| Increase (1%)                         | -                 | -             | 11.79                       | 10.12         | -                  | -             |
| Decrease (1%)                         | -                 | -             | (9.77)                      | (8.44)        | -                  | -             |
| <b>Post retirement mortality</b>      |                   |               |                             |               |                    |               |
| Increase (3 years)                    | -                 | -             | (13.93)                     | (11.77)       | (6.36)             | (5.74)        |
| Decrease (3 years)                    | -                 | -             | 14.45                       | 12.05         | 7.18               | 6.42          |
| <b>Increase in dearness allowance</b> |                   |               |                             |               |                    |               |
| Increase (1%)                         | -                 | -             | -                           | -             | 9.07               | 8.64          |
| Decrease (1%)                         | -                 | -             | -                           | -             | (8.23)             | (7.84)        |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. (₹ in crores)

| Particulars  | Gratuity (funded) | Medical benefits (unfunded) | Pension (unfunded) |
|--|-------------------|-----------------------------|--------------------|
|  | As at             | As at                       | As at              |
|  | 31 March 2020     | 31 March 2020               | 31 March 2020      |
| <b>IX Maturity profile of defined benefit plan</b> |                   |                             |                    |
| 31 March 2021                                      | 11.31             | 9.30                        | 15.50              |
| 31 March 2022                                      | 14.16             | 9.49                        | 16.28              |
| 31 March 2023                                      | 14.85             | 9.67                        | 17.09              |
| 31 March 2024                                      | 14.04             | 9.79                        | 17.94              |
| 31 March 2025                                      | 15.03             | 9.93                        | 18.84              |
| 31 March 2026 to 31 March 2030                     | 81.05             | 51.29                       | 109.31             |
| <b>Total expected payments</b>                     | <b>150.44</b>     | <b>99.47</b>                | <b>194.96</b>      |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 33. Employee benefits (Defined benefit plan) (Contd..)

#### iii. Leave plan and compensated absences

##### For executives

Leave unavailed of by eligible employees may be carried forward / encashed by them / their nominees in the event of death or permanent disablement or resignation, subject to a maximum leave of 60 days and 45 days for employees who have joined post 1 January 2020.

##### For non executives

Leave unavailed of by eligible employees may be carried forward / encashed by them / their nominees in the event of death or permanent disablement or resignation, subject to a maximum leave of 300 days.

The liability for compensated absences as at the year end is ₹ 56.06 crores (31 March 2019: ₹ 49.69 crores) as shown under non-current provisions ₹ 50.04 crores (31 March 2019: ₹ 42.90 crores) and current provisions ₹ 6.02 crores (31 March 2019: ₹ 6.79 crores). The amount charged to the Statement of Profit and Loss under Salaries and related costs in note 24 "Employee benefits" is ₹ 13.40 crores (2018 - 2019: ₹ 7.96 crores).

### 34. Auditors' remuneration:

(Included in other expenses under operating and other expenses - Refer note 25)

| Particulars                            | (₹ in crores)                       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>a. Payment to statutory auditor</b> |                                     |                                     |
| i. For audit fees                      | 5.48                                | 3.62                                |
| ii. For taxation matters               | 0.08                                | 0.07                                |
| iii. For other services                | 1.29                                | 2.19                                |
| iv. For reimbursement of expenses      | 0.36                                | 0.34                                |
| <b>b. Payment to cost auditor</b>      |                                     |                                     |
| i. For cost audit services             | 0.09                                | 0.06                                |

Above amount excludes Goods service tax/ Service tax

### 35. Earnings per share

| Particulars  | (₹ in crores)                       |                                     |
|--|-------------------------------------|-------------------------------------|
|  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| Net profit/ (loss) after tax attributable to the equity shareholders (in ₹ crores) (A) | 208.78                              | (442.32)                            |
| Number of equity shares outstanding at the end of the year                             | 285,000,000                         | 285,000,000                         |
| Weighted average number of shares outstanding during the year (B)                      | 285,000,000                         | 285,000,000                         |
| Basic and diluted earnings per share (equity share of ₹ 10 each) (A/B)                 | 7.33                                | (15.52)                             |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 36. Segment reporting

The Board of Directors and the Managing Director of the Company together constitute the Chief Operating Decision Makers ("CODM") which allocate resources to and assess the performance of the segments of the Company. The Company's reportable segments are Voice Solutions ("VS"), Data and Managed Services ("DMS") and Real Estate ("RE"). The composition of the reportable segments is as follows:

#### Voice Solutions (VS)

VS includes international and national long distance voice services.

#### Data and Managed Services (DMS)

DMS includes corporate data transmission services, virtual private network signalling and roaming services, television and other network and managed services.

#### Real Estate (RE)

Real Estate includes lease rentals for premises given on lease and does not include premises held for capital appreciation. (₹ in crores)

| Particulars                            | For the year ended 31 March 2020 |          |        |                 | For the year ended 31 March 2019 |          |        |                 |
|--|----------------------------------|----------|--------|-----------------|----------------------------------|----------|--------|-----------------|
|  | VS                               | DMS      | RE     | Total           | VS                               | DMS      | RE     | Total           |
| <b>a. Segment revenues and results</b> |                                  |          |        |                 |                                  |          |        |                 |
| Revenue from operations                | 202.32                           | 5,379.76 | 168.25 | <b>5,750.33</b> | 289.97                           | 4,958.06 | 141.10 | <b>5,389.13</b> |
| Segment results                        | (290.90)                         | 775.00   | 110.52 | <b>594.62</b>   | (361.21)                         | 621.55   | 74.75  | <b>335.09</b>   |
| Finance cost                           |                                  |          |        | <b>55.19</b>    |                                  |          |        | <b>36.12</b>    |
| Unallocable expense/ (income) (net)    |                                  |          |        | <b>165.88</b>   |                                  |          |        | <b>574.74</b>   |
| <b>Profit/ (Loss) before tax</b>       |                                  |          |        | <b>373.55</b>   |                                  |          |        | <b>(275.77)</b> |
| Tax expense (net)                      |                                  |          |        | <b>164.77</b>   |                                  |          |        | <b>166.55</b>   |
| <b>Profit/ (Loss) for the year</b>     |                                  |          |        | <b>208.78</b>   |                                  |          |        | <b>(442.32)</b> |

(₹ in crores)

| Particulars                              | As at 31 March 2020 |          |        |                  | As at 31 March 2019 |          |        |                  |
|--|---------------------|----------|--------|------------------|---------------------|----------|--------|------------------|
|  | VS                  | DMS      | RE     | Total            | VS                  | DMS      | RE     | Total            |
| <b>b. Segment assets and liabilities</b> |                     |          |        |                  |                     |          |        |                  |
| Segment assets                           | 122.27              | 6,387.91 | 501.11 | <b>7,011.29</b>  | 133.75              | 5,991.21 | 437.11 | <b>6,562.07</b>  |
| Unallocable assets                       |                     |          |        | <b>6,478.40</b>  |                     |          |        | <b>6,051.89</b>  |
| <b>Total assets</b>                      |                     |          |        | <b>13,489.69</b> |                     |          |        | <b>12,613.96</b> |
| Segment liabilities                      | 189.76              | 3,386.61 | 98.71  | <b>3,675.08</b>  | 134.56              | 3,164.31 | 127.81 | <b>3,424.68</b>  |
| Unallocated liabilities                  |                     |          |        | <b>1,594.01</b>  |                     |          |        | <b>990.40</b>    |
| <b>Total liabilities</b>                 |                     |          |        | <b>5,269.09</b>  |                     |          |        | <b>4,415.08</b>  |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 36. Segment reporting (Contd..)

(₹ in crores)

| Particulars   | For the year ended 31 March 2020 |          |      |                 | For the year ended 31 March 2019 |          |        |                 |
|---|----------------------------------|----------|------|-----------------|----------------------------------|----------|--------|-----------------|
|   | VS                               | DMS      | RE   | Total           | VS                               | DMS      | RE     | Total           |
| <b>c. Other segment information:</b>                          |                                  |          |      |                 |                                  |          |        |                 |
| Capital expenditure (allocable)<br>(refer ii below)           | 26.87                            | 1,393.16 | -    | <b>1,420.03</b> | 19.80                            | 1,303.51 | 8.97   | <b>1,332.28</b> |
| Depreciation and amortisation<br>(allocable)                  | 15.93                            | 956.55   | 4.96 | <b>977.44</b>   | 13.18                            | 872.18   | 5.52   | <b>890.88</b>   |
| Non-cash expenses other than<br>depreciation and amortization | 2.36                             | 58.12    | 0.30 | <b>60.78</b>    | 2.44                             | 44.89    | (0.13) | <b>47.20</b>    |

- i. Revenues and network and transmission costs are directly attributable to the segments. Network and transmission costs are allocated based on utilisation of network capacity. Licence fees for VS and DMS have been allocated based on adjusted gross revenues from these services. Depreciation and certain other costs have been allocated to the segments based on various allocation parameters. Segment result is segment revenues less segment expenses. Other income and exceptional items have been considered as "Unallocable".
- ii. For the year ended 31 March 2020, capital expenditure includes ₹ 392.27 crores towards right of use assets.

#### d. Geographical information

The revenues from operation have been allocated to countries based on location of the customers as shown below:

##### Segment revenues by geographical market

(₹ in crores)

| Particulars              | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------|-------------------------------------|-------------------------------------|
| India                    | 5,264.52                            | 4,902.35                            |
| United States of America | 182.63                              | 150.80                              |
| Netherlands *            | 9.30                                | 44.08                               |
| United Kingdom           | 28.25                               | 28.14                               |
| Others                   | 265.63                              | 263.76                              |
|                          | <b>5,750.33</b>                     | <b>5,389.13</b>                     |

\*Includes amount recorded as revenue from Tata Communications (Netherlands) BV of ₹ 0.15 crores (2018 - 2019: ₹ 34.28 crores). Tata Communications (Netherlands) BV is a central contracting party and a transfer pricing administrator for inter-company transactions between the Company and its international subsidiaries.

All of the segment assets are located in India or in International territorial waters and therefore no further information by location of assets has been provided here.

The Company applies Residual Profit Split Method for recording transactions pertaining to International Telecommunications Services under its Transfer Pricing Policy. This policy governs the majority of the transactions between the Company and its international subsidiaries.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 37. Segment reporting (Contd..)

#### e. Information about major customers

##### i. DMS

No single customer contributed 10% or more to DMS revenue for years ended 31 March 2020 and 31 March 2019.

##### ii. VS

(₹ in crores)

| Name       | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|------------|-------------------------------------|-------------------------------------|
| Customer B | 26.94                               | 33.50                               |
| Customer D | 31.53                               | 33.10                               |
| Customer E | 19.25                               | 32.44                               |

##### iii. RE

(₹ in crores)

| Name       | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|------------|-------------------------------------|-------------------------------------|
| Customer A | 140.31                              | 111.16                              |
| Customer B | 15.49                               | 16.62                               |

#### f. Revenue from major services

##### i. DMS

(₹ in crores)

| Service                              | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Internet connectivity                | 1,398.71                            | 1,274.13                            |
| Global virtual private network       | 1,165.36                            | 1,088.37                            |
| Ethernet                             | 902.64                              | 832.03                              |
| National private leased circuit      | 527.25                              | 398.29                              |
| International private leased circuit | 151.20                              | 127.06                              |
| Others                               | 1,234.60                            | 1,238.18                            |
| <b>Revenue from operations</b>       | <b>5,379.76</b>                     | <b>4,958.06</b>                     |

##### ii. VS

(₹ in crores)

| Service                        | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| International long distance    | 142.40                              | 217.54                              |
| National long distance         | 59.92                               | 72.43                               |
| <b>Revenue from operations</b> | <b>202.32</b>                       | <b>289.97</b>                       |





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 37. Segment reporting (Contd..)

#### iii. RE

(₹ in crores)

| Service                        | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------------|-------------------------------------|-------------------------------------|
| Real Estate                    | 168.25                              | 141.10                              |
| <b>Revenue from operations</b> | <b>168.25</b>                       | <b>141.10</b>                       |

### 38. Derivatives

Derivatives are not designated as hedging instruments.

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally within 1 year.

Outstanding derivatives instruments are as follows

(₹ in crores)

| Particulars                            | As at 31 March 2020                            |                         |                                | As at 31 March 2019                            |                         |                                |
|--|--|-------------------------|--------------------------------|--|-------------------------|--------------------------------|
|  | (Amount in<br>foreign currency<br>in millions) | (Amount in<br>₹ crores) | Fair value<br>gain /<br>(loss) | (Amount in<br>foreign currency<br>in millions) | (Amount in<br>₹ crores) | Fair value<br>gain /<br>(loss) |
| i. Forward exchange<br>contracts (Buy) |  |                         |                                |  |                         |                                |
| USD                                    | 80.65  | 589.39                  | 22.49                          | 113.74   | 829.05                  | (33.44)                        |
| GBP                                    | 0.90   | 8.48                    | (0.06)                         | 0.90   | 8.62                    | (0.45)                         |

### 39. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(o) to the financial statements.

#### Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2020 is as follows

(₹ in crores)

| Particulars                      | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>comprehensive<br>income | Derivatives<br>instrument | Amortised<br>cost | Total<br>carrying<br>value |
|----------------------------------|---|--|---------------------------|-------------------|----------------------------|
| <b>Financial assets</b>          |   |  |                           |                   |                            |
| Investments (other than at cost) | 564.77                                  | 6.16   | -                         | -                 | 570.93                     |
| Other financial assets           | 45.38                                   | -  | 22.43                     | 158.70            | 226.51                     |
| Trade receivables                | -                                       | -  | -                         | 1,299.69          | 1,299.69                   |
| Cash and cash equivalents        | -                                       | -  | -                         | 162.95            | 162.95                     |
| Other bank balances              | -                                       | -  | -                         | 0.77              | 0.77                       |
| <b>Total</b>                     | <b>610.15</b>                           | <b>6.16</b>  | <b>22.43</b>              | <b>1,622.11</b>   | <b>2,260.85</b>            |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 39. Financial instruments (Contd..)

(₹ in crores)

| Particulars                  | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>comprehensive<br>income | Derivatives<br>instrument | Amortised<br>cost | Total<br>carrying<br>value |
|------------------------------|---|--|---------------------------|-------------------|----------------------------|
| <b>Financial liabilities</b> |   |  |                           |                   |                            |
| Borrowings                   | 10.64                                   | -  | -                         | 532.83            | 543.47                     |
| Other financial liabilities  | 48.17                                   | -  | -                         | 793.97            | 842.14                     |
| Trade payables               | -                                       | -  | -                         | 1,591.45          | 1,591.45                   |
| Lease liabilities            | 465.96                                  | -  | -                         | -                 | 465.96                     |
| <b>Total</b>                 | <b>524.77</b>                           | <b>-</b>   | <b>-</b>                  | <b>2,918.25</b>   | <b>3,443.02</b>            |

The carrying value of financial instruments by categories as at 31 March 2019 is as follows

(₹ in crores)

| Particulars                      | Fair value<br>through<br>profit or loss | Fair value<br>through other<br>comprehensive<br>income | Derivatives<br>instrument | Amortised<br>cost | Total<br>carrying<br>value |
|----------------------------------|---|--|---------------------------|-------------------|----------------------------|
| <b>Financial assets</b>          |   |  |                           |                   |                            |
| Investments (other than at cost) | 449.44                                  | 6.16   | -                         | -                 | 455.60                     |
| Other financial assets           | 56.40                                   | -  | -                         | 156.45            | 212.85                     |
| Trade receivables                | -                                       | -  | -                         | 1,296.68          | 1,296.68                   |
| Cash and cash equivalents        | -                                       | -  | -                         | 146.24            | 146.24                     |
| Other bank balances              | -                                       | -  | -                         | 3.49              | 3.49                       |
| <b>Total</b>                     | <b>505.84</b>                           | <b>6.16</b>  | <b>-</b>                  | <b>1,602.86</b>   | <b>2,114.86</b>            |
| <b>Financial liabilities</b>     |   |  |                           |                   |                            |
| Borrowings                       | -                                       | -  | -                         | 301.14            | 301.14                     |
| Other financial liabilities      | 56.40                                   | -  | 33.89                     | 688.97            | 779.26                     |
| Trade payables                   | -                                       | -  | -                         | 1,802.08          | 1,802.08                   |
| <b>Total</b>                     | <b>56.40</b>                            | <b>-</b>   | <b>33.89</b>              | <b>2,792.19</b>   | <b>2,882.48</b>            |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2020 and 31 March 2019 approximate the fair value because of their short term nature. Difference between carrying amount and fair value of other bank balances, other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required)

#### As at 31 March 2020

(₹ in crores)

| Particulars                                      | Level 1       | Level 2      | Level 3      | Total         |
|--|---------------|--------------|--------------|---------------|
| <b>Financial assets</b>                          |               |              |              |               |
| i. Investment in mutual funds                    | 564.77        | -            | -            | <b>564.77</b> |
| ii. Investment in equity shares                  | -             | -            | 6.16         | <b>6.16</b>   |
| iii. Guarantee fees receivable from subsidiaries | -             | -            | 45.38        | <b>45.38</b>  |
| iv. Derivative financial assets                  | -             | 22.43        | -            | <b>22.43</b>  |
| <b>Total</b>                                     | <b>564.77</b> | <b>22.43</b> | <b>51.54</b> | <b>638.74</b> |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 39. Financial instruments (Contd..)

(₹ in crores)

| Particulars                      | Level 1  | Level 2  | Level 3       | Total         |
|----------------------------------|----------|----------|---------------|---------------|
| <b>Financial liabilities</b>     |          |          |               |               |
| i. Guarantee fee obligation      | -        | -        | 45.38         | <b>45.38</b>  |
| ii. Borrowings                   | -        | -        | 10.64         | <b>10.64</b>  |
| iii. Other financial liabilities | -        | -        | 2.79          | <b>2.79</b>   |
| iv. Lease liabilities            | -        | -        | 465.96        | <b>465.96</b> |
| <b>Total</b>                     | <b>-</b> | <b>-</b> | <b>524.77</b> | <b>524.77</b> |

### As at 31 March 2019

(₹ in crores)

| Particulars                                      | Level 1       | Level 2      | Level 3      | Total         |
|--|---------------|--------------|--------------|---------------|
| <b>Financial assets</b>                          |               |              |              |               |
| i. Investment in mutual funds                    | 449.44        | -            | -            | <b>449.44</b> |
| ii. Investment in equity shares                  | -             | -            | 6.16         | <b>6.16</b>   |
| iii. Guarantee fees receivable from subsidiaries | -             | -            | 56.40        | <b>56.40</b>  |
| <b>Total</b>                                     | <b>449.44</b> | <b>-</b>     | <b>62.56</b> | <b>512.00</b> |
| <b>Financial liabilities</b>                     |               |              |              |               |
| i. Guarantee fee obligation                      | -             | -            | 56.40        | <b>56.40</b>  |
| ii. Derivative financial liabilities             | -             | 33.89        | -            | <b>33.89</b>  |
| <b>Total</b>                                     | <b>-</b>      | <b>33.89</b> | <b>56.40</b> | <b>90.29</b>  |

The investments included in level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.

### Reconciliation of Level 3 fair value measurement

(₹ in crores)

| Particulars                       | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------|------------------------|------------------------|
| <b>Opening balance</b>            | <b>6.16</b>            | <b>6.16</b>            |
| Less: Equity investment at FVTOCI | -                      | -                      |
| Less: Financial assets at FVTPL   | -                      | -                      |
| <b>Closing balance</b>            | <b>6.16</b>            | <b>6.16</b>            |

### 40. Financial risk management objectives and policies

The Company's principal financial liabilities other than derivatives, comprise loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, current investments and cash and cash equivalents that derive directly from its operations. The Company has investments on which gain or loss on fair value is recognised through other comprehensive income and also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 40. Financial risk management objectives and policies (Contd..)

The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarised below:

#### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL and FVTOCI investments and derivative financial instruments.

#### b) Interest rate risk

Interest rate risk is the risk that the future cash flows with respect to interest payments on borrowings will fluctuate because of changes in market interest rates. The Company does not have exposure to the risk of changes in market interest rates as it has long-term debt obligations with fixed interest rates.

#### c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company's objective is to try and protect the underlying values of the Company's balance sheet forex exposures. Exposures are broadly categorised into receivables and payable exposures.

The Company manages its foreign currency risk by entering into derivatives on net exposures, i.e. netting off the receivable and payable exposures in order to take full benefit of natural hedge.

Non-crystallised (not in books) exposures for which cash flows are highly probable are considered for hedging after due consideration of cost of cover, impact of such derivatives on profit and loss due to MTMs (mark to market loss or gains), market / industry practices, regulatory restrictions etc.

As regard net investments in foreign operations, hedging decisions are guided by regulatory requirement, accounting practices and in consultation and approval of senior management on such hedging action.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 5% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which would affect the Statement of Profit and Loss and equity.

The following tables sets forth information relating to unhedged foreign currency exposure (net) as at 31 March 2020 and 31 March 2019.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 40. Financial risk management objectives and policies (Contd..)

(₹ in crores)

| Currency | As at 31 March 2020   |                  | As at 31 March 2019   |                  |
|----------|-----------------------|------------------|-----------------------|------------------|
|          | Financial liabilities | Financial assets | Financial liabilities | Financial assets |
| USD      | 200.23                | -                | 240.95                | -                |
| Others   | 10.28                 | 0.21             | 3.31                  | 10.26            |

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately ₹ 10.52 crores and ₹ 11.70 crores for the year ended 31 March 2020 and 31 March 2019 respectively.

#### d) Equity price risk

The Company's non-listed equity securities are not susceptible to market price risk arising from uncertainties about future values of the investment in securities as these investments are accounted for at cost in the financial statements.

#### e) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In determining the allowances for doubtful trade receivables, the Company has used a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables as mentioned below:

(₹ in crores)

| Ageing of receivables | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------|---------------------|---------------------|
| Within credit period  | 669.15              | 410.54              |
| 1-90 days             | 292.89              | 492.00              |
| 91-180 days           | 115.56              | 116.81              |
| 181-360 days          | 156.30              | 164.45              |
| More than 360 days    | 65.79               | 112.88              |
| <b>Total</b>          | <b>1,299.69</b>     | <b>1,296.68</b>     |

#### Movement in expected credit loss allowance

(₹ in crores)

| Particulars   | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---|----------------------------------|----------------------------------|
| Opening balance   | 285.75                           | 240.16                           |
| Movement in expected credit loss calculated based on lifetime expected credit loss method | 29.53                            | 45.59                            |
| <b>Balance at the end of the year</b>   | <b>315.28</b>                    | <b>285.75</b>                    |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 40. Financial risk management objectives and policies (Contd..)

#### f) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in crores)

| As at 31 March 2020                     | On demand | 0 to 12 months | 1 to 5 years | > 5 years | Total    |
|---|-----------|----------------|--------------|-----------|----------|
| Non-current borrowings                  | -         | -              | 10.64        | -         | 10.64    |
| Other non-current financial liabilities | -         | -              | 18.68        | -         | 18.68    |
| Current borrowings                      | 20.20     | 512.63         | -            | -         | 532.83   |
| Trade payables                          | 165.70    | 1,425.75       | -            | -         | 1,591.45 |
| Other current financial liabilities     | 682.23    | 136.73         | 4.50         | -         | 823.46   |

(₹ in crores)

| As at 31 March 2019                     | On demand | 0 to 12 months | 1 to 5 years | > 5 years | Total    |
|---|-----------|----------------|--------------|-----------|----------|
| Other non-current financial liabilities | -         | -              | 32.79        | -         | 32.79    |
| Current borrowings                      | -         | 301.14         | -            | -         | 301.14   |
| Trade payables                          | 628.21    | 1,173.87       | -            | -         | 1,802.08 |
| Other current financial liabilities     | 323.99    | 417.90         | -            | 4.58      | 746.47   |

### 41. Capital management

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions

#### i. Names of related parties and nature of relationship

| Sr. No | Category of related parties  | Names  |
|--------|--|--|
| a.     | Controlling Entities/ Investing parties  | Tata Sons Private Limited ( <i>investing party upto 27 May 2018 and controlling entity w.e.f 28 May 2018</i> )         |
|        |  | Panatone Finvest Limited ( <i>investing party upto 27 May 2018 and controlling entity w.e.f 28 May 2018</i> )          |
| b.     | Subsidiaries, associates and joint ventures of controlling entities and their subsidiaries* ("Affiliates") | Tata Teleservices Limited  |
|        |  | Tata Consultancy Services Limited  |
|        |  | TCS e-Serve International Limited  |
|        |  | Tata Sky Limited   |
|        |  | Tata Consultancy Services (South Africa) (PTY) Ltd.  |
|        |  | Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)                                   |
|        |  | Tata AIG General Insurance Company Limited   |
|        |  | Tata AIA Life Insurance Company Limited  |
|        |  | Tata Capital Financial Services Limited  |
|        |  | Tata Consulting Engineers Limited  |
|        |  | Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)                                       |
|        |  | Tata International Limited   |
|        |  | C-Edge Technologies Limited  |
|        |  | Tata Housing Development Company Limited   |
|        |  | MahaOnline Limited   |
|        |  | Tata Interactive Systems GmbH ( <i>ceased w.e.f 02 July 2018</i> )   |
|        |  | Tata SIA Airlines Limited  |
|        |  | Tata Asset Management Limited  |
|        |  | Tata Advanced Systems Limited  |
|        |  | MP Online Limited  |
|        |  | AirAsia (India) Limited  |
|        |  | Tata Securities Limited  |
|        |  | Tata Advanced Materials Limited  |
|        |  | Tata Realty and Infrastructure Limited   |
|        |  | TASEC Limited (formerly TAS-AGT Systems Limited) ( <i>merged with Tata Advanced Systems Ltd w.e.f. 01 April 2018</i> ) |
|        |  | Tata Toyo Radiator Limited   |
|        |  | Tata International Wolverine Brands Limited  |
|        |  | Automotive Stampings and Assemblies Limited  |
|        |  | Nova Integrated Systems Limited  |
|        |  | Tata Ficoso Automotive Systems Private Limited (formerly Tata Ficoso Automotive Systems Limited)                       |
|        |  | Tata Capital Housing Finance Limited   |
|        |  | Tata Value Homes Limited (formerly Smart Value Homes Limited)  |
|        |  | Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)                               |
|        |  | Arvind and Smart Value Homes LLP   |
|        |  | TRIL Infopark Limited  |
|        |  | Kriday Realty Private Limited  |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names  |
|--------|-----------------------------|--|
|        |                             | Tata Autocomp Katcon Exhaust Systems Private Limited (formerly Katcon India Private Limited)                             |
|        |                             | Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)  |
|        |                             | Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)  |
|        |                             | APTOnline Limited (formerly APOne Limited)   |
|        |                             | Indian Rotorcraft Limited  |
|        |                             | Tata Unistore Limited (formerly Tata Industrial Services Limited)  |
|        |                             | Tata Limited   |
|        |                             | TRIL Amritsar Projects Limited (formerly TRIF Amritsar Projects Limited)   |
|        |                             | TACO Sasken Automotive Electronics Limited   |
|        |                             | Tata Autocomp Hendrickson Suspensions Private Limited (formerly Taco Hendrickson Suspensions Private Limited)            |
|        |                             | Tata Autocomp Systems Limited  |
|        |                             | Tata Industries Limited  |
|        |                             | Calsea Footwear Private Limited  |
|        |                             | HL Promoters Private Limited   |
|        |                             | Smart Value Homes (Boisar) Private Limited (formerly Niyati Sales Private Limited)                                       |
|        |                             | Sector 113 Gatevida Developers Private Limited (formerly Lemon Tree Land & Developers Private Limited)                   |
|        |                             | Princeton Infrastructure Private Limited   |
|        |                             | Promont Hilltop Private Limited  |
|        |                             | Smart Value Homes (Peenya Project) Private Limited (formerly Smart Value Homes (Boisar Project) Private Limited)         |
|        |                             | Kolkata-One Excelton Private Limited   |
|        |                             | TM Automotive Seating Systems Private Limited  |
|        |                             | Infiniti Retail Limited  |
|        |                             | Tata International Metals (UK) Limited (formerly Tata Steel International (UK) Limited)                                  |
|        |                             | ATC Telecom Infrastructure Private Limited (formerly Viom Networks Limited)  |
|        |                             | Tata Teleservices (Maharashtra) Limited  |
|        |                             | ATC Infrastructure Services Private Limited ( <i>w.e.f. 31 May 2018</i> ) (formerly ATC Infrastructure Services Limited) |
|        |                             | Nelco Limited ( <i>w.e.f 28 May 2018</i> )   |
|        |                             | Tatanet Services Limited ( <i>w.e.f 28 May 2018</i> )  |
|        |                             | The Tata Power Company Limited ( <i>w.e.f 28 May 2018</i> )  |
|        |                             | Tata Power Trading Company Limited ( <i>w.e.f 28 May 2018</i> )  |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names   |
|--------|-----------------------------|---|
|        |                             | The Indian Hotels Company Limited (w.e.f 28 May 2018)   |
|        |                             | Titan Company Limited (w.e.f 28 May 2018)   |
|        |                             | Voltas Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Steel Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Motors Limited (w.e.f 28 May 2018)   |
|        |                             | TP Ajmer Distribution Limited (w.e.f 28 May 2018)   |
|        |                             | Lokmanaya Hospital Private Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Projects Limited (w.e.f 28 May 2018)   |
|        |                             | Tata Technologies Limited (w.e.f 28 May 2018)   |
|        |                             | Trent Limited (w.e.f 28 May 2018)   |
|        |                             | Tata Elxsi Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Chemicals Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Consumer Products Limited (formerly Tata Global Beverages Limited) (w.e.f 28 May 2018)   |
|        |                             | Tata Motors Finance Limited (formerly Sheba Properties Limited) (w.e.f 28 May 2018)   |
|        |                             | Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited) (w.e.f 28 May 2018) |
|        |                             | Roots Corporation Limited (w.e.f 28 May 2018)   |
|        |                             | Rallis India Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited) (w.e.f 28 May 2018)                    |
|        |                             | Tata Coffee Ltd. (w.e.f 28 May 2018)  |
|        |                             | Star Health & Allied Insurance Company Limited (w.e.f 28 May 2018) (ceased w.e.f. 28 March 2019)  |
|        |                             | Tata Power Delhi Distribution Limited (w.e.f 28 May 2018)   |
|        |                             | Fiora Services Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Marcopolo Motors Limited (w.e.f 28 May 2018)   |
|        |                             | Tata Metaliks Ltd. (w.e.f 28 May 2018)  |
|        |                             | Piem Hotels Limited (w.e.f 28 May 2018)   |
|        |                             | The Tinsplate Company of India Limited (w.e.f 28 May 2018)  |
|        |                             | TAL Manufacturing Solutions Limited (w.e.f. 29 March 2019)  |
|        |                             | Fiora Business Support Services Limited (formerly known as Westland Limited) (w.e.f 28 May 2018)  |
|        |                             | Tata Technologies Europe Limited (w.e.f 28 May 2018)  |
|        |                             | T S Alloys Limited (w.e.f 28 May 2018)  |
|        |                             | Tata Steel BSL Limited (formerly Bhushan Steel Limited) (w.e.f 28 May 2018)   |
|        |                             | Tata Motors Insurance Broking and Advisory Services Limited (w.e.f 28 May 2018)   |
|        |                             | Powerlinks Transmission Limited (w.e.f 28 May 2018)   |
|        |                             | Indian Steel & Wire Products Ltd. (w.e.f 28 May 2018)   |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names  |
|--------|-----------------------------|--|
|        |                             | T.V.Sundram Iyengar & Sons Pvt. Ltd. (w.e.f 28 May 2018)                                 |
|        |                             | Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited) (w.e.f 28 May 2018) |
|        |                             | Maithon Power Limited (w.e.f 28 May 2018)  |
|        |                             | Sir Dorabji Tata Trust (w.e.f 28 May 2018)   |
|        |                             | Tata Steel Special Economic Zone Limited (w.e.f 28 May 2018)                             |
|        |                             | Coastal Gujarat Power Limited (w.e.f 28 May 2018)  |
|        |                             | Vortex Engineering Private Limited (w.e.f 28 May 2018)                                   |
|        |                             | Tata Power Solar Systems Limited (w.e.f 28 May 2018)                                     |
|        |                             | Fiora Hypermarket Limited (w.e.f 28 May 2018)  |
|        |                             | Pamodzi Hotels Plc   |
|        |                             | Benares Hotels Limited (w.e.f 28 May 2018)   |
|        |                             | United Hotels Limited (w.e.f 28 May 2018)  |
|        |                             | Concorde Motors (India) Limited (w.e.f 28 May 2018)                                      |
|        |                             | Sir Ratan Tata Trust (w.e.f 28 May 2018)   |
|        |                             | Industrial Energy Limited (w.e.f 28 May 2018)  |
|        |                             | Varroc Engineering Private Limited (w.e.f 28 May 2018) (ceased w.e.f 06 July 2018)       |
|        |                             | Tata Chemicals Magadi Limited (w.e.f 28 May 2018)  |
|        |                             | Shriji Polymers (India) Limited (w.e.f 28 May 2018)                                      |
|        |                             | Inditravel Limited   |
|        |                             | TEMA India Private Limited   |
|        |                             | TVS Supply Chain Solutions Limited (w.e.f 28 May 2018)                                   |
|        |                             | Hemisphere Properties India Limited (w.e.f 28 May 2018)                                  |
|        |                             | Tata Consultancy Services (Africa) (PTY) Ltd.  |
|        |                             | Tata SmartFoodz Limited (formerly SmartFoodz Limited) (w.e.f 28 May 2018)                |
|        |                             | Titan Engineering & Automation Limited (w.e.f 28 May 2018)                               |
|        |                             | Arrow Infraestate Private Limited (w.e.f 28 May 2018)                                    |
|        |                             | Tata Lockheed Martin Aerostructures Limited (w.e.f 28 May 2018)                          |
|        |                             | Allsec Technologies Limited (w.e.f. 03 June 2019)  |
|        |                             | Tata Motors (SA) (Proprietary) Limited (w.e.f 28 May 2018)                               |
|        |                             | Tata Motors Finance Solutions Limited (w.e.f 28 May 2018)                                |
|        |                             | Tata Digital Limited (w.e.f. 11 March 2019)  |
| c.     | Subsidiaries (Direct)       | Tata Communications Payment Solutions Limited  |
|        |                             | Tata Communications Transformation Services Limited                                      |
|        |                             | Tata Communications International Pte. Ltd.  |
|        |                             | Tata Communications Collaboration Services Private Limited                               |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names   |
|--------|-----------------------------|---|
|        |                             | Tata Communications Lanka Limited   |
|        |                             | TC IOT Managed Solutions Limited (applied for strike off on 29 November 2019)                         |
| d.     | Subsidiaries (Indirect)     | Tata Communications (Australia) Pty Limited   |
|        |                             | Tata Communications SVCS Pte. Ltd. (formerly known as Tata Communications Services (Bermuda) Limited) |
|        |                             | Tata Communications (Bermuda) Limited   |
|        |                             | Tata Communications (Canada) Limited  |
|        |                             | Tata Communications (America) Inc.  |
|        |                             | Tata Communications (Middle East) FZ-LLC  |
|        |                             | Tata Communications (UK) Limited  |
|        |                             | Tata Communications (France) SAS  |
|        |                             | Tata Communications Deutschland GmbH  |
|        |                             | Tata Communications (Guam) LLC  |
|        |                             | Tata Communications (Hong Kong) Limited   |
|        |                             | Tata Communications (Hungary) LLC   |
|        |                             | Tata Communications (Ireland) Limited   |
|        |                             | Tata Communications (Malaysia) Sdn. Bhd.  |
|        |                             | Tata Communications (New Zealand) Limited   |
|        |                             | Tata Communications (Taiwan) Limited  |
|        |                             | Tata Communications (Italy) S.r.l   |
|        |                             | Tata Communications (Japan) KK  |
|        |                             | Tata Communications (Poland) Sp. Zoo  |
|        |                             | Tata Communications (Russia) LLC  |
|        |                             | Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA                                   |
|        |                             | Tata Communications (Spain) S.L   |
|        |                             | Tata Communications (Switzerland) GmbH  |
|        |                             | Tata Communications (Netherlands) B.V.  |
|        |                             | SEPCO Communications Pty Ltd.   |
|        |                             | Tata Communications Transformation Services Pte Limited   |
|        |                             | Tata Communications Transformation Services (Hungary) Kft.  |
|        |                             | Tata Communications Transformation Services (US) Inc  |
|        |                             | Tata Communications Transformation Services South Africa (Pty) Limited                                |
|        |                             | VSNL SNOSPV Pte Ltd   |
|        |                             | Tata Communications Move Nederland B.V (w.e.f 03 October 2018)  |
|        |                             | ITXC IP Holdings S.a r.l  |
|        |                             | Tata Communications (Nordic) AS   |
|        |                             | Tata Communications (Portugal) Unipessoal LDA   |
|        |                             | Tata Communications (Sweden) AB   |
|        |                             | TCPoP Communications GmbH   |
|        |                             | Tata Communications (South Korea) Limited   |
|        |                             | Tata Communications Beijing (Technology) Limited  |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names   |
|--------|-----------------------------|---|
|        |                             | MuCoso B.V. (w.e.f 03 October 2018)   |
|        |                             | Tata Communications Move UK Limited (w.e.f 03 October 2018)                                   |
|        |                             | Tata Communications Move Singapore Pte Ltd (w.e.f 03 October 2018)                            |
|        |                             | Tata Communications Move B.V (formerly Telena Holdings B.V.) (w.e.f 03 October 2018)          |
|        |                             | Nexus Connexion (SA) Pty Limited  |
|        |                             | Tata Communications (Belgium) SPRL  |
|        |                             | Tata Communications Services (International) Pte. Ltd.  |
|        |                             | Tata Communications (Thailand) Limited  |
|        |                             | Tata Communications (Brazil) Participacoes Limitada   |
|        |                             | Tata Communications Comunicações E Multimídia (Brazil) Limitada                               |
|        |                             | TCTS Senegal Limited (w.e.f 23 December 2019)   |
|        |                             | NetFoundry Inc (w.e.f 21 February 2019)   |
| e.     | Associates                  | United Telecom Limited  |
|        |                             | STT Global Data Centres India Private Limited   |
|        |                             | Smart ICT Services Private Limited  |
| f.     | Key managerial personnel    | Mr Vinod Kumar (upto 05 July 2019)  |
|        |                             | Managing Director and Group CEO   |
|        |                             | Mr. Amur Lakshminarayanan Swaminathan (w.e.f 26 November 2019)**                              |
|        |                             | Managing Director and CEO   |
| h.     | Others                      | Peoplestrong Technologies Private Limited (formerly Peoplestrong HR Services Private Limited) |
|        |                             | Encube Ethicals Private Limited   |
|        |                             | Tata Communications Employee Provident Fund Trust   |
|        |                             | Tata Communications Employee Gratuity Trust   |

\* where transactions have taken place

\*\* Mr. Amur Lakshminarayanan Swaminathan was appointed as MD & CEO - Designate for the period 3 October 2019 to 25 November 2019 pending necessary regulatory approval

Reimbursement made of expenses incurred by related party for business purpose of the Company, or reimbursement received for expenses incurred by the Company on behalf of a related party shall not be deemed related party transactions.

On 28 May 2018, Tata Sons Private Limited ('TSPL') and its wholly owned subsidiary, Panatone Finvest Limited ('Panatone'), increased their combined stake in the Company to 48.90% there by gaining de-facto control as per Ind-AS. Accordingly, the Company has classified TSPL and Panatone as "Controlling Entities" and disclosed subsidiaries, joint ventures and associates of Controlling Entities and their subsidiaries as the 'Affiliates' of the Controlling entities, effective this date.





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### ii. Summary of transactions and balances with related parties

(₹ in crores)

| Particulars  | Controlling Entities/<br>Investing Parties | Affiliates | Subsidiaries<br>(Direct and Indirect) | Key management personnel | Associates | Others | Total    |
|--|--|------------|---------------------------------------|--------------------------|------------|--------|----------|
| <b>Transactions with related parties</b>                                     |  |            |                                       |                          |            |        |          |
| <b>Dividend paid</b>   |  |            |                                       |                          |            |        |          |
|  | 62.67                                      | -          | -                                     | -                        | -          | -      | 62.67    |
|  | 62.67                                      | -          | -                                     | -                        | -          | -      | 62.67    |
| <b>Brand equity expenses</b>   |  |            |                                       |                          |            |        |          |
|  | 14.25                                      | -          | -                                     | -                        | -          | -      | 14.25    |
|  | -  | -          | -                                     | -                        | -          | -      | -        |
| <b>Revenue from operations</b>   |  |            |                                       |                          |            |        |          |
|  | 2.90                                       | 685.56     | 52.26                                 | -                        | 137.39     | 0.46   | 878.57   |
|  | 3.25                                       | 626.04     | 92.41                                 | -                        | 86.74      | -      | 808.44   |
| <b>Network and transmission</b>  |  |            |                                       |                          |            |        |          |
|  | -  | 361.35     | 451.52                                | -                        | 1.66       | -      | 814.53   |
|  | -  | 428.57     | 606.15                                | -                        | @          | -      | 1,034.72 |
| <b>Purchase of property, plant and equipment and other intangible assets</b> |  |            |                                       |                          |            |        |          |
|  | -  | 15.71      | 12.56                                 | -                        | -          | -      | 28.27    |
|  | -  | 14.91      | 22.14                                 | -                        | 1.98       | -      | 39.03    |
| <b>Sale of property, plant and equipment and other intangible assets</b>     |  |            |                                       |                          |            |        |          |
|  | -  | -          | 2.77                                  | -                        | -          | -      | 2.77     |
|  | -  | -          | 5.78                                  | -                        | 0.73       | -      | 6.51     |
| <b>Additions to Right of Use assets #</b>                                    |  |            |                                       |                          |            |        |          |
|  | -  | 7.84       | -                                     | -                        | -          | -      | 7.84     |
|  | -  | -          | -                                     | -                        | -          | -      | -        |
| <b>Services rendered</b>   |  |            |                                       |                          |            |        |          |
|  | -  | -          | 61.74                                 | -                        | 2.16       | -      | 63.90    |
|  | -  | -          | 26.94                                 | -                        | 4.30       | -      | 31.24    |
| <b>Services received</b>   |  |            |                                       |                          |            |        |          |
|  | 0.64                                       | 167.26     | 126.32                                | -                        | 64.88      | -      | 359.10   |
|  | 0.52                                       | 199.48     | 115.27                                | -                        | 41.23      | -      | 356.50   |
| <b>Equity capital contribution</b>   |  |            |                                       |                          |            |        |          |
|  | -  | -          | -                                     | -                        | 49.35      | -      | 49.35    |
|  | -  | -          | -                                     | -                        | 35.01      | -      | 35.01    |
| <b>Preference capital contribution</b>                                       |  |            |                                       |                          |            |        |          |
|  | -  | -          | -                                     | -                        | 0.03       | -      | 0.03     |
|  | -  | -          | -                                     | -                        | 0.03       | -      | 0.03     |
| <b>Interest income</b>   |  |            |                                       |                          |            |        |          |
|  | -  | -          | 1.38                                  | -                        | -          | -      | 1.38     |
|  | -  | -          | 1.93                                  | -                        | -          | -      | 1.93     |
| <b>Dividend income</b>   |  |            |                                       |                          |            |        |          |
|  | -  | -          | 68.69                                 | -                        | -          | -      | 68.69    |
|  | -  | -          | 5.91                                  | -                        | -          | -      | 5.91     |

# Addition to Right of use assets includes ₹ 2.30 crores on account of impact of Ind AS 116 adoption w.e.f. 1 April 2019



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### ii. Summary of transactions and balances with related parties (Contd..)

(₹ in crores)

| Particulars  | Controlling Entities/<br>Investing Parties | Affiliates | Subsidiaries<br>(Direct and Indirect) | Key management personnel | Associates | Others | Total  |
|--|--|------------|---------------------------------------|--------------------------|------------|--------|--------|
| <b>Guarantee fees</b>  |  |            |                                       |                          |            |        |        |
|  | -  | -          | 31.64                                 | -                        | -          | -      | 31.64  |
|  | -  | -          | 30.69                                 | -                        | -          | -      | 30.69  |
| <b>Managerial remuneration \$</b>  |  |            |                                       |                          |            |        |        |
|  | -  | -          | -                                     | 5.16                     | -          | -      | 5.16   |
|  | -  | -          | -                                     | 7.11                     | -          | -      | 7.11   |
| <b>Royalty expense</b>   |  |            |                                       |                          |            |        |        |
|  | -  | -          | -                                     | -                        | -          | -      | -      |
|  | 1.09                                       | -          | -                                     | -                        | -          | -      | 1.09   |
| <b>Purchase of current investments</b>   |  |            |                                       |                          |            |        |        |
|  | -  | 870.95     | -                                     | -                        | -          | -      | 870.95 |
|  | -  | 362.00     | -                                     | -                        | -          | -      | 362.00 |
| <b>Redemption of current investments</b>   |  |            |                                       |                          |            |        |        |
|  | -  | 798.29     | -                                     | -                        | -          | -      | 798.29 |
|  | -  | 343.09     | -                                     | -                        | -          | -      | 343.09 |
| <b>Contribution to gratuity trust</b>  |  |            |                                       |                          |            |        |        |
|  | -  | -          | -                                     | -                        | -          | 10.95  | 10.95  |
|  | -  | -          | -                                     | -                        | -          | 21.96  | 21.96  |
| <b>Contribution to provident fund trust</b>  |  |            |                                       |                          |            |        |        |
|  | -  | -          | -                                     | -                        | -          | 84.48  | 84.48  |
|  | -  | -          | -                                     | -                        | -          | 71.59  | 71.59  |
| <b>Interest on lease liabilities (forms part of lease payouts of ₹0.94 crores)</b> |  |            |                                       |                          |            |        |        |
|  | -  | 0.48       | -                                     | -                        | -          | -      | 0.48   |
|  | -  | -          | -                                     | -                        | -          | -      | -      |

@ represents transaction of amounts less than ₹ 50,000

\$ Remuneration paid to MD & CEO does not include provision for gratuity as it is provided in the books on the basis of actuarial valuation for the Company as a whole



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

(₹ in crores)

| Particulars   | Controlling Entities/<br>Investing Parties | Affiliates | Subsidiaries<br>(Direct and Indirect) | Key management personnel | Associates | Others | Total    |
|---|--|------------|---------------------------------------|--------------------------|------------|--------|----------|
| <b>Balances with related parties</b>                |  |            |                                       |                          |            |        |          |
| <b>Receivables</b>                                  |  |            |                                       |                          |            |        |          |
|   | 0.89                                       | 236.70     | 95.38                                 | -                        | 90.66      | 0.03   | 423.66   |
|   | 0.49                                       | 230.83     | 163.11                                | -                        | 57.49      | -      | 451.92   |
| <b>Other financial assets - non current</b>         |  |            |                                       |                          |            |        |          |
|   | -  | 1.95       | 18.68                                 | -                        | -          | -      | 20.63    |
|   | -  | 1.36       | 32.79                                 | -                        | -          | -      | 34.15    |
| <b>Other investments - Current</b>                  |  |            |                                       |                          |            |        |          |
|   | -  | 94.66      | -                                     | -                        | -          | -      | 94.66    |
|   | -  | 20.00      | -                                     | -                        | -          | -      | 20.00    |
| <b>Other financial assets - current</b>             |  |            |                                       |                          |            |        |          |
|   | -  | 0.58       | 33.53                                 | -                        | 41.69      | -      | 75.80    |
|   | -  | 0.71       | 31.27                                 | -                        | 49.41      | -      | 81.39    |
| <b>Other assets - non-current</b>                   |  |            |                                       |                          |            |        |          |
|   | -  | 0.01       | -                                     | -                        | -          | -      | 0.01     |
|   | -  | 0.02       | -                                     | -                        | -          | -      | 0.02     |
| <b>Other assets - current</b>                       |  |            |                                       |                          |            |        |          |
|   | @  | 96.44      | 0.10                                  | -                        | (7.46)     | -      | 89.08    |
|   | @  | 16.14      | 28.17                                 | -                        | 1.35       | -      | 45.66    |
| <b>Trade payables (including capital creditors)</b> |  |            |                                       |                          |            |        |          |
|   | 12.96                                      | 398.93     | 268.90                                | 3.11                     | 7.57       | 7.61   | 699.08   |
|   | 10.24                                      | 370.49     | 547.58                                | 7.34                     | 8.44       | 6.19   | 950.28   |
| <b>Other financial liabilities - current</b>        |  |            |                                       |                          |            |        |          |
|   | @  | 5.33       | -                                     | -                        | 17.99      | -      | 23.32    |
|   | @  | 5.33       | -                                     | -                        | 17.99      | -      | 23.32    |
| <b>Other liabilities - non-current</b>              |  |            |                                       |                          |            |        |          |
|   | -  | 36.10      | -                                     | -                        | -          | -      | 36.10    |
|   | -  | 39.24      | 3.03                                  | -                        | -          | -      | 42.27    |
| <b>Other liabilities - current</b>                  |  |            |                                       |                          |            |        |          |
|   | @  | 15.36      | 5.82                                  | -                        | 196.86     | 0.01   | 218.05   |
|   | 0.24                                       | 12.64      | 10.59                                 | -                        | -          | 77.46  | 100.93   |
| <b>Guarantees on behalf of subsidiaries</b>         |  |            |                                       |                          |            |        |          |
|   | -  | -          | 300.32                                | -                        | -          | -      | 300.32   |
|   | -  | -          | 300.32                                | -                        | -          | -      | 300.32   |
| <b>Letter of comfort on behalf of subsidiaries</b>  |  |            |                                       |                          |            |        |          |
|   | -  | -          | 1,661.03                              | -                        | -          | -      | 1,661.03 |
|   | -  | -          | 1,816.85                              | -                        | -          | -      | 1,816.85 |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 42. Related party transactions (Contd..)

#### ii. Summary of transactions and balances with related parties (Contd..)

(₹ in crores)

| Particulars                            | Controlling Entities/<br>Investing Parties | Affiliates | Subsidiaries<br>(Direct and Indirect) | Key management personnel | Associates | Others | Total |
|--|--|------------|---------------------------------------|--------------------------|------------|--------|-------|
| <b>Lease liabilities - current</b>     |  |            |                                       |                          |            |        |       |
|  | -  | 2.74       | -                                     | -                        | -          | -      | 2.74  |
|  | -  | -          | -                                     | -                        | -          | -      | -     |
| <b>Lease liabilities - non-current</b> |  |            |                                       |                          |            |        |       |
|  | -  | 5.05       | -                                     | -                        | -          | -      | 5.05  |
|  | -  | -          | -                                     | -                        | -          | -      | -     |

@ represents balance of amounts less than ₹ 50,000

Previous year figures are in italics

### 43. Operating lease arrangements

#### a. As lessee

The Company has lease contracts for immovable properties across various locations used in its operations. Such leases generally have lease terms between 1 to 80 years. Generally, the Company is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

The Company also has certain leases with lease terms of 12 months or less.

The following is the break-up of current and non-current lease liabilities as at 31 March 2020

(₹ in crores)

| Particulars                        | Amount        |
|------------------------------------|---------------|
| Current liability                  | 29.87         |
| Non current liability              | 436.09        |
| <b>Balance as at 31 March 2020</b> | <b>465.96</b> |

The following is the movement in lease liabilities during the year ended 31 March 2020

(₹ in crores)

| Particulars  | As at<br>31 March 2020 |
|--|------------------------|
| Balance as of 1 April 2019                           | 78.85                  |
| Additions  | 390.30                 |
| Finance cost accrued during the year                 | 24.27                  |
| Payment/Reversal of lease liabilities                | (26.80)                |
| Liabilities settled against leased assets terminated | (0.67)                 |
| <b>Balance as at 31 March 2020</b>                   | <b>465.96</b>          |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 43. Operating lease arrangements (Contd..)

The table below provides details regarding the contractual maturities of lease liabilities as at 31 March 2020 on an undiscounted basis:

|   | (₹ in crores)          |
|---|------------------------|
|   | As at<br>31 March 2020 |
| Due not later than one year                           | 68.18                  |
| Due later than one year but not later than five years | 281.79                 |
| Later than five years                                 | 329.88                 |
|   | <b>679.85</b>          |

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Operating lease payments represent rentals payable by the Company for certain buildings and satellite channels.

|   | (₹ in crores)                       |
|---|-------------------------------------|
|   | For the year ended<br>31 March 2019 |
| Minimum lease payments under operating leases recognised as expense in the year | 30.16                               |

At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

|   | (₹ in crores)          |
|---|------------------------|
|   | As at<br>31 March 2019 |
| Due not later than one year                           | 15.98                  |
| Due later than one year but not later than five years | 15.62                  |
| Later than five years                                 | 0.24                   |
|   | <b>31.84</b>           |

#### b. As lessor

- i. In case of certain operating lease agreements relating to dark fiber contracts aggregating ₹ 98.70 crores (31 March 2019: ₹ 98.70 crores) as at 31 March 2019, the gross block, accumulated depreciation and depreciation expense of the assets given on an IRU basis cannot be identified as these assets are not exclusively leased. The lease rentals associated with such IRU arrangements for the year ended 31 March 2020 amount to ₹ 5.62 crores (2018 - 2019: ₹ 5.62 crores).

Future lease rental receipts will be recognised in the Statement of Profit and Loss of subsequent years as follows:

|   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Due not later than one year                           | 5.62                   | 5.62                   |
| Due later than one year but not later than five years | 17.89                  | 19.23                  |
| Later than five years                                 | 11.99                  | 16.27                  |
|   | <b>35.50</b>           | <b>41.12</b>           |



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 43. Operating lease arrangements (Contd..)

#### b. As lessor (Contd..)

- ii. The Company has leased certain premises under non-cancellable operating lease arrangements to its wholly owned subsidiaries and associates. Future lease rental income in respect of these leases will be recognised in the Statement of Profit and Loss of subsequent years as follows:

|   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Not later than one year                           | 36.69                  | 75.13                  |
| Later than one year but not later than five years | 130.69                 | 93.31                  |
| Later than five years                             | 210.17                 | 58.48                  |
|   | <b>377.55</b>          | <b>226.92</b>          |

Lease rental income of ₹ 40.84 crores (2018 - 2019: ₹ 97.78 crores) in respect of the above leases has been recognised in the Statement of Profit and Loss for the current year.

### 44. Contingent liabilities and commitments:

#### a. Contingent liabilities

|   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| i. Guarantees   | 300.32                 | 300.32                 |
| ii. Claims for taxes on income (refer 1 below)                          |                        |                        |
| - Income tax disputes where department is in appeal against the Company | 754.52                 | 648.86                 |
| - Other tax disputes  | 1,984.73               | 1,784.04               |
| iii. Claims for other taxes   | 119.01                 | 26.81                  |
| iv. Other claims (refer 2 below)  | 3,211.94               | 2,288.34               |

#### 1. Claims for taxes on income

Significant claims by the revenue authorities in respect of income tax matters relate to disallowance of deductions claimed under section 80 IA of the Income Tax Act, 1961 from assessment years 1996-97 onwards and transfer pricing adjustments carried out by revenue authorities. The Company has contested the disallowances / adjustments and has preferred appeals which are pending.

#### 2. Other claims

- i. Telecom Regulatory Authority of India ("TRAI") reduced the Access Deficit Charge ("ADC") rates effective 1 April 2007. All telecom service providers including National Long Distance ("NLD") and International Long Distance ("ILD") operators in India are bound by the TRAI regulations. Accordingly, the Company has recorded the cost relating to ADC at revised rates as directed by TRAI. However, BSNL continued to bill at the ADC rate applicable prior to 1 April 2007. BSNL had filed an appeal against TRAI Interconnect Usage Charges ("IUC") regulation of reduction in ADC and currently this matter is pending with the Hon'ble Supreme Court. The excess billing of BSNL amounting to ₹ 311.84 crores (31 March 2019: ₹ 311.84 crores) has been disclosed as contingent liability.





## Notes forming part of the financial statements

for the year ended 31 March 2020

### 44. Contingent liabilities and commitments: (Contd..)

- ii. During the quarter ended 30 September 2019, the Company had received demands from Department of Telecommunications (DOT) aggregating to ₹ 6,633.43 crores towards License Fee on its Adjusted Gross Revenue (AGR) for the financial years 2006-07 till 2017-18.

The demands received by the Company included an amount of ₹ 5,433.70 crores which were disallowed by the DOT towards the cost adjusted to Gross Revenues by the Company that were claimed on 'accrual basis' instead of payment basis, for which a revised statement on the basis of actual payment has been submitted to the DOT. Though, the Company believes that it has case to defend, it has made a provision of ₹ 337.17 crores during the quarter ended 31 March 2020 and for the balance amount of ₹ 5,096.53 crores, the company believes that the likelihood of the same materializing is remote since the deduction of payment basis has not been considered by DOT.

With respect to the demands for the balance amount of ₹ 1,199.73 crores, the Company has existing appeals relating to its ILD & NLD licenses which were filed in the past and are pending at the Hon'ble Supreme Court and Hon'ble Madras High Court and the Company's appeals are not included in the Hon'ble Supreme Court ruling of 24 October 2019 on AGR. Further, the Company believes that all its licenses are different from UASL, which was the subject matter of Supreme Court judgement of 24 October 2019. The Company has responded to the DOT denying and disputing the amounts claimed by the DOT in the above mentioned demands. The Company has not received any response from the DOT after the submission. The Company believes that it will be able to defend its position and also has obtained a legal opinion in this regard. The Company has disclosed total contingent liability of ₹ 1,895.57 crores towards all AGR dues including above demands.

- iii. Upon expiry of the Company's Internet Service Provider ('ISP') license on 24 January 2014, DoT vide letter dated 20 February 2014 extended the validity of the said license for 3 months with condition that entire ISP revenue will be subject to license fees. This conditional extension by DoT, was challenged by the Company in TDSAT and on 18 October 2019 the Company's petition has been allowed by TDSAT. As DoT has time to appeal against the TDSAT order, the Company has continued to disclose an amount of ₹ 854.35 crores (31 March 2019: ₹ 635.87 crores) including interest under contingent liabilities.
- iv. Other claims of ₹ 150.18 crores (31 March 2019: ₹ 138.88 crores) mainly pertain to routine suits for collection, commercial disputes, claims from customers and/or suppliers, BSNL port charges and claim from Employee State Insurance Corporation.

3. It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/ decisions pending with various forums/ authorities.
4. During the previous year, the Company and its two directors and an ex-employee had received show cause notices from Directorate of Enforcement, Ministry of Finance on alleged violation of the rules and regulations under the Foreign Exchange Management Act, 1999. The contravention amount involved in all these notices is ₹ 593 crores. The liability could extend up to three times the amount quantified as contravention. The Company had provided ₹ 4.50 crores as compounding penalty, based on a legal opinion. During the current year, Ministry of Information and Broadcasting approval has been received and based on the same the Company has filed its application with RBI for compounding of charges. The Company and the named individuals in the SCNs filed their replies to the SCNs refuting the allegations made therein and without prejudice to their contentions and claims filed compounding applications with the RBI. RBI vide its separate orders dated 18 October 2019, has disposed off the compounding applications and has compounded the contravention subject of payment of ₹ 1.48 crores by the Company and ₹ 0.14 crores each by the individuals. The Company has made the payment on its behalf and also on behalf of the individuals. Thereafter, the Company and named individuals have also filed their representation with ED requesting for the closure of the proceedings.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 44. Contingent liabilities and commitments: (Contd..)

Based on the management assessment and legal advice (wherever taken), the Company believes that the above claims are not probable and would not result in outflow of resources embodying economic benefits.

#### b. Commitments

##### i. Capital commitments

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 272.20 crores (31 March 2019: ₹ 342.28 crores) (net of capital advances).

##### ii. Other commitments

1. As at 31 March 2020, the Company has issued Letters of comfort for the credit facility agreements/ derivatives contracts in respect of various subsidiaries (other than guarantees):

(₹ in crores)

| Name of the Subsidiary                                     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Tata Communications Transformation Services Ltd            | 117.00                 | 117.00                 |
| Tata Communications (Netherlands) B.V.                     | 1,030.03               | 1,335.85               |
| Tata Communications Payment Solutions Limited (TCPSL)      | 504.00                 | 364.00                 |
| Tata Communications Collaboration Services Private Limited | 10.00                  | -                      |
| <b>Total</b>   | <b>1,661.03</b>        | <b>1,816.85</b>        |

The Company has given undertaking to the lenders/ derivative counterparts of above subsidiaries that it shall not reduce its ownership below 51% without their consent.

As at 31 March 2020, Letters of comfort utilised are as follows:

(₹ in crores)

| Name of the Subsidiary                                | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Tata Communications Transformation Services Ltd       | 44.55                  | 0.11                   |
| Tata Communications (Netherlands) B.V.                | 1,030.03               | 1,335.85               |
| Tata Communications Payment Solutions Limited (TCPSL) | 327.59                 | 211.67                 |
| <b>Total</b>  | <b>1,402.17</b>        | <b>1,547.63</b>        |

2. The Company has committed loan facility to wholly owned subsidiaries to the tune of ₹ 4,333.00 crores (31 March 2019: ₹ 4,120.75 crores) as at 31 March 2020, utilisation of which is subject to future requirements and appropriate approval processes from time to time.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 45. Dividend remitted to non-resident shareholders

The Company has not remitted any amount in foreign currencies on account of dividend during the year. The particulars of final dividend for the year ended 31 March 2019 and 31 March 2018 paid to non – resident shareholders are as under:  
(₹ in crores)

| Name of the Subsidiary                | During the year<br>31 March 2020 | During the year<br>31 March 2019 |
|---------------------------------------|----------------------------------|----------------------------------|
| Number of non – resident shareholders | 1,294                            | 1,405                            |
| Number of shares held by them         | 54,203,609                       | 46,095,403                       |
| Year to which the dividend relates    | 2018-2019                        | 2017-2018                        |
| Amount remitted                       | 24.39                            | 20.74                            |

### 46. Micro and small enterprises

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management:

|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| a. Principal amount remaining unpaid to any supplier as at the end of the accounting year  | 7.58                   | 4.23                   |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | 0.01                   | 0.03                   |
| c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                               | 40.49                  | 55.89                  |
| d. The amount of interest due and payable for the year   | 0.01                   | 0.03                   |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year   | 0.01                   | 0.03                   |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | -                      | -                      |
| g. Total outstanding dues of micro and small enterprises   | 7.59                   | 4.26                   |

### 47. Events after the reporting period

There are no significant subsequent events between the year ended 31 March 2020 and signing of financial statements as on 13 June 2020 which have material impact on the financials of the Company.

**48.** The outbreak of Coronavirus (Covid-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement up to the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Company is monitoring the situation closely, and shall take actions as appropriate, based on any material changes in the future economic conditions.



## Notes forming part of the financial statements

for the year ended 31 March 2020

### 49. Approval of financial statements

The financial statements were approved for issue by the board of directors on 13 June 2020.

**50.** Previous year's figures have been regrouped/ rearranged where necessary to confirm to current year's classification/ disclosure.

#### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner  
Membership No. 93283

New Delhi  
Dated: 13 June 2020

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

#### RENUKA RAMNATH

Chairperson  
Mumbai

New Delhi  
Dated: 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO  
Mumbai

New Delhi

#### PRATIBHA K. ADVANI

Chief Financial Officer

#### MANISH SANSI

Company Secretary



## Independent Auditor's Report

To the Members of **Tata Communications Limited**

### Report on the Audit of the Consolidated Ind AS Financial Statements

#### Opinion

We have audited the accompanying consolidated Ind AS financial statements of Tata Communications Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as the "Group") and its associates comprising of the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associates as at March 31, 2020, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements' section of our report. We are independent of the Group and in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with

the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Emphasis of Matters

- i. As fully discussed in note 46 to the consolidated financial statements, the Company had received demands dated September 12, 2019 from Department of Telecommunications (DoT) towards license fee on its Adjusted Gross Revenue (AGR) for FY 2006-07 to 2017-18, for ₹ 6633.43 crores. Of this amount, the Company has made provision of ₹ 337.17 crores with respect to the demand of ₹ 5,433.70 crores, and believes that the likelihood of the balance demand materialising is remote. Further, with respect to the demand of ₹ 1,199.73 crores, the Company has disclosed the same as part of contingent liability. The Company believes that it has grounds to defend its position and has also obtained a legal opinion in this regard.
- ii. We draw attention to note 46, which describes the uncertainty related to the outcome of the ongoing tax litigation of ₹ 278.01 crores, in one of the subsidiary of the Group. The Group is confident of defending its position and has obtained legal opinion in this regard.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide

a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our

audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated Ind AS financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <b>Receivable on account of Access Facilitation Charges ('AFC') (as described in note 26(i) of the financial statements)</b>   |   |
| On November 28, 2018, Telecom Regulatory Authority of India ('TRAI') re-enacted schedules to 2012 Regulation, containing AFC and Operation & Maintenance (O&M) recovery rates with respect to the use of CLS, pursuant to the High Court judgement dated July 2, 2018 and the Hon'ble Supreme Court judgement dated October 8, 2018. TRAI specified that these revised rates are applicable prospectively. | Our audit procedures related to this key audit matters included the following:<br><br>We evaluated the customer correspondences and judgements pronounced by the High Court, the Hon'ble Supreme Court and TDSAT.<br><br>We tested the underlying computation of necessary adjustments recorded in the books.<br><br>We assessed the disclosure made in the financial statements. |
| The Company was recognizing AFC revenue and recovery of the O&M charges, as per the erstwhile rates specified in schedules to 2012 Regulation. In view of above facts, the Company in the previous year, recognized the differential AFC revenue and O&M charges of ₹ 348.75 crores for the period January 2013 to November 2018, as per the rates specified in the contracts with the customers.          |   |
| The customers contested the revised order in the Hon'ble Supreme Court, which in its meeting held in January 28, 2019 directed the TDSAT for evaluation. The TDSAT had issued an order dated April 16, 2020 stating the rates are applicable prospectively from November 28, 2018.   |   |
| The customers have preferred an appeal against the TDSAT order seeking an interim stay on the order. The Company as at March 31, 2020 has receivable of ₹ 211 crores towards the AFC revenue for the period January 2013 to November 2018.   |   |
| Considering the significance of the amount to the financial statements, the fact that the matter is currently litigative, and management judgement of considering the receivable towards the AFC revenue as recoverable and good, we have considered the matter to be key audit matter   |   |



| Key audit matters  | How our audit addressed the key audit matter  |
|--|---|
| <p><b>Assessment of impairment of investments and Receivables due to the impact of Covid (as described in note 50 of the financial statements)</b></p> <p>Covid-19 outbreak continues to spread across the globe and India, which has contributed to significant impact to the global financial and economic activities. The Company has assessed the impact of the global pandemic on the financial statements, including the subsequent events upto the reporting date as below;</p> <p>a) The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions at each reporting date. The management has considered impact of the pandemic on the customer's industry-segment to estimate the probability of default in future on the receivable.</p> <p>b) The group has investments of ₹ 901.32 crores and goodwill of ₹ 91.84 crores as at the balance sheet date and tested these for annual impairment testing using discounted cash flow method. The management has considered the impact of the pandemic on the future projections.</p> <p>In consideration of the judgements required and considering the uncertainty of estimations, we have considered the matter to be a key audit matter.</p> | <p>Our audit procedures related to this key audit matters included the following:</p> <p>We tested the effectiveness of controls over the development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions. We validated the estimates and assumptions used by the management in determining the carrying value of receivables and made corroborative inquires with appropriate level of management. We tested the mathematical accuracy of the computation done of the allowances.</p> <p>We obtained an understanding of the process over the preparation of the cash flow forecast considered for the annual impairment testing. We understood the potential changes in key drivers with management including impact of COVID-19 in order to evaluate the assumptions used in the cash flow forecasts.</p> <p>We assessed the valuation methodology and evaluated the key assumptions used by the management in the valuations, with the help of valuation experts.</p> <p>We assessed the disclosure made in the financial statements.</p> |

### Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated Ind AS financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing

and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

### Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates of which we are the independent auditors and whose financial information we have audited, to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included

in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary, whose Ind AS financial statements include total assets of ₹ 95.76 crores as at March 31, 2020, and total revenues of ₹ 70.06 crores and net cash inflows of ₹ 1.63 crores for the year ended on that date. These Ind AS financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statement also include the group' share of net profit of ₹ 0.25 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statement, in respect of one associate, whose financial statements, other financial information

have been audited by its independent auditor and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate, is based solely on the report(s) of such other auditors.

(b) The consolidated Ind AS financial statements include the Group's share of net profit of ₹ 1.93 crores for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of three associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies, none of the directors of the Group's companies and its associates, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies, associate companies, incorporated in India, refer to our separate Report in "Annexure" to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, and associate company incorporated in India, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiaries and associate incorporated

in India to their directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:

- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates in its consolidated Ind AS financial statements – Refer Note 46 to the consolidated Ind AS financial statements;
- ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2020;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates, incorporated in India during the year ended March 31, 2020.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Prashant Singhal**

Partner

Membership Number: 93283

UDIN: 20093283AAAAAD5772

Date: June 13, 2020

## Annexure to the Independent Auditor's Report of even date on the consolidated financial statements of Tata Communications Limited

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Tata Communications Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Tata Communications Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

### Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit

preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial

controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies and associate incorporated in India.

For **S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

per **Prashant Singhal**  
Partner  
Membership Number: 93283  
UDIN: 20093283AAAAAD5772

Date: June 13, 2020





# Consolidated Balance Sheet

as at 31 March 2020

(₹ in crores)

| Particulars  | Schedule | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|----------|------------------------|------------------------|
| <b>A ASSETS</b>  |          |                        |                        |
| <b>(1) Non-current assets</b>                              |          |                        |                        |
| (a) Property, plant and equipment                          | 3        | 9,021.91               | 9,241.49               |
| (b) Capital work-in-progress                               |          | 285.95                 | 298.31                 |
| (c) Right-of-use assets                                    | 2,45     | 1,595.62               | -                      |
| (d) Investment property                                    | 4        | 280.26                 | 226.27                 |
| (e) Investment property under development                  |          | 97.74                  | 46.82                  |
| (f) Goodwill   | 5        | 91.84                  | 86.28                  |
| (g) Other intangible assets                                | 6        | 1,680.81               | 1,688.53               |
| (h) Intangible assets under development                    |          | 62.91                  | 63.03                  |
| (i) Financial assets                                       |          |                        |                        |
| (i) Investments  |          |                        |                        |
| (a) Investments in associates                              | 7        | 686.50                 | 739.52                 |
| (b) Other investments                                      | 8A       | 214.82                 | 155.77                 |
| (ii) Other financial assets                                | 9A       | 119.85                 | 115.52                 |
| (j) Deferred tax assets (Net)                              | 18       | 279.86                 | 150.29                 |
| (k) Non current tax asset                                  |          | 1,594.00               | 1,555.06               |
| (l) Other non-current assets                               | 10A      | 207.29                 | 338.92                 |
| <b>Total non-current assets</b>                            |          | <b>16,219.36</b>       | <b>14,705.81</b>       |
| <b>(2) Current assets</b>                                  |          |                        |                        |
| (a) Inventories  |          | 72.97                  | 76.58                  |
| (b) Financial assets                                       |          |                        |                        |
| (i) Other investments                                      | 8B       | 661.78                 | 595.98                 |
| (ii) Trade receivables                                     | 11       | 3,228.87               | 2,968.45               |
| (iii) Cash and cash equivalent                             | 12       | 850.00                 | 789.06                 |
| (iv) Bank balance other than (iii) above                   | 13       | 59.13                  | 63.02                  |
| (v) Other financial assets                                 | 9B       | 139.76                 | 123.22                 |
| (c) Other current assets                                   | 10B      | 805.82                 | 688.53                 |
|  |          | <b>5,818.33</b>        | <b>5,304.84</b>        |
| Assets classified as held for sale                         | 14       | 123.78                 | 2.11                   |
| <b>Total current assets</b>                                |          | <b>5,942.11</b>        | <b>5,306.95</b>        |
| <b>TOTAL ASSETS</b>  |          | <b>22,161.47</b>       | <b>20,012.76</b>       |
| <b>B EQUITY AND LIABILITIES</b>                            |          |                        |                        |
| <b>(1) Equity</b>  |          |                        |                        |
| (a) Equity share capital                                   | 15       | 285.00                 | 285.00                 |
| (b) Other equity   | 16       | (1,563.36)             | (466.81)               |
| <b>Equity attributable to equity holders of the parent</b> |          | <b>(1,278.36)</b>      | <b>(181.81)</b>        |
| Non-controlling interests                                  |          | 4.75                   | 5.76                   |
| <b>Total Equity</b>  |          | <b>(1,273.61)</b>      | <b>(176.05)</b>        |
| <b>(2) Liabilities</b>                                     |          |                        |                        |
| <b>(i) Non-current liabilities</b>                         |          |                        |                        |
| (a) Financial liabilities                                  |          |                        |                        |
| (i) Borrowings   | 17A      | 6,797.78               | 6,794.41               |
| (ii) Other financial liabilities                           | 20A      | 33.43                  | 16.65                  |
| (iii) Lease liabilities                                    | 2,45     | 1,394.02               | -                      |
| (b) Provisions   | 21A      | 602.23                 | 506.43                 |
| (c) Deferred tax liabilities (Net)                         | 18       | 30.37                  | 61.61                  |
| (d) Other non-current liabilities                          | 22A      | 3,206.82               | 3,357.20               |
| <b>Total non-current liabilities</b>                       |          | <b>12,064.65</b>       | <b>10,736.30</b>       |
| <b>(ii) Current liabilities</b>                            |          |                        |                        |
| (a) Financial liabilities                                  |          |                        |                        |
| (i) Borrowings   | 17B      | 2,288.46               | 2,370.59               |
| (ii) Trade payables  | 19       | 3,844.99               | 3,688.52               |
| (iii) Other financial liabilities                          | 20B      | 2,599.77               | 1,502.70               |
| (iv) Lease liabilities                                     | 2,45     | 298.58                 | -                      |
| (b) Other current liabilities                              | 22B      | 1,895.34               | 1,592.27               |
| (c) Provisions   | 21B      | 123.79                 | 95.18                  |
| (d) Current tax liabilities (Net)                          |          | 290.92                 | 203.25                 |
|  |          | <b>11,341.85</b>       | <b>9,452.51</b>        |
| (e) Liabilities relating to assets held for sale           |          | 28.58                  | -                      |
| <b>Total current liabilities</b>                           |          | <b>11,370.43</b>       | <b>9,452.51</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |          | <b>22,161.47</b>       | <b>20,012.76</b>       |

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For S.R. Batliboi &amp; Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

PRASHANT SINGHAL

Partner

Membership No. 93283

For and on behalf of the Board of Directors

RENUKA RAMNATH

Chairperson

MUMBAI

PRATIBHA K. ADVANI

Chief Financial Officer

AMUR S. LAKSHMINARAYANAN

Managing Director &amp; CEO

MUMBAI

MANISH SANSI

Company Secretary

NEW DELHI

Dated- 13 June 2020

NEW DELHI

Dated- 13 June 2020

NEW DELHI

# Consolidated Statement of Profit and Loss

for the year ended 31 March 2020

(₹ in crores)

| Particulars  | Schedule | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|----------|-----------------------------|-----------------------------|
| I Revenue from operations  | 38       | 17,067.99                   | 16,524.95                   |
| II Other income  | 23       | 69.68                       | 60.26                       |
| <b>III Total income (I + II)</b>   |          | <b>17,137.67</b>            | <b>16,585.21</b>            |
| <b>IV Expenses:</b>  |          |                             |                             |
| Network and transmission expense   | 24       | 6,777.56                    | 7,162.04                    |
| Employee benefits expense  | 25       | 3,039.14                    | 2,959.66                    |
| Finance costs  | 27,45    | 470.74                      | 396.55                      |
| Depreciation and amortisation expense  | 28,45    | 2,357.72                    | 2,067.60                    |
| Operating and other expenses   | 26       | 3,962.34                    | 3,658.40                    |
| <b>Total expenses (IV)</b>   |          | <b>16,607.50</b>            | <b>16,244.25</b>            |
| <b>V Profit before exceptional items and tax (III-IV)</b>  |          | <b>530.17</b>               | <b>340.96</b>               |
| VI Exceptional items   | 29 - 32  | (390.51)                    | 2.24                        |
| <b>VII Profit before tax and share of profit/(loss) of associates (V+VI)</b>   |          | <b>139.66</b>               | <b>343.20</b>               |
| <b>VIII Tax expense/(benefit)</b>  | 34       |                             |                             |
| a. Current tax   |          | 334.18                      | 332.67                      |
| b. Deferred tax  |          | (107.51)                    | (59.35)                     |
|  |          | <b>226.67</b>               | <b>273.32</b>               |
| <b>IX Profit/(Loss) before share in profit/(loss) of associates (VII-VIII)</b>   |          | <b>(87.01)</b>              | <b>69.88</b>                |
| <b>X Share in profit/(loss) of associates</b>  |          | 2.18                        | (150.31)                    |
| <b>XI Loss for the period (IX+X)</b>   |          | <b>(84.83)</b>              | <b>(80.43)</b>              |
| <b>XII Other comprehensive income/(loss)</b>   |          |                             |                             |
| <b>A (i) Items that will not be reclassified to profit or loss</b>   |          |                             |                             |
| a. Remeasurements of the defined benefit plans   |          | (49.18)                     | (13.37)                     |
| b. Tax impact on defined benefit plans   |          | 12.24                       | 4.36                        |
| c. Equity instruments through other comprehensive income   | 8,41     | 7.19                        | (45.00)                     |
| d. Share of remeasurements of the defined benefit plans in associates (net of tax)                                     |          | (0.13)                      | (0.03)                      |
|  |          | <b>(29.88)</b>              | <b>(54.04)</b>              |
| <b>A (ii) Items that will be reclassified to profit or loss</b>  |          |                             |                             |
| a. Exchange differences in translating the financial statements of foreign operations, net                             |          | (612.09)                    | (365.74)                    |
| b. Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge               |          | (68.88)                     | (33.80)                     |
| c. Tax impact of cash flow hedge   |          | 17.74                       | 8.45                        |
| d. Effective portion of gains and loss on designated portion of hedging instruments in a cash flow hedge in associates |          | -                           | (0.23)                      |
|  |          | <b>(663.23)</b>             | <b>(391.32)</b>             |
| <b>XIII Other comprehensive income/(loss) for the period, net of tax</b>   |          | <b>(693.11)</b>             | <b>(445.36)</b>             |
| <b>XIV Total comprehensive income/(loss) for the period, net of tax (XII+XIII)</b>                                     |          | <b>(777.94)</b>             | <b>(525.79)</b>             |



## Consolidated Statement of Profit and Loss for the year ended 31 March 2020

(₹ in crores)

| Particulars  | Schedule | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|----------|-----------------------------|-----------------------------|
| <b>Profit / (loss) for the period attributable to:</b>                   |          |                             |                             |
| Owners of the Company  |          | (85.96)                     | (82.37)                     |
| Non-controlling interests  |          | 1.13                        | 1.94                        |
| <b>Other comprehensive loss for the period attributable to:</b>          |          |                             |                             |
| Owners of the Company  |          | (693.11)                    | (445.36)                    |
| Non-controlling interests  |          | -                           | -                           |
| <b>Total comprehensive income/(loss) for the period attributable to:</b> |          |                             |                             |
| Owners of the Company  |          | (779.07)                    | (527.73)                    |
| Non-controlling interests  |          | 1.13                        | 1.94                        |
| <b>Earnings per share</b>  | 37       |                             |                             |
| (Face value of equity share of ₹ 10 each)                                |          |                             |                             |
| Basic and diluted (₹)  |          | (3.02)                      | (2.89)                      |

### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

**PRASHANT SINGHAL**

Partner

Membership No. 93283

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

**RENUKA RAMNATH**

Chairperson

MUMBAI

**PRATIBHA K. ADVANI**

Chief Financial Officer

NEW DELHI

Dated- 13 June 2020

**AMUR S. LAKSHMINARAYANAN**

Managing Director & CEO

MUMBAI

**MANISH SANSI**

Company Secretary

NEW DELHI

NEW DELHI

Dated- 13 June 2020



## Consolidated Cash Flow Statement for the year ended 31 March 2020

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                             |                             |
| <b>LOSS FOR THE PERIOD</b>   | <b>(84.83)</b>              | <b>(80.43)</b>              |
| Adjustments for:   |                             |                             |
| Income tax expense recognised in consolidated statement of profit and loss               | 226.67                      | 273.32                      |
| Share in (profit)/loss of associate  | (2.18)                      | 150.31                      |
| Depreciation and amortisation expenses   | 2,357.72                    | 2,067.60                    |
| (Gain)/ Loss on disposal of property, plant and equipment and assets held for sale (net) | (8.51)                      | 1.91                        |
| Interest income on financial assets carried at amortised cost                            | (4.75)                      | (4.69)                      |
| Finance cost   | 470.74                      | 396.55                      |
| Loss on sale of investment   | 6.48                        | -                           |
| Bad debts written off  | -                           | 0.34                        |
| Allowance for trade receivables  | 64.90                       | 81.79                       |
| Provision for inventories and CWIP   | 30.23                       | 2.74                        |
| Reversal of liability towards decommissioning cost                                       | (3.01)                      | -                           |
| Demerger of Surplus Land (Exceptional item) (refer note 31)                              | 5.92                        | -                           |
| Allowance for doubtful advances  | 3.45                        | 15.15                       |
| Gain on investments carried at fair value through profit or loss (net)                   | (25.53)                     | (30.04)                     |
| Exchange fluctuation   | 18.01                       | 11.86                       |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>                                   | <b>3,055.31</b>             | <b>2,886.41</b>             |
| <b>Adjustment for (increase)/decrease in operating assets</b>                            |                             |                             |
| Inventories  | (6.32)                      | (51.95)                     |
| Trade receivables  | (205.15)                    | 1.06                        |
| Other assets   | (145.23)                    | (290.36)                    |
| <b>Adjustment for increase/(decrease) in operating liabilities</b>                       |                             |                             |
| Trade payables   | (25.50)                     | 69.96                       |
| Other liabilities  | 8.34                        | (178.82)                    |
| Provisions   | 2.79                        | 2.76                        |
| Adjustment of translation differences on working capital                                 | 119.78                      | (27.42)                     |
| <b>Cash generated from operations before tax</b>   | <b>2,804.02</b>             | <b>2,411.65</b>             |
| Income tax refund/(paid) (net)   | (279.26)                    | (567.32)                    |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>   | <b>2,524.76</b>             | <b>1,844.33</b>             |
| <b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>   |                             |                             |
| Payment to purchase of property, plant and equipments and intangible assets              | (1,680.98)                  | (1,748.89)                  |
| Advance received towards assets held for sale  | 176.79                      | -                           |
| Proceeds from disposal of property, plant and equipments and intangible assets           | 3.55                        | 10.15                       |
| Proceeds from disposal of asset held for sale  | 15.09                       | 6.57                        |
| Purchase of investments in associates  | (49.38)                     | (35.04)                     |
| Purchase of non-current investments  | (37.94)                     | (24.75)                     |
| Fixed deposits transferred as part of land demerger (refer note 31)                      | (2.90)                      | -                           |
| Acquisition of business, net of cash   | -                           | (100.78)                    |
| Purchase of current investments  | (7,260.75)                  | (7,209.34)                  |
| Proceeds from sale of current investments  | 7,220.48                    | 6,830.08                    |
| Proceeds from sale of investments in associate   | 72.10                       | -                           |
| Fixed deposits liquidated/(placed)   | 6.54                        | (21.32)                     |
| Earmarked funds  | 2.72                        | (0.28)                      |
| Interest received  | 4.90                        | 5.56                        |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <b>(1,529.78)</b>           | <b>(2,288.04)</b>           |



# Consolidated Cash Flow Statement

for the year ended 31 March 2020

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |                             |                             |
| Proceeds from Short-term borrowings  | 3,417.16                    | 1,691.65                    |
| Repayment of Short-term borrowings   | (3,171.84)                  | (1,264.42)                  |
| Proceeds from Long-term borrowings   | 1,139.52                    | 1,308.87                    |
| Repayment of Long-term borrowings  | (969.41)                    | (1,344.46)                  |
| Repayment of lease liabilities   | (314.28)                    | (5.55)                      |
| Dividends paid including dividend tax  | (150.77)                    | (153.40)                    |
| Dividends paid to non-controlling interest                                       | (2.14)                      | (0.66)                      |
| Finance cost paid  | (385.01)                    | (353.27)                    |
| Net (decrease)/increase in working capital borrowings                            | (505.56)                    | 93.54                       |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>                                     | <b>(942.33)</b>             | <b>(27.70)</b>              |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                      | <b>52.65</b>                | <b>(471.41)</b>             |
| <b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>                 | <b>789.06</b>               | <b>1,256.38</b>             |
| Exchange difference on translation of foreign currency cash and cash equivalents | 8.29                        | 4.09                        |
| <b>CASH AND CASH EQUIVALENTS AS AT THE YEAR END</b>                              | <b>850.00</b>               | <b>789.06</b>               |

i Figures in brackets represent outflows

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

**PRASHANT SINGHAL**

Partner

Membership No. 93283

NEW DELHI

Dated- 13 June 2020

**For and on behalf of the Board of Directors****RENUKA RAMNATH**

Chairperson

MUMBAI

**PRATIBHA K. ADVANI**

Chief Financial Officer

NEW DELHI

Dated- 13 June 2020

**AMUR S. LAKSHMINARAYANAN**

Managing Director &amp; CEO

MUMBAI

**MANISH SANSI**

Company Secretary

NEW DELHI

## Consolidated Statement of Changes in Equity as at 31 March 2020

### A. Equity share capital

| Particulars          | Balance as at<br>1 April 2018 | Changes during<br>the year | Balance as at<br>31 March 2019 | Changes during<br>the year | Balance as at<br>31 March 2020 |
|----------------------|-------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| Amount (₹ in crores) | 285.00                        | -                          | 285.00                         | -                          | 285.00                         |
| No. of Shares        | 28,50,00,000                  | -                          | 28,50,00,000                   | -                          | 28,50,00,000                   |

### B. Other equity

| Particulars  | Items of other comprehensive income |                    |                 |                         |                   | Total other equity |   |                                      |   |                                      |                           |          |
|--|-------------------------------------|--------------------|-----------------|-------------------------|-------------------|--------------------|---|--------------------------------------|---|--------------------------------------|---------------------------|----------|
|  | Capital reserve                     | Securities premium | General reserve | Debt redemption reserve | Retained earnings |                    | Equity instrument through other comprehensive income (Refer Note 8) | Effective portion of cash flow hedge | Foreign exchange/currency translation reserve | Attributable to owners of the parent | Non-controlling interests |          |
| <b>Balance as at 31 March 2018</b>                       | 206.06                              | 725.01             | 5,355.81        | 38.75                   | (4,584.81)        | 36.42              | (877.59)  | 21.24                                | (706.57)                                      | 214.32                               | 4.48                      | 218.80   |
| Loss for the year  | -                                   | -                  | -               | -                       | (82.37)           | (9.04)             | (45.00)   | (25.58)                              | (365.74)                                      | (82.37)                              | 1.94                      | (80.43)  |
| Other comprehensive income/(loss) (net of tax)           | -                                   | -                  | -               | -                       | (82.37)           | (9.04)             | (45.00)   | (25.58)                              | (365.74)                                      | (82.37)                              | 1.94                      | (80.43)  |
| <b>Total comprehensive income/(loss)</b>                 | -                                   | -                  | -               | -                       | (82.37)           | (9.04)             | (45.00)   | (25.58)                              | (365.74)                                      | (82.37)                              | 1.94                      | (80.43)  |
| Transfer from Debt redemption reserve to General reserve | -                                   | -                  | 1.25            | (1.25)                  | -                 | -                  | -   | -                                    | -   | -                                    | -                         | -        |
| Dividend paid (including dividend tax)                   | -                                   | -                  | -               | (153.40)                | -                 | -                  | -   | -                                    | -   | -                                    | -                         | -        |
| <b>Balance as at 31 March 2019</b>                       | 206.06                              | 725.01             | 5,357.06        | 37.50                   | (4,820.58)        | 27.38              | (922.59)  | (4.34)                               | (1,072.31)                                    | (466.81)                             | 5.76                      | (461.05) |
| Loss for the year  | -                                   | -                  | -               | (85.96)                 | -                 | (37.07)            | 7.19  | (51.14)                              | (612.09)                                      | (85.96)                              | 1.13                      | (84.83)  |
| Other comprehensive income/(loss) (net of tax)           | -                                   | -                  | -               | (85.96)                 | -                 | (37.07)            | 7.19  | (51.14)                              | (612.09)                                      | (85.96)                              | 1.13                      | (84.83)  |
| <b>Total comprehensive income/(loss)</b>                 | -                                   | -                  | -               | (85.96)                 | (85.96)           | (37.07)            | 7.19  | (51.14)                              | (612.09)                                      | (85.96)                              | 1.13                      | (84.83)  |
| <b>Total comprehensive income/(loss)</b>                 | -                                   | -                  | -               | (85.96)                 | (85.96)           | (37.07)            | 7.19  | (51.14)                              | (612.09)                                      | (85.96)                              | 1.13                      | (84.83)  |





# Consolidated Statement of Changes in Equity

as at 31 March 2020

## B. Other equity (Contd..)

| Particulars  | Items of other comprehensive income |                    |                 |                         |                   |   |   | Total other equity |                                      |   |                                      |                           |
|--|-------------------------------------|--------------------|-----------------|-------------------------|-------------------|---|---|--------------------|--------------------------------------|---|--------------------------------------|---------------------------|
|  | Capital reserve                     | Securities premium | General reserve | Debt redemption reserve | Retained earnings | Remeasurements of defined benefit plans | Equity instrument through other comprehensive income (Refer Note 8) |                    | Effective portion of cash flow hedge | Foreign exchange/currency translation reserve | Attributable to owners of the parent | Non-controlling interests |
| Fair valuation loss on Preference Shares reclassified from AOCI to retained earnings |                                     |                    |                 |                         | (27.29)           |   | 27.29   |                    |                                      |   |                                      |                           |
| Dividend paid (including dividend tax)   |                                     |                    |                 |                         | (150.77)          |   |   |                    |                                      | (150.77)                                      | (2.14)                               | (152.91)                  |
| Reclassification of Debt redemption reserves to retained earnings                    |                                     |                    | 37.50           | (37.50)                 |                   |   |   |                    |                                      |   |                                      |                           |
| Impact of Ind AS 116 transition on retained earnings (refer note 2(aa))              |                                     |                    |                 |                         | (163.65)          |   |   |                    |                                      | (163.65)                                      |                                      | (163.65)                  |
| Fixed deposits and surplus land transferred as part of land demerger (refer note 31) |                                     |                    |                 |                         | (3.06)            |   |   |                    |                                      | (3.06)  |                                      | (3.06)                    |
| <b>Balance as at 31 March, 2020</b>  | <b>206.06</b>                       | <b>725.01</b>      | <b>5,394.56</b> | <b>-</b>                | <b>(5,251.31)</b> | <b>(9.69)</b>                           | <b>(888.11)</b>   | <b>(55.48)</b>     | <b>(1,684.40)</b>                    | <b>(1,563.36)</b>                             | <b>4.75</b>                          | <b>(1,558.61)</b>         |

### See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

#### For S.R. Batliboi & Associates LLP

Chartered Accountants  
ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner  
Membership No. 93283

NEW DELHI

Dated- 13 June 2020

#### RENUKA RAMNATH

Chairperson  
MUMBAI

#### PRATIBHA K. ADVANI

Chief Financial Officer

NEW DELHI

Dated- 13 June 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO  
MUMBAI

#### MANISH SANSI

Company Secretary

NEW DELHI

For and on behalf of the Board of Directors

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 1. Corporate information

TATA Communications Limited (the "Company") was incorporated on 19 March 1986. The Government of India vide its letter No. G-25015/6/86OC dated 27 March 1986, transferred all assets and liabilities of the Overseas Communications Service ("OCS") (part of the Department of Telecommunications, Ministry of Communications) as appearing in the Balance sheet as at 31 March 1986 to the Company with effect from 1 April 1986. During the financial year 2007-08, the Company changed its name from Videsh Sanchar Nigam Limited to Tata Communications Limited and the fresh certificate of incorporation consequent upon the change of name was issued by the Registrar of Companies, Mumbai Maharashtra on 28 January 2008.

The Company is domiciled in India and its registered office is at VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001. The Company's shares are listed on two recognised stock exchange in India.

Tata Communications Limited and its subsidiaries (collectively "the Group") offers international and national voice and data transmission services, selling and leasing of bandwidth on undersea cable systems, internet connectivity services and other value-added services comprising unified conferencing and collaboration services, managed hosting, mobile global roaming and signalling services, transponder lease, television uplinking and other managed services, set up, own and operate white label Automated Teller Machines ("ATMs"), brown label ATMs, data center colocation services, network management and support and other related services.

### 2. Significant accounting policies

#### a. Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

#### b. Basis of preparation of consolidated financial statements

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

the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments).

The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy on introduction of Ind AS 116 that was effective for annual period beginning on or after 1 April 2019. (refer note 2 (aa))

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest crores (INR 00,00,000), except when otherwise indicated.

The consolidated financial statements have been prepared as a going concern basis including considering continuing financial support to the Group's subsidiaries with continuing losses on an accrual basis under the historical cost convention.

#### c. Going concern

The Group continues to implement initiatives directed towards improving the profitability through operational efficiencies. The Group expects that these initiatives would result in sustainable cash flows. Based on the approved unused debt and banking facilities yet to be drawn, the Group is confident of meeting its operating and capital funding requirements for the financial year ending March 31, 2021. Accordingly, the financial statements of the Group have been prepared on a going concern basis.

#### d. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company and its associates. Control is achieved when the Company:

- has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

- ii. is exposed or has rights, to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the two elements of control listed above.

Income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group obtains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- i. Derecognises the assets (including goodwill) and liabilities of the subsidiary
- ii. Derecognises the carrying amount of any non-controlling interests
- iii. Derecognises the cumulative translation differences recorded in equity
- iv. Recognises the fair value of the consideration received
- v. Recognises any surplus or deficit in profit or loss

- vi. Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.

### e. Business Combination

Acquisitions of business are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value, except that:

- i. Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 – Employee Benefits respectively.
- ii. Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-Controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of basis of measurement basis is made on transaction-by-transaction basis.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration, they are measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case may be. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent settlement dates and is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and

circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

### f. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (See note d. above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note g below.

### g. Investments in associates and joint ventures

The associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated balance sheet at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has

an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognize impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of impairment loss is recognized in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### h. Cash and cash equivalents

Cash comprises cash on hand including Cash in ATM, Cash in vault with CRA and remittance in transit. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts do not form an integral part of the Group's cash management and so the same is not considered as component of cash and cash equivalents.

### i. Property, plant and equipment

Property, plant and equipment is stated at cost of acquisition or construction, less accumulated depreciation / amortisation and impairment loss, if any. Cost includes inward freight, duties, taxes and all incidental expenses incurred to bring the assets ready for their intended use.

Jointly owned assets are capitalised in proportion to the Group's ownership interest in such assets.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and is carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

The depreciable amount for assets is the cost of property, plant and equipment, or other amount substituted for cost, less its estimated residual value, wherever applicable.

Depreciation on property, plant and equipment of the Group has been provided on the straight-line method as per the estimated useful lives. The assets residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

Estimated useful lives of Property, plant & equipment of the Company and its Indian subsidiaries are as follows

| Estimated useful life                         |  |
|---|--|
| <b>Plant and machinery</b>                    |  |
| - Under sea cable **                          | 15 to 20 years or contract period whichever is earlier |
| - Land cable **                               | 15 years or contract period whichever is earlier       |
| - ATM and cash dispensers **                  | 10 years   |
| - Network equipment, switch and components ** | 2 to 13 years  |
| - Electrical equipment & installations*       | 10 years   |
| - Earth station*                              | 13 years   |
| - General plant & machinery*                  | 15 years   |
| Furniture & fixture*                          | 8 to 10 years  |
| Integrated Building Management Systems **     | 8 years  |
| Other Office equipment*                       | 5 years  |
| Computers *                                   | 3-6 years  |
| Motor Vehicles*                               | 8 to 10 years  |

| Estimated useful life                |   |
|--------------------------------------|---|
| <b>Buildings*</b>                    |   |
| - Building RCC structure             | 60 years                                      |
| - Building NON RCC structure         | 30 years                                      |
| - Others                             | 3 to 10 years                                 |
| Leasehold land **                    | Over the lease period                         |
| Leasehold Building & improvements ** | Asset life or lease period whichever is lower |

\* On the above categories of assets, the depreciation has been provided as per useful life prescribed in Schedule II to the Companies Act, 2013.

### Estimated useful lives of the company's foreign subsidiaries:

| Estimated useful life            |  |
|----------------------------------|--|
| Building                         | 15 to 25 years                                   |
| Plant and machinery              | 3 to 16 years                                    |
| - Sea cables                     | 20 years or contract period whichever is earlier |
| Computers                        | 3 to 6 years                                     |
| Leasehold building & improvement | Asset life or lease period whichever is lower    |
| Furnitures and fixtures          | 8 to 15 years                                    |
| Office equipment                 | 8 to 15 years                                    |

\*\*In these cases, the useful lives of the assets are different from the useful lives prescribed in Schedule II to the Companies Act, 2013. The useful lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, etc. The management believes that these useful lives are realistic and reflect fair approximation of the period for which the assets are eligible to be used.

Property, plant and equipment is eliminated from financial statements on disposal. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Consolidated Statement of Profit and loss in the year of occurrence.

The present value of the expected cost of the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criterias for a provision are met.





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

### j. Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the asset can be measured reliably.

Indefeasible Right to Use ('IRU') taken for optical fibres are capitalized as intangible assets at the amounts paid for acquiring such rights. These are amortized on straight line basis, over the period of agreement.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates..

Intangible assets with finite lives are amortized over the expected useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortized as follows

| Intangible asset                   | Estimated useful life    |
|------------------------------------|--------------------------|
| Software and application           | 2 to 6 years             |
| IRU                                | Over the contract period |
| Intellectual Property Rights (IPR) | 10 years                 |
| License fees                       | 25 years                 |

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognized.

### k. Investment properties

Investment properties comprise of land and buildings that are held for long term lease rental yields and/or for capital appreciation. Investment properties are initially recognized at cost including transaction cost. Subsequently investment properties comprising of building are carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on building is provided over the estimated useful lives (refer note 2(i)) as specified in Schedule II to the Companies Act, 2013. The residual values, estimated useful lives and depreciation method of investment properties are reviewed and adjusted on prospective basis as appropriate, at each financial year end. The effects of any revision are included in the Consolidated Statement of Profit and Loss when the changes arise.

Though the Group measures investment properties using cost-based measurement, the fair values of investment properties are disclosed in the notes.

Investment properties are de-recognized when either they have been disposed off or don't meet the criteria of investment property or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Consolidated Statement of Profit and Loss in the period of de-recognition.

### l. Impairment of non-financial assets

The carrying values of assets / cash generating units ("CGU") at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment at the end of each financial year even if there is no indication that the asset is impaired:

- i. an intangible asset that is not yet available for use; and
- ii. an intangible asset with indefinite useful lives



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Consolidated Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the fair value less cost of disposal and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is an indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss, to the extent the amount was previously charged to the Consolidated Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost of disposal, recent market transactions are considered.

The Group bases its impairment calculation on detailed budgets and forecast. These budgets and forecast generally cover a significant period. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the significant period.

### m. Leases

#### The Group as a lessee

Effective 1 April 2019, the Company adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April 2019 using the modified retrospective method. Comparatives as at and for the year ended 31 March 2019 have not been retrospectively adjusted and therefore will

continue to be reported under the accounting policies applicable for previous year, refer note 2(aa) for the impact on transition.

#### Current year policy effective from April 1, 2019

The Group's lease asset classes primarily consist of leases for Land, buildings and colocations spaces. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assesses whether: (i) the contract involves the use of an identified asset (ii) The Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, The Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

or changes in circumstances indicate that their carrying amounts may not be recoverable. Refer to the accounting policies in note 2(l) Impairment of non-financial assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. The Group uses return on treasury bills with similar maturity as base rate and makes adjustments for spread based on The Group's credit rating as the implicit interest rate cannot be readily determinable. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if The Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet

### Previous year policy prior to April 1,2019

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership of the Group is classified as a finance lease and all other leases are defined as operating lease.

Finance leases are capitalised at the commencement of the lease at the lower of fair value of the leased property at the inception date or the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated

over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor is structured in a manner that the increase is not expected to be in line with expected general inflation.

### The Group as a lessor

Leases for which The Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

### n. Inventories

Inventories of traded goods, required to provide Data and Managed Services ("DMS"), are valued at the lower of cost or net realisable value. Cost includes cost of purchase and all expenses incurred to bring the inventory to its present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

### o. Employee benefits

Employee benefits include contribution to provident fund, employee state insurance scheme, gratuity fund, pension, compensated absences and post-employment medical benefits.

#### i. Short term employee benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within twelve months.

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### ii. Postretirement benefits

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable), excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the Consolidated Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The net interest expense or income is recognised as part of finance cost in the Consolidated Statement of Profit and Loss.

The Group recognises changes in service costs comprising of current service costs, past-service costs gains and losses on curtailments and non-routine settlements under employee benefit expenses in the Consolidated Statement of Profit and Loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as

adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### iii. Other long-term benefits

Compensated absences, which are not expected to occur within twelve months after the end of the period in which the employee renders the related services, are recognised as a liability at the present value of the defined benefit obligation at the balance sheet date.

### p. Revenue recognition

Revenue is recognized upon transfer of control of promised goods or services to the customers for an amount, that reflects the consideration, which the Group expects to receive in exchange of those goods or services in normal course of business. Revenue is measured at the fair value of the consideration received or receivable excluding taxes collected on behalf of the government and is reduced for estimated credit notes and other similar allowances.

Types of products and services and their revenue recognition criterion are as follows:

- i. Revenue from Voice Solutions (VS) is recognised at the end of each month based on minutes of traffic carried during the month.
- ii. Revenue from Data Managed Services (DMS) is recognised over the period of the arrangement based on contracted fee schedule or based on usage. In respect of sale of equipment (ancillary to DMS) revenue is recognised when the control over the goods has been passed to the customer and/ or the performance obligation has been fulfilled.
- iii. Contracts are unbundled into separately identifiable components and the consideration is allocated to those identifiable components on the basis of their relative fair values. Revenue is recognised for respective components either at the point in time or over time on satisfaction of the performance obligation.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

- iv. Bandwidth capacity sale under IRU arrangements is treated as revenue from operations. These arrangements do not have any significant financing component and are recognised on a straight line basis over the term of the relevant IRU arrangement.
- v. Exchange/ swaps with service providers are accounted as monetary/ non-monetary transactions depending on the nature of the arrangement with such service provider
- vi. Revenue/Cost Recovery in respect of annual maintenance service charges is recognised over the period for which services are provided.
- vii. Revenues from providing infrastructure managed and incidental services to banking sector are recognised on the basis of the contract with the customer at the end of each month based upon the following:
  - On the basis of number of transactions in such month.
  - On the basis of fixed service charge for the number of days of usage in such month.
- viii. Income from real estate business and dark fibre contracts are considered as revenue from operations
- ix. Revenues from telecommunication network management and support services are derived based on unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

Accounting treatment of assets and liabilities arising in course of sale of goods and services is set out below:

### I. Trade receivable

Trade receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

### II. Contract assets

Contract asset is recorded when revenue is recognized in advance of the Group's right to bill and receive the consideration (i.e. the Company must perform additional services or complete a milestone of performance obligation in order to Bill and receive the consideration as per the contract terms).

### II. Contract liabilities

Contract liabilities represent consideration, received from our customers in advance for providing the goods and services promised in the contract. The Company defers recognition of the consideration until the related performance obligation is satisfied. Contract liabilities include recurring services billed in advance and the non-recurring charges recognized over the contract/ service period.

The incremental cost of acquisition or fulfilment of a contract with customer is recognised as an asset and amortised over the period of the respective arrangement. This includes nonrecurring charges for connectivity services and incentives for customer contracts as disclosed under network and transmission and employee benefits respectively.

### q. Other income

- i. Dividend from investments is recognised when the right to receive payment is established and no significant uncertainty as to collectability exists.
- ii. Interest income - For all financial instruments measured at amortised cost, interest income is recorded on accrual basis.

### r. Taxation

#### i. Current income tax

Current income tax expense comprises taxes on income from operations in India and foreign tax jurisdictions. Income tax payable in India is determined in accordance with



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

the provisions of the Income Tax Act, 1961. Tax expense relating to overseas operations is determined in accordance with tax laws applicable in respective countries where such operations are domiciled.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Current tax relating to items recognized outside the Consolidated Statement of Profit and Loss is recognized outside the Consolidated Statement of Profit and Loss. Current tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

### ii. Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled and are based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the Consolidated Statement of Profit and Loss is recognized outside the

Consolidated Statement of Profit and Loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offsetted if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### s. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. The Management must be committed to the sale, which should be expected to qualify for recognition as completed sale within one year from the date of classification.

When the Group is committed to sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss before tax from discontinued operations in the statement of profit and loss.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### t. Fair value measurement

The Group measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of a financial asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ii. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- iii. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### u. Foreign currencies

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

### Transactions and Balances

Transactions in foreign currencies entered into by the Group are accounted for at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Foreign currency monetary items of the Group, outstanding at the Balance Sheet date are restated at the closing rates prevailing at the end of the reporting period. Non-monetary assets and liabilities of the Group are carried at historical cost. Exchange differences, on foreign currency transactions are recognised in the Consolidated Statement of Profit and Loss.

On consolidation, the assets and liabilities of foreign operations are translated into INR at the rate of exchange prevailing at the end of the reporting period and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

### v. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale

are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### w. Earnings Per Share

Basic & diluted earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events if any of a bonus issue to existing shareholders or a share split.

### x. Provision for decommissioning of assets

The Group's Provision for decommissioning of assets relate to the removal/restoration of/for undersea cables, switches, leased equipment's and certain lease premises at the time of their retiral/vacation.

A provision is recognised based on management's best estimate of the eventual costs that relate to such obligation and is adjusted to the cost of such assets.

Provision for decommissioning of assets costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the Provision for decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the Consolidated Statement of Profit and Loss as a finance cost. The estimated future costs of Provision for decommissioning of assets are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

### y. Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of an instrument. Financial assets

## Notes forming part of the Consolidated financial statements

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and 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 measured on initial recognition of financial asset or financial liability.

### A) Financial assets

#### i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to sole payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

#### iii. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of

financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

#### iv. De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily de-recognised (i.e. removed from the Group balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and maximum amount of consideration that the Group could be required to repay.

#### v. Impairment of financial assets

The Group assesses impairment based on expected credit loss (ECL) model for the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive Income

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

Under the simplified approach, the Group does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECL at reporting date.

The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. At every reporting date, the historically observed default rates and forward-looking estimates are analyzed.

For assessing ECL on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.

### B) Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

#### i. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### • Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis and using the effective interest rate (EIR) method.

##### • De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same

lender substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Consolidated Statement of Profit and Loss.

#### ii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities

#### iii. Derivative financial instruments and Hedge accounting

##### • Initial and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps, cross currency swaps to hedge its foreign currency risks and interest rate risk. Such derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

- **Cash flow hedges**

The Group uses Interest Rate Swaps to hedge its exposure to interest rate risk on future cash flows on floating rate loans. The ineffective portion relating to such contracts is recognised in profit and loss and the effective portion is recognised in OCI.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts

recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

- **Embedded derivatives**

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are sole payment of principal and interest. Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

- z. **Significant accounting judgements, estimates and assumption**

The preparation of these financial statements in conformity with recognition and measurement principles of Ind AS requires the management of the Company to make judgements, estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liability as at the date of the financial statement and the reported amounts of income and expense for the periods presented.

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

### Judgements

In the process of applying the Company's accounting policies, the Management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

- i. **Fair value measurement of financial instruments**

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- ii. **Defined benefit plans**

The cost of the defined benefit plan, gratuity and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- iii. **Useful lives of assets**

The Group reviews the useful lives of assets at the end of each reporting period. This

re-assessment may result in change in depreciation expense in future periods.

- iv. **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires estimation of future cash flows, expected to arise from the cash generating unit and the discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment may arise.

- v. **Provision for decommissioning of assets**

Provision for decommissioning of assets relates to the costs associated with the removal of long-lived assets when they will be retired. The Group records a liability at the estimated current fair value of the costs associated with the removal obligations, discounted at present value using risk-free rate of return. The liability for decommissioning of assets is capitalised by increasing the carrying amount of the related asset and is depreciated over its useful life. The estimated removal liabilities are based on historical cost information, industry factors and engineering estimates

- vi. **Deferred Taxes**

Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and probability of realisation of deferred income taxes and the timing of income tax payments. Deferred income taxes are provided for the effect of temporary differences between the amounts of assets and liabilities recognised for financial reporting purposes and the amounts recognised for income tax purposes. The Group measures deferred tax assets and liabilities using enacted tax rates that, if changed, would result in either an increase or decrease in the provision for income taxes in the period of change. The Group does not recognize deferred tax assets when there is no reasonable certainty that a deferred





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

tax asset will be realized. In assessing the reasonable certainty, management considers estimates of future taxable income based on internal projections which are updated to reflect current operating trends the character of income needed to realise future tax benefits, and all available evidence.

### vii. Provisions and contingent liabilities

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions and contingent liabilities are reviewed at each balance sheet date.

### aa. New and amended accounting standards

Effective April 1, 2019, the Group adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount equal to the lease liability on initial application date,

but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

Upon adoption of IND AS 116, The Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value asset

On transition, the adoption of the new standard resulted in recognition as below:

| (₹ in crores)                                    |                 |
|--|-----------------|
| <b>Assets</b>                                    |                 |
| Right-of-use assets                              | 1,094.86        |
| Reclassified from prepaid expenses to ROU Assets | (166.14)        |
| <b>Total assets (A)</b>                          | <b>928.72</b>   |
| <b>Liabilities</b>                               |                 |
| Lease liabilities                                | 1,151.55        |
| Deferred tax liabilities                         | (30.09)         |
| Other payables                                   | (43.84)         |
| <b>Total liabilities (B)</b>                     | <b>1,077.62</b> |
| <b>Total adjustment on equity (A+B)</b>          | <b>(148.90)</b> |
| Group's share of associate's transition impact   | (14.75)         |
| <b>Total impact on retained earnings</b>         | <b>(163.65)</b> |

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application and for low-value leases.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, IND AS 116 is applied only



## Notes forming part of the Consolidated financial statements

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to contracts that were previously identified as leases under Ind AS 17.

5. The Group applies the short-term lease recognition exemption to its short-term leases of property (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

6. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Relied on its assessment of whether leases are onerous immediately before the date of initial application.

### bb. Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 3. Property, plant and equipment

(₹ in crores)

| Particulars                             | Freehold land | Leasehold land | Leasehold improvements | Building      | Plant and machinery | Furniture and fixtures | Office equipment | Computers     | Motor vehicles | Total            |
|---|---------------|----------------|------------------------|---------------|---------------------|------------------------|------------------|---------------|----------------|------------------|
| <b>Cost</b>                             |               |                |                        |               |                     |                        |                  |               |                |                  |
| <b>Balance as at 31 March 2018</b>      | <b>96.30</b>  | <b>1.42</b>    | <b>421.16</b>          | <b>512.14</b> | <b>21,931.53</b>    | <b>216.86</b>          | <b>122.27</b>    | <b>784.77</b> | <b>1.42</b>    | <b>24,087.87</b> |
| Additions                               | -             | -              | 24.99                  | 20.25         | 1,398.23            | 33.43                  | 17.14            | 57.22         | 0.42           | 1,551.68         |
| Disposals / adjustments                 | (0.20)        | -              | (34.02)                | (0.02)        | (497.95)            | (20.48)                | (8.72)           | (78.18)       | -              | (639.37)         |
| Recognised on acquisition of subsidiary | -             | -              | 0.88                   | -             | 19.71               | 0.11                   | 0.09             | 1.16          | -              | 21.95            |
| Effect of foreign currency translation  | 5.16          | -              | 13.48                  | 9.88          | 726.62              | 4.11                   | 2.03             | 19.70         | 0.01           | 780.99           |
| Transfers (to)/from investment property | (2.23)        | -              | -                      | (21.92)       | -                   | -                      | -                | -             | -              | (24.15)          |
| Reclassified as held for sale           | 0.29          | -              | -                      | (0.59)        | -                   | -                      | -                | -             | -              | (0.30)           |
| <b>Balance as at 31 March 2019</b>      | <b>99.52</b>  | <b>1.42</b>    | <b>426.49</b>          | <b>519.74</b> | <b>23,578.14</b>    | <b>234.03</b>          | <b>132.81</b>    | <b>784.67</b> | <b>1.85</b>    | <b>25,778.67</b> |
| Additions                               | -             | -              | 15.06                  | 6.49          | 1,092.58            | 8.83                   | 7.03             | 46.11         | 0.20           | 1,176.30         |
| Disposals / adjustments                 | (0.20)        | -              | (16.08)                | (3.60)        | (212.35)            | (2.99)                 | (0.94)           | (23.39)       | (0.07)         | (259.62)         |
| Effect of foreign currency translation  | 7.94          | -              | 21.10                  | 14.77         | 1,122.32            | 5.06                   | 2.82             | 24.39         | 0.02           | 1,198.42         |
| Transfers (to)/from investment property | (0.96)        | 0.47           | 15.40                  | (93.27)       | -                   | (1.50)                 | (0.02)           | -             | -              | (79.88)          |
| Reclassified as held for sale           | (1.67)        | -              | (9.00)                 | (8.36)        | (42.18)             | (0.02)                 | (0.55)           | -             | -              | (61.78)          |
| <b>Balance as at 31 March 2020</b>      | <b>104.63</b> | <b>1.89</b>    | <b>452.97</b>          | <b>435.77</b> | <b>25,538.51</b>    | <b>243.41</b>          | <b>141.15</b>    | <b>831.78</b> | <b>2.00</b>    | <b>27,752.11</b> |
| <b>Accumulated depreciation</b>         |               |                |                        |               |                     |                        |                  |               |                |                  |
| <b>Balance as at 31 March 2018</b>      | <b>-</b>      | <b>0.03</b>    | <b>243.46</b>          | <b>170.95</b> | <b>13,667.16</b>    | <b>145.66</b>          | <b>87.00</b>     | <b>697.91</b> | <b>0.72</b>    | <b>15,012.89</b> |
| Depreciation                            | -             | -              | 70.10                  | 14.87         | 1,533.50            | 18.26                  | 11.38            | 42.58         | 0.14           | 1,690.83         |
| Disposals / adjustments                 | -             | -              | (33.99)                | (0.02)        | (489.80)            | (20.24)                | (8.03)           | (78.16)       | -              | (630.24)         |
| Recognised on acquisition of subsidiary | -             | -              | 0.87                   | -             | 16.02               | 0.03                   | 0.03             | 0.72          | -              | 17.67            |
| Effect of foreign currency translation  | -             | -              | 6.13                   | 4.94          | 419.30              | 2.23                   | 1.10             | 18.60         | 0.01           | 452.31           |
| Transfers (to)/from investment property | -             | -              | -                      | (5.80)        | -                   | -                      | -                | -             | -              | (5.80)           |
| Reclassified as held for sale           | -             | -              | -                      | (0.48)        | -                   | -                      | -                | -             | -              | (0.48)           |
| <b>Balance as at 31 March 2019</b>      | <b>-</b>      | <b>0.03</b>    | <b>286.57</b>          | <b>184.46</b> | <b>15,146.18</b>    | <b>145.94</b>          | <b>91.48</b>     | <b>681.65</b> | <b>0.87</b>    | <b>16,537.18</b> |
| Depreciation                            | -             | -              | 51.58                  | 16.49         | 1,583.17            | 16.77                  | 11.95            | 42.46         | 0.16           | 1,722.58         |
| Disposals / adjustments                 | -             | -              | (15.98)                | (1.99)        | (208.65)            | (2.99)                 | (0.94)           | (23.20)       | (0.07)         | (253.82)         |
| Effect of foreign currency translation  | -             | -              | 14.67                  | 8.53          | 743.37              | 2.97                   | 1.68             | 23.90         | 0.02           | 795.14           |
| Transfers (to)/from investment property | -             | -              | 6.86                   | (26.86)       | -                   | (0.99)                 | (0.02)           | -             | -              | (21.01)          |
| Reclassified as held for sale           | -             | -              | (5.83)                 | (5.18)        | (38.37)             | (0.02)                 | (0.47)           | -             | -              | (49.87)          |
| <b>Balance as at 31 March 2020</b>      | <b>-</b>      | <b>0.03</b>    | <b>337.87</b>          | <b>175.45</b> | <b>17,225.70</b>    | <b>161.68</b>          | <b>103.68</b>    | <b>724.81</b> | <b>0.98</b>    | <b>18,730.20</b> |
| <b>Carrying amount</b>                  |               |                |                        |               |                     |                        |                  |               |                |                  |
| <b>As at 31 March 2019</b>              | <b>99.52</b>  | <b>1.39</b>    | <b>139.92</b>          | <b>335.28</b> | <b>8,431.96</b>     | <b>88.09</b>           | <b>41.33</b>     | <b>103.02</b> | <b>0.98</b>    | <b>9,241.49</b>  |
| <b>As at 31 March 2020</b>              | <b>104.63</b> | <b>1.86</b>    | <b>115.10</b>          | <b>260.32</b> | <b>8,312.81</b>     | <b>81.73</b>           | <b>37.47</b>     | <b>106.97</b> | <b>1.02</b>    | <b>9,021.91</b>  |

- a. Freehold land includes ₹ Nil (31 March 2019: ₹ 0.16 crores) identified as surplus land (refer note 31).
- b. Gross block of buildings includes
- ₹ 34.16 crores (31 March 2019: ₹ 34.20 crores) for properties at Oshiwara & Sanchar Niwas, Mumbai in respect of which title deeds are under dispute and pending resolution in Hon'ble High Court of Mumbai at the year end.
  - ₹ 1.02 crores (31 March 2019: ₹ 0.38 crores) for properties at GIDC Gandhinagar, Gujarat in respect of which title deeds is not yet registered in the name of company at the year end.
  - ₹ 0.85 crores (31 March 2019: Nil) for properties (Land) at Chattarpur (Delhi), Greater Kailash (Delhi), VSB Chennai, Mussoorie in respect of which title deeds are not yet registered in the name of company at the year end.
- c. Refer note 45 (b) for assets given on operating lease.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 4. Investment property

(₹ in crores)

| Particulars                                     | Land        | Building      | Total         |
|---|-------------|---------------|---------------|
| <b>Cost</b>                                     |             |               |               |
| <b>Balance as at 31 March 2018</b>              | <b>0.53</b> | <b>253.08</b> | <b>253.61</b> |
| Transfers from property, plant and equipment    | 2.23        | 21.92         | 24.15         |
| <b>Balance as at 31 March 2019</b>              | <b>2.76</b> | <b>275.00</b> | <b>277.76</b> |
| Transfers from property, plant and equipment    | 0.49        | 79.39         | 79.88         |
| Additions during the period                     | -           | 62.28         | 62.28         |
| Reclassified as held for sale                   | -           | (62.28)       | (62.28)       |
| Effect of foreign currency exchange differences | -           | 0.69          | 0.69          |
| <b>Balance as at 31 March 2020</b>              | <b>3.25</b> | <b>355.08</b> | <b>358.33</b> |
| <b>Accumulated depreciation</b>                 |             |               |               |
| <b>Balance as at 31 March 2018</b>              | <b>-</b>    | <b>41.41</b>  | <b>41.41</b>  |
| Depreciation                                    | -           | 4.28          | 4.28          |
| Transfers from property, plant and equipment    | -           | 5.80          | 5.80          |
| <b>Balance as at 31 March 2019</b>              | <b>-</b>    | <b>51.49</b>  | <b>51.49</b>  |
| Depreciation                                    | -           | 5.21          | 5.21          |
| Transfers from property, plant and equipment    | -           | 21.01         | 21.01         |
| Effect of foreign currency exchange differences | -           | 0.36          | 0.36          |
| <b>Balance as at 31 March 2020</b>              | <b>-</b>    | <b>78.07</b>  | <b>78.07</b>  |
| <b>Carrying amount as:</b>                      |             |               |               |
| <b>At 31 March 2019</b>                         | <b>2.76</b> | <b>223.51</b> | <b>226.27</b> |
| <b>At 31 March 2020</b>                         | <b>3.25</b> | <b>277.01</b> | <b>280.26</b> |

#### a. Information regarding income and expenditure of investment property:

(₹ in crores)

| Particulars   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| <b>Rental income derived from investment properties (A)</b>   | <b>146.04</b>               | <b>106.94</b>               |
| <b>Direct operating expenses (including repairs and maintenance) generating rental income:</b>            |                             |                             |
| Rates & taxes   | 7.44                        | 2.10                        |
| Repairs and maintenance   | 15.68                       | 12.20                       |
| Other operating expenses  | 4.22                        | 2.47                        |
| <b>Total (B)</b>  | <b>27.34</b>                | <b>16.77</b>                |
| <b>Direct operating expenses (including repairs and maintenance) that did not generate rental income:</b> |                             |                             |
| Rates & taxes   | 1.88                        | 0.16                        |
| Repairs and maintenance   | 2.77                        | 1.19                        |
| Other operating expenses  | 0.83                        | 0.08                        |
| <b>Total (C)</b>  | <b>5.48</b>                 | <b>1.43</b>                 |
| <b>Total (D) = (B+C)</b>  | <b>32.82</b>                | <b>18.20</b>                |
| <b>Profit arising from investment property before depreciation and indirect expenses (E) = (A-D)</b>      | <b>113.22</b>               | <b>88.74</b>                |
| Less: Depreciation  | 5.21                        | 4.28                        |
| <b>Profit arising from investment properties before indirect expenses</b>                                 | <b>108.01</b>               | <b>84.46</b>                |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 4. Investment property (Contd..)

#### b. Fair value of investment property

(₹ in crores)

| Particulars         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------|------------------------|------------------------|
| Investment property | 2,184.82               | 1,351.14               |

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The best evidence of fair value is current price in an active market for similar properties. Where such information is not available, the Group considers information from a variety of sources including:

1. Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
2. Capitalised income projections based upon a property's estimated net market income, and a capitalization rate derived from an analysis of market evidence.

### 5. Goodwill

(₹ in crores)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Cost</b>   |                        |                        |
| Balance at the beginning of year                              | 255.87                 | 169.59                 |
| Recognized on acquisition of subsidiary (refer note 36 below) | -                      | 93.32                  |
| Effect of foreign currency exchange differences               | 5.56                   | (7.04)                 |
| <b>Balance at the end of year (a)</b>                         | <b>261.43</b>          | <b>255.87</b>          |
| <b>Accumulated Impairment loss</b>                            |                        |                        |
| Balance at the beginning of the year                          | 169.59                 | 169.59                 |
| <b>Balance at the end of year (b)</b>                         | <b>169.59</b>          | <b>169.59</b>          |
| <b>Net Carrying amount (a) - (b)</b>                          | <b>91.84</b>           | <b>86.28</b>           |

### 6. Other intangible assets

(₹ in crores)

| Particulars  | Software        | IRU             | License fees | Intellectual Property | Total           |
|--|-----------------|-----------------|--------------|-----------------------|-----------------|
| <b>Cost</b>  |                 |                 |              |                       |                 |
| <b>Balance as at 31 March 2018</b>                     | <b>1,919.98</b> | <b>2,382.56</b> | <b>5.37</b>  | <b>-</b>              | <b>4,307.91</b> |
| Additions  | 289.20          | 111.88          | -            | -                     | 401.08          |
| Disposals/adjustments                                  | (63.20)         | -               | -            | -                     | (63.20)         |
| Recognised on acquisition of subsidiaries/<br>business | 51.44           | 5.31            | -            | 75.78                 | 132.53          |
| Effect of foreign currency translation                 | 67.58           | 118.64          | 0.33         | (2.45)                | 184.10          |
| <b>Balance as at 31 March 2019</b>                     | <b>2,265.00</b> | <b>2,618.39</b> | <b>5.70</b>  | <b>73.33</b>          | <b>4,962.42</b> |
| Additions  | 190.47          | 80.05           | -            | -                     | 270.52          |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 6. Other intangible assets (Contd..)

(₹ in crores)

| Particulars  | Software        | IRU             | License fees | Intellectual Property | Total           |
|--|-----------------|-----------------|--------------|-----------------------|-----------------|
| Disposals/adjustments                                  | (1.49)          | (0.01)          | -            | -                     | (1.50)          |
| Effect of foreign currency translation                 | 115.50          | 190.71          | 0.35         | 4.99                  | 311.55          |
| <b>Balance as at 31 March 2020</b>                     | <b>2,569.48</b> | <b>2,889.14</b> | <b>6.05</b>  | <b>78.32</b>          | <b>5,542.99</b> |
| <b>Accumulated amortisation</b>                        |                 |                 |              |                       |                 |
| <b>Balance as at 31 March 2018</b>                     | <b>1,483.13</b> | <b>1,313.04</b> | <b>2.38</b>  | <b>-</b>              | <b>2,798.55</b> |
| Amortisation   | 224.25          | 143.92          | 0.69         | 3.63                  | 372.49          |
| Disposals / adjustments                                | (60.74)         | -               | -            | -                     | (60.74)         |
| Recognised on acquisition of subsidiaries/<br>business | 35.59           | 5.31            | -            | 6.56                  | 47.46           |
| Effect of foreign currency translation                 | 56.46           | 59.89           | 0.14         | (0.36)                | 116.13          |
| <b>Balance as at 31 March 2019</b>                     | <b>1,738.69</b> | <b>1,522.16</b> | <b>3.21</b>  | <b>9.83</b>           | <b>3,273.89</b> |
| Amortisation   | 216.60          | 147.85          | 0.86         | 6.76                  | 372.07          |
| Disposals / adjustments                                | (1.49)          | (0.01)          | -            | -                     | (1.50)          |
| Effect of foreign currency translation                 | 103.38          | 113.02          | 0.18         | 1.14                  | 217.72          |
| <b>Balance as at 31 March 2020</b>                     | <b>2,057.18</b> | <b>1,783.02</b> | <b>4.25</b>  | <b>17.73</b>          | <b>3,862.18</b> |
| <b>Carrying amount as:</b>                             |                 |                 |              |                       |                 |
| <b>At 31 March 2019</b>                                | <b>526.31</b>   | <b>1,096.23</b> | <b>2.49</b>  | <b>63.50</b>          | <b>1,688.53</b> |
| <b>At 31 March 2020</b>                                | <b>512.30</b>   | <b>1,106.12</b> | <b>1.80</b>  | <b>60.59</b>          | <b>1,680.81</b> |

### 7. Investments in associates

#### a. Breakup of investments in associates (carrying amount determined using the equity method of accounting)

(₹ in crores)

| Particulars  | As at 31 March 2020 |               | As at 31 March 2019 |               |
|--|---------------------|---------------|---------------------|---------------|
|  | No of shares        | ₹ in crores   | No of shares        | ₹ in crores   |
| <b>a. Unquoted Investments (fully paid)</b>  |                     |               |                     |               |
| i. STT Global Data Centres India Pvt. Ltd<br>(Includes Goodwill of ₹ 485.01 crores)<br>(refer 7 (b) (i) below) | 2,899               | 686.30        | 2,730               | 651.57        |
| ii. STT Tai Seng Pte Limited (Includes<br>Goodwill of ₹ Nil crores) (refer (i) and 7 (b)<br>(ii) below) *      | -                   | -             | 78                  | 87.69         |
| iii. Smart ICT Services Private Limited (refer<br>(iii) below)   | 347,146             | 0.20          | 315,186             | 0.26          |
| iv. United Telecom Limited (UTL)   | 5,731,900           | -             | 5,731,900           | -             |
| <b>Total of investment in associates</b>   |                     | <b>686.50</b> |                     | <b>739.52</b> |
| <b>Aggregate carrying value of unquoted investments</b>  |                     | <b>686.50</b> |                     | <b>739.52</b> |





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 7. Investments in associates (Contd..)

#### a. Breakup of investments in associates (carrying amount determined using the equity method of accounting) (Contd..)

- i. The Group held 26% stake in STT Tai Seng Pte Limited which is accounted for as equity method investment.

During the current year the Group sold its entire stake in STT Tai Seng Pte Limited, for a consideration of ₹ 72.10 crores resulting into a loss of ₹ 6.48 crores (net of accumulated gain foreign currency translation reserve of ₹ 11.22 crores). This loss has been reflected under "Exceptional items" in consolidated statement of profit and loss account.

During the previous year ended March 31, 2019 the Group accounted for the loss of ₹ 164.16 crores primarily due to impairment of goodwill and intangibles recognised by STT Tai Seng Pte Limited, based on the audited financial statements dated April 15, 2019 of the investee as at and for the year ended December 31, 2018. The Group's share of loss has been reflected under "Share in Profit/(Loss) of associate".

- ii. During the previous year, the Group acquired the balance 64.64% stake in Teleena Holdings BV (Teleena) making it a wholly owned subsidiary (Refer Note 36).
- iii. During the current year, the Company has acquired an additional 31,960 Cumulative Non- Convertible Redeemable Preference Shares (during previous year 31,960 Cumulative Non- Convertible Redeemable Preference Shares) of Smart ICT Services Private Limited

#### b. Material Associates

The following associates are assumed to be material in the Group:

| Name of the associate                         | Principal activity | Place of incorporation | Proportion of ownership interest/<br>voting right held by the Group |                        |
|---|--------------------|------------------------|---|------------------------|
|   |                    |                        | As at<br>31 March 2020  | As at<br>31 March 2019 |
| STT Global Data Centres India Private Limited | Data Center        | India                  | 26.00%  | 26.00%                 |
| STT Tai Seng Pte Ltd                          | Data Center        | Singapore              | -   | 26.00%                 |

#### i. STT Global Data Centres India Private Limited (STT - India)

The Group has considered this investment to be an investment in associate as it retains shareholding of 26% in STT - India with a right to appoint two directors on their Board. The financial year end date of STT Global Data Centres India Private Limited is 31 March.

During the current year, the Company invested an additional amount of ₹ 49.35 crores (31 Mar 2019: 35.01 crores) in STT - India.

#### ii. STT Tai Seng Pte Limited (STT - Singapore)

The Group considered this investment to be an investment in associate as it retains shareholding of 26% in STT - Singapore with a right to appoint two directors on their Board.

During the current year the Group sold its entire stake in STT Tai Seng Pte Limited



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 7. Investments in associates (Contd..)

#### c. Details of Material Associates

The Group has 26% interest in STT - India. The Group's interest is accounted for using the equity method in the consolidated financial statements.

The following table illustrates the summarized financial information:

| Particulars             | (₹ in crores)                         |   |
|-------------------------|---------------------------------------|---|
|                         | STT - India<br>As at<br>31 March 2020 | STT - Singapore<br>As at<br>31 March 2020 |
| Non-current assets      | 3,795.70                              | -   |
| Current assets          | 439.04                                | -   |
| Non-current liabilities | 2,678.28                              | -   |
| Current liabilities     | 782.31                                | -   |
|                         | <b>774.15</b>                         | <b>-</b>                                  |

| Particulars   | (₹ in crores)                              |  |
|---|--|--|
|   | STT - India<br>Year ended<br>31 March 2020 | STT - Singapore<br>Year ended<br>31 March 2020 |
| Income  | 1,038.53                                   | 77.38  |
| Profit/(Loss) for the year                                      | 1.00                                       | 7.77   |
| Other comprehensive income/(loss)                               | (0.48)                                     | (6.42)   |
| Total comprehensive income/(loss) for the year                  | 0.52                                       | 1.35   |
| Group's share of profit/(loss) for the year                     | 0.26                                       | 2.02   |
| Group's share of total comprehensive income/(loss) for the year | 0.13                                       | 0.35   |

| Particulars             | (₹ in crores)                         |   |
|-------------------------|---------------------------------------|---|
|                         | STT - India<br>As at<br>31 March 2019 | STT - Singapore<br>As at<br>31 March 2019 |
| Non-current assets      | 1,602.16                              | 639.76                                    |
| Current assets          | 372.14                                | 181.41                                    |
| Non-current liabilities | 1,028.26                              | 270.33                                    |
| Current liabilities     | 305.45                                | 213.41                                    |
|                         | <b>640.59</b>                         | <b>337.43</b>                             |

| Particulars   | (₹ in crores)                              |  |
|---|--|--|
|   | STT - India<br>Year ended<br>31 March 2019 | STT - Singapore<br>Year ended<br>31 March 2019 |
| Income  | 935.85                                     | 309.54   |
| Profit/(loss) for the year                                      | 75.53                                      | (631.41)                                       |
| Other comprehensive income/(loss)                               | (0.11)                                     | 30.48  |
| Total comprehensive income/(loss) for the year                  | 75.42                                      | (600.93)                                       |
| Group's share of profit for the year                            | 19.63                                      | 164.16   |
| Group's share of total comprehensive income/(loss) for the year | 19.61                                      | (156.24)                                       |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 7. Investments in associates (Contd..)

(₹ in crores)

| Particulars                         | STT - India            | STT - Singapore        |
|-------------------------------------|------------------------|------------------------|
|                                     | As at<br>31 March 2020 | As at<br>31 March 2020 |
| Net Assets of the associate         | 774.15                 | -                      |
| Proportion of Group's ownership (%) | 26%                    | -                      |
| Proportion of Group's ownership     | 201.28                 | -                      |
| Goodwill                            | 485.02                 | -                      |
| Carrying amount of Group's interest | 686.30                 | -                      |

(₹ in crores)

| Particulars                         | STT - India            | STT - Singapore        |
|-------------------------------------|------------------------|------------------------|
|                                     | As at<br>31 March 2019 | As at<br>31 March 2019 |
| Net Assets of the associate         | 640.59                 | 337.43                 |
| Proportion of Group's ownership (%) | 26%                    | 26%                    |
| Proportion of Group's ownership     | 166.55                 | 87.73                  |
| Goodwill                            | 485.01                 | -                      |
| Carrying amount of Group's interest | 651.56                 | 87.73                  |

### d. Financial information in respect of Individually not material associates

#### Aggregate financial information of associates that are individually not material

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| Group's share of profit/(loss)                     | (0.09)                      | (5.78)                      |
| Group's share of Other Comprehensive Income        | -                           | 2.48                        |
| Group's share of Total Comprehensive Income/(loss) | (0.09)                      | (3.30)                      |

(₹ in crores)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Aggregate carrying amount of Group's interest in these associates | 0.20                   | 0.26                   |

### e. Unrecognised share of loss of an associate

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| Unrecognised share of loss for the year of an associate (UTL) (refer note below) | Refer note below            | (15.33)                     |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 7. Investments in associates (Contd..)

#### e. Unrecognised share of loss of an associate (Contd..)

(₹ in crores)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Accumulated unrecognised share of loss of an associate (UTL) (refer note below) | Refer note below       | (62.76)                |

On account of the outbreak of Coronavirus (Covid-19) in Nepal, the financials statements of United Telecom Limited (UTL) for the year ended March 31, 2020 are still under preparation. As the Company's carrying value of investments in UTL is NIL and the Company does not have any additional commitments in UTL, the Company does not absorb any further losses in UTL. Accordingly, the Group's financial statements for the year ended March 31, 2020 remains unaffected due to delayed preparation of UTL financials.

### 8. Other investments

(₹ in crores)

| Particulars  | As at 31 March 2020 |               | As at 31 March 2019 |               |
|--|---------------------|---------------|---------------------|---------------|
|  | No of shares        | ₹ in crores   | No of shares        | ₹ in crores   |
| <b>A. Non-current</b>  |                     |               |                     |               |
| <b>Investments at FVTOCI</b>   |                     |               |                     |               |
| <b>a. Fully paid equity shares - unquoted</b>                                |                     |               |                     |               |
| - Tata Teleservices Ltd.*  | 598,213,926         | -             | 598,213,926         | -             |
| - Sentient Technologies Holdings Limited (refer a below)                     | -                   | -             | -                   | -             |
| - Other investment (refer note 41)   |                     | 5.89          |                     | 5.45          |
| <b>Sub-total (a)</b>   |                     | <b>5.89</b>   |                     | <b>5.45</b>   |
| <b>b. Fully paid preference shares - unquoted</b>                            |                     |               |                     |               |
| - Evolv Technology Solutions, Inc. (refer a below)                           | 2,98,329            | 0.46          | 2,98,329            | 0.46          |
| <b>Sub-total (b)</b>   |                     | <b>0.46</b>   |                     | <b>0.46</b>   |
| <b>c. Investment in limited liability partnership firm (unquoted)</b>        |                     |               |                     |               |
| - Northgate Telecom Innovations Partners L.P. (refer c(i) below and Note 41) |                     | 191.06        |                     | 136.16        |
| - Other investments (refer c (ii) below and note 41)                         |                     | 17.41         |                     | 13.70         |
| <b>Sub-total (c)</b>   |                     | <b>208.47</b> |                     | <b>149.86</b> |
| <b>Total (a)+(b)+(c)</b>   |                     | <b>214.82</b> |                     | <b>155.77</b> |
| Aggregate market value of quoted investments                                 |                     | -             |                     | -             |
| Aggregate carrying value of unquoted investments                             |                     | 214.82        |                     | 155.77        |
| <b>Total</b>   |                     | <b>214.82</b> |                     | <b>155.77</b> |
| <b>B. Current</b>  |                     |               |                     |               |
| <b>Investments at FVTPL (Mutual funds)</b>                                   |                     | <b>661.78</b> |                     | <b>595.98</b> |
| <b>Investments at amortised cost</b> (refer b below)                         |                     | @             |                     | -             |
| Market value of investments at FVTPL is equal to carrying value              |                     |               |                     |               |

\* Equity investment in this company is subject to certain restrictions on transfer as per the terms of individual contractual agreements.

@ - Represents value less than ₹ 50,000.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 8. Other investments (Contd..)

- a. During the previous year ended March 31, 2019, the equity and preference shareholders of Sentient Technologies Holdings Limited (Sentient), have agreed to transfer substantially all of the assets to Evolv Technology Solutions, Inc. ('Evolv') in exchange of preference share in Evolv in favour of preference shareholders of Sentient only. Accordingly, the Group has recorded a fair value loss of ₹ 34.16 crores and ₹ 5.27 crores on its preference and equity shares respectively, in Sentient through other comprehensive income (Also refer note 44)
- b. During the current year, the Company received 51 Redeemable Preference Shares (having face value of ₹ 100 per share) each of Bharti Airtel Limited and Bharti Hexacom Limited pursuant to the Composite Scheme of Arrangement amongst Bharti Airtel Limited; Tata Teleservices Limited and Bharti Hexacom Limited and their respective shareholders and creditors as sanctioned by the Hon'ble National Company Law Tribunal, Principal Bench, New Delhi.
- c. The following are additional details in respect of investments in partnership firms:

- i. Northgate Telecom Innovations Partners L.P.

| Name of partners                   | Total capital (USD) | Share of each partner | Total capital (USD) | Share of each partner |
|------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                                    | As at 31 March 2020 |                       | As at 31 March 2019 |                       |
| Northgate Telecommunications. L.P. | 803,030             | 1%                    | 669,697             | 1%                    |
| Tata Communications (America) Inc  | 26,500,000          | 33%                   | 22,100,000          | 33%                   |
| TeleKom Malaysia Berhad            | 26,500,000          | 33%                   | 22,100,000          | 33%                   |
| TIM tank S.r.l.                    | 26,500,000          | 33%                   | 22,100,000          | 33%                   |

- ii. IOTPLUS, L.P.

| Name of partners            | Total capital (USD) | Share of each partner | Total capital (USD) | Share of each partner |
|-----------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                             | As at 31 March 2020 |                       | As at 31 March 2019 |                       |
| Tata Communications Limited | 2,000,000           | 39.80%                | 2,000,000           | 39.80%                |
| General Partners            | 25,126              | 0.50%                 | 25,126              | 0.50%                 |
| Other                       | 3,000,000           | 59.70%                | 3,000,000           | 59.70%                |

### d. Category-wise other investments

(₹ in crores)

| Particulars  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>Investments at fair value through profit or loss (FVTPL)</b>              |                     |                     |
| Investment in mutual funds   | 661.78              | 595.98              |
| <b>Investments at fair value through other comprehensive income (FVTOCI)</b> |                     |                     |
| Unquoted equity shares and other instruments treated as equity investments   | 214.82              | 155.77              |
| Quoted equity shares   |                     |                     |
| <b>Total other investments</b>   | <b>876.60</b>       | <b>751.75</b>       |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 9. Other financial assets

(₹ in crores)

| Particulars  | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|
| <b>A. Non - Current</b>  |                     |                     |
| a. Security deposits - Unsecured   |                     |                     |
| a. Unsecured, considered good  | 112.41              | 108.08              |
| b. Unsecured, considered doubtful  | 9.81                | 8.67                |
| Less: Allowance for doubtful security deposits   | (9.81)              | (8.67)              |
| <b>Sub-total (a)</b>   | <b>112.41</b>       | <b>108.08</b>       |
| b. Pension contributions recoverable from Government of India (net) - Unsecured, considered good (refer a below) | 7.44                | 7.44                |
| <b>Sub-total (A)</b>   | <b>119.85</b>       | <b>115.52</b>       |
| <b>B. Current</b>  |                     |                     |
| a. Interest rate swaps designated in hedge accounting relationship   | -                   | 6.23                |
| b. Forward contract not designated in hedge accounting relationship  | 30.62               | 3.98                |
| c. Interest receivable - Unsecured, considered good  | 0.62                | 0.73                |
| d. Security deposits - Unsecured   |                     |                     |
| a. Unsecured, considered good  | 40.82               | 28.90               |
| b. Unsecured, considered doubtful  | 7.13                | 1.22                |
| Less: Allowance for doubtful security deposits   | (7.13)              | (1.22)              |
| <b>Sub-total (d)</b>   | <b>40.82</b>        | <b>28.90</b>        |
| e. Advances to related parties - Unsecured, considered good  | 42.29               | 50.14               |
| f. Other advances/receivables - Unsecured  |                     |                     |
| a. Unsecured, considered good  | 25.41               | 33.24               |
| b. Unsecured considered doubtful   | 2.17                | 0.55                |
| Less: Allowance for doubtful advances/receivables  | (2.17)              | (0.55)              |
| <b>Sub-total (f)</b>   | <b>25.41</b>        | <b>33.24</b>        |
| <b>Sub-total (B)</b>   | <b>139.76</b>       | <b>123.22</b>       |
| <b>Total (A) + (B)</b>   | <b>259.61</b>       | <b>238.74</b>       |

- a. As at 31 March 2020, the proportionate share of pension obligations and payments of ₹ 61.15 crores (31 March 2019: ₹ 61.15 crores) to the erstwhile OCS employees was recoverable from the Government of India ("the Government"). Pursuant to discussion with the Government, the Company had made a provision of ₹ 53.71 crores (31 March 2019: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (31 March 2019: ₹ 7.44 crores)





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 10. Other assets

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>A. Non-current</b>  |                        |                        |
| a. NLD license fees recoverable from Government of India - Unsecured |                        |                        |
| i. Unsecured, considered good  | -                      | -                      |
| ii. Unsecured, considered doubtful                                   | 0.64                   | 0.64                   |
| Less: Allowance for doubtful license fees                            | (0.64)                 | (0.64)                 |
| <b>Sub-total (a)</b>   | <b>-</b>               | <b>-</b>               |
| b. Amount paid under protest - Unsecured                             |                        |                        |
| i. Unsecured, considered good  | 0.82                   | 0.01                   |
| ii. Unsecured, considered doubtful (refer note 21 (ii))              | 34.23                  | 33.60                  |
| Less: Allowance for doubtful advances                                | (34.23)                | (33.60)                |
| <b>Sub-total (b)</b>   | <b>0.82</b>            | <b>0.01</b>            |
| c. Capital advances - Unsecured                                      |                        |                        |
| i. Unsecured, considered good  | 22.98                  | 19.19                  |
| ii. Unsecured, considered doubtful                                   | 6.05                   | 6.05                   |
| Less: Allowance for doubtful advances                                | (6.05)                 | (6.05)                 |
| <b>Sub-total (c)</b>   | <b>22.98</b>           | <b>19.19</b>           |
| d. Prepaid expenses - Unsecured considered good                      | 134.06                 | 274.18                 |
| e. Pension asset recoverable - Unsecured, considered good            | 48.73                  | 45.54                  |
| f. Other advances/receivables - Unsecured                            |                        |                        |
| i. Unsecured, considered good  | 0.70                   | -                      |
| ii. Unsecured, considered doubtful                                   | 0.01                   | 0.19                   |
| Less: Allowance for doubtful advances                                | (0.01)                 | (0.19)                 |
| <b>Sub-total (f)</b>   | <b>0.70</b>            | <b>-</b>               |
| <b>Sub-total (A)</b>   | <b>207.29</b>          | <b>338.92</b>          |
| <b>B. Current</b>  |                        |                        |
| a. Balance with Government Authorities - Unsecured, considered good  |                        |                        |
| - Indirect taxes recoverable (net)                                   | 300.04                 | 246.67                 |
| b. Advances to contractors and vendors - Unsecured considered good   | 120.19                 | 45.12                  |
| c. Prepaid expenses - Unsecured considered good                      |                        |                        |
| From related parties   | 2.19                   | 18.57                  |
| From others  | 371.81                 | 357.35                 |
| <b>Sub-total (c)</b>   | <b>374.00</b>          | <b>375.92</b>          |
| d. Advances to Employees - Unsecured                                 |                        |                        |
| i. Unsecured, considered good  | 3.57                   | 10.92                  |
| ii. Unsecured, considered doubtful                                   | 0.50                   | 0.40                   |
| Less: Allowance for doubtful advances                                | (0.50)                 | (0.40)                 |
| <b>Sub-total (d)</b>   | <b>3.57</b>            | <b>10.92</b>           |
| e. Other advances/receivables - Unsecured                            |                        |                        |
| i. Unsecured, considered good  | 8.02                   | 9.90                   |
| ii. Unsecured, considered doubtful                                   | 2.07                   | 1.89                   |
| Less: Allowance for doubtful advances                                | (2.07)                 | (1.89)                 |
| <b>Sub-total (e)</b>   | <b>8.02</b>            | <b>9.90</b>            |
| <b>Sub-total (B)</b>   | <b>805.82</b>          | <b>688.53</b>          |
| <b>Total (A) + (B)</b>   | <b>1,013.11</b>        | <b>1,027.45</b>        |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 11. Trade receivable

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Unsecured</b> (including unbilled receivables)            |                        |                        |
| Considered good  | 3228.87                | 2,968.45               |
| Considered doubtful  | 572.46                 | 492.22                 |
|  | <b>3,801.33</b>        | <b>3,460.67</b>        |
| Less: Allowance for doubtful receivables (refer note 43 (b)) | (572.46)               | (492.22)               |
|  | <b>3,228.87</b>        | <b>2,968.45</b>        |

### 12. Cash and cash equivalents

| Particulars                                | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| a. Cash on hand                            | 0.06                   | 0.02                   |
| b. Cheques on hand                         | -                      | 0.26                   |
| c. Remittances in transit                  | 17.08                  | 117.31                 |
| d. Cash at Automated Teller Machines (ATM) | 248.97                 | 367.82                 |
| e. Cash in Vault                           | 32.35                  | 28.67                  |
| f. Balances with Banks                     |                        |                        |
| - Current accounts with banks              | 419.37                 | 209.81                 |
| - Deposit accounts with banks              | 132.17                 | 65.17                  |
|  | <b>850.00</b>          | <b>789.06</b>          |

### 13. Bank balances

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>In earmarked accounts</b>                             |                        |                        |
| a. Deposits with original maturity over three months     | 58.36                  | 59.53                  |
| b. Deposit accounts held as margin money (refer i below) | 0.03                   | 2.79                   |
| c. Unpaid dividend accounts                              | 0.74                   | 0.70                   |
|  | <b>59.13</b>           | <b>63.02</b>           |

i. ₹ Nil crores (31 March 2019: ₹ 2.75 crores) held towards sales consideration of Chennai land as per direction of Panatone Finvest Limited (also refer note 31) and ₹ 0.03 crores (31 March 2019: ₹ 0.04 crores) held towards other legal matters.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 14. Assets classified as held for sale

(₹ in crores)

| Particulars  | As at         |               |
|--|---------------|---------------|
|  | 31 March 2020 | 31 March 2019 |
| a. Assets pertaining to DC Property (Pune)           | 114.33        | -             |
| b. Assets pertaining to Northern European Ring (NER) | 6.69          | -             |
| c. Staff Quarters (Refer a below)                    | 1.67          | 2.11          |
| d. Land and building at Guldhar Repeater Station     | 1.09          | -             |
|  | <b>123.78</b> | <b>2.11</b>   |

- a. The Management intends to dispose off a parcel of the Company's few staff quarters/buildings/Plant and Machinery (NER assets). The Company was only able to partially dispose off its assets classified as held for sale as at 31 March 2019 on account of certain circumstances beyond its control which lead to extension of the period required to complete the sale. An active program is in place to complete the sale and it is expected to be completed in the next 12 months. Accordingly, these assets have been classified as assets held for sale as at 31 March 2020. Further the fair value of these assets is higher than its carrying value as at 31 March 2020 and hence, no impairment loss has been recognized.

### 15. Equity share capital

(₹ in crores)

| Particulars  | As at         |               |
|--|---------------|---------------|
|  | 31 March 2020 | 31 March 2019 |
| <b>a. Authorized</b>   |               |               |
| 400,000,000 (31 March 2019: 400,000,000) Equity shares of ₹ 10 each                | 400.00        | 400.00        |
| <b>b. Issued, subscribed and paid up</b>   |               |               |
| 285,000,000 (31 March 2019: 285,000,000) Equity shares of ₹ 10 each, fully paid up | 285.00        | 285.00        |

#### a. Issued, subscribed and paid up

There is no change in the issued, subscribed and paid up share capital of the Company during the current and past five financial years.

#### b. Terms / rights attached to equity shares

The Company has only one class of equity shares with a face value of ₹ 10 per share. Each shareholder of equity shares is entitled to one vote per share at any general meeting of shareholders. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

- c. The Board of Directors have recommended a dividend of ₹ 4.00 per share (2018-2019: ₹ 4.50 per share) for the year ended 31 March 2020.

#### d. Number of shares held by each shareholder holding more than 5% of the issued share capital

| Particulars                           | As at 31 March 2020 |            | As at 31 March 2019 |            |
|---------------------------------------|---------------------|------------|---------------------|------------|
|                                       | No of shares        | Percentage | No of shares        | Percentage |
| Panatone Finvest Limited              | 99,172,854          | 34.80%     | 99,172,854          | 34.80%     |
| Government of India                   | 74,446,885          | 26.12%     | 74,446,885          | 26.12%     |
| Tata Sons Private Limited             | 40,087,639          | 14.07%     | 40,087,639          | 14.07%     |
| East Bridge Capital Master Fund I Ltd | 16,827,746          | 5.90%      | -                   | -          |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 16. Other equity

(₹ in crores)

| Particulars                                     | As at             |                 |
|---|-------------------|-----------------|
|   | 31 March 2020     | 31 March 2019   |
| a. Capital reserve (refer a below)              | 206.06            | 206.06          |
| b. Securities premium                           | 725.01            | 725.01          |
| c. General reserve                              | 5394.56           | 5,357.06        |
| d. Debenture redemption reserve (refer b below) | -                 | 37.50           |
| e. Retained earning                             | (5,251.31)        | (4,820.58)      |
| f. Remeasurement of retirement benefit plan     | (9.69)            | 27.38           |
| g. Reserve for equity instrument through OCI    | (888.11)          | (922.59)        |
| h. Effective portion of cash flow hedge         | (55.48)           | (4.34)          |
| i. Foreign currency translation reserve (net)   | (1,684.40)        | (1,072.31)      |
|   | <b>(1,563.36)</b> | <b>(466.81)</b> |

#### Notes:

- a. **Capital reserve:** It includes ₹ 205.22 crores in respect of foreign exchange gains on unutilized proceeds from Global Depository Receipts in earlier years.
- b. **Debenture redemption reserve (DRR):** The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debenture) Rules, 2014 (as amended), require that where a company issues debenture, it shall create a DRR out of profits of the Company available for payment of dividend. The Company is required to maintain a DRR of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to DRR may not be utilised by the Company except to redeem debentures. (refer note 17 (i))

### 17. Borrowings

(₹ in crores)

| Particulars   | As at           |                 |
|---|-----------------|-----------------|
|   | 31 March 2020   | 31 March 2019   |
| <b>A. Non - current</b>   |                 |                 |
| <b>a. Unsecured</b>   |                 |                 |
| i. Debentures   |                 |                 |
| Taxable rated non-convertible redeemable debentures (refer b below) | -               | 150.00          |
| 1,500, 9.85% Rated debentures of face value ₹ 10 lakhs each         |                 |                 |
| ii. Term loan from banks (refer b (i) below)                        | 7,961.04        | 7,266.30        |
| iii. Term loan from Others (refer b (ii) below)                     | 495.32          | 192.23          |
| <b>Total</b>  | <b>8,456.36</b> | <b>7,608.53</b> |
| Less: Arrangement fees  | (23.93)         | (44.18)         |
| Less: Current maturities of long term borrowings (refer note 20)    | (1,634.65)      | (769.94)        |
| <b>Sub-total (A)</b>  | <b>6,797.78</b> | <b>6,794.41</b> |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 17. Borrowings (Contd..)

| Particulars  | (₹ in crores)          |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>B. Current</b>  |                        |                        |
| <b>a. Unsecured</b>  |                        |                        |
| <b>From banks</b>  |                        |                        |
| i. Buyer's credit (rate of interest per annum - 2020: 1.02% to 2.74%, 31 March 2019: 2.27% to 3.60%) | 427.77                 | 301.14                 |
| ii. Other term loans (2020: 1.55% to 9.45% 2019: 2.60% to 8.45%)                                     | 1,399.08               | 1,282.14               |
| iii. Loan repayable on demand (Bank overdraft)   | 461.61                 | 787.31                 |
| <b>Sub-total (B)</b>   | <b>2,288.46</b>        | <b>2,370.59</b>        |
| <b>Total (A) + (B)</b>   | <b>9,086.24</b>        | <b>9,165.00</b>        |

#### Notes:

#### Summary of borrowing arrangements

##### a. Unsecured debentures

The outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores are due for redemption on 2 July 2019. This has been reclassified to current maturities of long term borrowings.

For facilitating the above redemption, the Company has created a DRR of ₹ 37.50 crores.

During the current year, 1,500, 9.85% debentures amounting to ₹ 150.00 crores were redeemed on 2 July 2019 and consequently DRR of ₹ 37.50 crores created to facilitate redemption of above debentures was transferred to general reserve.

##### b. Term Loans from banks and others

###### i. Unsecured term loans from banks

###### As at 31 March 2020

| Currency of loan         | ₹ in crores     | Rate of Interest | Maturities                     |
|--------------------------|-----------------|------------------|--------------------------------|
| USD                      | 2,376.99        | LIBOR plus 1.00% | May 2021 - May 2022            |
| USD                      | 1,509.20        | LIBOR plus 1.20% | January 2022                   |
| USD                      | 1,433.75        | LIBOR plus 1.05% | September 2021 & December 2021 |
| USD                      | 1,131.90        | LIBOR plus 1.35% | February 2021                  |
| USD                      | 754.60          | LIBOR plus 1.50% | December 2020 - December 2021  |
| USD                      | 754.60          | LIBOR plus 1.10% | December 2022                  |
| <b>Total</b>             | <b>7,961.04</b> |                  |                                |
| Less: Arrangement fees   | (23.93)         |                  |                                |
| Less: Current maturities | (1,494.27)      |                  |                                |
|                          | <b>6,442.84</b> |                  |                                |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 17. Borrowings (Contd..)

#### As at 31 March 2019

| Currency of loan         | ₹ in crores     | Rate of Interest | Maturities                          |
|--------------------------|-----------------|------------------|-------------------------------------|
| USD                      | 1,315.18        | LIBOR plus 1.05% | September 2021 & December 2021      |
| USD                      | 188.54          | LIBOR plus 0.65% | September 2019- September 2021      |
| USD                      | 692.20          | LIBOR plus 1.50% | December 2020 - December 2021       |
| USD                      | 2,647.67        | LIBOR plus 1.00% | December 2019 - May 2021 - May 2022 |
| USD                      | 1,384.40        | LIBOR plus 1.20% | January, 2022                       |
| USD                      | 1,038.30        | LIBOR plus 1.35% | February 2021                       |
| <b>Total</b>             | <b>7,266.29</b> |                  |                                     |
| Less: Arrangement fees   | (44.18)         |                  |                                     |
| Less: Current maturities | (524.07)        |                  |                                     |
|                          | <b>6,698.04</b> |                  |                                     |

LIBOR - London Interbank Offered Rate

###### ii. Unsecured term loans from others

###### As at 31 March 2020

| Currency of loan         | ₹ in crores   | Rate of Interest | Maturities                    |
|--------------------------|---------------|------------------|-------------------------------|
| USD                      | 376.84        | 3.18% Fixed      | August 2020 - February 2025   |
| USD                      | 54.56         | 2.65% Fixed      | August 2020 - February 2022   |
| USD                      | 50.49         | 2.45% Fixed      | April 2020 - July 2021        |
| INR                      | 13.43         | 5.95% Fixed      | December 2019 - December 2024 |
| <b>Total</b>             | <b>495.32</b> |                  |                               |
| Less: Current maturities | (140.38)      |                  |                               |
|                          | <b>354.94</b> |                  |                               |

###### As at 31 March 2019

| Currency of loan         | ₹ in crores   | Rate of Interest | Maturities                  |
|--------------------------|---------------|------------------|-----------------------------|
| USD                      | 79.15         | 2.46% Fixed      | April 2019 - July 2021      |
| USD                      | 74.10         | 2.65% Fixed      | August 2019 - February 2022 |
| USD                      | 38.99         | 3.05% Fixed      | June 2019 - March 2020      |
| <b>Total</b>             | <b>192.24</b> |                  |                             |
| Less: Current maturities | (95.87)       |                  |                             |
|                          | <b>96.37</b>  |                  |                             |

###### c. Loan covenant

Bank loans contain certain debt covenants relating to EBIDTA to net interest ratio, total net fixed assets to net debt ratio, and limitation on indebtedness if the net debt to EBIDTA is above a particular threshold. As on the date of authorisation of the financial statements, the Group has satisfied all debt covenants prescribed in the terms of bank loans.





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 18. Deferred tax

#### A. Significant components of net deferred tax assets and liabilities for the year ended 31 March, 2020 are as follows:

(₹ in crores)

| Particulars   | Opening balance as at 1 April 2019 | Recognised in consolidated statement of Profit or Loss | Recognised in OCI | Effect of foreign exchange | Reserves     | Closing balance as at 31 March 2020 |
|---|------------------------------------|--|-------------------|----------------------------|--------------|-------------------------------------|
| <b>Deferred tax asset/(liabilities) (net)</b>                     |                                    |  |                   |                            |              |                                     |
| Difference between accounting and tax depreciation / amortization | (64.37)                            | 46.25  | -                 | 0.40                       | 30.09        | 12.37                               |
| Unearned income and deferred revenue                              | 25.81                              | (7.17)   | -                 | 0.64                       | -            | 19.28                               |
| Provision for doubtful trade receivables and advances             | 107.92                             | (18.43)  | -                 | 0.05                       | -            | 89.54                               |
| Accrued expenditure   | 94.60                              | 76.76  | -                 | 0.19                       | -            | 171.55                              |
| Derivative Instrument   | -                                  | 0.01   | 17.21             | 0.56                       | -            | 17.78                               |
| Interest received on provisional income-tax assessment            | 6.81                               | 4.27   | -                 | -                          | -            | 11.08                               |
| Provision for employee benefits                                   | 48.57                              | (13.35)  | 4.00              | 0.10                       | -            | 39.32                               |
| Carry forward net operating losses                                | 2.31                               | 19.70  | -                 | 0.84                       | -            | 22.85                               |
| Expenditure incurred on NLD license fees                          | 3.68                               | (2.36)   | -                 | -                          | -            | 1.32                                |
| Foreign currency revaluation (gain)/loss                          | 0.09                               | (0.70)   | -                 | (0.02)                     | -            | (0.63)                              |
| Revaluation of investments  | (136.17)                           | -  | -                 | -                          | -            | (136.17)                            |
| Undistributed earning   | (10.26)                            | 1.65   | -                 | (0.82)                     | -            | (9.43)                              |
| Others  | 9.69                               | 0.88   | -                 | 0.06                       | -            | 10.63                               |
| <b>Total deferred tax assets/(liabilities) (net)</b>              | <b>88.68</b>                       | <b>107.51</b>  | <b>21.21</b>      | <b>2.00</b>                | <b>30.09</b> | <b>249.49</b>                       |

i. Refer note 2(aa) for effect on adoption of IND AS 116 as at April 1,2019.

#### B. Gross deferred tax assets and liabilities as at 31 March 2020 are as follows:

(₹ in crores)

| Particulars  | Deferred tax  |                | Deferred tax assets/(liabilities) (net) |
|--|---------------|----------------|---|
|  | Assets        | Liabilities    |   |
| <b>Deferred tax assets / (liabilities) (net) in relation to</b>  |               |                |   |
| Difference between accounting and tax depreciation/ amortization | 51.99         | (39.62)        | 12.37                                   |
| Unearned income and deferred revenue                             | 3.96          | 15.32          | 19.28                                   |
| Provision for doubtful trade receivables and advances            | 89.42         | 0.12           | 89.54                                   |
| Accrued expenditure  | 168.82        | 2.73           | 171.55                                  |
| Derivative Instrument  | 17.78         | -              | 17.78                                   |
| Interest received on provisional income-tax assessment           | 11.08         | -              | 11.08                                   |
| Provision for employee benefits                                  | 38.82         | 0.50           | 39.32                                   |
| Carry forward net operating losses                               | 22.84         | 0.01           | 22.85                                   |
| Expenditure incurred on NLD license fees                         | 1.32          | -              | 1.32                                    |
| Foreign currency revaluation (gain)/loss                         | (0.63)        | -              | (0.63)                                  |
| Revaluation of investments                                       | (136.17)      | -              | (136.17)                                |
| Undistributed earning  | -             | (9.43)         | (9.43)                                  |
| Others   | 10.63         | -              | 10.63                                   |
| <b>Total deferred tax assets/ (liabilities)</b>                  | <b>279.86</b> | <b>(30.37)</b> | <b>249.49</b>                           |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 18. Deferred tax (Contd..)

#### C. Significant components of net deferred tax assets and liabilities for the year ended 31 March,2019 are as follows:

(₹ in crores)

| Particulars   | Opening balance as at 1 April 2018 | Recognised in consolidated statement of Profit or Loss | Recognised in OCI | Effect of foreign exchange | Acquisitions/ disposals | Closing balance as at 31 March 2019 |
|---|------------------------------------|--|-------------------|----------------------------|-------------------------|-------------------------------------|
| <b>Deferred tax asset/(liabilities) (net)</b>                     |                                    |  |                   |                            |                         |                                     |
| Difference between accounting and tax depreciation / amortization | (90.66)                            | 42.60  | -                 | 1.69                       | (18.00)                 | (64.37)                             |
| Unearned income and deferred revenue                              | 28.36                              | (1.79)   | -                 | (0.76)                     | -                       | 25.81                               |
| Provision for doubtful trade receivables and advances             | 89.95                              | 17.99  | -                 | (0.02)                     | -                       | 107.92                              |
| Accrued expenditure   | 106.33                             | (11.56)  | -                 | (0.17)                     | -                       | 94.60                               |
| Interest received on provisional income-tax assessment            | 7.31                               | (0.50)   | -                 | -                          | -                       | 6.81                                |
| Provision for employee benefits                                   | 43.22                              | 5.92   | (0.47)            | (0.10)                     | -                       | 48.57                               |
| Carry forward net operating losses                                | 2.85                               | (0.47)   | -                 | (0.07)                     | -                       | 2.31                                |
| Expenditure incurred on NLD license fees                          | 5.52                               | (1.84)   | -                 | -                          | -                       | 3.68                                |
| Foreign currency revaluation (gain)/loss                          | (9.74)                             | 9.83   | -                 | -                          | -                       | 0.09                                |
| Revaluation of investments  | (134.92)                           | (1.25)   | -                 | -                          | -                       | (136.17)                            |
| Undistributed earning   | (7.71)                             | (2.09)   | -                 | (0.46)                     | -                       | (10.26)                             |
| Others  | 7.18                               | 2.51   | -                 | -                          | -                       | 9.69                                |
| <b>Total deferred tax assets/(liabilities) (net)</b>              | <b>47.69</b>                       | <b>59.35</b>   | <b>(0.47)</b>     | <b>0.11</b>                | <b>(18.00)</b>          | <b>88.68</b>                        |

#### D. Gross deferred tax assets and liabilities as at 31 March 2019 are as follows:

(₹ in crores)

| Particulars  | Deferred tax  |                | Deferred tax assets/(liabilities) (net) |
|--|---------------|----------------|---|
|  | Assets        | Liabilities    |   |
| <b>Deferred tax assets / (liabilities) (net) in relation to</b>  |               |                |   |
| Difference between accounting and tax depreciation/ amortization | 12.43         | (76.80)        | (64.37)                                 |
| Unearned income and deferred revenue                             | 3.83          | 21.98          | 25.81                                   |
| Provision for doubtful trade receivables and advances            | 107.31        | 0.61           | 107.92                                  |
| Accrued expenditure  | 92.06         | 2.54           | 94.60                                   |
| Interest received on provisional income-tax assessment           | 6.81          | -              | 6.81                                    |
| Provision for employee benefits                                  | 48.11         | 0.46           | 48.57                                   |
| Carry forward net operating losses                               | 2.31          | -              | 2.31                                    |
| Expenditure incurred on NLD license fees                         | 3.68          | -              | 3.68                                    |
| Foreign currency revaluation (gain)/loss                         | 0.23          | (0.14)         | 0.09                                    |
| Revaluation of investments                                       | (136.17)      | -              | (136.17)                                |
| Undistributed earning  | -             | (10.26)        | (10.26)                                 |
| Others   | 9.69          | -              | 9.69                                    |
| <b>Total deferred tax assets/ (liabilities)</b>                  | <b>150.29</b> | <b>(61.61)</b> | <b>88.68</b>                            |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 18. Deferred tax (Contd..)

#### Unrecognized deductible temporary difference, unused tax losses and unused tax credits

Details of temporary differences, unused tax losses, and unused tax credits for which no deferred tax asset is recognized in the balance sheet.

(₹ in crores)

| Particulars                             | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Deferred tax assets with no expiry date | 750.00                 | 729.21                 |
| Deferred tax assets with expiry date*   | 520.00                 | 439.65                 |

\* These would expire between 2021 & 2039

### 19. Trade payables

(₹ in crores)

| Particulars                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------|------------------------|------------------------|
| a. Payable to related parties | 483.21                 | 500.25                 |
| b. Other creditors            | 3,361.78               | 3,188.27               |
|                               | <b>3,844.99</b>        | <b>3,688.52</b>        |

### 20. Other financial liabilities

(₹ in crores)

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>A. Non-current</b>   |                        |                        |
| a. Interest rate swaps designated as hedge accounting relationships | 33.43                  | 10.53                  |
| b. Finance lease liability  | -                      | 6.12                   |
| <b>Sub-total (A)</b>  | <b>33.43</b>           | <b>16.65</b>           |
| <b>B. Current</b>   |                        |                        |
| a. Interest rate swap designated in hedge accounting relationship   | 44.57                  |                        |
| b. Forward contract not designated in hedge accounting relationship | -                      | 33.89                  |
| c. Current maturities of long term borrowings (refer note 17)       | 1,634.65               | 769.94                 |
| d. Capital creditors  | 379.63                 | 495.70                 |
| e. License fees payable   | 400.32                 | 58.83                  |
| f. Interest accrued but not due on loan from banks                  | 15.72                  | 26.86                  |
| g. Deposits from customers and contractors                          | 91.30                  | 86.74                  |
| h. Government of India account                                      | 20.57                  | 20.57                  |
| i. Unpaid dividend (refer a below)                                  | 0.74                   | 0.70                   |
| j. Finance lease liability  | -                      | 7.04                   |
| k. Book Overdraft   | 11.48                  | 1.69                   |
| l. Other liabilities  | 0.79                   | 0.74                   |
| <b>Sub-total (B)</b>  | <b>2,599.77</b>        | <b>1,502.70</b>        |
| <b>Total (A) + (B)</b>  | <b>2,633.20</b>        | <b>1,519.35</b>        |

a. There are no dividends due and outstanding for a period exceeding seven years.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 21. Provisions

(₹ in crores)

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>A. Non-current</b>                              |                        |                        |
| a. Provision for employee benefits (refer note 36) |                        |                        |
| - Compensated absences                             | 64.45                  | 54.08                  |
| - Post-employment medical benefits                 | 137.37                 | 122.26                 |
| - Pension  | 32.48                  | 28.87                  |
| - Gratuity   | 29.00                  | 12.64                  |
| b. Provision for decommissioning cost              | 338.93                 | 288.58                 |
| <b>Sub-total (A)</b>                               | <b>602.23</b>          | <b>506.43</b>          |
| <b>B. Current</b>                                  |                        |                        |
| a. Provision for employee benefits (refer note 36) |                        |                        |
| - Compensated absences                             | 51.86                  | 55.04                  |
| b. Other provisions                                | 71.93                  | 40.14                  |
| <b>Sub-total (B)</b>                               | <b>123.79</b>          | <b>95.18</b>           |
| <b>Total (A) + (B)</b>                             | <b>726.02</b>          | <b>601.61</b>          |

#### Movement of provisions

(₹ in crores)

| Particulars  | As at 31 March 2020                                |                                       | As at 31 March 2019                                |                                       |
|--|--|---------------------------------------|--|---------------------------------------|
|  | Provision for decommissioning cost (refer i below) | Provision for others (refer ii below) | Provision for decommissioning cost (refer i below) | Provision for others (refer ii below) |
| <b>Opening balance</b>                             | 288.58   | 40.14                                 | 260.68   | 25.57                                 |
| - Addition   | 44.50  | 33.43                                 | 15.90  | 40.14                                 |
| - Effect of change in foreign currency translation | 25.67  | -                                     | 15.86  | -                                     |
| - Utilisation/adjustment                           | (0.07)   | (1.64)                                | (0.55)   | (25.57)                               |
| - Provision no longer required written back        | (4.41)   | -                                     | (3.31)   | -                                     |
| NER reclass to asset held for sale                 | (15.34)  | -                                     | -  | -                                     |
| <b>Closing balance</b>                             | <b>338.93</b>                                      | <b>71.93</b>                          | <b>288.58</b>                                      | <b>40.14</b>                          |
| <b>Non-current provisions</b>                      | <b>338.93</b>                                      | <b>-</b>                              | <b>288.58</b>                                      | <b>-</b>                              |
| <b>Current provisions</b>                          | <b>-</b>   | <b>71.93</b>                          | <b>-</b>   | <b>40.14</b>                          |

- The provision for decommissioning cost has been recorded in the books of the Group in respect of certain fixed assets.
- Provision for others is mainly towards demand/notice received from Employee State Insurance Corporation and Directorate of Revenue Intelligence and provision for contingencies net of amount paid under protest ₹34.49 crores as disclosed in note 10 and provision towards GST receivable ₹24.21 crores.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 22. Other liabilities

| Particulars   | (₹ in crores)          |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>A. Non-current</b>                                     |                        |                        |
| a. Deferred revenue (refer i below)                       | 3,184.86               | 3,258.69               |
| b. Accrued employee benefits                              | 17.95                  | 42.31                  |
| c. Lease equalisation liabilities                         | -                      | 50.75                  |
| d. Other liabilities                                      | 4.01                   | 5.45                   |
| <b>Sub-total (A)</b>                                      | <b>3,206.82</b>        | <b>3,357.20</b>        |
| <b>B. Current</b>   |                        |                        |
| a. Deferred revenues and advances received from customers | 1,066.64               | 941.47                 |
| b. Accrued employee cost                                  | 442.06                 | 513.54                 |
| c. Statutory liabilities                                  |                        |                        |
| - TDS   | 73.36                  | 21.83                  |
| - Others  | 30.84                  | 14.94                  |
| d. Other liabilities                                      | 282.44                 | 100.49                 |
| <b>Sub-total (B)</b>                                      | <b>1,895.34</b>        | <b>1,592.27</b>        |
| <b>Total (A) + (B)</b>                                    | <b>5,102.16</b>        | <b>4,949.47</b>        |

i. Deferred revenue represents contract liabilities

### 23. Other income

| Particulars  | (₹ in crores)               |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
| a. Interest on   |                             |                             |
| i. Bank deposits   | 2.99                        | 3.67                        |
| ii. Other loans and advances                               | 1.76                        | 1.02                        |
| b. Gain on investments at FVTPL                            | 25.53                       | 30.04                       |
| c. Gain on disposal of property, plant and equipment (net) | 11.93                       | 7.76                        |
| d. Foreign exchange gain/ (loss) (net)                     | (26.07)                     | (32.13)                     |
| e. Liabilities no longer required - written back           | 17.38                       | 23.11                       |
| f. Interest on income tax refund                           | 4.85                        | 3.79                        |
| g. Shared service fees from associate                      | 0.03                        | 0.65                        |
| h. Others  | 31.28                       | 22.35                       |
|  | <b>69.68</b>                | <b>60.26</b>                |

### 24. Network and transmission expenses

| Particulars  | (₹ in crores)               |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
| a. Charges for use of transmission facilities (refer a below)  | 6,444.44                    | 6,842.58                    |
| b. Royalty and license fee to Department of Telecommunications | 235.81                      | 222.82                      |
| c. Rent of landlines and satellite channels                    | 97.31                       | 96.64                       |
|  | <b>6,777.56</b>             | <b>7,162.04</b>             |

a. Charges for use of transmission facilities include cost of certain equipment ancillary to these services of ₹ 182.52 crores (2018 - 2019: ₹ 153.77 crores).



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 25. Employee benefit expenses

| Particulars   | (₹ in crores)               |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
| a. Salaries and related costs   | 2,831.52                    | 2,758.30                    |
| b. Contributions to provident, gratuity & other funds (refer note 36) | 113.30                      | 108.65                      |
| c. Staff welfare expenses   | 94.32                       | 92.71                       |
|   | <b>3,039.14</b>             | <b>2,959.66</b>             |

### 26. Operating and other expenses

| Particulars   | (₹ in crores)               |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
| a. Consumption of stores  | 4.58                        | 2.48                        |
| b. Light and power  | 293.00                      | 283.86                      |
| c. Repairs and maintenance:                                     |                             |                             |
| i. Buildings  | 45.44                       | 47.70                       |
| ii. Plant and machinery (refer i below)                         | 1,842.15                    | 1,276.75                    |
| iii. Others   | 0.63                        | 0.03                        |
| d. Bad debts  | -                           | 0.34                        |
| e. Allowances for doubtful trade receivables                    | 64.90                       | 81.79                       |
| f. Allowances for doubtful advances                             | 3.45                        | 15.15                       |
| g. Rent   | 162.73                      | 310.68                      |
| h. Rates and taxes  | 112.43                      | 109.60                      |
| i. Travelling   | 122.03                      | 142.34                      |
| j. Telephone  | 27.39                       | 30.03                       |
| k. Printing, postage and stationery                             | 9.46                        | 12.03                       |
| l. Legal and professional fees                                  | 296.89                      | 311.72                      |
| m. Advertising and publicity                                    | 201.95                      | 227.58                      |
| n. Commission   | 35.35                       | 30.05                       |
| o. Services rendered by agencies                                | 385.31                      | 368.60                      |
| p. Insurance  | 18.51                       | 18.50                       |
| q. Corporate social responsibility expenditure (refer ii below) | 15.78                       | 16.52                       |
| r. Donations  | 0.42                        | 0.06                        |
| s. Other expenses (refer note 34)                               | 319.94                      | 372.59                      |
|   | <b>3,962.34</b>             | <b>3,658.40</b>             |

i. During the previous year, based on the Supreme Court order dated 8 October 2018, Telecom Regulatory Authority of India ('TRAI') issued amendment Regulations dated 28 November 2018 specifying charges for Cable Landing Station ('CLS') access. The new amendment Regulation on CLS dated 28 November 2018 would be effective from date of its publication in official Gazette i.e. 28 November 2018. Accordingly, during the previous year, the Company had recorded revenue from operations of ₹ 89.94 crores and operating and maintenance recovery of ₹ 258.81 crores in operating and other expenses. The Company has challenged the jurisdiction of TRAI on issue of regulation on CLS in the Hon'ble Supreme Court. CLS Access seekers RJIO, BSNL, and ACTO had filed a petition in TDSAT for declaring retrospective applicability of the newly notified amendment regulations dated 28 November 2018 on CLS, which has been dismissed by TDSAT vide its judgement dated 16 April 2020. The receivable balances for these services being sub judice are considered good and recoverable.

#### ii. Disclosure in respect of Corporate social responsibility (CSR) expenditure

As required by the Companies Act, 2013 and rules thereon, the gross amount required to be spent by the Company and its Indian subsidiaries during the year towards CSR amount to ₹ 15.50 crores (2018 - 2019: ₹ 16.52 crores). The Company and its Indian subsidiaries spent ₹ 15.78 crores (2018- 2019: ₹ 16.52 crores) during the year on CSR activities mainly for promotion of education, social business projects etc. including ₹ 1.78 crores (2018-2019: ₹ 1.07 crores) on construction/acquisition of assets.





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 27. Finance cost

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| a. Interest on loans from banks                            | 344.79                      | 353.15                      |
| b. Interest on debentures                                  | 3.72                        | 15.23                       |
| c. Interest on lease liabilities (refer note 45(a)(b)(ii)) | 67.75                       | -                           |
| d. Other interest (refer a below)                          | 54.48                       | 28.17                       |
|  | <b>470.74</b>               | <b>396.55</b>               |

a. Includes interest cost on actuarial valuation, accretion expenses on decommissioning cost liability and amortization of arrangements fees on borrowings.

### 28. Depreciation and amortisation expenses

(₹ in crores)

| Particulars   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| a. Depreciation on property, plant and equipment (refer note 3) | 1,722.58                    | 1,690.83                    |
| b. Amortisation of ROU Assets (refer note 45(a)(a))             | 257.86                      | -                           |
| c. Depreciation on investment properties (refer note 4)         | 5.21                        | 4.28                        |
| d. Amortisation of intangible assets (refer note 6)             | 372.07                      | 372.49                      |
|   | <b>2,357.72</b>             | <b>2067.60</b>              |

a. Depreciation and amortisation expenses include additional depreciation of ₹79.63 crores (2018-2019: ₹ 36.81 crores) on certain assets that are not in use.

b. During the current year ended March 31, 2020, the Group has aligned useful life of certain upgrades to the property, plant and equipment with the useful life of the respective base assets and has recorded an additional depreciation charge of ₹ 27.93 crores.

### 29. Exceptional items

(₹ in crores)

| Particulars                                    | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| Staff cost optimisation (refer note 30)        | 36.47                       | (2.24)                      |
| Provision towards License Fees (refer note 32) | 341.64                      | -                           |
| Loss on sale of investment (refer note 7(i))   | 6.48                        | -                           |
| Provision towards advances (refer note 31)     | 5.92                        | -                           |
|  | <b>390.51</b>               | <b>(2.24)</b>               |

### 30. Staff cost optimisation

As part of its initiative to enhance the long-term efficiency of the business, the Group undertook organisational changes to align to the Group's current and prospective business requirements. These changes involved certain positions in the Group becoming redundant and the Group incurred a one-time charge/(reversal) of ₹ 36.47 crores (2018 - 2019: ₹ (2.24) crores).

### 31. Provision for advances

On March 5, 2018, the Company filed with the National Company Law Tribunal, Mumbai Bench ('NCLT'), a scheme of arrangement and reconstruction among the Company and Hemisphere Properties India Limited ("HPIL") and their respective shareholders and creditors for demerger of surplus land ("Scheme"). By order of the NCLT, a meeting of the shareholders of the Company was held on May 10, 2018, at which the shareholders approved the Scheme. On July 12, 2018, the NCLT approved



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 31. Provision for advances (Contd..)

the Scheme. HPIL, being a 'government company', as defined under Section 2(45) of the Companies Act, 2013, had filed its petition seeking sanction to the Scheme, before the Central Government through the Ministry of Corporate Affairs, New Delhi ("MCA"). The MCA has approved the Scheme through its order dated August 5, 2019 and HPIL has filed the order with the Registrar of Companies, New Delhi. Consequent to the receipt of the approvals of the NCLT and the MCA, to the Scheme, the Board of Directors of the Company fixed September 18, 2019 as the "Record Date" for the Scheme, for determining the shareholders of the Company who shall be eligible to receive the equity shares of HPIL. The Board of Directors of HPIL, at its meeting held on February 18, 2020, approved the allotment of HPIL's shares to the shareholders of the Company on the Record Date in the ratio of 1 share of HPIL for every share of the Company. HPIL is working towards listing of the equity shares allotted. Accordingly, during the year ended March 31, 2020, the Company has recorded an expense of ₹ 5.92 crores relating to such demerger under exceptional items. Further, the carrying value of surplus land and fixed deposits amounting to ₹3.06 crores has been derecognised and the same is adjusted in retained earnings.

### 32. Provision for license fees

During the quarter ended March 31, 2020 a company made a provision towards licence fees of ₹ 341.64 crores which includes ₹ 337.17 crores towards the period covered in the DOT demand (Refer note 46(a)(III)(ii)).

### 33. Auditors' remuneration

(Included in other expenses under operating and other expenses - refer note 26)

(₹ in crores)

| Particulars                            | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b>a. Payment to statutory auditor</b> |                             |                             |
| i. For audit fees                      | 5.94                        | 4.04                        |
| ii. For taxation matters               | 0.15                        | 0.13                        |
| iii. For other services                | 2.89                        | 2.25                        |
| iv. For reimbursement of expenses      | 0.36                        | 0.34                        |
| <b>b. Payment to cost auditor</b>      |                             |                             |
| i. For cost audit services             | 0.09                        | 0.06                        |

Above amount excludes GST/ Services tax

### 34. Income tax

#### i. Income tax recognised in profit or loss

(₹ in crores)

| Particulars                       | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|-----------------------------------|-----------------------------|-----------------------------|
| <b>Current tax</b>                |                             |                             |
| In respect of current year        | 315.17                      | 323.89                      |
| In respect of prior years         | 19.01                       | 8.78                        |
| <b>Sub-total current tax (a)</b>  | <b>334.18</b>               | <b>332.67</b>               |
| <b>Deferred tax</b>               |                             |                             |
| In respect of the current year    | (98.46)                     | (72.09)                     |
| In respect of prior years         | (9.05)                      | 12.74                       |
| <b>Sub-total deferred tax (b)</b> | <b>(107.51)</b>             | <b>(59.35)</b>              |
| <b>Total Income tax (a+b)</b>     | <b>226.67</b>               | <b>273.32</b>               |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 35. Income tax (Contd..)

#### ii. Income tax expense for the year reconciled to the accounting profit as follows

(₹ in crores)

| Particulars   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| <b>Profit before tax from operations</b>  | <b>139.66</b>               | <b>343.20</b>               |
| <b>Income tax expense calculated at (25.168% (2018-2019: 34.944%) - (A))</b>          | <b>35.14</b>                | <b>119.93</b>               |
| <b>Adjustments:</b>   |                             |                             |
| (Income)/expenses (net) not taxable/deductible  | 13.54                       | 35.59                       |
| Adjustment in respect of previous years   | 9.96                        | 21.52                       |
| Impact of change in statutory tax rates (refer a below)                               | 73.22                       | -                           |
| Differences arising from different tax rates  | 9.43                        | 14.17                       |
| Tax on undistributed earnings of subsidiary   | 1.65                        | 2.10                        |
| Losses and deductible difference against which no deferred tax assets Recognised      | 61.59                       | 54.56                       |
| Foreign withholding tax not recoverable (refer b below)                               | 16.06                       | 16.25                       |
| Others, net   | 6.08                        | 9.20                        |
| <b>Sub total (B)</b>  | <b>191.53</b>               | <b>153.39</b>               |
| <b>Income tax expense recognised in Consolidated Statement of Profit or Loss(A+B)</b> | <b>226.67</b>               | <b>273.32</b>               |

- a. The Company and its Indian subsidiaries have exercised the option of lower tax rate of 25.17% (inclusive of surcharge and cess) permitted under Section 115 BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Act, 2019. Accordingly, the Deferred Tax Assets (net) as at March 31, 2019 have been re-measured. Consequently, tax expense for year ended March 31, 2020 includes a charge of ₹ 73.22 crores.
- b. During the quarter and year ended March 31, 2020 the Group had done recoverability assessment of withholding tax credit of ₹ 16.06 crores (USD 2.27 million) in one of its overseas subsidiary and on conservative basis made a provision, which is a part of its current tax expense.

#### iii. Income tax recognised in other comprehensive income

(₹ in crores)

| Particulars   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|---|-----------------------------|-----------------------------|
| Current tax expense/(income) (a)                      | (8.77)                      | 13.21                       |
| Deferred tax expense/(income) (b)                     | (21.21)                     | (0.47)                      |
| <b>Total (a+b)</b>                                    | <b>(29.98)</b>              | <b>12.74</b>                |
| <b>Bifurcation of income tax recognized in OCI</b>    |                             |                             |
| Items that will not be reclassified to profit or loss | 12.24                       | 4.29                        |
| Items that will be reclassified to profit or loss     | 17.74                       | 8.45                        |

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 35. Business acquisition

On October 2, 2018, the Group through its wholly owned subsidiary, Tata Communications (Netherlands) BV acquired an additional ownership interest in Teleena Holdings (B.V) (Teleena) of 64.64% for a cash consideration of ₹ 105.40 crores. As a result of the additional acquisition, the Group's ownership in Teleena increased from 35.36% to 100%. Consequently, Teleena became a subsidiary and has been consolidated from the date of acquisition of controlling interest.

The following table summarised the consideration paid and the fair values of the assets acquired and liabilities assumed as at the acquisition date

(₹ in crores)

| Particulars   | Amount        |
|---|---------------|
| Cash  | 105.40        |
| Fair value of Group's previously held interest prior to business combination* | 53.45         |
| <b>Total consideration</b>  | <b>158.85</b> |

The recognised amounts of identifiable assets acquired and liabilities assumed as on the acquisition date are as follows:

(₹ in crores)

| Particulars                     | Amount        |
|---------------------------------|---------------|
| Property, plant and equipments  | 4.90          |
| Identifiable intangible assets* | 88.93         |
| Trade receivables               | 20.89         |
| Cash and cash equivalents       | 4.63          |
| Other assets                    | 5.81          |
| Trade payable                   | (25.39)       |
| Deferred tax liability          | (18.11)       |
| Other liabilities               | (16.13)       |
| <b>Net identifiable assets</b>  | <b>65.53</b>  |
| Goodwill                        | 93.32         |
| <b>Total consideration</b>      | <b>158.85</b> |

\* Identifiable intangible assets mainly include intellectual property rights amounting to ₹ 72.13 crores.

The following table supplements pro-forma results of operations for the years ended March 31, 2019 giving effect to the acquisition, as if it had occurred on April 1, 2017

(₹ in crores)

| Particulars             | Year ended<br>31 March 2019 |
|-------------------------|-----------------------------|
| Revenue from Operations | 16,564.70                   |
| Net Loss                | (92.20)                     |

Revenue and loss after tax of Teleena post acquisition that is included as part of consolidated financial statements is ₹ 24.53 crores and ₹ 59.57 crores respectively.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits

#### (A) Indian entities (Defined benefit plan):

##### Retirement Benefits

##### Provident fund:

The Company makes contribution towards provident fund (the 'Fund') under a defined benefit plan for employees which is administered by the Trustees of the Tata Communications Employees' Provident Fund Trust (the 'Trust'). The Company's Indian subsidiaries make contribution towards provident fund under a defined contribution plan for employees which is administered by the Regional Provident Fund Commissioner. Under both the above schemes, each employer is required to contribute a specified percentage of payroll cost to fund the benefits.

The rules of the Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under the applicable law for the reason that the return on investment is lower or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 55.34 crores (2018-2019: ₹43.91 crores) have been charged to the Consolidated Statement of Profit and Loss under Contribution to Provident and other funds in Note 25 "Employee Benefits".

There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated February 28, 2019. As a matter of caution, the Company and its Indian subsidiaries have made a provision on a prospective basis from the date of the SC judgement.

##### Gratuity:

The Company and one of its Indian subsidiaries make annual contributions under the Employee's Gratuity Scheme to a fund administered by trustees of the Tata Communications Employees' Gratuity Fund Trust (the 'Trust') covering all eligible employees. The plan provides for lump sum payments to employees whose right to receive gratuity had vested at the time of resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 day's salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service except in case of death. For other Indian subsidiaries, the gratuity plan is unfunded.

##### Medical benefit:

The Company reimburses domiciliary and hospitalisation expenses not exceeding specified limits incurred by eligible and qualifying employees and their dependent family members under the Tata Communication employee's medical reimbursement scheme.

##### Pension Plan:

The Company's pension obligations relate to certain employees transferred to the Company from the OCS, an erstwhile department of Ministry of Commerce, Government of India. The Company purchases life annuity policies from an insurance company to settle such pension obligations.

These plans typically expose the Group to actuarial risk such as investment risk, interest rate risk, longevity risk and salary risk:



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

|                    |   |
|--------------------|---|
| Investment risk    | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, the plan has a relatively balanced mix of investments in government securities, high quality corporate bonds, equity and other debt instruments.   |
| Interest rate risk | The defined benefit obligation is calculated using a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.  |
| Salary risk        | Higher than expected increases in salary will increase the defined benefit obligation   |
| Demographic risk   | This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee. |

*The most recent actuarial valuation of the plan assets and defined benefit obligation has been carried out as at 31 March 20 by an independent Actuary.*

The details in respect of the status of funding and the amounts recognised in the Company's consolidated financial statements for the year ended 31 March 2020 and 31 March 2019 for these defined benefit schemes are as under:

| Particulars                               | As at<br>31 March 2020   | As at<br>31 March 2019   |
|---|--------------------------|--------------------------|
| <b>I Principal actuarial assumptions:</b> |                          |                          |
| Discount rate                             | 6.60%                    | 7.30%                    |
| Increase in compensation cost             | 6% to 7%                 | 6% to 7%                 |
| Health care cost increase rate            | 7.00%                    | 7.00%                    |
| Attrition rate                            | 3% to 15%                | 3% to 15%                |
| Post retirement mortality                 | Annuitants<br>mort 96-98 | Annuitants<br>mort 96-98 |
| Increase in dearness allowance            | 5%                       | 5%                       |

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations. The estimates of future compensation cost considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors.





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

(₹ in crores)

| Particulars  | Gratuity       |               | Medical benefits (unfunded) |               | Pension plan (unfunded) |              |
|--|----------------|---------------|-----------------------------|---------------|-------------------------|--------------|
|  | As at 31 March |               | As at 31 March              |               | As at 31 March          |              |
|  | 2020           | 2019          | 2020                        | 2019          | 2020                    | 2019         |
| <b>II Change in the defined benefit obligation</b> |                |               |                             |               |                         |              |
| Obligation at the beginning of the period          | 138.69         | 133.81        | 122.26                      | 114.81        | 27.06                   | 31.59        |
| Current service cost                               | 12.23          | 11.55         | 0.67                        | 0.67          | -                       | -            |
| Past service plan amendment                        | -              | -             | -                           | -             | -                       | -            |
| Interest cost                                      | 9.57           | 9.36          | 8.37                        | 8.09          | 1.70                    | 2.13         |
| Obligation transferred from / (to) other companies | 0.53           | (0.02)        | -                           | -             | -                       | -            |
| Actuarial (gains)/ losses - experience             | 10.04          | 0.19          | 11.51                       | 9.87          | 7.67                    | (0.84)       |
| Actuarial (gains)/ losses - Financial assumptions  | 7.80           | 1.86          | 9.88                        | 2.53          | 2.32                    | 0.65         |
| Benefit Paid                                       | (15.66)        | (18.05)       | (15.32)                     | (13.71)       | (7.60)                  | (6.47)       |
| <b>Closing defined benefit obligation</b>          | <b>163.20</b>  | <b>138.70</b> | <b>137.37</b>               | <b>122.26</b> | <b>31.15</b>            | <b>27.06</b> |

(₹ in crores)

| Particulars  | Gratuity       |               | Medical benefits (unfunded) |          | Pension plan (unfunded) |          |
|--|----------------|---------------|-----------------------------|----------|-------------------------|----------|
|  | As at 31 March |               | As at 31 March              |          | As at 31 March          |          |
|  | 2020           | 2019          | 2020                        | 2019     | 2020                    | 2019     |
| <b>III Change in fair value of Assets</b>                  |                |               |                             |          |                         |          |
| Opening fair value of plan assets                          | 126.05         | 109.83        | -                           | -        | -                       | -        |
| Interest income on plan assets                             | 9.15           | 8.47          | -                           | -        | -                       | -        |
| Employer's contribution                                    | 13.35          | 23.68         | -                           | -        | -                       | -        |
| Transfer (to)/from other company                           | 0.60           | -             | -                           | -        | -                       | -        |
| Return on plan assets greater/ (lesser) than discount rate | 0.37           | 1.83          | -                           | -        | -                       | -        |
| Acquisition adjustments                                    | -              | -             | -                           | -        | -                       | -        |
| Benefits paid  | (15.32)        | (17.76)       | -                           | -        | -                       | -        |
| <b>Closing fair value of plan assets</b>                   | <b>134.20</b>  | <b>126.05</b> | <b>-</b>                    | <b>-</b> | <b>-</b>                | <b>-</b> |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

(₹ in crores)

| Particulars   | Gratuity       |                | Medical benefits (unfunded) |              | Pension plan (unfunded) |              |
|---|----------------|----------------|-----------------------------|--------------|-------------------------|--------------|
|   | As at 31 March |                | As at 31 March              |              | As at 31 March          |              |
|   | 2020           | 2019           | 2020                        | 2019         | 2020                    | 2019         |
| <b>IV Amount recognized in accumulated OCI</b>                          |                |                |                             |              |                         |              |
| Cumulative actuarial (gain) loss recognised via OCI at prior period end | (12.41)        | (12.63)        | 45.67                       | 33.27        | 24.30                   | 24.49        |
| Actuarial (gains)/losses recognised in OCI during the year              | 17.47          | 0.22           | 21.39                       | 12.40        | 9.99                    | (0.19)       |
| <b>Cumulative actuarial (gain) loss recognised via OCI period end</b>   | <b>5.06</b>    | <b>(12.41)</b> | <b>67.06</b>                | <b>45.67</b> | <b>34.29</b>            | <b>24.30</b> |

(₹ in crores)

| Particulars  | Gratuity       |              | Medical benefits (unfunded) |               | Pension plan (unfunded) |              |
|--|----------------|--------------|-----------------------------|---------------|-------------------------|--------------|
|  | As at 31 March |              | As at 31 March              |               | As at 31 March          |              |
|  | 2020           | 2019         | 2020                        | 2019          | 2020                    | 2019         |
| <b>V Amount recognized in the consolidated balance sheet</b>   |                |              |                             |               |                         |              |
| Present value of obligations                                   | 163.20         | 138.69       | 137.37                      | 122.26        | 31.15                   | 27.06        |
| Fair value of plan assets at the end of period                 | (134.20)       | (126.05)     | -                           | -             | -                       | -            |
| <b>Net (asset)/liability in the consolidated balance sheet</b> | <b>29.00</b>   | <b>12.64</b> | <b>137.37</b>               | <b>122.26</b> | <b>31.15</b>            | <b>27.06</b> |
| Non-current provisions (refer note 21A)                        | 29.00          | 12.64        | 137.37                      | 122.26        | 31.15                   | 27.06        |

(₹ in crores)

| Particulars   | Gratuity            |              | Medical benefits (unfunded) |             | Pension plan (unfunded) |             |
|---|---------------------|--------------|-----------------------------|-------------|-------------------------|-------------|
|   | Year ended 31 March |              | Year ended 31 March         |             | Year ended 31 March     |             |
|   | 2020                | 2019         | 2020                        | 2019        | 2020                    | 2019        |
| <b>VI Expenses recognised in the consolidated statement of Profit or Loss</b>                         |                     |              |                             |             |                         |             |
| Current service cost (note 25)  | 12.23               | 11.55        | 0.67                        | 0.67        | -                       | -           |
| Net interest cost (note 27)   | 0.42                | 0.89         | 8.37                        | 8.09        | 1.70                    | 2.13        |
| <b>Components of defined benefit costs recognized in the consolidated statement of Profit or Loss</b> | <b>12.65</b>        | <b>12.44</b> | <b>9.04</b>                 | <b>8.76</b> | <b>1.70</b>             | <b>2.13</b> |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

(₹ in crores)

| Particulars   | Gratuity            |             | Medical benefits (unfunded) |              | Pension plan (unfunded) |               |
|---|---------------------|-------------|-----------------------------|--------------|-------------------------|---------------|
|   | Year ended 31 March |             | Year ended 31 March         |              | Year ended 31 March     |               |
|   | 2020                | 2019        | 2020                        | 2019         | 2020                    | 2019          |
| <b>VII Expenses recognised in the consolidated statement of OCI</b> |                     |             |                             |              |                         |               |
| Actuarial (gain)/loss due to DBO experience                         | 10.04               | 0.19        | 11.51                       | 9.87         | 7.67                    | (0.84)        |
| Actuarial (gain)/loss due to DBO assumption changes                 | 7.80                | 1.86        | 9.88                        | 2.53         | 2.32                    | 0.65          |
| Return on plan assets (greater)/less than discount rate             | (0.37)              | (1.83)      | -                           | -            | -                       | -             |
| <b>Actuarial (gains)/ losses recognized in OCI</b>                  | <b>17.47</b>        | <b>0.22</b> | <b>21.39</b>                | <b>12.40</b> | <b>9.99</b>             | <b>(0.19)</b> |

| Particulars  | Gratuity       |                |
|--|----------------|----------------|
|  | As at 31 March |                |
|  | 2020           | 2019           |
| <b>VIII Categories of plan assets as a percentage of total plan assets</b> |                |                |
| Govt. of India Securities (Central and state)                              | 30.39%         | 36.70%         |
| High quality corporate bonds (including Public Sector Bond)                | 50.36%         | 37.60%         |
| Equity shares of listed companies  | 10.10%         | 13.62%         |
| Cash (including Special Deposits)  | 6.25%          | 6.64%          |
| Others   | 2.90%          | 5.44%          |
| <b>Total</b>   | <b>100.00%</b> | <b>100.00%</b> |

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets. This policy has been implemented during the current and prior years.

The Group's policy and objective for plan assets management is to maximize return on plan assets to meet future benefit payment requirements while at the same time accepting a low level of risk. The asset allocation for plan assets is determined based on the investment criteria approved under the Income Tax Act, 1961 and is also subject to other exposure limitations.

**IX** A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below: (As per actuarial valuation report). The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

(₹ in crores)

| Particulars                           | Gratuity       |          | Medical benefits (unfunded) |          | Pension (unfunded) |          |
|---------------------------------------|----------------|----------|-----------------------------|----------|--------------------|----------|
|                                       | As at 31 March |          | As at 31 March              |          | As at 31 March     |          |
|                                       | March 20       | March 19 | March 20                    | March 19 | March 20           | March 19 |
| <b>Discount rate</b>                  |                |          |                             |          |                    |          |
| Increase (1%)                         | (10.93)        | (8.84)   | (13.74)                     | (11.75)  | (3.25)             | (3.07)   |
| Decrease (1%)                         | 12.46          | 10.03    | 16.72                       | 14.22    | 3.75               | 3.54     |
| <b>Salary escalation rate</b>         |                |          |                             |          |                    |          |
| Increase (1%)                         | 8.93           | 7.30     | -                           | -        | -                  | -        |
| Decrease (1%)                         | (8.46)         | (6.96)   | -                           | -        | -                  | -        |
| <b>Attrition Rate</b>                 |                |          |                             |          |                    |          |
| Increase (5%)                         | 1.56           | 2.97     | (5.45)                      | (4.76)   | -                  | -        |
| Decrease (5%)                         | (2.45)         | (4.34)   | 4.58                        | 4.04     | -                  | -        |
| <b>Post Retirement Mortality</b>      |                |          |                             |          |                    |          |
| Increase (3 years)                    | -              | -        | (13.93)                     | (11.77)  | (6.36)             | (5.74)   |
| Decrease (3 years)                    | -              | -        | 14.45                       | 12.05    | 7.18               | 6.42     |
| <b>Increase in dearness allowance</b> |                |          |                             |          |                    |          |
| Increase (1%)                         | -              | -        | -                           | -        | 9.07               | 8.64     |
| Decrease (1%)                         | -              | -        | -                           | -        | (8.23)             | (7.84)   |
| <b>Healthcare cost increase rate</b>  |                |          |                             |          |                    |          |
| Increase (1%)                         | -              | -        | 11.79                       | 10.12    | -                  | -        |
| Decrease (1%)                         | -              | -        | (9.77)                      | (8.44)   | -                  | -        |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(₹ in crores)

| Particulars  | Gratuity      | Medical benefits (unfunded) | Pension plan (unfunded) |
|--|---------------|-----------------------------|-------------------------|
|  | As at         | As at                       | As at                   |
|  | 31 March 2020 | 31 March 2020               | 31 March 2020           |
| <b>X Maturity Profile</b>                            |               |                             |                         |
| <b>Expected benefit payments for the year ending</b> |               |                             |                         |
| 31 March 2021  | 16.20         | 9.30                        | 15.50                   |
| 31 March 2022  | 18.25         | 9.49                        | 16.28                   |
| 31 March 2023  | 19.84         | 9.67                        | 17.09                   |
| 31 March 2024  | 18.78         | 9.79                        | 17.94                   |
| 31 March 2025  | 20.18         | 9.93                        | 18.84                   |
| 31 March 2026 to 31 March 2030                       | 113.97        | 51.29                       | 109.31                  |
| <b>Total expected payments</b>                       | <b>207.22</b> | <b>99.47</b>                | <b>194.96</b>           |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (A) Indian entities (Defined benefit plan): (Contd..)

##### i. Leave plan and Compensated absences

###### For executives

Leave unavailed of by eligible employees may be carried forward / encashed by them / their nominees in the event of death or permanent disablement or resignation, subject to a maximum leave of 60 days in addition to accumulated leave balance available in accumulated quota. For employees joining after 1 January 2020, this balance shall be capped at 45 days.

###### For non-executives

Leave unavailed of by eligible employees may be carried forward / encashed by them / their nominees in the event of death or permanent disablement or resignation, subject to a maximum leave of 300 days.

The total liability for compensated absences as at the year-end is ₹ 77.45 crores (31 March 2019: ₹ 63.39 crores), liability shown under non-current provisions ₹ 64.45 crores (31 March 2019: ₹ 54.08crores) and current provisions ₹ 13.01 crores (31 March 2019: ₹ 9.31 crores). The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 25 "Employee benefits" is ₹ (22.26) crores (2018- 2019: ₹ (10.88) crores).

#### (B) Foreign entities:

##### i. Defined Contribution Plan

The Group makes contribution to defined contribution retirement benefit plans under the provisions of section 401(k) of the Internal Revenue Code for USA employees, a Registered Retirement Savings Plan ("RRSP") for Canadian employees and a Group Stakeholder Pension plan ("GSPP") for UK employees and other plan in other countries. An amount of ₹ 45.09 crores (2018- 2019: ₹ 44.73 crores) is charged to Consolidated Statement of Profit and Loss under Contribution to Provident and other funds in Note 25 "Employee Benefits".

##### ii. Defined Benefit Pension Plans

###### Pension Plan:

The Group has both a contributory and non-contributory defined benefit pension plans covering certain of its employees in Canada. The Group also has an unfunded Supplemental Employee Retirement Plan ("SERP") covering certain senior executives in Canada. The plan provides for defined benefit based on years of service and final average salary.

###### Health and Life insurance:

The Group also assumed a post-retirement health care and life insurance plan.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (B) Foreign entities: (Contd..)

The defined benefit plan in Canada expose the Group to different risks such as:

|                             |  |
|-----------------------------|--|
| Investment Risk             | The financial situation of the plan is calculated using a prescribed discount rate. If the return on assets is lower than the discount rate, it will create a deficit.   |
| Interest rate risk          | A variation in bond rates will affect the value of the defined benefit obligation and of the assets.   |
| Longevity risk              | A greater increase in life expectancy than the one predicted by the mortality table used will increase the defined benefit obligation.   |
| Inflation risk              | The defined benefit obligation is calculated taking into account an increase in the level of salary and cost of living adjustment. If actual inflation is greater than expected, that would result in an increase in the defined benefit obligation.                         |
| Health care cost trend risk | The defined benefit obligation of the Post-Retirement Benefits (Other than Pension) is calculated taking into account a health care cost trend rate. If the trend is greater than expected, that would result in an increase in the defined benefit obligation for the plan. |

The most recent actuarial valuations of the plan assets and the present value of the defined benefit obligation in Canada were carried out as at March 31, 2020 by an independent technical expert in Canada. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the projected unit credit method.

The details in respect of status of funding and the amounts recognised in the consolidated financial statement as for the year ended 31 March 2020 and 31 March 2019 for these defined benefit schemes are as under:

| Particulars                                      | As at<br>31 March 2020   | As at<br>31 March 2019   |
|--|--|--|
| <b>I Principal actuarial assumptions:</b>        |  |  |
| Discount rate used for benefit costs             | 3.30%  | 3.50%  |
| Discount rate used for benefit obligations       | 3.70%  | 3.30%  |
| Inflation  | 2.00%  | 2.00%  |
| Rate of compensation increase                    | 3.00%  | 3.00%  |
| Health Care Cost Trend Rate - Prescription Drugs | 4.50% to 7.25%   | 4.50% to 7.25%   |
| Health Care Cost Trend Rate - Other Medical      | 3.00%  | 3.00%  |
| Asset valuation method                           | Market Value   | Market Value   |
| Mortality Table                                  | CPM Private Sector<br>Mortality Table<br>with generational<br>improvements with<br>scale MI-2017 | CPM Private Sector<br>Mortality Table<br>with generational<br>improvements with<br>scale MI-2017 |





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (B) Foreign entities: (Contd..)

(₹ in crores)

| Particulars   | Pension Plans  |                 |                |                | Health care and life insurance plans |                |
|---|----------------|-----------------|----------------|----------------|--------------------------------------|----------------|
|   | Contributory   |                 | SERP           |                | As at 31 March                       |                |
|   | As at 31 March | As at 31 March  | As at 31 March | As at 31 March | As at 31 March                       | As at 31 March |
|   | 2020           | 2019            | 2020           | 2019           | 2020                                 | 2019           |
| <b>II Change in the defined benefit obligation</b>          |                |                 |                |                |                                      |                |
| Projected defined benefit obligation, beginning of the year | 1099.78        | 1,065.09        | 0.62           | 1.13           | 1.19                                 | 1.77           |
| Current service cost  | -              | 7.40            | 0.04           | 0.04           | -                                    | -              |
| Interest cost   | 36.47          | 38.27           | 0.02           | 0.03           | 0.03                                 | 0.06           |
| Benefits paid   | (66.39)        | (76.63)         | -              | (0.66)         | (0.42)                               | (0.48)         |
| Actuarial (gains)/ losses_ Demographic assumptions          | -              | 14.79           | -              | -              | -                                    | -              |
| Actuarial (gains)/ losses Financial assumptions             | (52.18)        | 28.45           | (0.03)         | 0.02           | (0.01)                               | 0.01           |
| Experience (gain)/loss                                      | (6.54)         | 0.86            | (0.17)         | 0.02           | -                                    | (0.23)         |
| Effect of foreign currency rate changes*                    | 32.65          | 21.55           | 0.02           | 0.04           | 0.04                                 | 0.06           |
| <b>Projected benefit obligation at the end of the year</b>  | <b>1043.79</b> | <b>1,099.78</b> | <b>0.50</b>    | <b>0.62</b>    | <b>0.83</b>                          | <b>1.19</b>    |

\*Translation adjustment loss/(gain) includes loss of ₹ 89.88 crores (2018-2019: loss of ₹ 66.45 crores) which has been taken to foreign currency translation reserve and loss/(gain) of ₹ (57.20) crores (2018- 2019: gain of ₹ (44.80) crores) which has been taken to Other Comprehensive Income

(₹ in crores)

| Particulars                                       | Pension Plans   |                 |
|---|-----------------|-----------------|
|   | Contributory    |                 |
|   | As at 31 March  |                 |
|   | 2020            | 2019            |
| <b>III Change in Fair value of assets</b>         |                 |                 |
| Fair value of plan assets, beginning of the year  | 1,099.78        | 1065.09         |
| Actual return on plan assets                      | 36.47           | 38.16           |
| Contributions                                     | 0.60            | 8.67            |
| Benefits paid                                     | (66.39)         | (76.63)         |
| Actuarial gain / (loss)                           | 2.37            | 0.85            |
| Impact of asset ceiling                           | (61.69)         | 42.10           |
| Effect of foreign currency rate changes*          | 32.65           | 21.54           |
| <b>Fair value of plan assets, end of the year</b> | <b>1,043.79</b> | <b>1,099.78</b> |

\*Translation adjustment gain/ (loss) includes gain of ₹ 89.75 crores (2018-2019: gain of ₹ 66.33 crores) which has been taken to Foreign currency translation reserve and gain/(loss) of ₹ (57.12) crores (2018- 2019: gain of ₹ (44.77) crores) taken to Other Comprehensive Income.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (B) Foreign entities: (Contd..)

(₹ in crores)

| Particulars   | Pension Plans  |                |                |                | Health care and life insurance plans |                |
|---|----------------|----------------|----------------|----------------|--------------------------------------|----------------|
|   | Contributory   |                | SERP           |                | As at 31 March                       |                |
|   | As at 31 March | As at 31 March | As at 31 March | As at 31 March | As at 31 March                       | As at 31 March |
|   | 2020           | 2019           | 2020           | 2019           | 2020                                 | 2019           |
| <b>IV Amount recognised in accumulated Other Comprehensive Income</b> |                |                |                |                |                                      |                |
| Opening Balance   | (63.43)        | (64.65)        | (2.10)         | (2.11)         | 0.57                                 | 0.86           |
| Expenses as per table VII below                                       | 0.61           | 1.22           | (0.23)         | 0.01           | (0.06)                               | (0.29)         |
| <b>Closing balance</b>  | <b>(62.82)</b> | <b>(63.43)</b> | <b>(2.33)</b>  | <b>(2.10)</b>  | <b>0.51</b>                          | <b>0.57</b>    |

(₹ in crores)

| Particulars   | Pension Plans  |                |                |                | Health care and life insurance plans |                |
|---|----------------|----------------|----------------|----------------|--------------------------------------|----------------|
|   | Contributory   |                | SERP           |                | As at 31 March                       |                |
|   | As at 31 March | As at 31 March | As at 31 March | As at 31 March | As at 31 March                       | As at 31 March |
|   | 2020           | 2019           | 2020           | 2019           | 2020                                 | 2019           |
| <b>V Amount recognised in the consolidated balance sheet</b>    |                |                |                |                |                                      |                |
| Present value of obligations                                    | 1,043.79       | 1,099.80       | 0.50           | 0.62           | 0.83                                 | 1.19           |
| Fair value of plan assets                                       | (1,043.79)     | (1,099.80)     | -              | -              | -                                    | -              |
| <b>Net (asset)/ liability in the consolidated balance sheet</b> | <b>-</b>       | <b>-</b>       | <b>0.50</b>    | <b>0.62</b>    | <b>0.83</b>                          | <b>1.19</b>    |
| Non-current provisions (refer note 21 A)                        | -              | -              | 0.50           | 0.62           | 0.83                                 | 1.19           |

(₹ in crores)

| Particulars   | Year ended    | Year ended    |
|---|---------------|---------------|
|   | 31 March 2020 | 31 March 2019 |
| <b>VI Pension expenses recognized in the Consolidated Statement of Profit or Loss</b>                 |               |               |
| Current service cost (refer note 25)  | 0.04          | 7.44          |
| Net interest cost (refer note 27)   | 0.04          | 0.20          |
| <b>Components of defined benefit costs recognised in the consolidated statement of Profit or Loss</b> | <b>0.08</b>   | <b>7.64</b>   |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (B) Foreign entities: (Contd..)

(₹ in crores)

| Particulars  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b>VII Pension expenses recognised in the Other Comprehensive Income</b> |                             |                             |
| Net Actuarial (gains)/losses recognised_Demographic assumptions          | -                           | 14.79                       |
| Net Actuarial (gains)/losses due to financial assumptions                | (52.22)                     | 28.48                       |
| Experience (gain)/loss   | (6.71)                      | 0.65                        |
| Actuarial (gain)/loss on plan assets                                     | (2.37)                      | (0.85)                      |
| Impact of asset ceiling  | 61.69                       | (42.10)                     |
| Effect of Foreign exchange rate changes (Net)                            | (0.07)                      | (0.03)                      |
| <b>Expense recognized in the Other Comprehensive Income</b>              | <b>0.32</b>                 | <b>0.94</b>                 |

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>VIII Categories of plan assets as a percentage of total plan assets</b> |                        |                        |
| Global Equities  | 7.00%                  | 7.00%                  |
| Real Return bonds  | 91.00%                 | 92.00%                 |
| Money market securities  | 2.00%                  | 1.00%                  |
| <b>Total</b>   | <b>100.00%</b>         | <b>100.00%</b>         |

IX A quantitative sensitivity analysis for significant assumption as at 31 March 2020 and 31 March 2019 is as shown below: (As per actuarial valuation report). The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant

(₹ in crores)

| Particulars                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
|----------------------------------|------------------------|------------------------|
| <b>Discount rate</b>             |                        |                        |
| Increase of 1%                   | (114.64)               | (126.97)               |
| Decrease of 1%                   | 139.20                 | 156.65                 |
| <b>Inflation rate</b>            |                        |                        |
| Increase of 1%                   | 125.23                 | 142.15                 |
| Decrease of 1%                   | (105.92)               | (117.38)               |
| <b>Future salary increases</b>   |                        |                        |
| Increase of 1%                   | 5.69                   | 6.46                   |
| Decrease of 1%                   | (5.81)                 | (6.00)                 |
| <b>Post retirement Mortality</b> |                        |                        |
| Increase (1 year)                | 47.24                  | 25.77                  |
| Decrease (1 year)                | (46.76)                | (24.81)                |
| <b>Medical Trend rate</b>        |                        |                        |
| Increase of 1%                   | 0.02                   | 0.02                   |
| Decrease of 1%                   | (0.02)                 | (0.02)                 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 36. Employee benefits (Contd..)

#### (B) Foreign entities: (Contd..)

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Group expects to contribute ₹ 13.79 crores (31 March 2019: ₹ 13.40) to its defined benefit plans in financial year 2019-20.

(₹ in crores)

| Particulars  | As at<br>31 March 2020 |
|--|------------------------|
| <b>X Maturity profile</b>                            |                        |
| <b>Expected benefit payments for the year ending</b> |                        |
| 31 March 2021  | 58.78                  |
| 31 March 2022  | 59.27                  |
| 31 March 2023  | 59.23                  |
| 31 March 2024  | 59.20                  |
| 31 March 2025  | 59.12                  |
| 31 March 2026 to 31 March 2030                       | 289.25                 |
| <b>Total</b>   | <b>584.85</b>          |

#### iii. Leave plan and Compensated absences

The liability for compensated absences as at the yearend is ₹ 38.85 crores (31 March 2019: ₹ 45.73crores) as shown under current provisions. The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 25 "Employee benefits" is ₹ 3.23 crores (2018-2019: ₹ 9.22 crores).

### 37. Earnings per share

(₹ in crores)

|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| <b>a. Basic and diluted EPS</b>  |                             |                             |
| Net (loss) for the year attributable to the equity shareholders (in ₹ crore) (A) | (85.96)                     | (82.37)                     |
| Weighted average number of equity shares outstanding during the year (Nos) (B)   | 285,000,000                 | 285,000,000                 |
| Basic and diluted earnings per share (₹) (A/B)                                   | (3.02)                      | (2.89)                      |
| Face value per share (₹)   | 10.00                       | 10.00                       |

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 38. Segment reporting

#### i. Business segments

The Board of Directors and the Managing Director of the Company together as a Group constitute the "Chief Operating Decision Makers" (CODM) and allocate resources to and assess the performance of the segments of the Group.

The Group has identified the following operating segments based on the organizational structure and for which discrete financial information including segment results is available:

- Voice Solutions (VS) includes International and National Long-Distance Voice services.
- Data and Managed Services (DMS) include data transmission services, signaling, roaming services, television and other network and managed services.
- Payment Solutions (PS) includes end-to-end ATM deployment end-to-end POS enablement hosted core banking end to end financial inclusion and card issuance and related managed services and switching services to banking sector carried out by Company's wholly owned subsidiary Tata Communications Payment Solutions Limited.
- Real Estate segment includes lease rentals for premises given on lease. and does not include premises held for capital appreciation.

(₹ in crores)

| Particulars   | For the year ended 31 March 2020 |             |          |             |              |                    |
|---|----------------------------------|-------------|----------|-------------|--------------|--------------------|
|   | VS                               | DMS         | PS       | Real Estate | Intersegment | Total              |
| <b>a. Segment revenues and results</b>                                    |                                  |             |          |             |              |                    |
| Revenue from services   | 3,376.22                         | 13,192.48   | 343.41   | 179.06      | (23.18)      | 17,067.99          |
| Intersegment revenue  |                                  | (5.13)      |          | (18.05)     | 23.18        | -                  |
| Segment results   | 233.12                           | 651.61      | (62.88)  | 109.38      |              | 931.23             |
| Finance cost  |                                  |             |          |             |              | 470.74             |
| Unallocable income (net)  |                                  |             |          |             |              | 320.83             |
| <b>Profit from operations before tax and share of profit of associate</b> |                                  |             |          |             |              | <b>139.66</b>      |
| Tax expense (net)   |                                  |             |          |             |              | 226.67             |
| <b>Net Loss for the year before share in profit of associates</b>         |                                  |             |          |             |              | <b>(87.01)</b>     |
| Share in profit of associates (net)                                       |                                  |             |          |             |              | 2.18               |
| <b>Net Loss from total operation</b>                                      |                                  |             |          |             |              | <b>(84.83)</b>     |
| <b>b. Segment assets and liabilities</b>                                  |                                  |             |          |             |              |                    |
| Segment assets  | 453.04                           | 15,881.36   | 394.22   | 465.86      |              | 17,194.48          |
| Unallocable assets  |                                  |             |          |             |              | 4,966.99           |
| <b>Total assets</b>   |                                  |             |          |             |              | <b>22,161.47</b>   |
| Segment liabilities   | (753.54)                         | (10,332.12) | (249.23) | (100.00)    |              | (11,434.89)        |
| Unallocable liabilities   |                                  |             |          |             |              | (12,000.19)        |
| <b>Total liabilities</b>  |                                  |             |          |             |              | <b>(23,435.08)</b> |

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 38. Segment reporting (Contd..)

#### i. Business segments (Contd..)

(₹ in crores)

| Particulars                               | For the year ended 31 March 2020 |          |        |             |              |          |
|---|----------------------------------|----------|--------|-------------|--------------|----------|
|   | VS                               | DMS      | PS     | Real Estate | Intersegment | Total    |
| <b>c. Other segment information</b>       |                                  |          |        |             |              |          |
| Non-cash expenses                         | 2.36                             | 92.17    | 3.75   | 0.30        |              | 98.58    |
| Capital expenditure (allocable)           | 33.16                            | 2,071.73 | 103.75 | -           |              | 2,208.64 |
| Depreciation and amortisation (allocable) | 30.28                            | 2,184.44 | 138.30 | 4.70        |              | 2,357.72 |

(₹ in crores)

| Particulars   | For the year ended 31 March 2019 |            |          |             |              |                    |
|---|----------------------------------|------------|----------|-------------|--------------|--------------------|
|   | VS                               | DMS        | PS       | Real Estate | Intersegment | Total              |
| <b>a. Segment revenues and results</b>                                    |                                  |            |          |             |              |                    |
| Revenue from services   | 3,870.31                         | 12,172.02  | 357.08   | 151.84      | (26.30)      | 16,524.95          |
| Intersegment revenue  | -                                | (5.17)     | -        | (21.13)     | 26.30        | -                  |
| Segment results   | 298.29                           | 416.77     | (105.14) | 69.16       |              | 679.08             |
| Finance cost  |                                  |            |          |             |              | 396.55             |
| Unallocable income (net)  |                                  |            |          |             |              | (60.67)            |
| <b>Profit from operations before tax and share of profit of associate</b> |                                  |            |          |             |              | <b>343.20</b>      |
| Tax expense (net)   |                                  |            |          |             |              | 273.32             |
| <b>Net Profit for the year before share in profit of associates</b>       |                                  |            |          |             |              | <b>69.88</b>       |
| Share in Loss of associates (net)   |                                  |            |          |             |              | (150.31)           |
| <b>Net Loss from total operation</b>                                      |                                  |            |          |             |              | <b>(80.43)</b>     |
| <b>b. Segment assets and liabilities</b>                                  |                                  |            |          |             |              |                    |
| Segment assets  | 655.34                           | 14,107.44  | 369.69   | 373.38      |              | 15,505.85          |
| Unallocable assets  |                                  |            |          |             |              | 4,506.91           |
| <b>Total assets</b>   |                                  |            |          |             |              | <b>20,012.76</b>   |
| Segment liabilities   | (753.85)                         | (8,629.37) | (134.02) | (131.20)    |              | (9,648.44)         |
| Unallocable liabilities   |                                  |            |          |             |              | (10,540.37)        |
| <b>Total liabilities</b>  |                                  |            |          |             |              | <b>(20,188.81)</b> |
| <b>c. Other segment information</b>                                       |                                  |            |          |             |              |                    |
| Non-cash expenses   | 2.75                             | 88.16      | 9.11     | 0.01        |              | 100.03             |
| Capital expenditure (allocable)   | 31.81                            | 1,889.63   | 22.35    | 8.97        |              | 1,952.76           |
| Depreciation and amortisation (allocable)                                 | 37.59                            | 1,911.31   | 114.20   | 4.50        |              | 2,067.60           |





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 38. Segment reporting (Contd..)

#### i. Business segments (Contd..)

- Revenues and network and transmission costs are directly attributable to the segments. Network and transmission costs are allocated based on utilization of network capacity. License fees for VS and DMS have been allocated based on adjusted gross revenues from these services.
- Depreciation and certain other costs have been allocated to the segments during the current year based on various allocation parameters. Segment result is segment revenues less segment expenses. Other income and exceptional items have been considered as "Unallocable".
- Further assets and liabilities including fixed assets have been allocated to segments on similar basis of related revenue and expense.
- Intersegment sales revenues are generally made at values that approximate arm's length prices.

#### ii. Geographical information

The Group's revenue from continuing operations from external customers by location of operation and information about its Non-current assets by location of assets are detailed below:

(₹ in crores)

| Particulars              | Revenue          |                  | Non-current assets* |                  | Capital expenditure** |                 |
|--------------------------|------------------|------------------|---------------------|------------------|-----------------------|-----------------|
|                          | Year ended       |                  | As at               |                  | Year ended            |                 |
|                          | March 2020       | March 2019       | March 2020          | March 2019       | March 2020            | March 2019      |
| India                    | 6,730.22         | 6,012.97         | 5,800.60            | 5,140.25         | 1,602.97              | 1,385.57        |
| United States of America | 2,707.43         | 2,817.77         | 1,297.22            | 959.03           | 169.16                | 156.36          |
| United Kingdom           | 1,206.39         | 1,199.01         | 657.93              | 456.06           | 209.41                | 102.96          |
| Bermuda                  | 162.91           | 153.67           | 3,408.80            | 3,328.35         | 25.04                 | 33.31           |
| Singapore                | 829.97           | 782.51           | 474.09              | 384.71           | 42.60                 | 69.46           |
| Others                   | 5,431.07         | 5,559.02         | 1,386.56            | 1,296.05         | 159.46                | 205.10          |
| <b>Total</b>             | <b>17,067.99</b> | <b>16,524.95</b> | <b>13,025.20</b>    | <b>11,564.45</b> | <b>2,208.64</b>       | <b>1,952.76</b> |

\*Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Non-current operating assets for this purpose consist of property, plant and equipment, capital work-in-progress, Right of use assets, investment property, investment property under development, other intangible assets and intangible assets under development.

\*\* Capital expenditure includes ₹ 699.55 crores towards Right of Use Assets (Refer 45(a)(a))

The Group does not earn revenues from any single customer exceeding 10% of the of the Group's total revenue.

#### iii. Revenue from major services in the Group's Continuing Operations:

##### a. Revenue from major services in Voice services

(₹ in crores)

|                                   | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|-----------------------------------|-----------------------------|-----------------------------|
| International Long Distance (ILD) | 3,316.20                    | 3,797.78                    |
| National Long Distance (NLD)      | 60.02                       | 72.53                       |
| <b>Total</b>                      | <b>3,376.22</b>             | <b>3,870.31</b>             |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 38. Segment reporting (Contd..)

#### iii. Revenue from major services in the Group's Continuing Operations: (Contd..)

##### b. Revenue from major services in Data and Managed Services

(₹ in crores)

|  | Year ended<br>31 March 2020 | Year ended<br>31 March 2019 |
|--|-----------------------------|-----------------------------|
| Global Virtual Private Network (GVPN)          | 2,165.42                    | 2,114.32                    |
| Internet connectivity                          | 2,330.39                    | 2,151.24                    |
| Ethernet                                       | 1,255.36                    | 1,183.20                    |
| Unified Communications and Collaboration (UCC) | 1,370.27                    | 1,313.61                    |
| IPL Lease                                      | 1,032.06                    | 983.29                      |
| Others   | 5,033.85                    | 4,421.19                    |
| <b>Total</b>                                   | <b>13,187.35</b>            | <b>12,166.85</b>            |

### 39. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements:

|   | Principal Activity                               | Country of Incorporation | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|--|--------------------------|------------------------|------------------------|
| <b>a. Subsidiaries (held directly)</b>  |  |                          |                        |                        |
| Tata Communications Transformation Services Limited                           | Telecommunication services                       | India                    | 100.00                 | 100.00                 |
| Tata Communications Collaboration Services Private Limited                    | Telecommunication services                       | India                    | 100.00                 | 100.00                 |
| Tata Communications Payment Solutions Limited                                 | Infrastructure managed service of banking sector | India                    | 100.00                 | 100.00                 |
| Tata Communications Lanka Limited   | Telecommunication services                       | Sri Lanka                | 90.00                  | 90.00                  |
| Tata Communications International Pte. Limited                                | Telecommunication services                       | Singapore                | 100.00                 | 100.00                 |
| TC IOT Managed Solutions Limited (applied for strike off on 29 November 2019) | Telecommunication services                       | India                    | 100.00                 | -                      |
| <b>b. Subsidiaries (held indirectly)</b>                                      |  |                          |                        |                        |
| Tata Communications (Bermuda) Limited   | Telecommunication services                       | Bermuda                  | 100.00                 | 100.00                 |
| Tata Communications (Netherlands) BV  | Telecommunication services                       | Netherlands              | 100.00                 | 100.00                 |
| Tata Communications (Hong Kong) Limited                                       | Telecommunication services                       | Hong Kong                | 100.00                 | 100.00                 |
| ITXC IP Holdings S.A.R.L.   | Telecommunication services                       | Luxembourg               | 100.00                 | 100.00                 |
| Tata Communications (America) Inc.  | Telecommunication services                       | United States of America | 100.00                 | 100.00                 |
| Tata Communications Services (International) Pte Limited                      | Telecommunication services                       | Singapore                | 100.00                 | 100.00                 |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 39. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements: (Contd..)

|   | Principal Activity         | Country of Incorporation | As at 31 March 2020 | As at 31 March 2019 |
|---|----------------------------|--------------------------|---------------------|---------------------|
| Tata Communications (Canada) Limited  | Telecommunication services | Canada                   | 100.00              | 100.00              |
| Tata Communications (Belgium) S.P.R.L.  | Telecommunication services | Belgium                  | 100.00              | 100.00              |
| Tata Communications (Italy) SRL   | Telecommunication services | Italy                    | 100.00              | 100.00              |
| Tata Communications (Portugal) Unipessoal LDA   | Telecommunication services | Portugal                 | 100.00              | 100.00              |
| Tata Communications (France) SAS  | Telecommunication services | France                   | 100.00              | 100.00              |
| Tata Communications (Nordic) AS   | Telecommunication services | Norway                   | 100.00              | 100.00              |
| Tata Communications (Guam) L.L.C.   | Telecommunication services | Guam                     | 100.00              | 100.00              |
| Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA   | Telecommunication services | Portugal                 | 100.00              | 100.00              |
| Tata Communications (Australia) Pty Limited   | Telecommunication services | Australia                | 100.00              | 100.00              |
| TATA COMMUNICATIONS SVCS PTE LTD (prior to redomiciliation to Sinagpore, name of entity was Tata Communications Services (Bermuda) Limited) | Telecommunication services | Bermuda                  | 100.00              | 100.00              |
| Tata Communications (Poland) SP.Z.O.O   | Telecommunication services | Poland                   | 100.00              | 100.00              |
| Tata Communications (Japan) K.K.  | Telecommunication services | Japan                    | 100.00              | 100.00              |
| Tata Communications (UK) Limited  | Telecommunication services | United Kingdom           | 100.00              | 100.00              |
| Tata Communications Deutschland GMBH  | Telecommunication services | Germany                  | 100.00              | 100.00              |
| Tata Communications (Middle East) FZ-LLC  | Telecommunication services | United Arab Emirates     | 100.00              | 100.00              |
| Tata Communications (Hungary) LLC   | Telecommunication services | Hungary                  | 100.00              | 100.00              |
| Tata Communications (Ireland) DAC   | Telecommunication services | Ireland                  | 100.00              | 100.00              |
| Tata Communications (Russia) LLC  | Telecommunication services | Russia                   | 99.90               | 99.90               |
| Tata Communications (Switzerland) GmbH  | Telecommunication services | Switzerland              | 100.00              | 100.00              |
| Tata Communications (Sweden) AB   | Telecommunication services | Sweden                   | 100.00              | 100.00              |
| TCPOP Communication GmbH  | Telecommunication services | Austria                  | 100.00              | 100.00              |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 39. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements: (Contd..)

|   | Principal Activity         | Country of Incorporation | As at 31 March 2020 | As at 31 March 2019 |
|---|----------------------------|--------------------------|---------------------|---------------------|
| Tata Communications (Taiwan) Limited  | Telecommunication services | Taiwan                   | 100.00              | 100.00              |
| Tata Communications (Thailand) Limited  | Telecommunication services | Thailand                 | 100.00              | 100.00              |
| Tata Communications (Malaysia) Sdn. Bhd.  | Telecommunication services | Malaysia                 | 100.00              | 100.00              |
| Tata Communications (New Zealand) Limited   | Telecommunication services | New Zealand              | 100.00              | 100.00              |
| Tata Communications (Spain) S.L   | Telecommunication services | Spain                    | 100.00              | 100.00              |
| Tata Communications (Beijing) Technology Limited  | Telecommunication services | China                    | 100.00              | 100.00              |
| SEPCO Communications (Pty) Limited (SEPCO)  | Telecommunication services | South Africa             | 73.17               | 73.17               |
| VSNL SNOSPV Pte. Limited (SNOSPV)   | Telecommunication services | Singapore                | 100.00              | 100.00              |
| Tata Communications (South Korea) Limited   | Telecommunication services | South Korea              | 100.00              | 100.00              |
| Tata Communications Transformation Services (Hungary) Kft.  | Telecommunication services | Hungary                  | 100.00              | 100.00              |
| Tata Communications Transformation Services Pte Limited   | Telecommunication services | Singapore                | 100.00              | 100.00              |
| Tata Communications Comunicações E Multimídia (Brazil) Limitada   | Telecommunication services | Brazil                   | 100.00              | 100.00              |
| Tata Communications Transformation Services South Africa (Pty) Ltd  | Telecommunication services | South Africa             | 100.00              | 100.00              |
| Tata Communications Transformation Services (Us) Inc  | Telecommunication services | United States Of America | 100.00              | 100.00              |
| Nexus Connexion (SA) Pty Limited  | Telecommunication services | South Africa             | 100.00              | 100.00              |
| Tata Communications (Brazil) Participacoes Limitada   | Telecommunication services | Brazil                   | 100.00              | 100.00              |
| Tata Communications MOVE B.V.(Earlier known as Teleena Holding B.V. ) (w.e.f. 2 <sup>nd</sup> October,2018)             | Telecommunication services | Netherlands              | 100.00              | 100.00              |
| Tata Communications MOVE Nederland B.V. (Earlier known as Teleena Nederland B.V.) (w.e.f. 2 <sup>nd</sup> October,2018) | Telecommunication services | Netherlands              | 100.00              | 100.00              |
| Tata Communications MOVE UK Limited (Earlier known as Teleena UK Limited) (w.e.f. 2 <sup>nd</sup> October,2018)         | Telecommunication services | United Kingdom           | 100.00              | 100.00              |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 39. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements: (Contd..)

| Principal Activity   | Country of Incorporation                               | As at 31 March 2020 | As at 31 March 2019 |
|--|--|---------------------|---------------------|
| Tata Communications MOVE Singapore Pte. Ltd. (Earlier known as Teleena Singapore Pte. Ltd. ) (w.e.f. 2 <sup>nd</sup> October,2018) | Telecommunication services<br>Singapore                | 100.00              | 100.00              |
| MuCosco B.V. (w.e.f. 2 <sup>nd</sup> October,2018)   | Telecommunication services<br>Netherlands              | 100.00              | 100.00              |
| NetFoundry Inc. (w.e.f. 21 <sup>st</sup> February,2019)  | Telecommunication services<br>United States Of America | 100.00              | 100.00              |
| TCTS Senegal Limited   | Telecommunication services<br>Senegal                  | 100.00              | -                   |
| <b>Associates</b>  |  |                     |                     |
| United Telecom Limited   | Telecommunication services<br>Nepal                    | 26.66               | 26.66               |
| STT Global Data Centres India Pvt Ltd.   | Data Centre Colocation services<br>India               | 26.00               | 26.00               |
| Smart ICT Services Private Limited   | Telecommunication services<br>India                    | 24.00               | 24.00               |
| STT Tai Seng Pte Limited (up to 14 June,2019)  | Data Centre Colocation services<br>Singapore           | -                   | 26.00               |

\* Direct and indirect interest

### 40. Derivatives

#### Derivatives are not designated as hedging instruments:

The Group uses foreign currency forward contracts to manage some of its transaction exposures. The foreign currency forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally within 1 year. These hedges are also not designated as Cash flow hedge.

#### i. Outstanding forward contracts

##### a. As on 31 March 2020

| Particulars                             | Deal Currency | Amount (Deal Currency in Millions) | Buy/Sell | Amount (₹ in crores) | Fair value Gain/(Loss) (₹ in crores) |
|---|---------------|------------------------------------|----------|----------------------|--------------------------------------|
| <b>Forward Exchange Contracts (net)</b> |               |                                    |          |                      |                                      |
| USD/INR                                 | USD           | 86.42                              | Buy      | 631.64               | 24.18                                |
| GBP/INR                                 | GBP           | 0.90                               | Buy      | 8.48                 | (0.05)                               |
| USD/INR                                 | USD           | 1.00                               | Sell     | 7.56                 | 0.00                                 |
| CAD/INR                                 | CAD           | 2.25                               | Sell     | 12.23                | 0.06                                 |
| GBP/INR                                 | GBP           | 3.25                               | Sell     | 30.64                | (0.26)                               |
| JPY/USD                                 | JPY           | 35.00                              | Sell     | 2.43                 | 0.02                                 |
| AUD/USD                                 | AUD           | 4.00                               | Sell     | 20.50                | 2.06                                 |

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 40. Derivatives (Contd..)

#### Derivatives are not designated as hedging instruments: (Contd..)

#### i. Outstanding forward contracts (Contd..)

##### a. As on 31 March 2020 (Contd..)

| Particulars | Deal Currency | Amount (Deal Currency in Millions) | Buy/Sell | Amount (₹ in crores) | Fair value Gain/(Loss) (₹ in crores) |
|-------------|---------------|------------------------------------|----------|----------------------|--------------------------------------|
| EUR/USD     | EUR           | 15.50                              | Sell     | 130.85               | 2.24                                 |
| GBP/USD     | GBP           | 2.30                               | Sell     | 21.71                | 0.45                                 |
| SGD/USD     | SGD           | 9.00                               | Sell     | 49.41                | 1.92                                 |

##### b. As on 31 March 2019

| Particulars                             | Deal Currency | Amount (Deal Currency in Millions) | Buy/Sell | Amount (₹ in crores) | Fair value Gain/(Loss) (₹ in crores) |
|---|---------------|------------------------------------|----------|----------------------|--------------------------------------|
| <b>Forward Exchange Contracts (net)</b> |               |                                    |          |                      |                                      |
| USD/INR                                 | USD           | 115.29                             | Buy      | 840.29               | (33.83)                              |
| GBP/INR                                 | GBP           | 0.90                               | Buy      | 8.62                 | (0.45)                               |
| USD/INR                                 | USD           | 2.36                               | Sell     | 16.75                | 0.30                                 |
| CAD/INR                                 | CAD           | 1.13                               | Sell     | 5.97                 | 0.09                                 |
| EUR/INR                                 | EUR           | 0.35                               | Sell     | 2.82                 | 0.07                                 |
| GBP/INR                                 | GBP           | 3.21                               | Sell     | 30.03                | 0.85                                 |
| ZAR/INR                                 | ZAR           | 7.13                               | Sell     | 3.39                 | (0.01)                               |
| JPY/USD                                 | JPY           | 130.00                             | Sell     | 8.36                 | 0.32                                 |
| AUD/USD                                 | AUD           | 4.00                               | Sell     | 19.86                | 0.22                                 |
| EUR/USD                                 | EUR           | 15.00                              | Sell     | 119.52               | 2.24                                 |
| GBP/USD                                 | GBP           | 5.60                               | Sell     | 50.47                | (0.25)                               |
| CAD/USD                                 | CAD           | 1.50                               | Sell     | 7.85                 | 0.14                                 |
| SGD/USD                                 | SGD           | 10.20                              | Sell     | 52.22                | 0.40                                 |

#### ii. Derivatives designated as hedging instruments

(₹ in crores)

| As at         | Type of Hedge      | No. of contracts | Notional amount Asset/(Liability) | Fair value of Asset/(Liability) |
|---------------|--------------------|------------------|-----------------------------------|---------------------------------|
| 31 March 2020 | Interest Rate swap | 14               | (4,037.11)                        | (78.00)                         |
| 31 March 2019 | Interest Rate swap | 15               | (4,227.13)                        | (4.30)                          |





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 40. Derivatives (Contd..)

#### Derivatives are not designated as hedging instruments: (Contd..)

#### ii. Derivatives designated as hedging instruments (Contd..)

##### Risk Category

Hedging activities: Derivatives may qualify as hedges for accounting purposes if they meet the criteria for designation as fair value hedges or cash flow hedges in accordance with Ind AS 109.

Cash flow hedges: - Instruments designated in a cash flow hedge include interest rate swaps hedging the variable interest rates primarily related to US\$LIBOR.

All cash flow hedges were effective in the period.

##### Reclassification of OCI balance

The Group carries the changes in fair value of the swap in Other Comprehensive Income until the interest expense is recognized. The portion of fair value change pertaining to the interest expense being recognized is recycled to the profit and loss account in the accounting period in which the interest expense is being recognized.

The figures shown in the tables above take into account interest rate swaps used to manage the interest rate profile of financial liabilities. Interest on floating rate borrowings is generally based on USD LIBOR equivalents.

##### Movement of cash flow hedging reserve

(₹ in crores)

| Cash Flow hedging reserve   | Amount         |
|---|----------------|
| <b>As at 1 April 2018</b>   | <b>21.24</b>   |
| Changes in fair value of Interest rate swaps                          | (34.95)        |
| Amount reclassified to profit or loss                                 | 1.15           |
| Tax impact  | 8.45           |
| Share in net unrealised gain/(loss) on cash flow hedges in associates | (0.23)         |
| <b>As at 31 March 2019 (refer note 16)</b>                            | <b>(4.34)</b>  |
| Changes in fair value of Interest rate swaps                          | (72.86)        |
| Amount reclassified to profit or loss                                 | 3.98           |
| Tax impact  | 17.74          |
| Share in net unrealised gain/(loss) on cash flow hedges in associates | -              |
| <b>As at 31 March 2020 (refer note 16)</b>                            | <b>(55.48)</b> |

### 41. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(y) to the financial statements.

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 41. Financial instruments (Contd..)

#### i. Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2020 is as follows:

(₹ in crores)

| Particulars  | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost   | Total carrying value |
|--|-----------------------------------|---|------------------|----------------------|
| <b>Financial assets</b>  |                                   |   |                  |                      |
| Trade receivables  | -                                 |   | 3,228.87         | <b>3,228.87</b>      |
| Cash and cash equivalent   |                                   |   | 850.00           | <b>850.00</b>        |
| Other bank balances  |                                   |   | 59.13            | <b>59.13</b>         |
| Advances to related parties                                      |                                   |   | 89.20            | <b>89.20</b>         |
| Other financial assets   |                                   |   | 139.79           | <b>139.79</b>        |
| Investments (non-current)  |                                   | 214.82  |                  | <b>214.82</b>        |
| Investment in mutual funds                                       | 661.78                            |   |                  | <b>661.78</b>        |
| Forward contract not designated in hedge accounting relationship | 30.62                             |   |                  | <b>30.62</b>         |
| <b>Total</b>   | <b>692.40</b>                     | <b>214.82</b>                                 | <b>4,366.99</b>  | <b>5,274.21</b>      |
| <b>Financial liabilities</b>                                     |                                   |   |                  |                      |
| Borrowing  |                                   |   | 10,720.89        | <b>10,720.89</b>     |
| Lease liabilities  |                                   |   | 1,692.60         | <b>1,692.60</b>      |
| Trade payable  |                                   |   | 3,844.99         | <b>3,844.99</b>      |
| Creditors for capital goods                                      |                                   |   | 379.63           | <b>379.63</b>        |
| Other financial liabilities                                      |                                   |   | 540.92           | <b>540.92</b>        |
| Interest rate swaps designated as hedge accounting relationships | -                                 | 78.00   | -                | <b>78.00</b>         |
| <b>Total</b>   | <b>-</b>                          | <b>78.00</b>                                  | <b>17,179.03</b> | <b>17,257.03</b>     |

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

(₹ in crores)

| Particulars  | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost  | Total carrying value |
|--|-----------------------------------|---|-----------------|----------------------|
| <b>Financial assets</b>  |                                   |   |                 |                      |
| Trade receivables  | -                                 |   | 2,968.45        | 2,968.45             |
| Cash and cash equivalent   | -                                 |   | 789.06          | 789.06               |
| Other bank balances  | -                                 |   | 63.02           | 63.02                |
| Advances to related parties                                      | -                                 |   | 51.50           | 51.50                |
| Other financial assets   | -                                 |   | 177.03          | 177.03               |
| Investments (non-current)  | -                                 | 155.77  |                 | 155.77               |
| Investment in mutual funds                                       | 595.98                            |   |                 | 595.98               |
| Forward contract not designated in hedge accounting relationship | 3.98                              |   |                 | 3.98                 |
| Interest rate swaps designated in hedge accounting relationships | -                                 | 6.23  |                 | 6.23                 |
| <b>Total</b>   | <b>599.96</b>                     | <b>162.00</b>                                 | <b>4,049.06</b> | <b>4,811.02</b>      |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 41. Financial instruments (Contd..)

#### i. Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2019 is as follows:

(₹ in crores)

| Particulars  | Fair value through profit or loss | Fair value through other comprehensive income | Amortised cost   | Total carrying value |
|--|-----------------------------------|---|------------------|----------------------|
| <b>Financial liabilities</b>                                     |                                   |   |                  |                      |
| Borrowing  | -                                 | -   | 9,934.94         | 9,934.94             |
| Trade payable  | -                                 | -   | 3,688.52         | 3,688.52             |
| Creditors for capital goods                                      | -                                 | -   | 495.70           | 495.70               |
| Other financial liabilities                                      | -                                 | -   | 209.29           | 209.29               |
| Forward contract not designated in hedge accounting relationship | 33.89                             | -   | -                | 33.89                |
| Interest rate swaps designated as hedge accounting relationships | -                                 | 10.53   | -                | 10.53                |
| <b>Total</b>   | <b>33.89</b>                      | <b>10.53</b>                                  | <b>14,328.45</b> | <b>14,372.87</b>     |

Carrying amount of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2020 and 31 March 2019 approximate the fair value because of their short-term nature. Difference between carrying amount and fair value of other bank balances, other financial assets, other financial liabilities and borrowings subsequently measured at amortized cost is not significant in each of the years presented.

#### ii. Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

(₹ in crores)

| Financial assets / Financial liabilities   | Fair value as at |               | Fair value hierarchy |
|--|------------------|---------------|----------------------|
|  | 31 March 2020    | 31 March 2019 |                      |
| <b>Financial assets</b>  |                  |               |                      |
| Investment in mutual funds   | 661.78           | 595.98        | Level 1              |
| Investment in preference shares of Evolv Technology Solutions, Inc                 | 0.46             | 0.46          | Level 3              |
| Investment in equity shares of Sentient Technologies Holdings Limited              | -                | -             | Level 3              |
| Investments in Northgate Telecom Innovation Partners L.P.                          | 191.06           | 136.16        | Level 3              |
| Other investments in LLP   | 17.41            | 13.70         | Level 3              |
| Other investments in equity shares   | 5.89             | 5.45          | Level 3              |
| Interest rate swaps designated as hedge accounting relationships                   | -                | 6.23          | Level 2              |
| Foreign currency forward contract not designated as hedge accounting relationships | 30.62            | 3.98          | Level 2              |
| <b>Financial liabilities</b>   |                  |               |                      |
| Interest rate swaps designated as hedge accounting relationships                   | 78.00            | 10.53         | Level 2              |
| Foreign currency forward contract not designated as hedge accounting relationships | -                | 33.89         | Level 2              |

The investments included in level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 41. Financial instruments (Contd..)

#### iii. The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

(₹ in crores)

| Particulars   | Tata Teleservices Limited | Sentient Technologies Holdings Limited - Preference shares | Sentient Technologies Holdings Limited - Equity shares | Northgate Telecom Innovation Partners L.P | Other Investments |
|---|---------------------------|--|--|---|-------------------|
| <b>Balance as at 31st March 2018</b>                            | -                         | <b>32.28</b>   | <b>4.92</b>  | <b>115.23</b>                             | <b>13.23</b>      |
| Additions during the year                                       | -                         | -  | -  | 18.69                                     | 6.07              |
| Add/(Less): Fair value through profit or loss                   | -                         | -  | -  | -   | -                 |
| Add/(Less): Fair value through other comprehensive income       | -                         | (34.16)  | (5.27)   | (4.96)                                    | (0.61)            |
| Add/(Less): Conversion of preference shares in to equity shares | -                         | -  | -  | -   | -                 |
| Add/(Less): foreign currency translation adjustments            | -                         | 2.34   | 0.35   | 7.20                                      | 0.46              |
| <b>Balance as at 31st March 2019</b>                            | -                         | <b>0.46</b>  | -  | <b>136.16</b>                             | <b>19.15</b>      |
| Additions during the year                                       | -                         | -  | -  | 33.20                                     | 4.74              |
| Add/(Less): Fair value through profit or loss                   | -                         | -  | -  | -   | -                 |
| Add/(Less): Fair value through other comprehensive income       | -                         | (0.04)   | -  | 8.89                                      | (1.65)            |
| Add/(Less): foreign currency translation adjustments            | -                         | 0.04   | -  | 12.81                                     | 1.06              |
| <b>Balance as at 31st March 2020</b>                            | -                         | <b>0.46</b>  | -  | <b>191.06</b>                             | <b>23.30</b>      |

Except as detailed in the above table, the Group considered that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair value.

### 42. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, investments and cash and cash equivalents that derive directly from its operations. The Group also holds FVTOCI investments and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The financial risk committee provides assurance to the Group's senior management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 42. Financial risk management objectives and policies (Contd..)

#### a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL & FVTOCI investments and derivative financial instruments.

#### i) Interest rate risk

Interest rate risk is the risk that the future cash flows with respect to interest payments on borrowings will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group generally uses generic derivative products (eg. Interest Rate Swap, Coupon Swap, Interest rate Options etc) to cover interest rate risk on variable rate long term debt obligations. The Group may also enter into structured derivative products unless prohibited by the applicable statute(s).

The Group enters into interest rate derivatives, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 March 2020, after taking into account the effect of interest rate derivatives, approximately 54 % of the Group's borrowings are at a fixed rate of interest (31 March 2019: 60%).

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:  
(₹ in crores)

|           | Increase/<br>decrease in<br>basis points | Effect on profit<br>before tax |
|-----------|--|--------------------------------|
| 31-Mar-20 | 100                                      | 39.24                          |
| 31-Mar-19 | 100                                      | 30.39                          |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Group's exposure to the risk of changes in foreign currency rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group's objective is to try and protect the underlying values of the functional currency of respective Group company's balance sheet exposures. All exposures in currency other than functional currency are treated as 'Forex Exposures' irrespective of the Group company from where the exposures originate. Exposures are broadly categorized into receivables and payable exposures.

The Group manages its foreign currency risk by entering into derivatives on Net Exposures, i.e. netting off the receivable and payable exposures in order to take full benefit of Natural Hedge.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 42. Financial risk management objectives and policies (Contd..)

#### a) Market risk (Contd..)

#### ii) Foreign currency risk (Contd..)

Non-crystallized (not in books) exposures for which cash flows are highly probable are considered for hedging after due consideration of cost of cover, impact of such derivatives on Income statement due to mark to market loss or gains, market / industry practices, Regulatory restrictions etc.

As regards net investments in foreign operations, hedging decisions are guided by regulatory requirement, accounting practices and in consultation & approval of Senior Management on such hedging action.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 5% against the functional currency of the respective Group entity.

The following analysis has been worked out based on the net exposures of the respective Group entity as of the date of balance sheet which would affect the Consolidated Statement of Profit and Loss and equity.

The following tables sets forth information relating to foreign currency exposure (net) as at 31 March 2020 and 31 March 2019

| Currency | As at 31 March 2020   |                  | As at 31 March 2019   |                  |
|----------|-----------------------|------------------|-----------------------|------------------|
|          | Financial liabilities | Financial assets | Financial liabilities | Financial assets |
| GBP      | 340.65                | -                | 113.36                | 9.62             |
| USD      | 234.50                | 22.03            | 254.74                | 6.64             |
| SGD      | 169.82                | -                | 15.13                 | -                |
| EUR      | 167.92                | 4.9              | 1.52                  | 14.17            |
| JPY      | 121.92                | -                | 5.58                  | -                |
| HKD      | 27.85                 | -                | 41.50                 | -                |
| AED      | 7.90                  | -                | 8.53                  | 0.04             |
| Others   | 102.90                | 36.96            | 59.98                 | 93.08            |

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency of the respective Group entity would result in decrease/ increase in the Group's profit before tax by approximately ₹ 55.47 crores and ₹ 18.84 crores for the year ended 31 March 2020 and 31 March 2019 respectively.

#### iii) Equity price risk

The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment in securities.

At the reporting date, the exposure to unlisted securities at fair value was ₹ 214.82 crores as on 31 March 2020 (31 March 2019: ₹ 155.77 crores).

#### b) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and from its financing activities including deposits with banks and financial institutions, foreign currency transactions and other financial instruments).





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 42. Financial risk management objectives and policies (Contd..)

#### b) Credit risk (Contd..)

The Group uses a practical expedient in computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes into consideration the historical credit loss experience and the adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due.

#### Ageing of receivables

|                      | (₹ in crores)          |                        |
|----------------------|------------------------|------------------------|
|                      | As at<br>31 March 2020 | As at<br>31 March 2019 |
| Within Credit period | 1,657.15               | 1,636.24               |
| 0-90 days            | 1,218.63               | 815.55                 |
| 91-180 days          | 215.51                 | 219.49                 |
| 181-360 days         | (72.37)                | 198.43                 |
| >360 days            | 209.95                 | 98.74                  |
| <b>Total</b>         | <b>3,228.87</b>        | <b>2,968.45</b>        |

#### Movement in expected credit loss allowance

|   | (₹ in crores)                       |                                     |
|---|-------------------------------------|-------------------------------------|
|   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>Opening balance</b>  | 492.22                              | 399.54                              |
| Adjustment for Acquisition (Teleena)  | -                                   | 2.62                                |
| Movement in expected credit loss allowance on trade receivables circulated at lifetime expected credit losses for Continuing Operations | 64.90                               | 81.79                               |
| Impact of foreign exchange translation  | 15.34                               | 8.27                                |
| <b>Balance at the end of the year</b>   | <b>572.46</b>                       | <b>492.22</b>                       |

#### c) Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group corporate treasury department is responsible for maintaining funding limits to ensure liquidity.

The table below summarizes the maturity profile of the Group financial liabilities based on contractual undiscounted payments.

|                           | (₹ in crores)   |                   |                 |           |                  |
|---------------------------|-----------------|-------------------|-----------------|-----------|------------------|
| As at 31 March 2020       | On<br>demand    | Upto<br>12 months | 1 to 5<br>years | > 5 years | Total            |
| Borrowings                | 352.67          | 1,935.80          | 6,806.76        | -         | <b>9,095.23</b>  |
| Derivatives at FVTOCI     | -               | 44.57             | 33.43           | -         | <b>78.00</b>     |
| Trade Payable             | 1,775.33        | 2,069.66          | -               | -         | <b>3,844.99</b>  |
| Other financial liability | 763.87          | 1,801.77          | 4.50            | -         | <b>2,570.14</b>  |
| <b>Total</b>              | <b>2,891.87</b> | <b>5,851.80</b>   | <b>6,844.69</b> | <b>-</b>  | <b>15,588.36</b> |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 42. Financial risk management objectives and policies (Contd..)

(₹ in crores)

| As at 31 March 2019       | On<br>demand    | Upto<br>12 months | 1 to 5<br>years | > 5 years   | Total            |
|---------------------------|-----------------|-------------------|-----------------|-------------|------------------|
| Borrowings                | 787.31          | 1,583.28          | 6,820.00        | -           | <b>9,190.59</b>  |
| Derivatives at FVTPL      | -               | 33.89             | -               | -           | <b>33.89</b>     |
| Derivatives at FVTOCI     | -               | -                 | 10.53           | -           | <b>10.53</b>     |
| Trade Payable             | 2,022.39        | 1,666.13          | -               | -           | <b>3,688.52</b>  |
| Other financial liability | 420.11          | 1,062.70          | 6.12            | 4.58        | <b>1,493.51</b>  |
| <b>Total</b>              | <b>3,229.81</b> | <b>4,346.00</b>   | <b>6,836.65</b> | <b>4.58</b> | <b>14,417.04</b> |

### 43. Capital Management

The objective of the Group's Capital Management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through loans and operating cash flows generated. The Group is not subject to any externally imposed capital requirements.

### 44. Related party transactions

#### i. Names of related parties and nature of relationship

| Sr.<br>No | Category of related<br>parties  | Names   |
|-----------|---|---|
| a.        | Controlling Entities  | Tata Sons Private Limited (investing party upto 27 May 2018 and controlling entity w.e.f 28 May 2018)<br>Panatone Finvest Limited (investing party upto 27 May 2018 and controlling entity w.e.f 28 May 2018)   |
| b.        | Subsidiaries, Associates and joint ventures of controlling entities and their subsidiaries * ("Affiliates") (Refer notes below) | AirAsia (India) Limited<br>Allsec Technologies Limited<br>Allsectech Inc US<br>APTOnline Limited (formerly APOne Limited)<br>Arrow Infraestate Private Limited<br>Arvind and Smart Value Homes LLP<br>ATC Infrastructure Services Private Limited (formerly ATC Infrastructure Services Limited)<br>ATC Telecom Infrastructure Private Limited (formerly Viom Networks Limited)<br>Automotive Stampings and Assemblies Limited<br>Benares Hotels Limited<br>Calsea Footwear Private Limited<br>C-Edge Technologies Limited<br>CMC Americas Inc.<br>Coastal Gujarat Power Limited<br>Concorde Motors (India) Limited<br>Conneqt Business Solutions Limited (formerly Tata Business Support Services Limited)<br>Diligenta Limited<br>Ecofirst Services Limited<br>Flora Business Support Services Limited (formerly known as Westland Limited) |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names  |
|--------|-----------------------------|--|
|        |                             | Fiora Hypermarket Limited  |
|        |                             | Fiora Services Limited   |
|        |                             | Hemisphere Properties India Limited  |
|        |                             | HL Promoters Private Limited   |
|        |                             | Indian Rotorcraft Limited  |
|        |                             | Indian Steel & Wire Products Ltd.  |
|        |                             | Inditravel Limited (formerly Taj Services Limited)   |
|        |                             | Infiniti Retail Limited  |
|        |                             | Jaguar Land Rover Limited  |
|        |                             | Kolkata-One Excelton Private Limited   |
|        |                             | Kriday Realty Private Limited  |
|        |                             | Lokmanaya Hospital Private Limited   |
|        |                             | MahaOnline Limited   |
|        |                             | Maithon Power Limited  |
|        |                             | MGDC S.C.  |
|        |                             | Move On Componentes E Calcado, S.A.  |
|        |                             | MP Online Limited  |
|        |                             | Nelco Limited  |
|        |                             | Nova Integrated Systems Limited  |
|        |                             | Pamodzi Hotels Plc   |
|        |                             | Piem Hotels Limited  |
|        |                             | Princeton Infrastructure Private Limited   |
|        |                             | Promont Hilltop Private Limited  |
|        |                             | Rallis India Limited   |
|        |                             | Retreat Capital Management Inc   |
|        |                             | Roots Corporation Limited  |
|        |                             | Sector 113 Gatevida Developers Private Limited (formerly Lemon Tree Land & Developers Private Limited)           |
|        |                             | Sir dorabji tata trust   |
|        |                             | Sir Ratan Tata Trust   |
|        |                             | Smart Value Homes (Boisar) Private Limited (formerly Niyati Sales Private Limited)                               |
|        |                             | Smart Value Homes (Peenya Project) Private Limited (formerly Smart Value Homes (Boisar Project) Private Limited) |
|        |                             | Spark44 (JV) Limited   |
|        |                             | Star Health & Allied Insurance Company Limited   |
|        |                             | T S Alloys Limited   |
|        |                             | T S Global Procurement Company Pte. Ltd.   |
|        |                             | TACO Sasken Automotive Electronics Limited   |
|        |                             | Taj International Hotels Limited   |
|        |                             | TASEC Limited (formerly TAS-AGT Systems Limited)   |
|        |                             | Tata Advanced Materials Limited  |
|        |                             | Tata Advanced Systems Limited  |
|        |                             | TATA Africa Holdings (Kenya) Limited   |
|        |                             | Tata Africa Holdings (SA) (Proprietary) Limited  |
|        |                             | Tata Africa Services (Nigeria) Limited   |
|        |                             | Tata AIA Life Insurance Company Limited  |
|        |                             | Tata AIG General Insurance Company Limited   |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names   |
|--------|-----------------------------|---|
|        |                             | Tata America International Corporation  |
|        |                             | Tata Asset Management Limited   |
|        |                             | Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited)                      |
|        |                             | Tata Autocomp Hendrickson Suspensions Private Limited (formerly Taco Hendrickson Suspensions Private Limited) |
|        |                             | Tata Autocomp Katcon Exhaust Systems Private Limited (formerly Katcon India Private Limited)                  |
|        |                             | Tata Autocomp Systems Limited   |
|        |                             | Tata Boeing Aerospace Limited (formerly Tata Aerospace Limited)   |
|        |                             | Tata Business Excellence Group  |
|        |                             | Tata Capital Financial Services Limited   |
|        |                             | Tata Capital Housing Finance Limited  |
|        |                             | Tata Chemicals Europe Limited   |
|        |                             | Tata Chemicals Limited  |
|        |                             | Tata Chemicals Magadi Limited   |
|        |                             | Tata Coffee Ltd.  |
|        |                             | Tata Consultancy Services (Africa) (PTY) Ltd.   |
|        |                             | Tata Consultancy Services (South Africa) (PTY) Ltd.   |
|        |                             | Tata Consultancy Services Asia Pacific Pte Ltd.   |
|        |                             | Tata Consultancy Services Canada Inc.   |
|        |                             | Tata Consultancy Services De Espana S.A.  |
|        |                             | Tata Consultancy Services Deutschland GmbH  |
|        |                             | Tata Consultancy Services Italia s.r.l.   |
|        |                             | Tata Consultancy Services Limited   |
|        |                             | Tata Consultancy Services Malaysia Sdn Bhd  |
|        |                             | Tata Consultancy Services Netherlands BV  |
|        |                             | Tata Consultancy Services Switzerland Ltd.  |
|        |                             | Tata Consulting Engineers Limited   |
|        |                             | Tata Consumer Products GB Ltd. (formerly Tata Global Beverages GB Ltd.)                                       |
|        |                             | Tata Consumer Products Limited (formerly Tata Global Beverages Limited)                                       |
|        |                             | Tata Digital Limited  |
|        |                             | Tata Elxsi Limited  |
|        |                             | Tata Ficosa Automotive Systems Private Limited (Tata Ficosa Automotive Systems Limited)                       |
|        |                             | Tata Holdings Mocambique Limitada   |
|        |                             | Tata Housing Development Company Limited  |
|        |                             | Tata Industries Limited   |
|        |                             | Tata Interactive Systems GmbH   |
|        |                             | Tata International Limited  |
|        |                             | Tata International Metals (Americas) Limited (formerly Tata Steel International (North America) Limited)      |
|        |                             | Tata International Metals (UK) Limited (formerly Tata Steel International (UK) Limited)                       |
|        |                             | Tata International Singapore Pte Limited  |
|        |                             | Tata International Wolverine Brands Limited   |
|        |                             | Tata Limited  |
|        |                             | Tata Lockheed Martin Aerostructures Limited   |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names   |
|--------|-----------------------------|---|
|        |                             | Tata Marcopolo Motors Limited   |
|        |                             | Tata Metaliks Ltd.  |
|        |                             | Tata Motors (SA) (Proprietary) Limited  |
|        |                             | Tata Motors European Technical Centre PLC   |
|        |                             | Tata Motors Finance Limited (formerly Sheba Properties Limited)   |
|        |                             | Tata Motors Finance Solutions Limited   |
|        |                             | Tata Motors Insurance Broking and Advisory Services Limited   |
|        |                             | Tata Motors Limited   |
|        |                             | Tata Power Delhi Distribution Limited   |
|        |                             | Tata Power Solar Systems Limited  |
|        |                             | Tata Power Trading Company Limited  |
|        |                             | Tata Projects Limited   |
|        |                             | Tata Realty and Infrastructure Limited  |
|        |                             | Tata Securities Limited   |
|        |                             | Tata SIA Airlines Limited   |
|        |                             | Tata Sikorsky Aerospace Limited (formerly Tara Aerospace Systems Limited)   |
|        |                             | Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)                                    |
|        |                             | Tata Sky Limited  |
|        |                             | Tata SmartFoodz Limited (formerly SmartFoodz Limited)   |
|        |                             | Tata South East Asia (Cambodia) Limited   |
|        |                             | Tata Steel BSL Limited (formerly Bhushan Steel Limited) (under amalgamation)  |
|        |                             | Tata Steel Downstream Products Limited (formerly Tata Steel Processing and Distribution Limited)                    |
|        |                             | Tata Steel Limited  |
|        |                             | Tata Steel Long Products Limited (formerly Tata Sponge Iron Limited)  |
|        |                             | Tata Steel Minerals Canada Limited  |
|        |                             | Tata Steel UK Limited   |
|        |                             | Tata Steel Special Economic Zone Limited  |
|        |                             | Tata Steel Utilities and Infrastructure Services Limited (formerly Jamshedpur Utilities & Services Company Limited) |
|        |                             | Tata Technologies Inc.  |
|        |                             | Tata Technologies Europe Limited  |
|        |                             | Tata Technologies Limited   |
|        |                             | Tata Technologies Pte. Limited  |
|        |                             | Tata Teleservices (Maharashtra) Limited   |
|        |                             | Tata Teleservices Limited   |
|        |                             | Tata Toyo Radiator Limited  |
|        |                             | Tata Uganda Limited   |
|        |                             | Tata Unistore Limited (formerly Tata Industrial Services Limited)   |
|        |                             | Tata Value Homes Limited (formerly Smart Value Homes Limited)   |
|        |                             | Tata Zambia Limited   |
|        |                             | Tatanet Services Ltd.   |
|        |                             | TCS e-Serve America, Inc.   |
|        |                             | TCS e-Serve International Limited   |
|        |                             | TCS Financial Solutions Australia Pty Limited   |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### i. Names of related parties and nature of relationship (Contd..)

| Sr. No | Category of related parties | Names  |
|--------|-----------------------------|--|
|        |                             | The Indian Hotels Company Limited  |
|        |                             | The Tata Power Company Limited   |
|        |                             | The Tinsplate Company of India Limited                                       |
|        |                             | Titan Company Limited  |
|        |                             | Titan Engineering & Automation Limited                                       |
|        |                             | TM Automotive Seating Systems Private Limited                                |
|        |                             | TP Ajmer Distribution Limited  |
|        |                             | Trent Limited  |
|        |                             | TRIL Amritsar Projects Limited (formerly TRIF Amritsar Projects Limited)     |
|        |                             | Tril Infopark Limited  |
|        |                             | TVS Supply Chain Solutions Limited   |
|        |                             | United Hotels Limited  |
|        |                             | Voltas Limited   |
|        |                             | Vortex Engineering Private Limited   |
| c.     | Associates                  | United Telecom Limited   |
|        |                             | STT Global Data Centres India Private Limited                                |
|        |                             | STT Tai Seng Pte Limited (up to 14 June,2019)                                |
|        |                             | Smart ICT Services Private Ltd.  |
| e.     | Key Managerial Personnel    | Mr. Amur Lakshminarayanan Swaminathan (w.e.f. 26 November,2019)**            |
|        |                             | Managing Director and CEO  |
|        |                             | Mr Vinod Kumar (up to 05 July,2019)  |
|        |                             | Managing Director and CEO  |
| f.     | Others                      | Multiples Alternate Asset Management Private Limited                         |
|        |                             | PeopleStrong HR Services Private Limited                                     |
|        |                             | Encube Ethicals Private Limited  |
|        |                             | Tata Communications Employee Provident Fund Trust                            |
|        |                             | Tata Communications Employee Gratuity Trust                                  |
|        |                             | Tata Communications Transformation Services Limited Employees Gratuity Trust |

\* Where transactions have taken place

\*\* Mr. Amur Lakshminarayanan Swaminathan was appointed as MD&CEO - Designate for the period 3<sup>rd</sup> October,2019 to 25<sup>th</sup> November,2019 pending necessary regulatory approval.

#### Note

On May 28, 2018, Tata Sons Private Limited ('TSPL') and its wholly owned subsidiary, Panatone Finvest Limited ('Panatone'), increased their combined stake in TCL to 48.90% there by gaining de-facto control as per Ind-AS. Accordingly, the Company has classified TSPL and Panatone as "Controlling Entities" and disclosed subsidiaries, joint ventures and associates of Controlling Entities and their subsidiaries as the 'Affiliates' of the Controlling entities, effective this date





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### ii. Summary of transactions with related parties

(₹ in crores)

| Particulars  | Controlling<br>Entities/<br>Investing<br>Parties | Affiliates      | Key<br>management<br>personnel | Associates    | Others      | Total          |
|--|--|-----------------|--------------------------------|---------------|-------------|----------------|
| <b>Transactions with related parties</b>                             |  |                 |                                |               |             |                |
| Dividend paid  | <b>62.67</b>                                     | -               | -                              | -             | -           | <b>62.67</b>   |
|  | 62.67  | -               | -                              | -             | -           | 62.67          |
| Brand equity expenses  | <b>22.78</b>                                     | -               | -                              | -             | -           | <b>22.78</b>   |
|  | 9.10   | -               | -                              | -             | -           | 9.10           |
| Revenue from telecommunication services                              | <b>2.97</b>                                      | <b>1,118.34</b> | -                              | <b>142.23</b> | <b>0.46</b> | <b>1264.00</b> |
|  | 3.35   | 1,179.06        | -                              | 93.06         | 0.00        | 1275.47        |
| Network and transmission   | -  | <b>384.17</b>   | -                              | <b>15.22</b>  | -           | <b>399.39</b>  |
|  | -  | 430.21          | -                              | 29.22         | -           | 459.43         |
| Purchase of property plant and equipment and other intangible assets | -  | <b>25.30</b>    | -                              | -             | -           | <b>25.30</b>   |
|  | -  | 42.32           | -                              | 1.98          | -           | 44.30          |
| Transfer of property plant and equipment and other intangible assets | -  | -               | -                              | -             | -           | -              |
|  | -  | -               | -                              | 0.73          | -           | 0.73           |
| Additions to Right of Use assets #                                   | -  | <b>7.84</b>     | -                              | -             | -           | <b>7.84</b>    |
| Services rendered  | -  | -               | -                              | <b>6.11</b>   | -           | <b>6.11</b>    |
|  | -  | -               | -                              | 4.30          | -           | 4.30           |
| Services received  | <b>0.64</b>                                      | <b>200.09</b>   | -                              | <b>66.29</b>  | -           | <b>267.02</b>  |
|  | 0.64   | 264.56          | -                              | 63.58         | -           | 328.78         |
| Equity capital contribution  | -  | -               | -                              | <b>49.35</b>  | -           | <b>49.35</b>   |
|  | -  | -               | -                              | 35.01         | -           | 35.01          |
| Preference capital contribution                                      | -  | -               | -                              | <b>0.03</b>   | -           | <b>0.03</b>    |
|  | -  | -               | -                              | 0.03          | -           | 0.03           |
| Managerial remuneration \$   | -  | -               | <b>19.04</b>                   | -             | -           | <b>19.04</b>   |
|  | -  | -               | 23.69                          | -             | -           | 23.69          |
| Royalty expenses   | -  | -               | -                              | -             | -           | -              |
|  | 1.09   | -               | -                              | -             | -           | 1.09           |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44.Related party transactions (Contd..)

#### ii. Summary of transactions with related parties

(₹ in crores)

| Particulars  | Controlling<br>Entities/<br>Investing<br>Parties | Affiliates    | Key<br>management<br>personnel | Associates    | Others       | Total         |
|--|--|---------------|--------------------------------|---------------|--------------|---------------|
| Purchase of current investment   | -  | <b>907.90</b> | -                              | -             | -            | <b>907.90</b> |
|  | -  | 448.65        | -                              | -             | -            | 448.65        |
| Redemptions of current investments   | -  | <b>855.78</b> | -                              | -             | -            | <b>855.78</b> |
|  | -  | 409.99        | -                              | -             | -            | 409.99        |
| Contribution to gratuity trust   | -  | -             | -                              | -             | <b>13.35</b> | <b>13.35</b>  |
|  | -  | -             | -                              | -             | 21.96        | 21.96         |
| Contribution to PF trust   | -  | -             | -                              | -             | <b>81.48</b> | <b>81.48</b>  |
|  | -  | -             | -                              | -             | 71.59        | 71.59         |
| Interest on lease liabilities (forms part of lease payouts of ₹ 0.94 crores) | -  | <b>0.48</b>   | -                              | -             | -            | <b>0.48</b>   |
| <b>Balances with related parties</b>   |  |               |                                |               |              |               |
| Receivables  | <b>0.94</b>                                      | <b>479.92</b> | -                              | <b>95.46</b>  | <b>0.03</b>  | <b>576.35</b> |
|  | 0.54   | 479.54        | -                              | 60.69         | 0.00         | 540.77        |
| Trade Payables (including capital creditors)                                 | <b>21.95</b>                                     | <b>437.64</b> | <b>3.11</b>                    | <b>12.90</b>  | <b>7.61</b>  | <b>483.21</b> |
|  | 19.26  | 424.49        | 20.68                          | 29.63         | 6.19         | 500.25        |
| Other investments-current  | -  | <b>94.66</b>  | -                              | -             | -            | <b>94.66</b>  |
|  | -  | 40.00         | -                              | -             | -            | 40.00         |
| Other financial assets - Non - Current                                       | -  | <b>1.96</b>   | -                              | -             | -            | <b>1.96</b>   |
|  | -  | 1.14          | -                              | 0.22          | -            | 1.36          |
| Other financial assets - Current   | -  | <b>0.60</b>   | -                              | <b>41.69</b>  | -            | <b>42.29</b>  |
|  | -  | 0.73          | -                              | 49.41         | -            | 50.14         |
| Other assets - Current   | -  | <b>96.64</b>  | -                              | <b>(7.46)</b> | -            | <b>89.18</b>  |
|  | -  | 17.17         | -                              | 1.40          | -            | 18.57         |
| Other assets - Non-Current   | -  | <b>0.01</b>   | -                              | -             | -            | <b>0.01</b>   |
|  | -  | 0.02          | -                              | -             | -            | 0.02          |
| Other liabilities - Non - current  | -  | <b>41.90</b>  | -                              | <b>3.89</b>   | -            | <b>45.79</b>  |
|  | -  | 42.90         | -                              | -             | -            | 42.90         |
| Other financial liabilities - Current  | @  | <b>5.67</b>   | -                              | <b>17.99</b>  | -            | <b>23.66</b>  |
|  | @  | 6.07          | -                              | 17.99         | -            | 24.06         |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 44. Related party transactions (Contd..)

#### ii. Summary of transactions with related parties

(₹ in crores)

| Particulars                   | Controlling<br>Entities/<br>Investing<br>Parties | Affiliates | Key<br>management<br>personnel | Associates | Others | Total  |
|-------------------------------|--|------------|--------------------------------|------------|--------|--------|
| Other liabilities – Current   | -  | 25.72      | -                              | 198.72     | 0.01   | 224.45 |
|                               | 0.24   | 14.40      | -                              | 78.98      | -      | 93.62  |
| Lease liability Current       | -  | 2.74       | -                              | -          | -      | 2.74   |
|                               | -  | -          | -                              | -          | -      | -      |
| Lease liability-Non – Current | -  | 5.05       | -                              | -          | -      | 5.05   |
|                               | -  | -          | -                              | -          | -      | -      |

@ represents transaction of amounts less than ₹ 50,000.

\$ Remuneration paid to Chief Executive Officer does not include provision for gratuity as it is provided in the books on the basis actuarial valuation for the Company as a whole.

# Addition to Right of use assets includes ₹ 2.30 crores on account of impact of Ind AS 116 adoption w.e.f. 1 April 2019.

##Amounts in italics denote previous year figures for March 2019.

### 45. Leases

#### a. As lessee:

The Group has lease contracts for immovable properties across various locations used in its operations.

a. Following are the changes in the carrying value of right of use assets for the year ended 31st March, 2020  
(₹ in crores)

|   | Land          | Building      | PPE           | Total           |
|---|---------------|---------------|---------------|-----------------|
| <b>Balance as of 1st April, 2019</b>            | <b>165.94</b> | <b>277.11</b> | <b>651.81</b> | <b>1094.86</b>  |
| Additions                                       | 0.01          | 595.15        | 104.39        | 699.55          |
| Terminated                                      | (0.01)        | (2.25)        | -             | (2.26)          |
| Depreciation (refer note (ii) below)            | (2.57)        | (136.94)      | (118.35)      | (257.86)        |
| Effect of foreign currency exchange differences | -             | 10.19         | 51.14         | 61.33           |
| <b>Balance as of 31 March, 2020</b>             | <b>163.37</b> | <b>743.26</b> | <b>688.99</b> | <b>1,595.62</b> |

i. Refer note 2(aa) for effect on adoption of IND AS 116 as at April 1,2019.

ii. The aggregate depreciation expense on ROU assets is included under depreciation and amortisation expenses in the statement of Profit and Loss.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 45. Leases (Contd..)

b. The Group has lease contracts for immovable properties across various locations used in its operations. Such leases generally have lease terms between 1 to 80 years. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options and variable lease payments.

The Group also has certain leases with lease terms of 12 months or less.

i. The following is the break-up of current and non-current lease liabilities as at 31st March 2020

(₹ in crores)

| Particulars                             | Amount   |
|---|----------|
| Current maturities of lease liabilities | 298.58   |
| Non-Current Liabilities                 | 1,394.02 |

ii. The following is the movement in lease liabilities during the year ended 31st March, 2020:

(₹ in crores)

| Particulars                             | Amount          |
|---|-----------------|
| <b>Balance as of 1st April, 2019</b>    | <b>13.16</b>    |
| IND AS 116 Impact                       | 1,151.55        |
| Additions                               | 697.03          |
| Finance cost accrued during the year    | 67.75           |
| Payment of lease liabilities            | (313.08)        |
| (Gain)/Loss on leased assets terminated | (2.74)          |
| Translation Differences                 | 78.93           |
| <b>Balance as of 31st March,2020</b>    | <b>1,692.60</b> |

iii. The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2020 on an undiscounted basis:

(₹ in crores)

| Particulars          | Amount          |
|----------------------|-----------------|
| Less than one year   | 368.50          |
| One to five years    | 1,120.44        |
| More than five years | 554.33          |
| <b>Total</b>         | <b>2,043.27</b> |

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

#### b. As lessor:

i. In case of certain operating lease agreements relating to dark fiber contracts aggregating ₹ 315.85 crores (31 March 2019: ₹ 314.95 crores) as at 31 March 2020, the gross block, accumulated depreciation and depreciation expense of the assets given on an IRU basis cannot be identified as these assets are not exclusively leased. The lease rentals associated with such IRU arrangements for the year ended 31 March 2020 amount to ₹ 34.98 crores (2018 - 2019: ₹ 18.64 crores).



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 45. Leases (Contd..)

#### b. As lessor: (Contd..)

Future lease rental receipts will be recognized in the Consolidated Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Due not later than one year                           | 33.63                  | 22.67                  |
| Due later than one year but not later than five years | 97.30                  | 87.45                  |
| Later than five years                                 | 136.18                 | 147.24                 |
|   | <b>267.11</b>          | <b>257.36</b>          |

- ii. The Group has leased certain premises under non-cancellable operating lease arrangements to its associate. Future lease rental income in respect of these leases will be recognized in the Consolidated Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Not later than one year                           | 31.51                  | 63.09                  |
| Later than one year but not later than five years | 121.74                 | 70.11                  |
| Later than five years                             | 210.17                 | 58.48                  |
|   | <b>363.42</b>          | <b>191.68</b>          |

Lease rental income of ₹ 35.38 crores (2018-2019: ₹ 87.05 crores) in respect of the above leases has been recognized in the Consolidated Statement of Profit and Loss for the current year

### 46. Contingent liabilities and Commitments:

#### a. Contingent Liabilities

(₹ in crores)

|   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| I. Claims for taxes on income   |                        |                        |
| - Income tax disputes where department is in appeal against the Group (refer I (i) below) | 754.52                 | 648.86                 |
| - Other disputes related to income tax  | 1,996.58               | 1,789.52               |
| - Income tax disputes in foreign jurisdiction (refer I (ii) & I (iii) below)              | 342.43                 | 291.34                 |
| II. Claims for other taxes  | 398.93                 | 55.58                  |
| III. Group share of contingent liabilities of associates                                  | -                      | 0.97                   |
| IV. Other claims (refer III below)  | 3,494.76               | 2,356.64               |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 46. Contingent liabilities and Commitments: (Contd..)

#### I. Claims for taxes on income

- i. Significant claims by the revenue authorities in respect of income tax matters relate to disallowance of deductions claimed under section 80 IA of the Income Tax Act, 1961 from assessment years 1996-97 onwards and transfer pricing adjustments carried out by revenue authorities. The Company has contested the disallowances / adjustments and has preferred appeals which are pending.
- ii. Canada Revenue Agency (CRA) had made addition to the taxable income equivalent to ₹ 742.11 crores (USD 98.35 million) (31 March 2019: ₹ 617.44 crores (USD 89.20 million)) on Tata communications Canada Ltd (hereafter referred to as the subsidiary) in respect of adjustments made while carrying out audit of international telecommunications services for the period financial year 2007-08 to 2013-14 with potential tax demand equivalent to ₹ 123.96 crores (USD 16.43 million) (31 March 2019: ₹ 94.10 crores (USD 13.59 million)). The said subsidiary has filed notice of objections for all the seven years which is yet to come up for hearing. As a result of primary adjustments, deemed dividend provisions became applicable and corresponding withholding tax implications (WHT) are equivalent to ₹ 41.93 crores (USD 5.60 million) (31 March 2019: ₹ 35.30 crores (USD 5.10 million)). The Management has been advised that Transfer Pricing (TP) methodology implemented is as per industry practice and sustainable. In view of the above, the Management believes that issue will be settled in its favor and will not have any material adverse impact on its financial position and results of operations. The said subsidiary has applied for an Advance pricing agreement (APA), on completion of which, matter will be concluded. Pending settlement of the matter, the Group has disclosed the potential tax demand equivalent to ₹ 123.96 crores (USD 16.43 million) (31 March 2019: ₹ 94.10 crores (USD 13.59 million)) and WHT equivalent to ₹ 41.93 crores (USD 5.60 million) (31 March 2019: ₹ 35.30 crores (USD 5.10 million)) as contingent liability in the books.
- iii. Canada Revenue Agency (CRA) had initiated audit of support services rendered by Tata Communications Canada Ltd (hereafter referred to as 'the subsidiary') to Tata Communications Services (Bermuda) Limited ('TCSBL'). During financial year ended 31 March 2016, CRA proposed rejection of transfer pricing method applied by the said subsidiary and made additions to the taxable income equivalent to ₹ 839.04 crores (USD 111.19 million) (31 March 2019: ₹ 769.66 crores (USD 111.19 million)). The said subsidiary has received reassessment notice from CRA for federal portion of tax and potential withholding tax implications (WHT) (including penalty and interest) equivalent to ₹ 176.54 crores (USD 23.39 million) (31 March 2019: ₹ 161.94 crores (USD 23.39 million)). The said subsidiary has not received reassessment from Provincial Tax authorities. The Management, based on the opinion of the external consultant, is of the view that CRA's adjustment is not sustainable as it does not reflect the facts underlying the adjusted transfer prices and is not consistent with arm's length principle. Therefore, the management believes that issue will be settled in the subsidiary's favor and will not have any material adverse impact on its financial position and results of operations. However, pending settlement of the matter, the Group has disclosed the potential tax implication and WHT equivalent to ₹ 176.54 crores (USD 23.39 million) (31 March 2019: ₹ 161.94 crores (USD 23.39 million)) as contingent liability in the books.

#### II. Claims for other taxes

During the year ended March 31, 2020, a subsidiary domiciled abroad, has received a final VAT assessment from VAT authorities for amount equivalent to ₹ 128.25 crores (EUR 15.44 million) and a final penalty assessment equivalent to ₹ 149.76 crores (EUR 18.10 million) was also received. The Group has filed a notice of intention to appeal the final VAT and penalty assessment which is currently pending with the Economic Administrative Court. The management believes that there are grounds to defend its position and has also obtained an external opinion in this regard.





## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 46. Contingent liabilities and Commitments: (Contd..)

#### III. Other claims:

- i. Telecom Regulatory Authority of India ("TRAI") reduced the Access Deficit Charge ("ADC") rates effective 1 April 2007. All telecom service providers including National Long Distance ("NLD") and International Long Distance ("ILD") operators in India are bound by the TRAI regulations. Accordingly, the Company has recorded the cost relating to ADC at revised rates as directed by TRAI. However, BSNL continued to bill at the ADC rate applicable prior to 1 April 2007. BSNL had filed an appeal against TRAI Interconnect Usage Charges ("IUC") regulation of reduction in ADC and currently this matter is pending with the Hon'ble Supreme Court. The excess billing of BSNL amounting to ₹ 311.84 crores (31 March 2019: ₹ 311.84 crores) has been disclosed as contingent liability.
- ii. During the quarter ended September 30, 2019, the Company had received demands from Department of Telecommunications (DOT) aggregating to is ₹ 6,633.43 crores towards License Fee on its Adjusted Gross Revenue (AGR) for the financial years 2006-07 till 2017-18.

The demands received by the Company included an amount of ₹ 5,433.70 crores which were disallowed by the DOT towards the cost adjusted to Gross Revenues by the Company that were claimed on 'accrual basis instead of payment basis, for which revised statements on the basis of actual payment has been submitted to the DOT. Though, the Company believes that it has case to defend, it has made a provision of ₹ 337.17 crores during the quarter ended March 31, 2020 and for the balance amount of ₹ 5,096.53 crores, the Company believes that the likelihood of the same materializing is remote since the deduction on payment basis has not been considered by the DOT.

With respect to demands for the balance amount of ₹ 1,199.73 crores, the Company has existing appeals relating to its ILD & NLD licenses which were filed in the past and are pending at the Hon'ble Supreme Court and Hon'ble Madras High Court and the Company's appeals are not included in the Hon'ble Supreme Court ruling of October 24, 2019 on AGR. Further, the Company believes that all its licenses are different from UASL, which was the subject matter of Supreme Court judgement of October 24, 2019. The Company has responded to the DOT denying and disputing the amounts claimed by the DOT in the abovementioned demands. The Company has not received any response from the DOT after the submission. The Company believes that it will be able to defend its position and also has obtained a legal opinion in this regard. The Company has disclosed the total contingent liability of ₹1,895.57 crores towards all AGR dues including above demands.

- iii. Upon expiry of the Company's Internet Service Provider ('ISP') license on 24 January 2014, DoT vide letter dated 20 February 2014 extended the validity of the said license for 3 months with condition that entire ISP revenue will be subject to license fees. This conditional extension by DoT, was challenged by the Company in TDSAT and on 18 October 2019 the Company's petition has been allowed by TDSAT. As DoT has time to appeal against the TDSAT order, the Company has continued to disclose an amount of ₹ 854.35 crores (31 March 2019: ₹ 635.87 crores) including interest under contingent liabilities.
- iv. On August 7 2018, in an effort to toll the claims period under and pursuant to the Neotel Sale Agreement, VSNL SNOSPV Pte Ltd. (SNOSPV), together with the other sellers under the Sale Agreement, Sepco Communications Proprietary Limited and Nexus Connexion SA Proprietary Limited (collectively "Sellers"), received notice from Liquid Telecommunications Holdings South Africa (Pty) Limited ("Liquid") alleging certain breach of warranties and indemnity claims equivalent to ₹ 273.03 crores (ZAR 647 million).

On 16 March 2020, Liquid filed an arbitration proceeding on alleging largely the same claims set forth in the notice, but adding an additional breach of contract claim and reducing its claim for damages equivalent to ₹ 191.17 crores (ZAR 453 million). Based on its analysis of the claim, the Group is of the view that this matter will not have a material adverse impact on its consolidated financial statements.



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 46. Contingent liabilities and Commitments: (Contd..)

- v. Other Claims of ₹ 241.83 crores (31 March 2019: ₹ 207.18 crores) pertains to the Company and its subsidiaries in various geographies being routine party to suits for collection, commercial disputes, claims from customers and/or suppliers over reconciliation of payments for voice minutes, circuits, internet bandwidth and/or access to the public switched telephone network, leased equipment, and claims from estates of bankrupt companies alleging that the Group received preferential payments from such companies prior to their bankruptcy filings. The management currently believes that resolving such suits and claims, individually or in aggregate, will not have a material adverse impact on the Group's financial position.

- IV. During the previous year, the Company and its two directors and an ex-employee had received show cause notices from Directorate of Enforcement, Ministry of Finance on alleged violation of the rules and regulations under the Foreign Exchange Management Act, 1999. The contravention amount involved in all these notices is ₹ 593 crores. The liability could extend up to three times the amount quantified as contravention. The Company had provided ₹ 4.50 crores as compounding penalty, based on a legal opinion. During the current year, Ministry of Information and Broadcasting approval has been received and based on the same the Company has filed its application with RBI for compounding of charges. The Company and the named individuals in the SCNs filed their replies to the SCNs refuting the allegations made therein and without prejudice to their contentions and claims filed compounding applications with the RBI. RBI vide its separate orders dated 18 October 2019, has disposed off the compounding applications and has compounded the contravention subject of payment of ₹ 1.48 crores by the Company and ₹ 0.14 crores each by the individuals. The Company has made the payment on its behalf and also on behalf of the individuals. Thereafter, the Company and named individuals have also filed their representation with ED requesting for the closure of the proceedings.

- V. It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.
- VI. Based on the management assessment and legal advice, wherever taken, the Group believes that the above claims are not probable and would not result in outflow of resources embodying economic benefits.

#### b. Capital commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 718.05 crores (31 March 2019: ₹ 651.01 crores) (net of capital advances). Further Group's share in associate is ₹ 83.71 crores (31 March 2019: ₹ 94.02 crores) (net of capital advances).

As at 31 March 2020, the Group has remaining commitment of ₹101.87 crores (equivalent of USD 13.50 million) (31 March 2019: ₹ 123.90 crores (equivalent of USD 17.90 million)) towards investments in Northgate Telecom Innovations Partners, L.P., one of the investee.

### 47. Financial Statements for the following companies considered in the consolidated financial statements are based on management accounts and are unaudited:

(₹ in crores)

| Associates                         | Share in profit/(loss) of associates |
|------------------------------------|--------------------------------------|
| Smart ICT Services Private Limited | (0.09)                               |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

48. As per Schedule III of the Companies Act 2013, the required information on subsidiaries is provided in the following table:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entity   | Net assets/(liabilities), i.e., total assets minus total liabilities |                    | Share of profit or (Loss)                    |                    | Share of Other Comprehensive Income/(Loss) (OCI) |                    | Share of Total Comprehensive Income/(Loss)  |                    |
|--|--|--------------------|--|--------------------|--|--------------------|---|--------------------|
|  | As percentage of consolidated net assets                             | Amount in ₹ crores | As percentage of consolidated profit or loss | Amount in ₹ crores | As percentage of consolidated OCI                | Amount in ₹ crores | As percentage of Total comprehensive income | Amount in ₹ crores |
| <b>Parent</b>  |  |                    |  |                    |  |                    |   |                    |
| Tata Communications Limited                                | 151.78   | 8,220.52           | 362.30                                       | 208.78             | (95.60)  | (32.00)            | 194.03                                      | 176.78             |
| <b>Subsidiaries</b>  |  |                    |  |                    |  |                    |   |                    |
| <b>Indian</b>  |  |                    |  |                    |  |                    |   |                    |
| Tata Communications Payments Solutions Limited             | 2.95   | 159.72             | (183.67)                                     | (105.84)           | (0.60)   | (0.20)             | (116.40)                                    | (106.04)           |
| Tata Communications Transformation Services Limited        | 6.12   | 331.28             | (91.93)                                      | (52.98)            | (13.15)  | (4.40)             | (62.98)                                     | (57.38)            |
| Tata Communications Collaboration Services Private Limited | 2.25   | 121.94             | 162.93                                       | 93.89              | -  | -                  | 103.06                                      | 93.89              |
| <b>Foreign</b>   |  |                    |  |                    |  |                    |   |                    |
| Tata Communications (UK) Limited                           | (9.83)   | (532.38)           | 48.89  | 28.17              | -  | -                  | 30.92                                       | 28.17              |
| Tata Communications (Canada) Ltd                           | (33.99)  | (1,840.99)         | (138.28)                                     | (79.68)            | 195.97   | 65.61              | (15.45)                                     | (14.07)            |
| Tata Communications Services (Bermuda) Ltd                 | -  | -                  | 200.84                                       | 115.74             | -  | -                  | 127.04                                      | 115.74             |
| Tata Communications (France) SAS                           | 0.35   | 19.10              | 5.56   | 3.20               | -  | -                  | 3.52  | 3.20               |
| Tata Communications (America) Inc                          | 18.86  | 1,021.22           | 147.75                                       | 85.14              | -  | -                  | 93.45                                       | 85.14              |
| Tata Communications Deutschland GmbH                       | (6.51)   | (352.55)           | (89.08)                                      | (51.33)            | -  | -                  | (56.34)                                     | (51.33)            |
| Tata Communications (Italy) srl                            | 0.03   | 1.44               | (3.75)                                       | (2.16)             | -  | -                  | (2.37)                                      | (2.16)             |
| Tata Communications (Spain) SL                             | 2.45   | 132.94             | 25.19  | 14.51              | -  | -                  | 15.93                                       | 14.51              |
| Tata Communications (Nordic) AS                            | 0.06   | 3.08               | 0.73   | 0.42               | -  | -                  | 0.46  | 0.42               |
| Tata Communications (Australia) Pty Ltd                    | 0.38   | 20.58              | 4.61   | 2.66               | -  | -                  | 2.92  | 2.66               |
| Tata Communications (Bermuda) Ltd                          | (63.99)  | (3,466.75)         | (454.47)                                     | (261.90)           | -  | -                  | (287.46)                                    | (261.90)           |
| Tata Communications (Hong Kong) Limited                    | (5.05)   | (273.51)           | (22.50)                                      | (12.96)            | -  | -                  | (14.23)                                     | (12.96)            |
| Tata Communications (Poland) Sp Zoo                        | 0.02   | 0.97               | (2.17)                                       | (1.25)             | -  | -                  | (1.37)                                      | (1.25)             |
| Tata Communications Services (International) Pte Ltd       | 0.52   | 27.90              | 10.35  | 5.97               | -  | -                  | 6.55  | 5.97               |
| ITXC IP Holdings s.a.r.l                                   | (0.03)   | (1.74)             | (11.53)                                      | (6.64)             | -  | -                  | (7.29)                                      | (6.64)             |
| Tata Communications (Netherlands) BV                       | 14.31  | 774.95             | 6.90   | 3.97               | (152.74)   | (51.14)            | (51.77)                                     | (47.16)            |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

48. As per Schedule III of the Companies Act 2013, the required information on subsidiaries is provided in the following table:

Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entity  | Net assets/(liabilities), i.e., total assets minus total liabilities |                    | Share of profit or (Loss)                    |                    | Share of Other Comprehensive Income/(Loss) (OCI) |                    | Share of Total Comprehensive Income/(Loss)  |                    |
|---|--|--------------------|--|--------------------|--|--------------------|---|--------------------|
|   | As percentage of consolidated net assets                             | Amount in ₹ crores | As percentage of consolidated profit or loss | Amount in ₹ crores | As percentage of consolidated OCI                | Amount in ₹ crores | As percentage of Total comprehensive income | Amount in ₹ crores |
| Tata Communications (Sweden) AB                                     | 0.03   | 1.82               | (0.21)                                       | (0.12)             | -  | -                  | (0.13)                                      | (0.12)             |
| Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda | 0.01   | 0.48               | 6.36   | 3.66               | -  | -                  | 4.02  | 3.66               |
| Tata Communications (Portugal) Unipessol Lda                        | 0.20   | 10.82              | (0.10)                                       | (0.06)             | -  | -                  | (0.06)                                      | (0.06)             |
| Tata Communications (Russia) LLC                                    | 0.46   | 24.80              | (1.70)                                       | (0.98)             | -  | -                  | (1.07)                                      | (0.98)             |
| Tata Communications (Switzerland) GmbH                              | 0.08   | 4.08               | 0.39   | 0.23               | -  | -                  | 0.25  | 0.23               |
| Tata Communications (Belgium) SPRL                                  | 0.01   | 0.76               | -  | -                  | -  | -                  | -   | -                  |
| Tata Communications (Hungary) LLC                                   | 0.10   | 5.48               | (0.10)                                       | (0.06)             | -  | -                  | (0.06)                                      | (0.06)             |
| Tata Communications (Ireland) DAC                                   | 0.02   | 0.99               | 0.36   | 0.21               | -  | -                  | 0.23  | 0.21               |
| Tata Communications (Middle East) FZ-LLC                            | (0.32)   | (17.21)            | 1.29   | 0.74               | -  | -                  | 0.81  | 0.74               |
| TCPoP Communications GmbH   | 0.15   | 8.28               | 0.51   | 0.29               | -  | -                  | 0.32  | 0.29               |
| Tata Communications (Taiwan) Ltd                                    | (0.01)   | (0.50)             | (0.31)                                       | (0.18)             | -  | -                  | (0.20)                                      | (0.18)             |
| Tata Communications (New Zealand) Limited                           | 0.01   | 0.61               | (0.07)                                       | (0.04)             | -  | -                  | (0.04)                                      | (0.04)             |
| Tata Communications (Malaysia) Sdn Bhd                              | 0.07   | 3.86               | 1.34   | 0.77               | -  | -                  | 0.85  | 0.77               |
| Tata Communications (Thailand) Limited                              | 0.06   | 3.34               | 0.13   | 0.08               | -  | -                  | 0.08  | 0.08               |
| Tata Communications (Beijing) Technology Limited                    | 0.04   | 2.21               | 1.40   | 0.81               | -  | -                  | 0.89  | 0.81               |
| Tata Communications South Korea Limited                             | 0.04   | 2.15               | 0.21   | 0.12               | -  | -                  | 0.13  | 0.12               |
| Tata Communications (Japan) KK                                      | 0.14   | 7.73               | 9.23   | 5.32               | -  | -                  | 5.84  | 5.32               |
| Tata Communications (Guam) LLC                                      | 3.18   | 172.19             | 19.89  | 11.46              | -  | -                  | 12.58                                       | 11.46              |
| Tata Communications International Pte Ltd                           | 6.98   | 378.01             | (50.49)                                      | (29.09)            | -  | -                  | (31.93)                                     | (29.09)            |
| Netfoundry Inc  | (0.32)   | (17.08)            | (113.95)                                     | (65.67)            | -  | -                  | (72.08)                                     | (65.67)            |
| Tata Communications SVCS Pte. Ltd.                                  | 5.47   | 296.05             | 99.05  | 57.08              | -  | -                  | 62.65                                       | 57.08              |
| VSNL SNOSPV Pte Ltd   | (0.22)   | (11.84)            | (1.01)                                       | (0.58)             | -  | -                  | (0.64)                                      | (0.58)             |
| SEPCO Communications (Pty) Ltd                                      | 0.04   | 2.10               | (0.32)                                       | (0.18)             | -  | -                  | (0.20)                                      | (0.18)             |
| Nexus Connexion (SA) Pty Ltd  | -  | (0.09)             | (0.06)                                       | (0.03)             | -  | -                  | (0.04)                                      | (0.03)             |



## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 48. As per Schedule III of the Companies Act 2013, the required information on subsidiaries is provided in the following table:

#### Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entity   | Net assets/(liabilities), i.e., total assets minus total liabilities |                    | Share of profit or (Loss)                    |                    | Share of Other Comprehensive Income/(Loss) (OCI) |                    | Share of Total Comprehensive Income/(Loss)  |                    |
|--|--|--------------------|--|--------------------|--|--------------------|---|--------------------|
|  | As percentage of consolidated net assets                             | Amount in ₹ crores | As percentage of consolidated profit or loss | Amount in ₹ crores | As percentage of consolidated OCI                | Amount in ₹ crores | As percentage of Total comprehensive income | Amount in ₹ crores |
| Tata Communications Transformation Services (Hungary) Kft          | -  | (0.16)             | (0.76)                                       | (0.44)             | -  | -                  | (0.48)                                      | (0.44)             |
| Tata Communications Transformation Services Pte Limited            | (0.82)   | (44.22)            | (72.53)                                      | (41.80)            | -  | -                  | (45.88)                                     | (41.80)            |
| Tata Communications Transformation Services (US) Inc               | -  | 0.02               | (0.33)                                       | (0.19)             | -  | -                  | (0.21)                                      | (0.19)             |
| Tata Communications Transformation Services South Africa (Pty) Ltd | -  | 0.17               | 0.20   | 0.11               | -  | -                  | 0.13  | 0.11               |
| Tata Communications (Brazil) Participacoes Ltda                    | 0.17   | 9.25               | (1.66)                                       | (0.96)             | -  | -                  | (1.05)                                      | (0.96)             |
| Tata Communications Comunicacoes e Multimidia (Brazil) Limitada    | 0.17   | 9.37               | (0.28)                                       | (0.16)             | -  | -                  | (0.18)                                      | (0.16)             |
| Tata Communication Lanka Limited                                   | 1.27   | 69.37              | 19.68  | 11.35              | -  | -                  | 12.45                                       | 11.34              |
| Tata Communications MOVE B.V                                       | 3.28   | 177.79             | 0.88   | 0.50               | -  | -                  | 0.55  | 0.50               |
| Tata Communications MOVE Nederland B.V.                            | (0.88)   | (47.80)            | 2.36   | 1.36               | -  | -                  | 1.49  | 1.36               |
| Tata Communications MOVE UK Ltd                                    | 0.01   | 0.38               | (0.03)                                       | (0.02)             | -  | -                  | (0.02)                                      | (0.02)             |
| Tata Communications MOVE Singapore Pte. Ltd                        | (0.01)   | (0.29)             | (0.12)                                       | (0.07)             | -  | -                  | (0.08)                                      | (0.07)             |
| Tata Communications MuCoSO B.V.                                    | -  | 0.14               | 0.25   | 0.14               | -  | -                  | 0.16  | 0.14               |
| Non controlling interests in all subsidiaries                      | (0.09)   | (4.75)             | (1.96)                                       | (1.13)             | -  | -                  | (1.24)                                      | (1.13)             |
| <b>Associates</b>  |  |                    |  |                    |  |                    |   |                    |
| Indian Associates  | -  | -                  | -  | -                  | -  | -                  | -   | -                  |
| STT Global Data Centres India Private Limited                      | -  | -                  | 0.44   | 0.26               | (0.37)   | (0.13)             | 0.14  | 0.13               |
| Smart ICT Services Pvt Ltd   | -  | -                  | (0.16)                                       | (0.09)             | -  | -                  | (0.10)                                      | (0.09)             |
| <b>Foreign Associates</b>  |  |                    |  |                    |  |                    |   |                    |
| STT Tai Seng Pte Ltd (up to 14 June 2019)                          | -  | -                  | 3.51   | 2.02               | (33.51)  | (11.22)            | (10.10)                                     | (9.20)             |
| <b>Total</b>   | <b>100.00</b>  | <b>5,416.03</b>    | <b>(100.00)</b>                              | <b>(57.63)</b>     | <b>(100.00)</b>                                  | <b>(33.48)</b>     | <b>(100.00)</b>                             | <b>(91.11)</b>     |
| Adjustments on Consolidation                                       | -  | (6,694.39)         | -  | (28.33)            | -  | (659.63)           | -   | (687.96)           |
| <b>Grand Total</b>   | <b>-</b>   | <b>(1,278.36)</b>  | <b>-</b>                                     | <b>(85.96)</b>     | <b>-</b>   | <b>(693.11)</b>    | <b>-</b>                                    | <b>(779.07)</b>    |

## Notes forming part of the Consolidated financial statements

for the year ended 31 March 2020

### 49. Events after the reporting period

There are no significant subsequent events between the year ended 31 March 2020 and signing of financial statements as on 13 June, 2020 which have material impact on the consolidated financial statements of the Company.

50. The outbreak of Coronavirus (Covid-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Group has considered internal and external information while finalizing various estimates in relation to its financial statement up to the date of approval of the financial statements by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The Group is monitoring the situation closely and shall take actions as appropriate based on any material changes in the future economic conditions.

### 51. Approval of financial statement

The financial statements were approved for issue by the board of directors on 13 June, 2020

52. Previous year's figures have been regrouped/rearranged where necessary to confirm to current year's classification/disclosure.

#### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W/ E300004

#### PRASHANT SINGHAL

Partner

Membership No. 93283

NEW DELHI

NEW DELHI

Dated- 13 June, 2020

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

#### RENUKA RAMNATH

Chairperson

MUMBAI

#### PRATIBHA K. ADVANI

Chief Financial Officer

NEW DELHI

Dated- 13 June, 2020

#### AMUR S. LAKSHMINARAYANAN

Managing Director & CEO

MUMBAI

#### MANISH SANSE

Company Secretary

NEW DELHI





## Statement pursuant to Section 129 (3) of the Companies Act, 2013

## PART "A" - SUBSIDIARIES

| Sl. No. | Name of the subsidiary company                                      | Percentage holding | Reporting currency | Exchange rate | Share Capital | Reserves  | Total Assets | Total Liabilities | Investment Details (except in case of investment in the subsidiaries) | Total Turnover | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend |
|---------|---|--------------------|--------------------|---------------|---------------|-----------|--------------|-------------------|---|----------------|------------------------|------------------------|-----------------------|-------------------|
| 1       | Tata Communications Payments Solutions Limited                      | 100%               | INR                | NA            | 987.09        | -827.38   | 741.41       | 581.69            | 0.00  | 343.41         | -105.84                | 0.00                   | -105.84               | 0.00              |
| 2       | Tata Communications Transformation Services Limited                 | 100%               | INR                | NA            | 0.50          | 330.78    | 1,025.21     | 693.93            | 0.00  | 1,330.72       | -63.32                 | -10.34                 | -52.98                | 0.00              |
| 3       | Tata Communications Collaboration Services Private Limited          | 100%               | INR                | NA            | 0.02          | 121.92    | 197.69       | 75.75             | 0.00  | 208.89         | 125.12                 | 31.22                  | 93.89                 | 0.00              |
| 4       | TC IOT Managed Solutions Limited                                    | 100%               | INR                | NA            | -             | -         | -            | -                 | -   | -              | -                      | -                      | -                     | -                 |
| 5       | Tata Communication Lanka Limited                                    | 90%                | USD                | 75.46         | 9.04          | 60.34     | 93.87        | 24.49             | 0.00  | 74.58          | 14.54                  | 2.48                   | 12.06                 | 0.00              |
| 6       | Tata Communications (UK) Limited                                    | 100%               | USD                | 75.46         | 102.19        | -634.57   | 971.35       | 1,503.73          | 0.00  | 1,953.47       | 29.99                  | 0.00                   | 29.99                 | 0.00              |
| 7       | Tata Communications (Canada) Ltd                                    | 100%               | USD                | 75.46         | 554.78        | -2,395.77 | 672.78       | 2,513.77          | 0.00  | 1,577.73       | -84.82                 | 0.00                   | -84.82                | 0.00              |
| 8       | Tata Communications Services (Bermuda) Ltd                          | 100%               | USD                | 75.46         | 0.00          | 0.00      | 0.00         | 0.00              | 0.00  | 154.06         | 123.20                 | 0.00                   | 123.20                | 0.00              |
| 9       | Tata Communications (France) SAS                                    | 100%               | USD                | 75.46         | 153.87        | -134.77   | 459.32       | 440.22            | 0.00  | 374.74         | 3.41                   | 0.00                   | 3.41                  | 0.00              |
| 10      | Tata Communications (Brazil) Participacoes Limitada                 | 100%               | USD                | 75.46         | 10.94         | -1.69     | 9.25         | 0.00              | 0.00  | 0.00           | -1.02                  | 0.00                   | -1.02                 | 0.00              |
| 11      | Tata Communications Comunicações E Multimidia (Brazil) Limitada     | 100%               | USD                | 75.46         | 9.46          | -0.09     | 13.79        | 4.42              | 0.00  | 12.68          | 0.35                   | 0.52                   | -0.17                 | 0.00              |
| 12      | Tata Communications (America) Inc                                   | 100%               | USD                | 75.46         | 1,709.95      | -688.73   | 2,559.76     | 1,538.54          | 205.33  | 2,946.45       | 90.54                  | -0.09                  | 90.63                 | 0.00              |
| 13      | Tata Communications Deutschland GmbH                                | 100%               | USD                | 75.46         | 0.26          | -352.81   | 206.59       | 559.14            | 0.00  | 566.72         | -55.17                 | -0.53                  | -54.64                | 0.00              |
| 14      | Tata Communications (Italy) s.r.l                                   | 100%               | USD                | 75.46         | 51.85         | -50.41    | 68.52        | 67.08             | 0.00  | 134.00         | -1.96                  | 0.34                   | -2.30                 | 0.00              |
| 15      | Tata Communications (Spain) S.L.                                    | 100%               | USD                | 75.46         | 4.06          | 128.88    | 176.69       | 43.75             | 0.00  | 151.52         | 16.32                  | 0.87                   | 15.45                 | 0.00              |
| 16      | Tata Communications (Nordic) AS                                     | 100%               | USD                | 75.46         | 0.13          | 2.95      | 19.63        | 16.55             | 0.00  | 39.74          | 0.65                   | 0.20                   | 0.45                  | 0.00              |
| 17      | Tata Communications (Australia) Pty Ltd                             | 100%               | USD                | 75.46         | 2.69          | 17.89     | 67.09        | 87.67             | 0.00  | 231.63         | 4.17                   | 1.34                   | 2.83                  | 0.00              |
| 18      | Tata Communications (Bermuda) Ltd                                   | 100%               | USD                | 75.46         | 0.10          | -3,466.85 | 3,752.96     | 7,219.71          | 0.00  | 658.82         | -278.78                | 0.00                   | -278.78               | 0.00              |
| 19      | Tata Communications (Hong Kong) Limited                             | 100%               | USD                | 75.46         | 60.53         | -334.04   | 258.38       | 531.89            | 0.50  | 599.17         | -13.78                 | 0.02                   | -13.80                | 0.00              |
| 20      | Tata Communications (Poland) Sp Zoo                                 | 100%               | USD                | 75.46         | 3.57          | -2.60     | 12.09        | 11.12             | 0.00  | 36.34          | 0.28                   | 1.61                   | -1.33                 | 0.00              |
| 21      | Tata Communications Services (International) Pte Ltd                | 100%               | USD                | 75.46         | 2.60          | 25.30     | 33.71        | 5.81              | 0.00  | 40.01          | 5.58                   | -0.77                  | 6.35                  | 0.00              |
| 22      | ITXC IP Holdings s.a.r.l  | 100%               | USD                | 75.46         | 0.12          | -1.86     | 82.93        | 84.67             | 0.00  | 5.78           | -7.00                  | 0.07                   | -7.07                 | 0.00              |
| 23      | Tata Communications (Netherlands) BV                                | 100%               | USD                | 75.46         | 1,356.78      | -581.83   | 8,400.30     | 7,625.35          | 0.00  | 1,623.66       | 33.12                  | 28.89                  | 4.23                  | 0.00              |
| 24      | Tata Communications (Sweden) AB                                     | 100%               | USD                | 75.46         | 2.75          | -0.93     | 11.32        | 9.50              | 0.00  | 12.90          | -0.07                  | 0.06                   | -0.13                 | 0.00              |
| 25      | Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda | 100%               | USD                | 75.46         | 458.15        | -457.67   | 46.23        | 45.75             | 0.00  | 30.90          | 5.09                   | 1.19                   | 3.90                  | 0.00              |
| 26      | Tata Communications (Portugal) Unipessoal Lda                       | 100%               | USD                | 75.46         | 10.51         | 0.31      | 10.84        | 0.02              | 0.00  | 0.00           | 0.04                   | 0.10                   | -0.06                 | 0.00              |
| 27      | Tata Communications (Russia) LLC                                    | 99.90%             | USD                | 75.46         | 0.66          | 24.14     | 29.51        | 4.71              | 0.00  | 7.01           | -1.06                  | -0.02                  | -1.04                 | 0.00              |
| 28      | Tata Communications (Ireland) DAC                                   | 100%               | USD                | 75.46         | 3.58          | 0.50      | 21.01        | 16.93             | 0.00  | 38.26          | 0.29                   | 0.05                   | 0.24                  | 0.00              |
| 29      | Tata Communications (Belgium) SPRL                                  | 100%               | USD                | 75.46         | 25.19         | -24.43    | 6.29         | 5.53              | 0.00  | 6.29           | 0.00                   | 0.00                   | 0.00                  | 0.00              |
| 30      | Tata Communications (Hungary) LLC                                   | 100%               | USD                | 75.46         | 6.57          | -1.09     | 8.61         | 3.13              | 0.00  | 11.26          | 0.00                   | 0.06                   | -0.06                 | 0.00              |
| 31      | Tata Communications (Ireland) Ltd                                   | 100%               | USD                | 75.46         | 0.00          | 0.99      | 19.92        | 18.93             | 0.00  | 54.36          | 0.44                   | 0.22                   | 0.22                  | 0.00              |
| 32      | Tata Communications (Middle East) FZ-LLC                            | 100%               | USD                | 75.46         | 0.10          | -17.31    | 37.30        | 54.51             | 0.00  | 42.89          | 0.79                   | 0.00                   | 0.79                  | 0.00              |
| 33      | TCPOP Communications GmbH   | 100%               | USD                | 75.46         | 0.34          | 7.94      | 20.65        | 12.37             | 0.00  | 5.04           | 0.38                   | 0.07                   | 0.31                  | 0.00              |
| 34      | Tata Communications (Taiwan) Ltd                                    | 100%               | USD                | 75.46         | 0.06          | -0.56     | 11.70        | 12.20             | 0.00  | 24.67          | -0.16                  | 0.03                   | -0.19                 | 0.00              |
| 35      | Tata Communications (New Zealand) Limited                           | 100%               | USD                | 75.46         | 0.00          | 0.61      | 1.80         | 1.19              | 0.00  | 3.07           | -0.04                  | 0.00                   | -0.04                 | 0.00              |
| 36      | Tata Communications (Malaysia) Sdn Bhd                              | 100%               | USD                | 75.46         | 0.36          | 3.50      | 28.81        | 24.95             | 0.00  | 56.04          | 0.58                   | -0.24                  | 0.82                  | 0.00              |
| 37      | Tata Communications (Thailand) Limited                              | 100%               | USD                | 75.46         | 4.44          | -1.10     | 5.11         | 1.77              | 0.00  | 5.03           | 0.08                   | 0.00                   | 0.08                  | 0.00              |
| 38      | Tata Communications (Beijing) Technology Limited                    | 100%               | USD                | 75.46         | 1.23          | 0.98      | 5.00         | 2.79              | 0.00  | 9.36           | 0.95                   | 0.09                   | 0.86                  | 0.00              |
| 39      | Tata Communications (South Korea) Limited                           | 100%               | USD                | 75.46         | 1.97          | 0.18      | 7.78         | 5.63              | 0.00  | 11.51          | 0.14                   | 0.01                   | 0.13                  | 0.00              |
| 40      | Tata Communications (Japan) KK                                      | 100%               | USD                | 75.46         | 27.38         | -19.65    | 674.24       | 666.51            | 0.00  | 241.13         | 12.63                  | 6.97                   | 5.66                  | 0.00              |

## Statement pursuant to Section 129 (3) of the Companies Act, 2013

## PART "A" - SUBSIDIARIES

| Sl. No. | Name of the subsidiary company                                     | Percentage holding | Reporting currency | Exchange rate | Share Capital | Reserves  | Total Assets | Total Liabilities | Investment Details (except in case of investment in the subsidiaries) | Total Turnover | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend |
|---------|--|--------------------|--------------------|---------------|---------------|-----------|--------------|-------------------|---|----------------|------------------------|------------------------|-----------------------|-------------------|
| 41      | Tata Communications (Guam) LLC                                     | 100%               | USD                | 75.46         | 0.00          | 172.19    | 197.55       | 25.36             | 0.00  | 36.33          | 14.86                  | 2.66                   | 12.20                 | 0.00              |
| 42      | Tata Communications International Pte Ltd                          | 100%               | USD                | 75.46         | 3,193.08      | -2,815.07 | 2,677.15     | 2,299.14          | 15.09   | 1,206.68       | -30.65                 | 0.32                   | -30.97                | 0.00              |
| 43      | Nefoundry Inc  | 100%               | USD                | 75.46         | 0.00          | -17.08    | 46.21        | 63.29             | 0.00  | 6.50           | -69.90                 | 0.00                   | -69.90                | 0.00              |
| 44      | Tata Communications SVCS Pte Ltd                                   | 100%               | USD                | 75.46         | 80.07         | 215.98    | 448.47       | 152.42            | 0.00  | 94.42          | 73.20                  | 12.44                  | 60.76                 | 0.00              |
| 45      | VSNL SNOSPV Pte Ltd  | 100%               | USD                | 75.46         | 192.04        | -203.88   | 0.11         | 11.95             | 0.00  | 0.00           | -0.31                  | 0.31                   | -0.62                 | 0.00              |
| 46      | SEPCO Communications (Pty) Ltd                                     | 73.17%             | ZAR                | 4.22          | 0.00          | 2.10      | 2.23         | 0.13              | 0.00  | 0.00           | -0.16                  | 0.00                   | -0.16                 | 0.00              |
| 47      | Nexus Connexion (SA) Pty Ltd                                       | 100%               | ZAR                | 4.22          | 0.00          | -0.09     | 0.00         | 0.09              | 0.00  | 0.00           | -0.03                  | 0.00                   | -0.03                 | 0.00              |
| 48      | Tata Communications Transformation Services (Hungary) Kft          | 100%               | HUF                | 0.23          | 0.70          | -0.86     | 0.54         | 0.70              | 0.00  | 0.00           | -0.42                  | 0.00                   | -0.42                 | 0.00              |
| 49      | Tata Communications Transformation Services Pte Limited            | 100%               | USD                | 75.46         | 1.28          | -45.50    | 67.43        | 111.65            | 0.00  | 32.63          | -57.80                 | -13.31                 | -44.49                | 0.00              |
| 50      | Tata Communications Transformation Services (US) Inc               | 100%               | USD                | 75.46         | 0.38          | -0.36     | 1.81         | 1.79              | 0.00  | 1.92           | -0.20                  | 0.00                   | -0.20                 | 0.00              |
| 51      | Tata Communications Transformation Services South Africa (Pty) Ltd | 100%               | ZAR                | 4.22          | 0.28          | -0.11     | 1.06         | 0.89              | 0.00  | 0.93           | 0.10                   | 0.00                   | 0.10                  | 0.00              |
| 52      | Tata Communications MOVE BV  | 100%               | EUR                | 82.74         | 0.28          | 177.51    | 179.95       | 2.16              | 0.00  | 23.93          | 0.48                   | -0.05                  | 0.53                  | 0.00              |
| 53      | Tata Communications MOVE Nederland B.V.                            | 100%               | EUR                | 82.74         | 0.15          | -47.95    | 16.56        | 64.36             | 0.00  | 166.89         | 1.43                   | 0.00                   | 1.43                  | 0.00              |
| 54      | Tata Communications MOVE UK Ltd                                    | 100%               | GBP                | 93.22         | 0.00          | 0.38      | 1.75         | 1.37              | 0.00  | 1.65           | -0.02                  | 0.00                   | -0.02                 | 0.00              |
| 55      | Tata Communications MOVE Singapore Pte. Ltd                        | 100%               | SGD                | 52.93         | 0.26          | -0.55     | 1.87         | 2.16              | 0.00  | 2.06           | 0.05                   | 0.11                   | -0.07                 | 0.00              |
| 56      | Tata Communications MuCoSO B.V.                                    | 100%               | EUR                | 82.74         | 0.15          | -0.01     | 0.22         | 0.08              | 0.00  | 0.12           | 0.20                   | 0.05                   | 0.15                  | 0.00              |
| 57      | TCTS Senegal Limited   | 100%               | CFA                | NA            | -             | -         | -            | -                 | -   | -              | -                      | -                      | -                     | -                 |

## PART "B" - ASSOCIATES

| Sl. No. | Name of Associate                             | Joint Venture /Associate | Percentage holding | Reporting Currency | Description of how there is significant influence | Number of shares held | Amount of Investment | Network attributable to shareholding as per the latest balance sheet | Profit & loss for the year considered in consolidation (including Other Comprehensive Income) | Profit/ (loss) for the year not considered in consolidation |
|---------|---|--------------------------|--------------------|--------------------|---|-----------------------|----------------------|--|---|---|
| 1       | STT Tai Seng Pte Ltd*                         |                          |                    |                    |   |                       |                      |  | 2.02  | -   |
| 2       | STT Global Data Centres India Private Limited | Associate                | 26.00%             | INR                | Shareholding more than 20%                        | 2,899                 | 668.90               | 686.30   | 0.13  | -   |
| 3       | United Telecom Limited                        | Associate                | 26.66%             | NPR                | Shareholding more than 20%                        | 57,31,900             | 35.82                | Refer note below   | Refer note below  | Refer note below  |
| 4       | Smart ICT Services Private Limited            | Associate                | 24.00%             | INR                | Shareholding more than 20%                        | 3,47,146              | 0.33                 | (0.34)   | (0.09)  | Refer note below  |

\*Sold during the year

On account of the outbreak of Coronavirus (Covid-19) in Nepal, the financials statements of United Telecom Limited (UTL) for the year ended March 31, 2020 are still under preparation. As the Company's carrying value of investments in UTL is NIL and the Company does not have any additional commitments in UTL, the Company does not absorb any further losses in UTL. Accordingly, the Group's financial statements for the year ended March 31, 2020 remains unaffected due to delayed preparation of UTL financials.



## About Tata Communications

Tata Communications is a digital ecosystem enabler that powers today's fast-growing digital economy.

The company enables the digital transformation of enterprises globally, including 300 of the Fortune 500 – unlocking opportunities for businesses by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.

With its solutions orientated approach and proven managed service capabilities and cutting-edge infrastructure, Tata Communications drives the next level of intelligence powered by cloud, mobility, Internet of Things (IoT), collaboration, security, and network services.

Tata Communications carries around 30% of the world's internet routes and connects businesses to 60% of the world's cloud giants and 4 out of 5 mobile subscribers.

The company's capabilities are underpinned by its global network, the world's largest wholly owned subsea fibre backbone and a Tier-1 IP network with connectivity to more than 200 countries and territories.

Tata Communications Limited is listed on the Bombay Stock Exchange and the National Stock Exchange of India.

[www.tatacommunications.com](http://www.tatacommunications.com)

