

**ANNUAL REPORT 2018**

# **ENABLING YOUR DIGITAL FUTURE NOW**

**A NEW WORLD OF COMMUNICATIONS™**

# LEADERSHIP WITH TRUST

## SINCE 1868

₹  
**656,973**  
CRORE  
REVENUE

**600**  
MILLION+  
CONSUMERS

In a free enterprise,  
the community is not just another  
stakeholder in business, but is in fact  
the very purpose of its existence.

- Jamsetji Tata



**695,699**  
EMPLOYEES

₹  
**27,346**  
CRORE PROFIT  
AFTER TAX

**3.98**  
MILLION  
SHAREHOLDERS

**150+**  
COUNTRIES

**66%**  
OF PARENT COMPANY  
TATA SONS' EQUITY  
SHARE CAPITAL HELD BY  
PHILANTHROPIC  
TRUSTS

**150**  
YEARS

The figures are aggregated for Tata companies for the financial year ended 31.03.2017.

From pioneering businesses, to pioneering welfare practices,  
to pioneering national institutions,  
the Tata Group remains committed to improving the lives  
of communities we serve globally, based on leadership with trust.

Picture (left to right): The four partners - Jamsetji Tata, Founder of the Tata Group;  
R. D. Tata, father of J. R. D. Tata; Sir Ratan Tata, younger son of the Founder;  
and Sir Dorabji Tata, elder son of the Founder.



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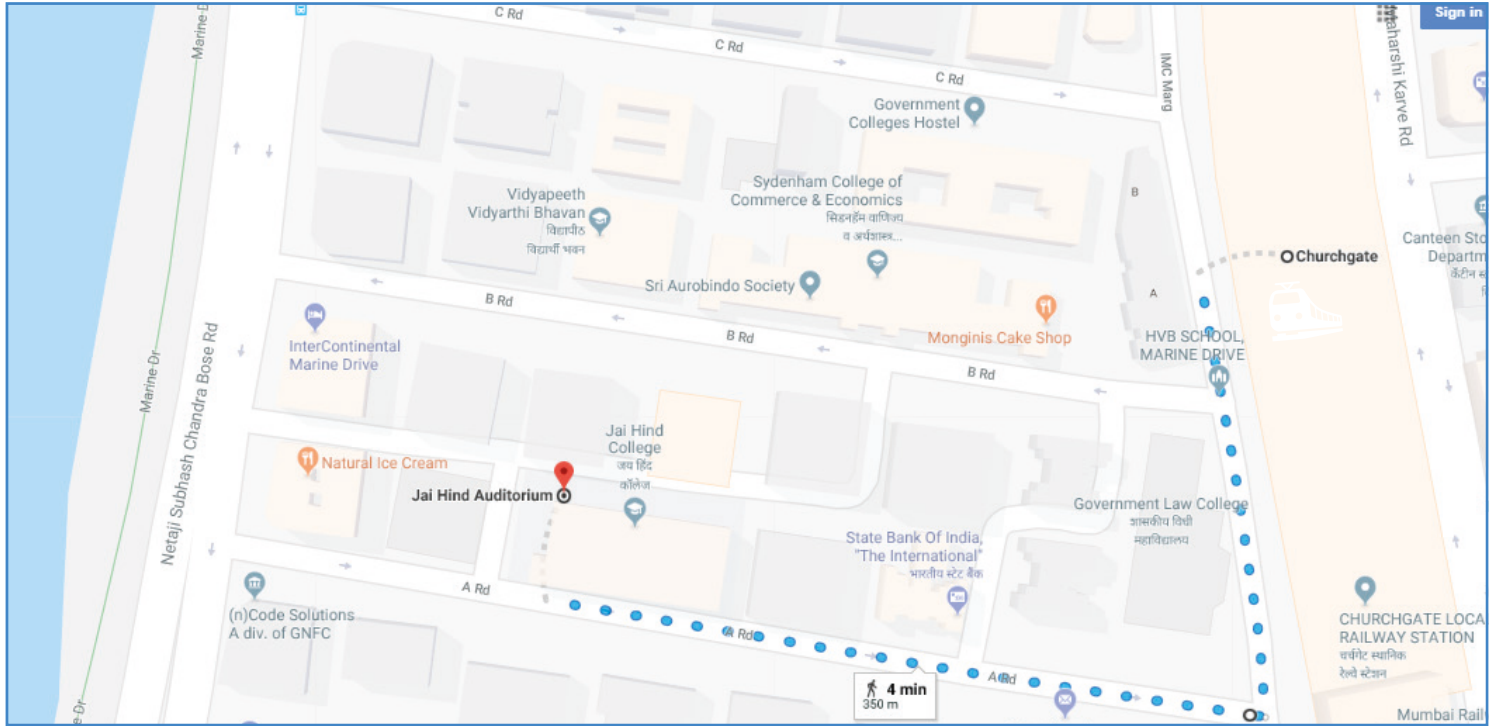
# OUR VISION

**To deliver a New World of Communications™  
to advance the reach and leadership of our  
customers and partners**



## ROUTE MAP TO THE AGM VENUE

Pama Thadhani Auditorium,  
Jai Hind College, 'A' Road, Churchgate,  
Mumbai – 400 020







## ANALYST AWARDS AND RECOGNITION

- **Gartner Magic Quadrant for Network Services, Global, 2018<sup>1</sup>**

Tata Communications has been positioned as a Leader in the Gartner Magic Quadrant for Network Services, Global, for the fifth consecutive year

- **Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific, 2017<sup>2</sup>**

Tata Communications has been positioned as a Niche Player in the Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific

- **2017 Frost & Sullivan India Digital Transformation Awards**

- Enterprise Telecom Service Provider – Large Enterprise (third year running)
- Enterprise Data Service Provider of the Year (ninth year running)
- Hosted Contact Center Service Provider of the Year (sixth year running)
- Third Party Datacenter Service Provider of the Year (second year running)
- IoT New Product / Service Innovation (new award this year)

- **NetEvents 2017**

NetFoundry clinched the IoT & Cloud Innovation Award Innovation Leader – IoT

- **2017 Frost & Sullivan Best Practices Awards – Asia Pacific**

Managed UC Services Provider of the Year (second year running)

- **TechXLR8 Asia Awards 2017**

Best IoT Connectivity Solution

- **Ovum Industry Congress On The Radar Awards 2017 – Internet of Things**

Tata Communications deployed a citywide LoRa network in an Indian city with 1.3 million inhabitants and provided LoRa-powered devices and application development to provide multiple, smart city solutions

- **MEF 2017 Awards**

- Enterprise Application of the Year – Cloud Connectivity
- Enterprise Application of the Year – Finance

<sup>1</sup>Gartner, Inc. "Magic Quadrant for Network Services, Global" by Danellie Young, Katja Ruud, Bjarne Munch, Takeshi Ikeda, Neil Rickard, Lisa Pierce, February 27<sup>th</sup>, 2018

<sup>2</sup>Gartner Magic Quadrant for Managed Hybrid Cloud Hosting, Asia Pacific, To Chee Eng et al. 31 Oct 2017







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# CEO'S STATEMENT

## **PROVIDING DIGITAL INFRASTRUCTURE SERVICES GLOBALLY**

Tata Communications is operating at a pivotal moment in the evolution of human activity. By design, we are at the very forefront of seismic change – the so-called ‘Fourth Industrial Revolution’ – now underpinning the world’s fast-growing digital economy.

Once a pure play connectivity provider, we have successfully transformed ourselves into a much broader global communications service provider able to leverage a network reach that encompasses countries representing ~98% of the world’s GDP.

Today, as we look to the needs of our next generation of customer, we seek to reinvent Tata Communications to be the leading global digital infrastructure service provider not only to make the digital transformation journey of our customers simple, but also to accelerate their business’ path to success.

Through our unparalleled insights and capabilities, we aim to help our customers make sense of and navigate the vast potential offered by emerging and disruptive technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Big Data, mobility and cloud computing. We are uniquely placed to help our customers embrace new opportunities starting to make their presence felt in the global economy. By getting ahead of the curve – and staying ahead – we’re enabling our customers’ digital future, now.

### **Principal focus**

Our mission is clear, to deliver a New World of Communications™ to advance the reach and leadership of our customers and partners. The reach and capabilities of our global network as well as the breadth of our innovative product portfolio, put Tata Communications at the epicentre of the world’s digital transformation.



## Major highlights

We are similarly clear on our financial objectives. While our traditional services continue to be under margin pressure, we are focused on growing our Growth and Innovation services revenues. By investing in services and innovation and continuing to use and improve the efficiencies of our existing assets, we expect that demand for our services will increase and remain strong in the face of increased competition and downward pressure on pricing.

During the current fiscal year, Tata Communications passed several key milestones, including:

- **Filing of the Surplus Land Scheme of Arrangement and Reconstruction with the NCLT** – the mechanism to demerge 773.13 acres of land originally acquired from the Government of India in 1986 was approved at a shareholders' meeting in May 2018.
- **Five-year anniversary of MQ + MQ APAC Hosting launch** – we have been positioned as a Leader in the Gartner Magic Quadrant for Network Services, Global for the fifth consecutive year and in November 2017 have made our debut in the Magic Quadrant for Managed Hybrid Cloud Hosting, Asia / Pacific.
- **Launch of MOVE and IoT Services in India** – offering fully managed solutions underpinned by our global network and partnerships with 600+ mobile network operators.
- **Expanding our IZO™ Private Cloud footprint in Europe, Middle East and Asia Pacific** – to tackle the data sovereignty concerns that large enterprises are beginning to experience, we launched three IZO™ Private Cloud nodes in Germany, the UAE and in Malaysia.
- **Investing in our infrastructure in the Americas** – by connecting the new Seabras-1 cable system to Tata Communications Global Network, we will address the inbound and outbound needs of Brazil, the fifth largest IT market in the world.
- **Adding three new points of presence in Jacksonville, Florida; Minneapolis, Minnesota and St. Louis, Missouri** – we also grew the footprint of 48 PoPs across both major cities and the emerging business hubs of the US.
- **Driving digital innovation by investing in the future** – for example through our MOVE borderless IoT connectivity and start-ups such as NetFoundry to connect any app via software-only, application-specific networks.

## Looking ahead

As we look to the future, we will continue to execute our clearly articulated strategy to become a global digital infrastructure services provider – increasing product penetration with existing customers. At the same time, we shall be securing and accelerating our own internal digital transformation, which in turn will sharpen our focus on free cash flow and ROCE. Above all, we will ensure that each and every team member is wholly aligned and committed to delivering sustained and growing value to customers, shareholders and the communities in which we operate.

On behalf of the Board, I would like to extend a big thank you to everyone at Tata Communications for working so hard to take our business – and that of our customers – to the next level, as the digital era opens up so many new opportunities. Your efforts are hugely appreciated.

VINOD KUMAR, Managing Director and Group CEO



# PERFORMANCE HIGHLIGHTS 2017-2018

## Progress through partnership

Tata Communications' priority remains nurturing growth for both our own business and that of our customers through trusted partnerships. This will enable us to accelerate success as digital transformation reshapes our future. With collaboration central to Tata Communications' nurturing growth strategy, we entered into several strategic partnerships during this past fiscal year. The aim of each was to push the boundaries of innovation and shape the future by using best-in-class global technology platforms to help underpin each partner's digital transformation.

Key examples include partnerships with:

- **Thai start-up DRVR** – to deliver smarter international fleet management across Thailand, Myanmar, Philippines and Indonesia through our MOVE IoT mobility solution.
- **The European PGA golf tour** – through a media services tie-up that will see Tata Communications deliver video

feeds from 47 tournaments across five continents, reaching half a billion fans.

- **Cloudera** – a cloud-optimised machine learning / analytics platform that further strengthens our managed services for Big Data.
- **MotoSport TV** – to deliver video content including Ultracast for live 360° videos and virtual reality content via its internet television platform.



## Performance Highlights 2017-18

### Performance highlights 2017/18



#### Data services

We continued to deliver top quartile growth in data services – despite industry headwinds – with data business revenues growing 4.4% year-on-year to ₹ 11339 crores.



#### Growth services

Led by SIP-T, Security, Hosting and IZO™, growth services posted a 35.6% increase year-on-year to US \$ 346 million, and we expect its contribution to our data business overall to continue to grow steadily.



#### Transformation services

Performance here was also encouraging, growing 9.8% year-on-year to ₹ 1128 crores thanks to new customer wins – especially internationally – covering higher value-added services than in the past.



#### Traditional Connectivity services

These responded well to active churn management and a series of new wins by increasing 3.9% year-on-year to US \$ 1201 million. Products such as VPN, Internet leased line and Ethernet have been steadily growing in double digits, which represent industry-leading growth levels.

### Capital expenditure

During the financial year 2017-18, the Company's capital expenditure (CAPEX) was ₹ 1808.85 crores – higher than the previous year i.e ₹ 1337.89 crores (excluding CAPEX relating to discontinued operations of ₹ 318.07 crores). We expect to maintain a similar level of CAPEX spend for FY18-19 and will continue to invest in our existing and new services portfolio. Substantial investments will continue to support our growth services portfolio which includes hosting, security services, unified communications, media management and software defined wide area networking services (SDWAN). Innovation services including mobility and our IoT platform will also see further investment. The Capital Expenditure of ₹ 1808.85 crores for 2017-18 splits out as follows:

- Data growth: ₹ 515.46 crores (28.50%)
- Data sustenance: ₹ 884.29 crores (48.89%)
- Voice: ₹ 9.27 crores (0.51%)
- IT and others: ₹ 399.83 crores (22.10%)



# CORPORATE DETAILS

## BOARD OF DIRECTORS

**Ms. Renuka Ramnath (Chairperson) (Independent)**

**Mr. Vinod Kumar (Managing Director and Group CEO)**

**Mr. Srinath Narasimhan**

**Dr. Uday B. Desai (Independent)**

**Mr. Saurabh Kumar Tiwari**

**Dr. Gopichand Katragadda**

**Mr. G. Narendra Nath**

**Mr. Manish Sansi**

**Ms. Pratibha K. Advani**

Company Secretary and General Counsel (India)

Chief Financial Officer

## REGISTERED OFFICE

VSF, Mahatma Gandhi Road, Fort, Mumbai – 400 001

Tel: +91 22 6657 8765, Fax: +9122 6725 1962

Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)

Website: [www.tatacommunications.com](http://www.tatacommunications.com).

## Corporate details

### CORPORATE OFFICE

Plot No. C21 and C36, 'G' Block, Bandra Kurla Complex,  
Mumbai – 400 098.

### BANKERS

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

### FINANCIAL INSTITUTIONS

Cisco Capital  
COFACE, France  
Export Development Canada (EDC)  
US EXIM

### LEGAL ADVISORS

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

### STATUTORY AUDITORS

S.R. Batliboi & Associates LLP, Chartered Accountants

### REGISTRARS AND TRANSFER AGENTS

TSR Darashaw 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](mailto:csg-unit@tsrdarashaw.com),  
Website: [www.tsrdarashaw.com](http://www.tsrdarashaw.com)





# BOARD OF DIRECTORS

## **MS. RENUKA RAMNATH** **CHAIRPERSON**

Ms. Renuka Ramnath is the Founder, Managing Director and CEO of Multiples Alternate Asset Management, a private equity manager and advisor to funds of -US\$ 1 billion. Ms. Ramnath has over 30 years of experience in the Indian financial sector across private equity, investment banking and structured finance. She 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 of ICICI Venture, 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. Ms. Ramnath is a Board member of EMPEA, the global industry association for private capital in emerging markets.

She 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, the International Senior Managers Program from the Graduate School of Business Administration, Harvard University.

Ms. Ramnath was appointed as Director of Tata Communications Limited on December 8, 2014 and was elected as Chairperson of our Company with effect from April 14, 2017.



### **MR. VINOD KUMAR** **MANAGING DIRECTOR and GROUP CEO**

Mr. Vinod Kumar is the Managing Director and Group CEO of Tata Communications, which is part of the US \$100 billion dollar Tata Group of companies.

Mr. Vinod Kumar joined Tata Communications in April 2004, just when the company was embarking on its journey of international growth. He was closely associated with the acquisitions of the Tyco Global Network and Teleglobe and assumed responsibility as Managing Director of Tata Communications' international operations. Subsequently, he was promoted to Chief Operating Officer, responsible for managing the Global Data Business Unit as well as the Engineering and Operations functions. Mr. Kumar was also appointed as a non-executive director on the Board of Tata Communications Limited in February 2007. In February 2011, Mr. Vinod Kumar was appointed as the Managing Director and Group CEO of Tata Communications Limited.

Mr. Vinod Kumar has been at the forefront of Tata Communications' transformation from a traditional connectivity services provider, largely in India, to a truly global services provider – offering a broad range of managed communication, collaboration and cloud services, successfully transforming Tata Communications into a truly global organisation that enables large enterprises in their digital transformation journeys.

With over 25 years of experience in the global telecom industry, Mr. Kumar has had an impressive track record in developing business strategies and creating fast growth organisations across the globe.

Prior to Tata Communications, he was a Senior Vice President with Asia Netcom from 2002-2004, and was responsible for strategy formulation, product marketing, sales and generating top-line growth. He was actively involved in the financial restructuring and eventual asset sale of Asia Global Crossing to China Netcom, resulting in the formation of Asia Netcom.

From 1999 to 2002, Mr. Vinod Kumar worked with WorldCom Japan as its Chief Executive Officer. Prior to this, he held various senior positions in Global One and Sprint International in the United States and Asia where he had major responsibilities in market management, sales, marketing, product management, multinational account management and operations.

Mr. Vinod Kumar graduated with honors in Electrical and Electronic Engineering from the Birla Institute of Technology and Science in India.



**MR. SRINATH NARASIMHAN  
DIRECTOR**

Mr. Srinath Narasimhan is the Managing Director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited.

With over 32 years of experience within the Tata Group, Mr. Srinath has held various leadership positions across Tata companies in areas such as Process Automation and Control, Information Technology and Telecommunications.

Prior to joining Tata Teleservices, Mr. Srinath was the Managing Director and CEO of Tata Communications Limited (erstwhile VSNL). Under his leadership, Tata Communications has 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 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 named the 'Telecom CEO of the Year' in Asia by the leading publishing group Telecom Asia in 2006. In the same year he was also conferred the Udyog Rattan Award by the Institute of Economic Studies (IES).

Mr. Srinath has also served as the Chief Executive Officer of Tata Internet Services in late 2000 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, a position he held until 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.

In addition to being Managing Director of Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited, Mr. Srinath also serves as a Director on the Boards of Tata Business Support Services (TBSS), Tata Industries Limited, Honeywell Automation India Limited, ATC Telecom Infrastructure Private Limited, Tata Communications Limited and its related entities.

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, specialising in marketing and systems.





### DR. UDAY B. DESAI DIRECTOR

Dr. Uday B. 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 Ph.D. degree from The Johns Hopkins University, Baltimore, U.S.A., in 1979, all in Electrical Engineering. Since June 2009 he is the Director of IIT Hyderabad and he is also the Mentor Director for IIIT Chittoor. He was the Mentor Director for IIT Bhilai.

He has held faculty positions at different universities: Assistant and then Associate Professor at Washington State University and Professor at IIT Bombay. He has held Visiting Associate Professor's position at Arizona State University, Purdue University, and Stanford University. He was a visiting Professor at EPFL, Lausanne, and has been the Director of HP-IITM R and D Lab. at IIT-Madras.

His research interest is in Cyber physical systems, Internet of Things, digital fabrication, wireless communication, cognitive radio, wireless sensor networks and statistical signal processing. He has been a co-author of 9 research monographs, and author of nearly 300 peer reviewed papers in international journals and international conferences.

He is a member of many central governmental committees and several governing councils of academic institutions. He was a member of the high-powered committee for review of AICTE.

Dr. Desai is a Fellow of Indian National Science Academy, and a Fellow of Indian National Academy of Engineering. He is the recipient of J C Bose Fellowship. He is also the recipient of the Excellence in Teaching Award from IIT-Bombay. In 2015 he received the Outstanding Alumni award from University of Buffalo, and in 2016 he received the Distinguished Alumni Award from IIT Kanpur.



### MR. SAURABH KUMAR TIWARI DIRECTOR

Mr. Saurabh K. Tiwari holds a Master's degree in Political Science with a Certificate of Merit from the University of Allahabad. He completed his MBA with specialisation in Finance from National Institute of Financial Management, an autonomous body under Ministry of Finance, Government of India. He has an LLB degree from the Delhi University. Besides being a Fellow of the University Grants Commission, he has taught Political Philosophy in the Post Graduate Classes of the University of Allahabad for two years.

After clearing the Civil Services Examination in 1993, he joined the Indian P&T Accounts and Finance Service (IP&TAFS). He has wide ranging work experience in the Government of India and PSUs. He was the Deputy General Manager (Finance) of Central Area of MTNL, Delhi which provides service to the elite of India including the President, Prime Minister, Union Council of Ministers, Embassies, High Commissions and the Central Business District. He has also served as the Financial Advisor to various units of the Indian Air Force including the Central Air Command, Bamrauli.

He was instrumental in designing and implementing the software for the revision of pension of more than two million Defence Pensioners, spread throughout the country, in accordance with the recommendations of the Sixth Pay Commission. His assignment as Deputy Director General (Licensing Finance), Department of Telecom, Government of India involved assessment of revenue to the tune of



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Rupees Two Lakh crore annually resulting in collection of ₹ 11,300 crores (approx) in the form of licence fee – one of the largest contributors to the non-tax revenue of the Union Government. Mr. Tiwari's current assignment is as Deputy Director General (FEB), Department of Telecom, Government of India wherein he is responsible for Human Resource Management and Financial Management in the Department of Telecom. He is credited with successful steering of the first Cadre Review of IP&TAFS. He is also a Technical Advisor to Government Accounting Standards Advisory Board. Besides, he is also the Chairman cum Managing Director (CMD) of M/s Hemisphere Properties India Limited, a PSU of Government of India.

Mr. Tiwari has attended various trainings and seminars in India and abroad and has been a regular faculty in various Training Institutes. Mr. Tiwari has exemplary leadership qualities. He was the General Secretary of the Indian P&T Accounts and Finance Service Officers' Association for almost a decade. Mr. Tiwari also pursues poetry as a hobby and his poems have been published in two anthologies: "Rooh Ki Aawaaz" and "Kashti Mein Chand". An avid sportsperson, he has won various awards in Athletics, and games like Volleyball, Football, Badminton, Cricket and Tennis.

**DR. GOPICHAND KATRAGADDA  
DIRECTOR**

Dr. Gopichand Katragadda is the Tata Group Chief Technology Officer and Innovation Head. In this role, Dr. Katragadda facilitates the development of pioneering products and services, strategic technology collaboration, and evangelises innovation across the US \$100 Billion Tata Group. He also serves as a director on the boards of Tata Elxsi Limited, Tata Teleservices Limited, Tata Autocomp System Limited, and Flisom AG.

Previously, as the Chairman and Managing Director, he helped grow GE's largest R & D Centre – the John F. Welch Technology Centre (JFWTC) to be amongst the word leaders in intellectual property generation. Dr. Katragadda also served as the Chairman for GE-BEL.

Before joining GE, Dr. Katragadda was the Vice President of Technology at the US based Karta Technologies. At Karta, Dr. Katragadda led the development of advanced sensor technology for US government agencies and research consortiums. He also was an Adjunct Professor at the University of Texas and served on the Board of Directors for Texas Public Radio.

Dr. Katragadda provides the voice of technology for various Government of India organisations. He chairs the CII National Technology Committee and the CII Western Region Innovation Taskforce. He is the India chair for the Indo-UK Joint Economic and Trade Committee.

Dr. Katragadda is a Fellow of the Institute of Engineering and Technology and a GE Certified Six Sigma Master Black Belt, and has over 30 publications and 5 patents. He has also authored a book on innovation - "SMASH," which is currently in its second edition and is published by Wiley. He contributed to the establishment of the Advanced Materials CoE at IIT-Madras and the Advanced Manufacturing CoE at IIT-Kharagpur. Dr. Katragadda has helped set up and has driven the ongoing Tata research collaborations with Harvard and Yale.

Dr. Katragadda holds MS and PhD degrees in Electrical Engineering from Iowa State University, Ames, Iowa.



### MR. G. NARENDRA NATH DIRECTOR

Mr. G.Narendra Nath, is working as Deputy Director General (Security Assurance), Department of Telecommunications (DoT), Government of India with overall responsibilities for the policy formulation and implementation and matters pertaining to Telecom network security of India. His responsibilities include coordination on matters of national security with other wings, establishment of a National Telecom Security Incident Management Centre, Telecom Testing and Security Certification Centre, Mobile Device Registry and Security Audit of Telecom Networks and preparation of Base Line security guidelines for Security Policy of Service providers. He was member of the committee that produced the DoT report on Net Neutrality. He is chair of the National Technical Committee for Security of Digital Financial Systems and member of the High Level Forum on 5G which is driving the 5G road map for India and is also a member of the Governing Council of the Telecommunication Standards Society of India (TSDSI) and the Indian Standards Development Organisation.

Mr. Nath has over 30 years of experience in telecom including 20 years of senior management experience in the areas of telecom network planning, installation, operation and maintenance, marketing and business development and training. He started his professional career with Oil and Natural Gas Commission in maintenance of Real Time Geophysical Data Acquisition, and UHF and VHF communication systems.

In 1987 he joined the Indian Telecommunication Service, Department of Telecommunications (DoT), Government of India. He was a faculty at Advanced Level Telecommunication Training Centre, an ITU, UNDP and Government of India established training facility for a period of nine years in the areas of CCS#7, GSM Network planning, Intelligent Networks and Marketing of Telecom Services and was head of the Faculty of Management Courses. He was deputed to Nairobi, Kenya in March 2011 as an expert for conducting a four-day Commonwealth Telecommunication Organisation Course on Management of Universal Service Funds. For the services in the telecom sector he was awarded a certificate of 'Sanchar Shiromani' by the Department of Telecommunications.

He holds a Masters in Technology from Indian Institute of Technology, Delhi with specialisation in VLSI design. He is trained as a Lead Auditor for ISO 9001:2008. He is a member of the National Working Group for ITU-T SG-17 on Security.







Dear Shareholders,

The directors present the 32<sup>nd</sup> Annual Report and audited financial statements of Tata Communications Limited (the 'Company') for the financial year ended March 31, 2018. The Company along with its subsidiaries wherever required is referred as 'we', 'us', 'our', or 'Tata Communications'.

## PERFORMANCE

(₹ in crores)

	FY 17-18	FY 16-17
Revenue from operations (consolidated basis)	16650.84 – 3.1% lower than the last year	17619.73
Revenue from operations (standalone basis)	5120.90 – 1% higher over the last year	5068.15
Profit for the year (standalone basis)	266.63 – 61.3% lower than last year	689.83



## Directors' report

The table below sets forth the key financial parameters of the Company's performance during the year under review:

(₹ in crores)

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
<b>Continuing operations</b>				
Income from operations	5120.90	5068.15	16650.84	17619.73
Other income	454.66	(16.91)	380.51	360.29
<b>Total revenue</b>	<b>5575.56</b>	<b>5051.24</b>	<b>17031.35</b>	<b>17980.02</b>
Total expenses	4852.26	4670.22	16610.22	17446.79
<b>Profit from ordinary activities before exceptional items, tax and share of profit of associate</b>	<b>723.30</b>	<b>381.02</b>	<b>421.13</b>	<b>533.23</b>
Exceptional items	(234.23)	823.82	(375.52)	(1063.33)
<b>Profit / (Loss) before tax and share of profit of associate</b>	<b>489.07</b>	<b>1204.84</b>	<b>45.61</b>	<b>(530.10)</b>
Tax expense / (benefit)				
Current tax	304.85	602.50	409.16	270.30
Deferred tax	(82.41)	(87.49)	(54.24)	(33.92)
<b>Profit / (Loss) for the period</b>	<b>266.63</b>	<b>689.83</b>	<b>(309.31)</b>	<b>(766.48)</b>
Share in profit of associates	-	-	(16.30)	5.08
<b>Profit / (Loss) for the period from continuing operations</b>	<b>-</b>	<b>-</b>	<b>(325.61)</b>	<b>(761.40)</b>
<b>Discontinued operations</b>				
Profit / (Loss) before tax from discontinued operations	-	-	-	123.31
Gain on sale of business and subsidiaries (including impairment of goodwill)	-	-	-	2420.51
Profit / (Loss) from discontinued operations (before tax)	-	-	-	2543.82
Tax expense on discontinued operations	-	-	-	546.96
<b>Profit / (Loss) from discontinued operations after tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1996.86</b>
<b>Net Profit / (Loss) from total operations</b>	<b>-</b>	<b>-</b>	<b>(325.61)</b>	<b>1235.46</b>
Other Comprehensive Income (net of tax)	(517.26)	(188.02)	(562.86)	864.75
<b>Total Comprehensive Income / (Loss)</b>	<b>(250.63)</b>	<b>501.81</b>	<b>(888.47)</b>	<b>2100.21</b>

You can read more about the Company's performance in the Management Discussion and Analysis (MDA), which forms part of this report.

**32<sup>ND</sup> ANNUAL REPORT 2017-2018****Dividend**

The directors are pleased to recommend a dividend of ₹ 4.50 per share for the financial year ended March 31, 2018, subject to the approval of the shareholders at the ensuing annual general meeting. For comparison, in FY 16-17, the Company paid a dividend of ₹ 6.00 per share (Normal dividend of ₹ 4.50 per share of face value ₹ 10/- each plus a One-time special dividend ₹ 1.50 per share of face value ₹ 10/- each).

**Transfer to reserves**

On a standalone basis, the Company does not propose to transfer any amount to the general reserve out of the amount available for appropriation. The surplus balance in the statement of profit and loss stood at ₹ 3172.34 crores as at March 31, 2018.

**Human resources**

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 Tata Communications. We have a multicultural workforce representing more than 37 nationalities, of which women constitute 21.4% of our employees. An ongoing gender diversity and inclusion initiative to raise this figure to at least 30% across the business – ‘Winning Mix’ – shows an upward curve since its inception in 2014.

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. The number of training person days provided to employees increased by 19% over the previous year and stood at 69,080 as at March 31, 2018.

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. During the financial year 2017-18, the Company received five sexual harassment complaints. As at March 31, 2018, all complaints were disposed of with appropriate action and no complaint remained pending.

You can read more about our employee engagement and development programmes in the ‘People’ section of the MDA.

**Risk management**

The Company’s Board of Directors has formed a risk management committee to frame, implement, review and monitor the Company’s risk management plan ensuring its effectiveness. The major risks identified across the business are systematically addressed and mitigated against on a continual basis.

The details of the development and implementation of the enterprise-wide risk management (ERM) framework are covered in the MDA.

**CORPORATE MATTERS****Subsidiary companies**

As on March 31, 2018, the Company had 48 subsidiaries and five associate companies. There has been no material change in the nature of business of the subsidiaries and associate companies.

A statement in Form AOC-1 pursuant to the first proviso to Section 129 of the Act read with rule 5 of the Companies (Accounts) Rules, 2014 containing salient features of the financial statement of subsidiaries / associate companies / joint ventures forms part of this report. The Company adopted Ind AS from April 1, 2016 and the consolidated financial statements of the Company and its subsidiaries are prepared in accordance with the recognition and measurement principles stated therein.

The financial statements of the Company, both standalone and consolidated along with relevant documents and separate accounts in respect of subsidiaries, are available on the Company’s website pursuant to the provisions of section 136 of the Companies Act, 2013 (‘Act’) and General Circular No. 11/ 2015 dated July 21, 2015 issued by Ministry of Corporate Affairs.

## Directors' report

The financial statements of the subsidiaries will be provided to any shareholder on written requests addressed to the Company Secretary at the Company's registered office. These documents will also be available for inspection by any shareholder at the Company's registered office

### Investment in Tata Teleservices Limited

As reported last year, in 2008-09, NTT DoCoMo Inc (Docomo) entered into an agreement with Tata Teleservices Limited (TTSL) and Tata Sons Limited (Tata Sons) to acquire 20% of the equity share capital under the primary issue and 6% under the secondary sale from Tata Sons. In terms of the agreements with Docomo, Tata Sons, inter alia, agreed to provide various indemnities and a Put Option entitling Docomo to sell its entire shareholding at a minimum pre-determined price of ₹ 58.05 per share if certain performance parameters were not met by TTSL. The minimum pre-determined price represented 50% of the acquisition price paid by Docomo in 2008-09.

An Inter-se agreement dated March 25, 2009, was executed by the Company with Tata Sons and other TTSL shareholders to give effect to the Docomo/Tata Sons' sale and purchase agreement, in accordance with the terms of which, the Company sold 36,542,378 equity shares of TTSL to Docomo at Rs.116.09 per share, resulting in a profit of Rs.346.65 crores.

In or around July 2014, Docomo exercised its Put Option and called upon Tata Sons to acquire Docomo's entire shareholding in TTSL at the pre-determined price of Rs.58.05 per share. However, the Reserve Bank of India did not permit acquisition of the shares at the pre-determined price and advised the parties that the acquisition can only be made at Fair Market Value (FMV) prevailing at the time of the proposed acquisition. Tata Sons conveyed to Docomo its willingness to acquire the shares at the FMV, however, Docomo reiterated its position that the shares had to be acquired at Rs.58.05 per share. Thereafter, Docomo initiated Arbitration in the matter before the London Court of International Arbitration (LCIA), the evidentiary hearing of which was completed on May 06, 2016.

The Arbitral Tribunal appointed by the LCIA to arbitrate the dispute between Tata Sons and Docomo, issued a final award (LCIA Award) on June 22, 2016, which required Tata Sons to pay to Docomo, damages of US\$ 1,172 million upon tender of shares held by Docomo in TTSL, together with interest, arbitration costs and legal costs.

Thereafter, Docomo filed a petition with the Delhi High Court for implementation of the LCIA Award and the Delhi High Court directed Tata Sons to deposit the damages including costs and interest in an escrow account. Under the terms of the Inter-Se agreement, and pursuant to the LCIA award, the Company was to acquire 158,350,304 equity shares of TTSL at a value of approximately Rs.1058 crores. On August 2, 2016, the Company paid to Tata Sons approximately Rs.1058 crores as a recoverable advance in anticipation of satisfaction of the LCIA Award and receipt of the TTSL Shares.

By its judgment and order of April 2017, the Delhi High Court ruled that the LCIA Award to be enforceable in India and to operate as a deemed decree of the Court. During the financial year 2017-18, the Company received 158,350,304 shares of TTSL against the advance of Rs.1058 crores paid to Tata Sons. Additionally, Tata Sons has also settled the above-mentioned advances during the current year, as a result of which the Company has received net interest income of Rs.29.72 crores from Tata Sons, thereby closing the matter. Please also refer to the Notes to Accounts No. 29 of the standalone financial statements.

### Compliance under the Companies Act 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As previously reported to the stock exchanges, when the Government of India (GoI) transferred 25% of its stake in the Company to Panatone Finvest Limited (Panatone) in 2002, a shareholders' agreement (hereafter 'SHA') and a share purchase agreement were entered into between the parties. These agreements, inter alia, set forth the rights and obligations of the parties in appointing directors on the Board of the Company. The relevant clauses from the SHA were incorporated in the Company's Articles of Association, which provide in part, that the Board is to be comprised of twelve directors, four of whom must be independent. The GoI and Panatone are each entitled to recommend two independent directors to the Board.

As of the date of this Report, the Board comprised of seven directors, of whom two were independent. Each of the independent directors were recommended by the GoI and Panatone, respectively. The Company continues to seek both the GoI's and Panatone's recommendation for the other two independent directors to fill the remaining board vacancies. Until such time as the Company receives the recommendation from the GoI and Panatone, enabling the Nomination and Remuneration Committee (NRC) and the Board to appoint two additional independent directors, the Company will be unable to comply

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with provisions of Section 149 (4) of the Companies Act, 2013 and Regulation 17 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Changes to the Board of Directors and key managerial personnel**

Ms. Renuka Ramnath, independent director, was elected as the Chairperson of the Board with effect from April 14, 2017.

Mr. Kishor A. Chaukar stepped down from the Board with effect from July 31, 2017 and Mr. Bharat Vasani tendered his resignation with effect from February 5, 2018. The Board places on record its sincere appreciation for their immense contributions and guidance to the Company during their tenure on the Board.

In accordance with the provisions of the Act and the Company's Articles of Association, Dr. Gopichand Katragadda retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

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 Report on Corporate Governance.

**Declaration of Independent Directors**

The independent directors have provided necessary disclosures to the Company that they comply with all the requirements stipulated in Section 149(6) of the Act for being appointed as an independent director which form part of the Directors' Report.

**Number of Board meetings**

Eleven Board meetings were held during the FY17-18. For further details, please see the Report on Corporate Governance, which forms part of the Directors' Report.

**Board evaluation**

The Board carried out an annual evaluation of its own performance, including that of its committees and individual directors, pursuant to the provisions of the Act and the corporate governance requirements as prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Input was sought from all of the directors relating to criteria such as composition and structure, effectiveness of and contribution to processes, the adequacy, appropriateness and timeliness of information provided, as well as the Board's overall performance. At a meeting of independent directors held on March 13, 2018, the results of the evaluation were reviewed and then also discussed at a meeting of the NRC. Thereafter, the Board, based on a briefing by the Chairperson and the NRC, discussed as a whole the output of the evaluation.

**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, is detailed in the Report on Corporate Governance, which forms part of the Directors' Report.

**Surplus land**

As previously reported, the Company acquired its assets, including numerous parcels of land, in 1986 from the Gol as the successor to the Overseas Communications Service. At the time of disinvestment to Panatone in 2002, a total of 773.13 acres of land was identified as surplus under the terms of the SHA 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 Gol 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 with the National Company Law Tribunal, Mumbai Bench ('NCLT'). By order of the NCLT, a shareholders' meeting was held on May 10, 2018, at which the shareholders approved the scheme of arrangement and reconstruction for demerger of the surplus land. As on date, the Company, Gol and Panatone continue to work toward implementation of the scheme.



## STATUTORY INFORMATION AND DISCLOSURES

### Material Events After Balance-Sheet Date

There are no subsequent events between the end of the financial year and the date of this Report which have material impact on the financials of the Company.

### Public deposits

The Company has not accepted, nor does it hold any public deposits.

### Non-convertible Debentures (NCDs)

The Company had ₹ 155 crores of outstanding NCDs (Secured NCDs - ₹ 5 crores and Unsecured NCDs - ₹ 150 crores) as at March 31, 2018. The trust deed for the secured NCDs will be available for inspection by members at the Company's registered office during normal working hours, 21 days before the date of the 32<sup>nd</sup> Annual General Meeting i.e. August 9, 2018.

All debentures issued by the Company were rated AA+ by CARE.

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

The particulars of loans, guarantees and investments are disclosed in the financial statements which also form part of this report.

### 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.

### Internal financial controls

The Company has adequate internal financial controls covering the preparation and presentation of financial statements which are operating effectively.

### Particulars of contracts or arrangements with related parties referred to in Section 188 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 Directors' Report.

### Audit Committee

Details pertaining to composition of the Audit Committee are included in the report on Corporate Governance, which forms part of the Directors' Report.

### Corporate social responsibility

A brief outline of the Company's corporate social responsibility (CSR) policy and related initiatives undertaken during the year is set out in Annexure I of this Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Policy is also available on the Company's website.

### Extract of annual return

As provided under Section 92(3) of the Act, the extract of annual return is given in Annexure II in the prescribed Form MGT-9, which forms part of the Directors' Report.

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**Corporate governance**

Pursuant to Regulation 24 and Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis, Business Responsibility Report, Report on Corporate Governance and Auditors' Certificate regarding compliance with conditions of corporate governance form part of the Directors' Report.

**Particulars of employees**

The provisions of Section 134 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, require the Company to provide certain details about the remuneration of its employees.

According to the provisions of section 136(1) of the Act, the Directors' Report being sent to the shareholders need not include this information as an annexure. The annexure regarding the Particulars of Employees will be available for inspection by any member at the registered office of the Company during working hours, for 21 days before the date of the AGM.

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

**a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2017-18:**

Non-Executive Directors	Ratio to median remuneration*
Ms. Renuka Ramnath	3.73
Mr. Srinath Narasimhan <sup>1</sup>	0.96
Mr. Kishor A. Chaukar (up to July 31, 2017)	0.66
Dr. Uday B. Desai	2.50
Mr. Saurabh Kumar Tiwari <sup>2</sup>	1.80
Mr. Bharat Vasani <sup>1</sup> (up to February 5, 2018)	0.59
Dr. Gopichand Katragadda <sup>1</sup>	0.78
Mr. G. Narendra Nath <sup>2</sup>	1.41
<b>Executive Director</b>	
Mr. Vinod Kumar	48.24

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

<sup>1</sup> Non-Executive Directors who are in full-time employment of any Tata Company and are receiving salary as such full-time employees shall not accept any commission from FY17-18.

<sup>2</sup> 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.

**b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:**

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary*	% increase in remuneration in the financial year*
Ms. Renuka Ramnath	98.35
Mr. Srinath Narasimhan <sup>1</sup>	54.94
Mr. Kishor A. Chaukar <sup>2</sup>	NA

## Directors' report

Dr. Uday B. Desai	11.26
Mr. Saurabh Kumar Tiwari <sup>3</sup>	NA
Mr. Bharat Vasani <sup>1 and 2</sup>	NA
Dr. Gopichand Katragadda <sup>1</sup>	(0.88)
Mr. G. Narendra Nath <sup>3</sup>	NA
Mr. Vinod Kumar, Managing Director and Group CEO	10.01
Ms. Pratibha K. Advani, Chief Financial Officer	24.80
Mr. Manish Sansi, Company Secretary	14.62

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

<sup>1</sup> Non-Executive Directors who are in full-time employment of any Tata Company and are receiving salary as such full-time employees shall not accept any commission from FY17-18.

<sup>2</sup> Directors and KMPs who have not been in the Company for the entire financial years 2016-17 and 2017-18 have not been considered for the calculations.

<sup>3</sup> 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.

**c. The percentage increase in the median remuneration of employees in the financial year: 10.51%**

**d. The number of permanent employees on the rolls of Company: 4,517 employees as on March 31, 2018**

**e. 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 9.0%, after accounting for promotions and other event-based compensation revisions. The increase in the managerial remuneration for the year was 12.5%.

**f. 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.

## Conservation of energy

The 'Sustainable Business' section of the Management Discussion and Analysis describes our consistent efforts towards conservation of energy and creating a better tomorrow.

## Technology absorption

The Company continues to use the latest technologies for improving its productivity and the quality of its services and products. Its operations do not require the significant importation of technology.

## Foreign exchange earnings and outgoings

For the purpose of Form 'C' under the Companies (Accounts) Rules 2014, foreign exchange earnings were equivalent to ₹ 728.24 crores and foreign exchange outgo was equivalent to ₹ 465.30 crores.

## Statutory Auditors and their report

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The Company's Statutory Auditors, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W / E300004), hold office until the conclusion of the 36<sup>th</sup> Annual General Meeting, subject to ratification of their appointment by shareholders at every Annual General Meeting.

The Statutory Auditors have not reported any incident of fraud to the Company's Audit Committee in the year under review.

The Company's standalone and consolidated financial statements have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with relevant rules issued thereunder (Ind AS) and other accounting principles generally accepted in India.

**Secretarial Auditors and their 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, 2018 is annexed 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 observation:*

*The Company has complied with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 except with regard to appointment of Independent Directors to the extent of one third of the total strength of the Board.'*

**Board's Comment:**

When the Government of India (GoI) transferred 25% of its stake in the Company to Panatone Finvest Limited (Panatone) in 2002, a shareholders' agreement (hereafter 'SHA') and a share purchase agreement were entered into between the parties. These agreements, *inter alia*, set forth the rights and obligations of the parties in appointing directors on the Board of the Company. The relevant clauses from the SHA were incorporated in the Company's Articles of Association, which provide, in part, that the Board is to be comprised of twelve directors, four of whom must be independent. The GoI and Panatone are each entitled to recommend two independent directors to the Board.

As of the date of this Report, the Board comprised of seven directors, of whom two were independent. Each of the independent directors were recommended by the GoI and Panatone, respectively. The Company continues to seek both, the GoI's and Panatone's recommendation for the other two independent directors to fill the remaining Board vacancies. Until such time as the Company receives the recommendations from the GoI and Panatone, enabling the Nomination and Remuneration Committee (NRC) and the Board to appoint two additional independent directors, the Company will be unable to comply with provisions of Section 149 (4) of the Companies Act, 2013 and Regulation 17 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**DIRECTORS' RESPONSIBILITY STATEMENT**

The Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2017-18, based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, cost and secretarial auditors and external consultant(s), as applicable, including an 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.

Accordingly, pursuant to Section 134(5) of the Act, the Board of Directors, to the best of their knowledge and ability, confirm that:

- in the preparation of the annual accounts, the applicable accounting standards were followed and there were no material departures
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period



## Directors' report

- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- the directors had prepared the annual accounts on a going concern basis
- the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively
- the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively
- the directors have reviewed and approved the Annual Operating Plan (including the strategy and resource plan) of the Company
- the directors have overseen maintenance of high standards of Tata values and ethical conduct of business
- the directors have reviewed the Tata Business Excellence Model (TBEM) findings and monitored the action plan
- the directors have protected and enhanced the Company reputation and brand, and also the Tata brand, where companies are using this.

## ACKNOWLEDGMENTS

The directors would like to thank each one of our customers, business associates and suppliers around the world for their valuable contribution to Tata Communications' continued growth and success. The directors recognise and appreciate the passion and commitment of Tata Communications' employees and workforce globally.

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

On behalf of the Board of Directors

Chairperson

Dated: May 10, 2018

Registered Office:  
VSB, Mahatma Gandhi Road, Fort,  
Mumbai - 400 001



## **ANNEXURE I**

### **ANNUAL REPORT ON CSR ACTIVITIES**

**1. A brief outline of the company's CSR policy, including 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 the spread of technology and global interconnections has great potential to accelerate human progress. The United Nations has identified Information and Communications Technology (ICT) as a 'means of implementation' for its 17 Sustainable Development Goals (SDGs). We've therefore adopted the SDGs as an overarching framework for our CSR policy in tandem with schedule 4, section 135 of the Companies Act, 2013.

Our focused global CSR programme seeks to harness our digital enablement expertise in education, healthcare, employability and sustainable livelihoods to address some of society's fundamental concerns within the following specific SDGs:

- SDG 3 – Ensure healthy lives and promote well-being for all at all ages
- SDG 4 – Ensure inclusive and quality education for all and promote lifelong learning
- SDG 8 – Promote inclusive and sustainable economic growth, employment and decent work for all
- SDG 10 – Reduce inequality within and among countries
- SDG 17 – Revitalise the global partnership for sustainable development

## Alignment with the Tata Group philosophy

CSR at Tata Communications also derives its 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 CSR strategy and approach aims to leverage our 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 2017-18, the Company continued its partnership with ten not-for-profit organisations, eight of which received a new phase of funding this year. Grants for the other two projects have been released as per the project implementation plan in FY17. These are long-term partnerships spanning three to five years, helmed by organisations with domain expertise and a strong sense of ethics and integrity to deliver sustainable impact.

The projects are reviewed by the Board's CSR Committee and leadership within a well-defined monitoring and evaluation framework. Additionally, monitoring is through a cloud-based tool that enables partners to upload real-time data along with 'geo-tagged' photographs for precision. In addition, our dedicated CSR function has regularly conducted site visits to assess the progress of the project and extend support, through our expertise, to the partner. Additionally, we also conduct third party impact assessment of projects to identify gaps of and measures for course correction. We coordinate our programmes with those of the Tata Group wherever possible including support for disaster rescue, relief and rehabilitation – as and when required.

The Company has formalised its CSR policy in accordance with 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.

## Awards and recognition

Tata Communications was awarded the 2017 'Excellence in CSR' by CII-ITC Centre for Excellence in Sustainable Development. We were also recognised by the Tata Group for highest volunteer participation rate in Tata Volunteering Week in September 2017 including the award for the most unique campaign and responsible leader.

## Making a difference: CSR deliverables 2017/18

Priority Area	Key deliverables / impact
<b>Education</b>  Transforming the education system in geographies that we operate in through digital enablement; educators' empowerment through leadership development; and youth engagement to create exponential social, economic and environmental impact.	Cumulative outreach to 34,285 students through six projects implemented by six NGO partners in Delhi NCR, Mumbai, Bengaluru and Pune. This saw us reach out to 122 schools and colleges. These projects are multidisciplinary and contribute to improve quality of education through the digital enablement of institutions, educators' empowerment, youth engagement, leadership development of students, scholarship and academic assistance to young people from disadvantaged backgrounds, plus health and nutrition.
<b>Employability and sustainable livelihoods</b>  Training young people to be industry-ready through skill development and equipping them with the right attitude and values to enhance their life conditions; empowering women through entrepreneurship training and improving access to ICT, financial resources and knowledge.	Approximately 1,523 young people have been trained in trades including BFSI-BDE, BPO, retail sales, customer relationship management, electrician, assistant beauty therapist, auto sales, general duty assistant and housekeeping attendant. Beneficiaries have already been placed with organisations such as Axis Securities, Star Bazaar, TBSS, Kotak Mahindra, Intelenet and TCS (PSK). Another 1,835 beneficiaries from sustainable livelihoods projects have already set up small-scale enterprises through two projects implemented by two NGOs in Pune, Balisankara and Bongamunda blocks (rural Orissa), and Maheshpur and Manoharpur blocks (rural Jharkhand). Approximately 1,000 ultra-poor women in Orissa and Jharkhand have been given smartphone-based training to enhance their livelihoods.

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Priority Area	Key deliverables / impact
<b>Healthcare</b> Creating IT infrastructure in hospitals; promoting cancer R&D; enhancing telepathology infrastructure in specialist cancer-care hospitals.	We're supporting the establishment of telepathology infrastructure for cancer diagnostics as part of the Assam cancer project. This will enable pathologists to view and report stages of the disease at an early stage. At the same time, it will provide access to oncology services to people from the state's most remote locations.
<b>Employee volunteering</b> Enriching CSR projects through skills-based volunteering; channelling our employees' energy towards community action on key social and environmental issues and provide a space for their leadership development.	In FY18, more than 10,000 volunteers cumulatively contributed 35,000 hours to touch more than 10,000 lives across 49 locations in India, APAC, the Americas, Europe and MENA. More than 65% of total employees participated in DRIVE Week – the first ever global 'tools down' campaign held in September 2017.

**2. Composition of the CSR Committee**

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

Name	Designation
Dr. Gopichand Katragadda	Chairman
Ms. Renuka Ramnath	Member
Mr. Saurabh Tiwari	Member

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

Financial year (as per Section 198)	2014-15	2015-16	2016-17
Net profit for the year (INR in lakhs)	85,518.46	56,675.39	84,048.00

The average net profit for the last three financial years is INR (in lakhs) 75,413.95.

**4. Prescribed CSR expenditure (2% of the amount in item 3 above)**

- Total amount to be spent over financial year: INR1516 lakh
- Amount unspent (if any): NIL
- The following table breaks down total CSR yearly spend:

Sr. No	CSR project or activity	Sector (Schedule VII)	Project or programmes 1. Local area or others 2. State and district	Amount outlay (by project) (INR)	Amount spent (INR) Direct expenditure	Cumulative expenditure up to reporting period (INR)	Amount spent: Direct or through Implementing agency
					Overheads		
1	Tata Strive - a Group CSR programme on employment-linked skills development in industry specific trades for underserved youth including AA communities. Includes development of infrastructure of dedicated skills development centres.	Skills development	Pune, Mumbai, Chennai, Delhi, Hyderabad, Bengaluru	4,33,17,662	4,33,17,662	4,33,17,662	Implementing agency
					0		



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Sr. No	CSR project or activity	Sector (Schedule VII)	Project or programmes 1. Local area or others 2. State and district	Amount outlay (by project) (INR)	Amount spent (INR)	Cumulative expenditure up to reporting period (INR)	Amount spent: Direct or through Implementing agency
					Direct expenditure		
					Overheads		
2	<b>Samarth</b> - Mentorship based rolling scholarship to enable access to and continuity in higher education to engineering students from underserved and affirmative action communities	Promoting education	Pune, Maharashtra	20,86,004	20,86,004	20,86,004	Implementing agency
					0		
3	<b>Global Citizenship Education using ICT</b> for 1700 students and 200 adult learners using Information and Communications Technology (ICT)	Promoting education	Bengaluru, Karnataka	2,11,65,313	2,11,65,313	2,11,65,313	Implementing agency
					0		
4	<b>Kreeda aur Shiksha</b> - Creating digital and sports infrastructure for students and teachers to improve the school going experience.	Promoting education	Bengaluru, Karnataka	52,51,441	52,51,441	52,51,441	Implementing agency
					0		
5	<b>A New Education Worldview (ANEW)</b> - Transforming government schools by empowering headteachers to improve overall learning outcome. It also includes promotion of 21 <sup>st</sup> century skills through pedagogical, digital and value-based interventions. College students are engaged as Gandhi Fellows to work with the schools.	Promoting education	Delhi NCR	2,16,95,463	2,16,95,463	2,16,95,463	Implementing agency
					0		
6	<b>School enrichment programme (SEP)</b> - Improving learning outcome in two municipal schools through blended learning and interventions in English, numeracy and arts. Also includes capacity building of teachers.	Promoting education	Mumbai	14,75,467	14,75,467	14,75,467	Implementing agency
					0		
7	<b>Foundation for Academic Excellence and Access (FAEA)</b> - Providing scholarship to meritorious but underserved students for higher studies.	Promoting education	Delhi	7,12,294	7,12,294	7,12,294	Implementing agency
					0		
8	<b>Assam Cancer Project</b> - Establishing telepathology infrastructure for cancer diagnostics.	Promoting preventive healthcare	Assam	5,08,78,156	5,08,78,156	5,08,78,156	Implementing agency
					0		
9	Capacity building	-	-	3,67,465	3,67,465	3,67,465	Direct
10	Administrative expenditure	-	-	48,00,263	48,00,263	48,00,263	Direct
<b>Total</b>				<b>15,17,49,528</b>	<b>15,17,49,528</b>	<b>15,17,49,528</b>	

**Note:** Cumulative expenditure includes amounts allocated and disbursed towards project monitoring and evaluation.

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**5. 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 2017-18

**6. 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.

Managing Director and Group CEO

Chairperson

Corporate Social Responsibility Committee

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**ANNEXURE II****Form No. MGT-9****EXTRACT OF ANNUAL RETURN  
as on the financial year ended on March 31, 2018**

[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. Tel : +91 22 6657 8765 Fax : +91 22 6725 1962 Email : <a href="mailto:investor.relations@tatacommunications.com">investor.relations@tatacommunications.com</a> Website : <a href="http://www.tatacommunications.com">www.tatacommunications.com</a>
vi.	Whether listed company	Yes



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vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/s. TSR Darashaw Limited (Unit: Tata Communications 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 Email: <a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a> Website: <a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>
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## 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:		100
	• Activities of providing internet access by the operator of the wired infrastructure	61104	
	• Other satellite telecommunications activities	61309	
	• Other telecommunications activities	61900	

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	STT Global Data Centers Private Limited (Formerly known as Tata Communications Data Centers Private Limited) C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai – 400098	U74999MH2007PTC176737	Associate	26	2(6)
2.	Tata Communications Transformation Services Limited C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai – 400098	U93090MH2006PLC165083	Subsidiary	100	2(87)
3.	Tata Communications Payment Solutions Limited C-21/C 36, 'G' Block, Bandra Kurla Complex, Mumbai – 400098	U72900MH2008PLC179551	Subsidiary	100	2(87)
4.	Tata Communications Lanka Limited 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 Suite 306, 15 Lime Street, Sydney NSW2000, Australia	Not Applicable	Subsidiary	100	2(87)
6.	TCPOP Communication GMBH Teinfaltstrasse 8, 1010 Wien, Austria	Not Applicable	Subsidiary	100	2(87)
7.	Tata Communications (Belgium) SPRL Avenue du Port 86C box 204, 1000 Brussels, Belgium	Not Applicable	Subsidiary	100	2(87)
8.	Tata Communications (Bermuda) Limited Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Not Applicable	Subsidiary	100	2(87)
9.	Tata Communications Services (Bermuda) Limited Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda	Not Applicable	Subsidiary	100	2(87)

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Sr. No.	Name And Address Of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
10.	Tata Communications (Canada) Limited Suite 900, 1959 Upper Water Street, Halifax, Nova Scotia, B3J, 3N2	Not Applicable	Subsidiary	100	2(87)
11.	Tata Communications (Beijing) Technology Limited Room 1173, Gateway Building, No. 18, Chaoyang District, Beijing	Not Applicable	Subsidiary	100	2(87)
12.	Tata Communications (France) SAS 66 Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France	Not Applicable	Subsidiary	100	2(87)
13.	Tata Communications Deutschland GMBH Hamburger Allee 2-4, Suite 15B, 60486, Frankfurt am Main, Germany	Not Applicable	Subsidiary	100	2(87)
14.	Tata Communications (Guam) L.L.C. 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 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	Not Applicable	Subsidiary	100	2(87)
16.	Tata Communications (Hungary) LLC 1138 Budapest, Népfürdő utca 22. B. ép. 13. em., Hungary	Not Applicable	Subsidiary	100	2(87)
17.	Tata Communications (Ireland) DAC 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. Milan, Foro Buonaparte N.70, 20121, Italy	Not Applicable	Subsidiary	100	2(87)
19.	Tata Communications (Japan) K.K. 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. 46A, Avenue J.F. Kennedy, L-1855, Luxembourg	Not Applicable	Subsidiary	100	2(87)
21.	Tata Communications (Malaysia) SDN. BHD. 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. Luna Arena, Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands	Not Applicable	Subsidiary	100	2(87)
23.	Tata Communications (New Zealand) Limited c/o Minter Ellison Rudd Watts, 88 Shortland Street, Auckland, Auckland, 1010	Not Applicable	Subsidiary	100	2(87)
24.	Tata Communications (Nordic) AS c/o TMF Norway AS, Tollbugata 27, 0157 Oslo, Norway	Not Applicable	Subsidiary	100	2(87)
25.	Tata Communications (Poland) SP. Z O. O. UL Popularna 14, 02-473 Warsaw, Poland	Not Applicable	Subsidiary	100	2(87)
26.	Tata Communications (Portugal), Unipessoal LDA Avenida da Liberdade 224 - Edificio Eurolex, 1250-148 Lisboa Portugal	Not Applicable	Subsidiary	100	2(87)

## Extract of Annual Return

Sr. No.	Name And Address Of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
27.	Tata Communications (Portugal) Instalação E Manutenção De Redes, LDA Rua Severino Falcao 14, Prior Velho, 2685 378, Loures, Lisbon	Not Applicable	Subsidiary	100	2(87)
28.	Tata Communications (Russia) LLC. 3 Smolenskaya Square, 121099 Moscow, Russian Federation	Not Applicable	Subsidiary	99.90	2(87)
29.	Tata Communications International Pte. Ltd. 18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775	Not Applicable	Subsidiary	100	2(87)
30.	VSNL SNOSPV Pte. Ltd. 18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775	Not Applicable	Subsidiary	100	2(87)
31.	Tata Communications Services (International) Pte. Ltd. 18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775	Not Applicable	Subsidiary	100	2(87)
32.	Tata Communications (Spain), S.L. Edificio Casablanca, Avenida Doctor Severo Ochoa number 51, 4 <sup>th</sup> floor, Alcobendas (Madrid), Spain	Not Applicable	Subsidiary	100	2(87)
33.	Tata Communications (Sweden) AB c/o TMF Sweden AB, Sergels Torg 12, 111 57 Stockholm Sweden	Not Applicable	Subsidiary	100	2(87)
34.	Tata Communications (Switzerland) GMBH Zurich Branch, Gessnerallee 38, 3 <sup>rd</sup> Floor 8001, Zurich, Switzerland	Not Applicable	Subsidiary	100	2(87)
35.	Tata Communications (Taiwan) Ltd 10F, No.155, Sec. 1, Keelung Rd., Taipei City, Taiwan	Not Applicable	Subsidiary	100	2(87)
36.	Tata Communications (Thailand) Limited c/o TMF Thailand Limited, Unit 1604-6, Capital Tower, All Seasons Place, 16 <sup>th</sup> Floor, 87/1 Wireless Road, Kwaeng Lumpini, Ket Pathumwan, Bangkok 10330, Thailand	Not Applicable	Subsidiary	100	2(87)
37.	Tata Communications (Middle East) FZ-LLC Office No. 302, Building No.12, Third Floor, Dubai, United Arab Emirates P.O.Box 500838	Not Applicable	Subsidiary	100	2(87)
38.	Tata Communications (UK) Limited Vintners Place, 68 Upper Thames Street, London EC4V3BJ, United Kingdom	Not Applicable	Subsidiary	100	2(87)
39.	Tata Communications (America) Inc. 251 Little Falls Drive, Wilmington, New Castle County, Delaware - 19808	Not Applicable	Subsidiary	100	2(87)
40.	United Telecom Limited 1 <sup>st</sup> Floor, Triveni Complex, Putalisadak, Kathmandu, Nepal	Not Applicable	Associate	26.66	2(6)
41.	Tata Communications Collaboration Services Private Limited C-21/C 36, 4 <sup>th</sup> Floor Tower - C, 'G' Block, Bandra Kurla Complex, Vidhyanagari Post Office, Mumbai - 400098,	U72900MH2008PTC181502	Subsidiary	100%	2 (87)
42.	Tata Communications South Korea Limited 134, Teheran-ro, 16 <sup>th</sup> and 17 <sup>th</sup> floor, Gangnan-gu, Seoul (Yeoksam-dong, Posco P & C Tower)	Not Applicable	Subsidiary	100	2(87)
43.	Smart ICT Services Private Limited Block 48, Zone 4 Gyan Marg GIFT City Gandhinagar GJ 382355	U72900GJ2013PTC073187	Associate	24	2(6)

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Sr. No.	Name And Address Of The Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
44.	Tata Communications Transformation Services Pte Limited 18 Tai Seng Street #04-01, 18 Tai Seng, Singapore 539775	Not Applicable	Subsidiary	100	2(87)
45.	STT Tai Seng Pte Limited 1 Temasek Avenue #33-01, Millenia Tower Singapore 039192	Not Applicable	Associate	26	2(6)
46.	Tata Communications Transformation Services (Hungary) Kft. 1077 Budapest, Wesslenyi utca 16.3. em., Hungary	Not Applicable	Subsidiary	100	2(87)
47.	Teleena Holding B.V.* Zoomstede 19, 3431HK, Nieuwegein, the Netherlands	Not Applicable	Associate	35.36	2(6)
48.	Tata Communications (Brazil) Participacoes Limitada Av. Bernardino de Campos, No. 98, 7 floor, Room 28, Zip Code 04004-040	Not Applicable	Subsidiary	100	2(87)
49.	Nexus Connexion SA Central Office Park No 4, 257 Jean Avenue, Centurion, Gauteng, 0157	Not Applicable	Subsidiary	100	2(87)
50.	Tata Communications Transformation Services (US) Inc 3500 S DuPont Highway in the city of Dover, County of Kent, Zip Code 19901	Not Applicable	Subsidiary	100	2(87)
51.	Tata Communications Comunicações E Multimídia (Brazil) Limitada Avenida Francisco Matarazzo 1752, 15 <sup>th</sup> floor, Suite 1505, Agua Branca District, Sao Paulo, 05001-200	Not Applicable	Subsidiary	100	2(87)
52.	Sepco Communications (Pty) Limited 269 Oxford Road, Illovo 2196	Not Applicable	Subsidiary	73.17	2(87)
53.	Tata Communications Transformation Services South Africa (Pty) Ltd 1 <sup>st</sup> Floor, Building 15, The Woodlands Office PA, Woodmead, Gauteng 2191	Not Applicable	Subsidiary	100	2(87)

\*Teleena Nederland B.V. , Teleena UK Limited, MuCoSo BV, Teleena Singapore Pte Ltd are subsidiaries of our associate, Teleena Holding B.V.

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a. Individual / HUF	0	0	0	0.00	0	0	0	0.00	0.00
b. Central Govt	74446885	0	74446885	26.12	74446885	0	74446885	26.12	0.00



## Extract of Annual Return

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d. Bodies Corp	139286330		139286330	48.87	139286330		139286330	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>213733215</b>	<b>0</b>	<b>213733215</b>	<b>74.99</b>	<b>213733215</b>	<b>0</b>	<b>213733215</b>	<b>74.99</b>	<b>0.00</b>

### 2. Foreign

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
d. Banks / FI	0	0	0	0	0	0	0	0	0.00
e. Any Other...	0	0	0	0	0	0	0	0	0.00
<b>Sub-total(A)(2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter and Promoter Group (A)</b>	<b>213733215</b>	<b>0</b>	<b>213733215</b>	<b>74.99</b>	<b>213733215</b>	<b>0</b>	<b>213733215</b>	<b>74.99</b>	<b>0.00</b>

### B. Public shareholding

#### 1. Institutions

a. Mutual Funds	10772636	300	10772936	3.78	8488964	300	8489264	2.98	-0.80
b. Banks / FI	77581	0	77581	0.03	29474	0	29474	0.01	-0.02
c. Central Govt	525000	0	525000	0.18	525000	0	525000	0.18	0.00
d. State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e. Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f. Insurance Companies	11318727	0	11318727	3.97	5331537	0	5331537	1.87	-2.10
g. FIs	7362806	0	7362806	2.58	373061	0	373061	0.13	-2.45
h. Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i. Others (specify)- Foreign Portfolio Investors	25216480	0	25216480	8.85	39769761	0	39769761	13.95	5.11
<b>Sub-total(B)(1):-</b>	<b>55273230</b>	<b>300</b>	<b>55273530</b>	<b>19.39</b>	<b>54517797</b>	<b>300</b>	<b>54518097</b>	<b>19.13</b>	<b>-0.27</b>

#### 2. Non Institutions

##### a. Bodies Corp.

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Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2017)				No. of Shares held at the end of the year (March 31, 2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i. Indian	3206196	841	3207037	1.13	2826728	121	2826849	0.99	-0.13
ii. Overseas	7250	0	7250	0.00	0	0	0	0.00	0.00
<b>b. Individuals</b>									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	6569322	156260	6725582	2.36	8277088	127283	8404371	2.95	0.59
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5192300	0	5192300	1.82	4188022	0	4188022	1.47	-0.35
<b>c. Others(Specify)</b>									
i. Non-Resident Indian	676742	982	677724	0.24	1112586	150	1112736	0.39	0.15
ii. Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
iii. Trust	5766	0	5766	0.00	5033	0	5033	0.00	0.00
iv. BC - NBFC	7576	0	7576	0.00	2978	0	2978	0.00	0.00
v. BC - Non NBFC	0	0	0	0.00	50	0	50	0.00	0.00
vi. Foreign Bodies - DR	170020	0	170020	0.06	168106	0	168106	0.06	0.00
vii. IEPF	0	0	0	0.00	40543	0	40543	0.01	0.01
<b>Sub-total (B)(2)</b>	<b>15835172</b>	<b>158083</b>	<b>15993255</b>	<b>5.61</b>	<b>16621134</b>	<b>127554</b>	<b>16748688</b>	<b>5.88</b>	<b>0.25</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>71108402</b>	<b>158383</b>	<b>71266785</b>	<b>25.01</b>	<b>71138931</b>	<b>127854</b>	<b>71266785</b>	<b>25.01</b>	<b>0.00</b>
<b>C. Shares held by Custodians for GDRs and ADRs</b>	0	0	0	0	0	0	0	0	0
Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
Public	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>284841617</b>	<b>158383</b>	<b>285000000</b>	<b>100.00</b>	<b>284872146</b>	<b>127854</b>	<b>285000000</b>	<b>100.00</b>	<b>0.00</b>

## Extract of Annual Return

### ii. Shareholding of promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2017)			Shareholding at the end of the year (March 31, 2018)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Panatone Finvest Limited	85776654	30.10	0.00	85776654	30.10	0.00	0.00
2	Tata Sons Limited	40087639	14.07	3.51	40087639	14.07	2.39	0.00
3	The Tata Power Company Limited	13422037	4.71	0.00	13422037	4.71	0.00	0.00
4	President of India	74446885	26.12	0.00	74446885	26.12	0.00	0.00
<b>Total</b>		<b>213733215</b>	<b>74.99</b>	<b>3.51</b>	<b>213733215</b>	<b>74.99</b>	<b>2.39</b>	<b>0.00</b>

### iii. Change in Promoters' Shareholding ( please specify, if there is no change)

Sr. No	Name of Shareholder	Shareholding at the beginning of the year (April 1, 2017)		Date	Reason	Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (March 31, 2018)	
		No. of Shares	% of total shares of the company			No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
NIL									

### iv. Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and holders of GDRs and ADRs)

Sr. No.	Name of the Shareholders*	Shareholding at the beginning of the year (April 1, 2017)		Cumulative Shareholding at the end of the year (March 31, 2018)	
		No. of Shares	% of shareholding	No. of Shares	% of shareholding
1	Amansa Holdings Private Limited	5526068	1.94	5164228	1.81
2	Fiam Group Trust For Employee Benefit Plans - Fiam Emerging Markets Commingled Pool	0	0.00	4921995	1.73
3	Baron Emerging Markets Fund	2720000	0.95	4255898	1.49
4	Government Pension Fund Global	3288255	1.15	4093255	1.44
5	Aditya Birla Sun Life Trustee Private Limited	2199400	0.77	3776800	1.33
6	Life Insurance Corporation Of India	7169428	2.52	3294289	1.16
7	Fil Investments(Mauritius)Ltd	2426171	0.85	2973726	1.04
8	Jhunjhunwala Rekha Rakesh	2000000	0.70	2000000	0.70
9	Morgan Stanley (France) S.A.	0	0.00	1802518	0.63
10	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1392698	0.49	1493273	0.52

\*The shares of the Company are traded on a daily basis and hence the date wise increase / decrease in shareholding is not indicated. Shareholding given is consolidated on the basis of permanent account number (PAN) of the shareholder.

**v. Shareholding of Directors and Key Managerial Personnel**

Sr. No.	Folio / Beneficiary Account no.	Name of the Shareholder	Shareholding at the beginning of the Year (April 1, 2017)		Cumulative Shareholding at the end of the Year (March 31, 2018)	
			No. of Shares	% of shareholding	No. of Shares	% of shareholding
			NIL			

**V. INDEBTEDNESS**

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

(₹ in crores)

	Secured Loans excluding deposits <sup>1</sup>	Unsecured Loans <sup>2</sup>	Deposits <sup>3</sup>	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	5.00	732.25	-	732.75
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.10	11.72	-	11.82
<b>Total (i+ii+iii)</b>	<b>5.10</b>	<b>743.97</b>	<b>-</b>	<b>749.07</b>
Change in Indebtedness during the financial year				
• Addition	0.10	11.93	-	12.04
• Reduction	(-0.10)	-225.07	-	(225.17)
<b>Net Change</b>	<b>-</b>	<b>-213.14</b>	<b>-</b>	<b>-213.14</b>
Indebtedness at the end of the financial year				
i. Principal Amount	5.00	518.90	-	523.90
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	0.10	11.93	-	12.04
<b>Total (i+ii+iii)</b>	<b>5.10</b>	<b>530.83</b>	<b>-</b>	<b>535.94</b>

**Notes:**

<sup>1</sup>Secured Loans represent non-convertible debentures issued by the Company.

<sup>2</sup>Unsecured Loans represent short term borrowings of the Company. Bank overdrafts availed in the ordinary course of business have not been included here.

<sup>3</sup>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.



## Extract of Annual Return

### 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
		<b>Mr. Vinod Kumar*</b> Managing Director and Group CEO	
1	<b>Gross salary</b>		
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	560.30	560.30
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---
	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	---	---
6	Total (A)	560.30	560.30
	Ceiling as per the Act (@5% of profits calculated under Section 198 of the Companies Act, 2013)		3509.67

\*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 ₹ 1570.82 lakhs (SGD 31,62,379/-) during the year from that subsidiary.

#### B. Remuneration to other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1	<b>Independent Directors</b>				
	Dr. Uday B Desai	13.50	15.55	---	29.05
	Ms. Renuka Ramnath	13.25	30.11	---	43.36
	<b>Total (1)</b>	26.75	45.66	---	72.41
2	<b>Other Non-Executive Directors</b>				
	Mr. Srinath Narasimhan <sup>1</sup>	3.20	7.94	---	11.14
	Mr. Kishor A. Chaukar <sup>2</sup>	3.75	3.97	---	7.72
	Mr. Saurabh Kumar Tiwari <sup>3</sup>	---	11.91	---	11.91

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Sr. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
	Mr. Bharat Vasani <sup>1</sup> and <sup>4</sup>	1.60	5.29	---	6.89
	Dr. Gopichand Katragadda <sup>1</sup>	2.40	6.62	---	9.02
	Mr. G. Narendra Nath <sup>2</sup>	---	8.60	---	8.60
	<b>Total (2)</b>	10.95	44.33	---	55.28
	<b>Total (B)=(1+2)</b>	37.70	89.99	---	127.69
	<b>Total Managerial Remuneration</b>				
	Ceiling as per the Act (@1% of profits calculated under Section 198 of the Companies Act, 2013)				701.93

<sup>1</sup>Non-Executive Directors who are in full-time employment of any Tata Company and are receiving salary as such full-time employees shall not accept commission from FY 2017-18.

<sup>2</sup>Ceased to be a director with effect from July 31, 2018.

<sup>3</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.

<sup>4</sup>Ceased to be a director with effect from February 5, 2018.

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

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Manish Sansi Company Secretary	Ms. Pratibha K. Advani CFO	Total
1	<b>Gross salary</b>			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	133.00	327.06	460.06
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---
	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	--	---	---
6	<b>Total</b>	<b>133.00</b>	<b>327.06</b>	<b>460.06</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, 2018.



# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET CONTEXT

### GATHERING STRENGTH

#### Close up on the macro-economic picture

Tata Communications is operating against the backdrop of a strengthening global economic upswing. Global output is estimated to have grown by 3.7% in 2017. This growth has been broad based – with notable positive surprises in Europe and Asia.

The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised upwards to 3.9% for both years. This revision reflects increased upward global momentum and the expected impact of the recently approved U.S. tax policy changes.

The Indian economy achieved a GDP growth rate of 6.6% in the last fiscal year (2017-18). These numbers indicate that the economy has shaken off the effects of demonetisation and come to grips with the goods and services tax (GST) regime. The International Monetary Fund (IMF) has said that India could grow at 7.4% in the current fiscal year (2018 -19) – exceeding China's 6.8% rate. This would make India the fastest growing country among emerging economies, boosted by the

Government of India's (GoI) continued focus on Digital India and Smart City initiatives, and associated ICT spending drive.

#### India's telecom market

The last decade saw steady growth in India's telecom sector and subscriber base, on the back of rising fixed and mobile network coverage and competition-induced tariff reductions. These factors have had a positive impact on demand, as have growing broadband internet access, the accelerating spread of smart mobile devices and heavier video traffic on consumer and business networks.

The key factors likely to fuel future growth include demand for video consumption, new and improved mobile applications and improved end-user devices that will drive exponential growth in data usage. The surge in data demand is also expected to accelerate the focus on fibre deployment for last mile connectivity. Ancillary services such as data centre colocation offerings will also see increased demand.

This traffic growth, however, will remain counter-balanced by severe price erosion – especially for basic voice and connectivity services – a situation further exacerbated by competition from next-generation service providers. This competition has resulted in the rapid decline in profitability

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of established traditional telecom players which has, in turn, accelerated the pace of industry consolidation – particularly in the consumer mobile space.

In the business-to-business (B2B) arena, data and video traffic continue to grow rapidly, due to increased adoption of information technology and network services to drive business productivity and innovation. From 2018 to 2023, the Indian enterprise telecom market is expected to grow at a compounded annual growth rate (CAGR) of 11%, on the back of strong forecast growth in managed services.

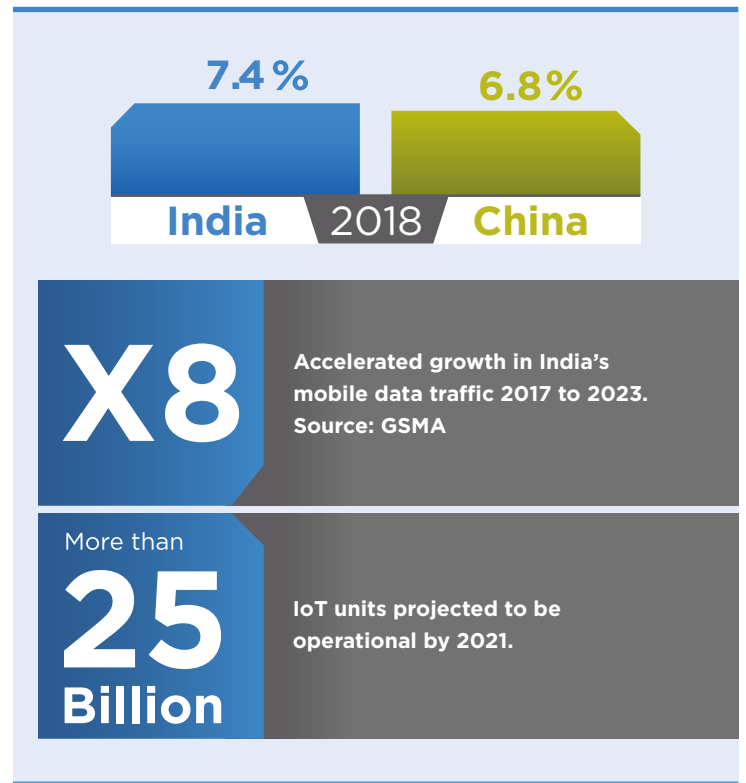
Other significant developments in the Indian telecom sector include the:

- Reduction in access charges and tariffs
- Increasing use of and demand for cloud services
- Increasing deployment of software-defined networking (SDN) and network functions virtualisation (NFV) in the network domain – a trend that will continue to shape the network of the future.

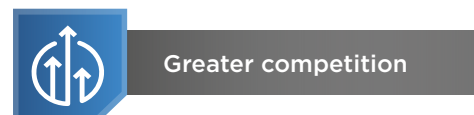
With the accelerated growth in mobile data (which GSMA predicts will grow eight-fold from 2017 to 2023), Mobile Network Operators (MNOs) are looking for ways to generate increased revenue, reduce customer turnover and ensure service continuity – even as they migrate to 4G.

### Global telecom market

In 2017-18, the global communications services market stood at ₹ 90.84 trillion (US\$ 1.39 trillion). Fixed line services accounted for 36% of the total market, while mobile services accounted for approximately 64%. Into the future, the global market is expected to grow annually at a CAGR of 1.7% to ₹ 96.82 trillion (US\$ 1.49 trillion) by 2021. During the year, the global market for the Company's voice services witnessed a decline because of declining call rates, while the market for its data services showed healthy growth. While the Company expects the market for voice services to continue to decline, the market for its data services will continue to grow at an attractive pace. This is due to the growth of data and video services in both the consumer and business space.



### Technology disruption and industry trends



We expect our operating environment in FY19 to be highly competitive, as companies and end-users continue to demand instant connectivity, higher speeds and an integrated experience across their devices for both video and data.

The fundamental nature of the industry continues to evolve, with much of the economic value enabled by the communications industry now being captured by tech disruptors such as Apple, Amazon, Facebook, Google, and Netflix\*. These sorts of tech giants, plus hyper-scale cloud and OTT players, are now competing with operators for business.

\*McKinsey Analysis – October 2017 <https://www.mckinsey.com/industries/telecommunications/our-insights/hello-mobile-operators-this-is-your-age-of-disruption-calling>



## Management Discussion and Analysis



### Rapid evolution

Our business profile is changing in line with the changing industry context. Progress towards software defined networking (SDN), network function virtualisation (NFV), self-organising networks (SON) and cloud-based solutions is expected to accelerate. As a result, we will continue to transform our network architecture to bring agility, flexibility and lower operational costs to take advantage of these changes and move towards a more asset-light model.

We are also embarking on multiple digital transformation programmes. These include internal initiatives aimed at increasing efficiency and agility through automation. And they also encompass external activities where the focus is on improving customer experience, providing a digital omnichannel experience and delivering new digital services. The intention is to compete with the nimbler technology companies in line with upcoming technology trends.



### IoT and cloud

The Internet of Things (IoT) is increasingly a reality and analysts forecast more than 25 billion IoT units to be operational by 2021. IoT offers a unique avenue for companies like ours to enable connectivity and related services, such as analytics and applications to end-users.

Furthermore, enterprise customers continue to invest in cloud and cloud-related services, which now form approximately one-third of their information technology (IT) budget spends. This has fuelled an explosion in application programming interfaces (APIs) and inter-connected software-based platforms.



### Connected networks and security challenges

With the ever-increasing inter-connectivity of networks, systems and devices, the security of enterprises' networks and IT systems have become paramount. Service providers such as Tata Communications will play a vital role in fighting network threats and cyber-attacks on behalf of their enterprise customers.

## INVESTING IN THE FUTURE

Tata Communications has identified the following key technology trends to invest in from both an offensive and defensive perspective:

- Software Defined Networking and Network Function Virtualisation based services
- Use of Application Program Interfaces (APIs) for Partners and Customers
- IoT and Machine-to-Machine (M2M)-Mobility
- Analytics and Artificial Intelligence
- Network and Device related cyber-security services
- Digital transformation initiatives

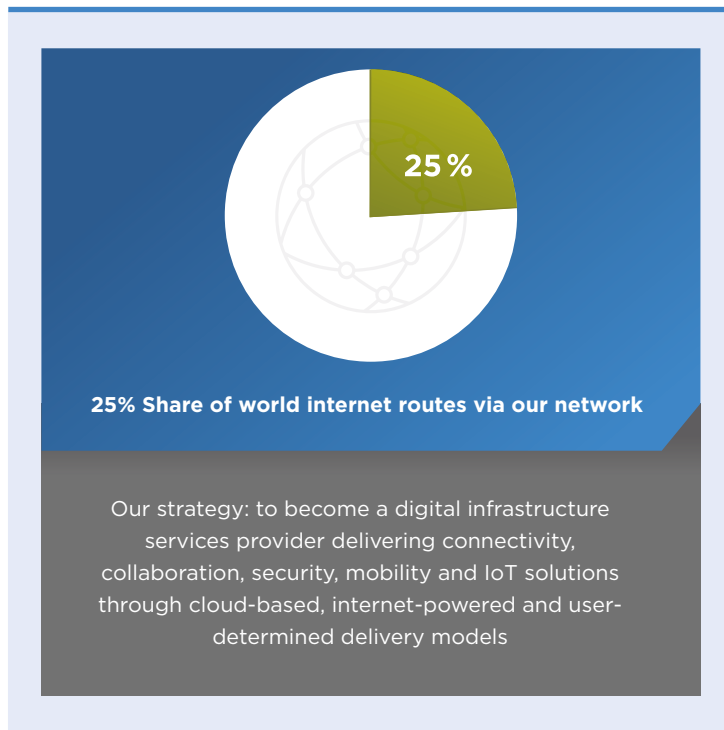
## OVERVIEW, STRATEGY, OUTLOOK

### CONFIGURED TO INNOVATE

#### Putting the world's largest network to work

Tata Communications operates the world's largest wholly owned – and one of its most advanced – subsea fibre cable networks. We provide differentiated network, collaboration and cloud infrastructure services to service providers and to large enterprise customers, in both established and emerging markets.

Today, over 25% of the world's internet routes travel over our network, making us the fifth largest global internet backbone service provider. Tata Communications' customers can access ~98% of the world's GDP using our network and services. Through our signalling services we also connect four out of five global mobile subscribers. This global reach, coupled with our strong, pan-India presence, allows us to achieve market-leading positions across many of the services we offer.



#### Vision and strategy

Tata Communications' vision is to deliver a new world of communication to advance the reach and leadership of our customers and partners. Through our global network – the largest in the world – we provide integrated, managed services for enterprises and service providers globally. We intend to become the digital infrastructure provider of choice, delivering integrated managed services and solutions (including connectivity, collaboration, security, mobility and IoT) through cloud-based, internet-powered and user-determined delivery models.

#### Our approach is to:

- Build leading-edge B2B solutions
- Advance the reach and scalability of our extensive infrastructure
- Deploy hybrid public-private solutions
- Leverage partner infrastructure wherever possible
- Support a mobile-first services model, underpinned by an unparalleled customer and user experience.

By investing in services and innovation, and by continuing to use and improve the efficiencies of our existing assets, we expect that demand for our services will increase and remain strong in the face of increased competition and downward pressure on pricing.




#### Exploratory Discussions with Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited regarding the potential acquisition of their Enterprise Businesses

The Company is engaged in exploratory discussions with Tata Teleservices Limited and Tata Teleservices (Maharashtra) Limited (collectively referred as "Tata Teleservices") regarding the potential acquisition of the Enterprise Businesses of Tata Teleservices, in the normal course of evaluation of potential opportunities in various markets.

We believe that the proposed acquisition would be a good fit for us and our customers by helping us to consolidate our market size, improve our product penetration ratio, increase capillarity and diversity of our current network and also reduce our network dependencies on third parties.

### KEY STRATEGIC AREAS

To execute our strategy, we are focused on the following three key areas:

 Innovating products, solutions and new commercial models	 Deeper market penetration and focused customer acquisition	 Strategic partnerships
<ul style="list-style-type: none"> <li>Continuing to provide the network and platform components to deliver the solutions for the largest service providers and enterprises to meet their technical and strategic goals.</li> <li>Investing in high return on invested capital (ROIC) services that leverage our existing network infrastructure and are more software-oriented, so that we can transform into a more 'asset-light' model.</li> <li>Transitioning from commodity network services to stickier growth services – i.e. those that touch our customers' end users. We are and will continue to develop and introduce new products and services in line with customer requirements, such as cross border mobile connectivity, IoT solutions, data and security services, and enabling infrastructure for Big Data and augmented reality.</li> <li>Leveraging our industry-recognised global network core and building relevant services that meet customer requirements. We will also be progressively investing in innovation and R&amp;D to enable the shift to a software-defined network, providing integrated network, compute and storage services, and enabling our customers' mobile-first approach.</li> <li>Offering hybrid network and cloud infrastructure solutions that leverage public and private infrastructure, to accommodate the changing enterprise IT landscape.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing penetration of existing high value customer accounts through our growth services portfolio and entering newer high growth segments.</li> <li>Focused expansion in international markets to meet our growth and profitability aspirations.</li> <li>Aligning our sales model so that our channel and coverage is aligned to the customer base, and helps us optimise and accelerate incubation of new logos, while increasing average PPR (product penetration ratio) in existing accounts.</li> </ul>	<ul style="list-style-type: none"> <li>Working with our partners in service creation – expanding geographical coverage to access more customers. We look to partner with solution partners, network partners, resellers and system integrators. Our partnership programme is designed to help all parties meet their business goals while playing an integral part in customer solutions that offer end-to-end services.</li> <li>Leveraging our extensive network partner and customer relationships by offering industry-specific solutions for the media and entertainment, banking and financial services, and healthcare sectors.</li> </ul>

## PERFORMANCE REVIEW

### DELIVERING FOR INVESTORS AND SOCIETY

**Well-diversified across business segments, customer profiles and geographies**

#### Segment distribution

We have been successful in our goal of diversifying revenues, tapping new opportunities and reducing any risks of an overly concentrated portfolio. Our revenues are broadly diversified across our voice and data services businesses.

Taking advantage of the growing data services market, Tata Communications has been focusing on segments such as mobility, IoT, media and entertainment, financial services and healthcare. During the reported year, consolidated continuing business revenue from our voice services business contributed 32% (38% in FY16-17) of total revenue, and our data services business contributed 68% (62% in FY16-17) of total revenue.

#### Global structure

To optimise its operations in different customer segments and markets spread across the world, Tata Communications has

structured itself into global business units and shared service functions. Within this structure we are implementing several initiatives designed to:

- Improve the customer experience
- Define and create a common culture
- Build our corporate brand equity and identity
- Implement next-generation network architecture for converged services
- Enhance operating efficiency overall

#### Company segmentation

We classify our operations into two main business segments – voice solutions and data services.

Tata Communications' business and revenues are well-diversified across business segments, customer profiles and geographies. Being a global B2B player, we predominantly serve two customer segments – service providers and enterprise customers – offering services and solutions as outlined below.

Segment	Offer	Key benefits
Service providers	<p>An integrated-services set covering:</p> <ul style="list-style-type: none"> <li>• Wholesale voice</li> <li>• Domestic and international data connectivity</li> <li>• Internet backbone connectivity (IP transit)</li> <li>• Value-added roaming services for mobile operators</li> <li>• Carrier-specific business process outsourcing services</li> </ul>	<p>We provide platforms on which service providers rely. We continue to be seen as an innovator, so helping to keep our customers' business current, relevant and in-tune with market and end-user demands.</p>
Enterprise	<p>A comprehensive suite of integrated managed digital services, including connectivity, IT infrastructure and managed hosting, communication and collaboration solutions for enterprises seeking voice, data and video connectivity between their distributed offices – within India and / or globally.</p>	<p>These services improve operational business efficiencies through the adoption of the latest networking and IT technologies, on a managed solutions basis. We also continue to design, build and deliver industry-specific solutions, such as banking and financial services, media and entertainment and so on.</p>

## Management Discussion and Analysis

### Main business segments



#### Voice

We continue to be one of the largest players worldwide in the wholesale voice business. However, this business is declining globally, and against this context, we suffered an 8% decline in voice traffic, which in turn led to our EBITDA from Voice declining by 19%. Despite the declining traffic, we continue to hold the market leader position in this business. Developing innovative commercial offerings and optimising costs to maintain free cash flow generation remain the dual focus for this business.

#### Voice solutions

##### • 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 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 2017-18, Tata Communications handled approximately 35.4 billion minutes of international voice traffic globally, a decrease of 8.3% over the previous year.

##### National Long Distance (NLD)

Our NLD traffic decreased from 4.3 billion minutes in 2016-17 to 3.9 billion minutes in 2017-18. Mobile Network Operators (MNOs), however, continue to expand and roll out their domestic networks, shrinking the market for our NLD services. Greater competition and regulatory initiatives have resulted in falling NLD tariffs over the years. However, tariffs appear to have stabilised towards the end of this reporting period.



#### Data

We are data services industry leaders in India and an emerging challenger globally. Our data business has therefore incurred significant capital expenditure to create a global infrastructure and suite of growth products and services. This ongoing focus and investment in brand, sales and marketing to scale up our global enterprise data activities have increased recognition of Tata Communications in the market place.

With Cloud, Security, Mobility and IoT rounding out our innovative products portfolio, we continue our quest to becoming a global digital infrastructure services provider. Our Security and Hosting and IZO™ services have been major contributors to revenue from Growth Services for our data business has continued its robust momentum with revenues growing by 4.4% during 2017-18.

4.4%

#### Robust y-o-y growth in data business revenues 2017-18'

Taking advantage of the growing data services market, the Tata Communications Group has been focusing on segments such as mobility, Internet of Things (IoT), media and entertainment, financial services and health care



### Managed data services

#### • Carrier data

Tata Communications is one of the world's leading wholesale providers of data, Internet Protocol (IP) and mobile signalling services. We own and operate the world's largest wholly-owned global fibre optic sub-sea network ring, known as the Tata Communications Global Network (TGN). We also have investments in multiple consortium submarine cables. These complement our TGN network and enable us to provide seamless global connectivity services across all major business hubs.

TGN, combined with our other investments, consists of approximately 700,000 kilometres of terrestrial and subsea network fibre, and reaches countries representing ~98% of the world's GDP. Tata Communications leverages this unparalleled network to provide high-speed bandwidth connectivity to other telecom operators, content providers and Internet Service Providers (ISPs) worldwide. We also have the world's largest mobile signalling inter-provider network, through which we support MNOs around the globe with one of the industry's widest reaching service offerings for mobile broadband enablement. Our extensive portfolio of mobile services includes IPX+ connectivity, voice, messaging, roaming, value added services and 3G/LTE signalling. During the past year, we introduced several innovations to our mobile services including Data Roaming Boost.

#### • Enterprise data

Tata Communications enterprise data business is growing and continues to have high growth potential. Over the past several years, we have increased our capabilities and extended our service offerings to become a leading player in this space around the world. We now offer a full range of managed communication solutions tailored to the needs of our enterprise customers.



### Network services

Tata Communications' services address four broad categories of connectivity needs for enterprise customers in India and around the world. These include:

- Ethernet
- Dedicated point-to-point connectivity (IPL or NPL)
- Internet (IP-based) connectivity (IAS within India and IP Transit globally)

- Multi-location connectivity through Global Virtual Private Networks (GVPN), IZO™ Internet WAN or Hybrid WAN (combining both GVPN and IZO™ services).

Our company has been an aggressive early-mover in the Ethernet space and has now completed the extension of its low latency network in Asia. The latter extends Tata Communications' global financial connectivity network supporting mission critical real-time trading applications.

Tata Communications' IP services rank among the top five providers globally in terms of customer routes. We continue to expand our network services reach by directly entering select new markets, partnering with regional and local operators, and using indirect channels catering to small and medium enterprises. We have enhanced our network with an express route connecting East Africa directly to the Middle East, a redesigned Middle East network architecture for enhanced intra-region connectivity, and by adding new nodes in major cities in Africa, the Middle East and Europe.

We are also continuing to expand our network presence and increasing network capillarity into Tier 3 and Tier 4 towns in India to cater to emerging enterprise business requirements. For example, using voice over IP (VoIP) to connect a private branch exchange (PBX) to the Internet, our white-label Session Initiation Protocol (SIP) trunking solution empowers service providers to expand their voice services to customers. By leveraging our global network with connectivity to over 240 countries and territories, service providers can meet their demand through faster time to market and a reliable, high-quality user experience for their global customers.

Tata Communications continues to strengthen its MPLS VPN portfolio by introducing flexible service variants, enhancing its network capability and reach. Our usage-based VPN services allow service provider customers the flexibility to scale up bandwidth and adopt 'pay as you use' billing for unforeseen peak loads across their global network.

#### • Cloud, Hosting and Data centre services

Tata Communications' IZO™ cloud enablement and services platform is the most comprehensive enterprise WAN and platform of its type available today. IZO™ combines an ecosystem of internet partners (IZO™ Internet WAN), private (IZO™ Private Connect) and public (IZO™ Public Connect) cloud connectivity and interconnected data centres to deliver a total cloud solution to our enterprise customers. IZO™ consists of:

- Tata Communications' global Tier-1 IP network, global MPLS and Ethernet network spanning across 190+ countries

## Management Discussion and Analysis

- An ecosystem consisting of 20+ network providers covering 34 countries
- Link to the leading private cloud platforms – Alibaba Cloud, Amazon Web Services (AWS), Microsoft® Azure™ Google Cloud Platform, Office 365, Oracle Cloud, Salesforce.com and Tata Communications IZO™ Private Cloud.
- Access to over 110 data centres worldwide.

In 2016, Tata Communications expanded the IZO™ Platform by launching its IZO™ Private Cloud service to offer enterprise customers unprecedented control over their public and private cloud platforms, and entire data centre estate. This service adds to the IZO™ cloud platform by empowering enterprises to connect to the world's biggest clouds, and to build a truly hybrid, high-performance IT infrastructure where different cloud, colocation and managed hosting environments work together as one.

IZO™ Private Cloud enables enterprises to combine the flexibility of public cloud with enterprise-grade security, and gives enterprise CIOs unparalleled visibility and control through 'single pane of glass' management. Our service has created a high-performance, reliable, adaptable and open application environment that can keep up with the rapid pace of technology innovation. At the same time, it satisfies the demands of our enterprise customers and their employees for mobile, collaborative and social ways of working.

### • Unified Communications and Collaboration (UCC)

Tata Communications provides unified communication and collaboration solutions for enterprises, as well as service providers. These include:

- Calling services (enterprise voice, ITFS / LNS, IPT)
- SIP trunking services (Global SIP Connect)
- Conferencing services (voice, data, web, video)
- Hosted contact centre services.

These offerings enable service providers and enterprises to leverage Tata Communications' global network reach and unified communications portfolio without the major up-front investment needed to build their own solution. Our service provider customers benefit from a new way of transforming their voice network with a potential 55% network cost saving.

Our conferencing services enable 'virtual meetings' using simple, desktop-based and life-like telepresence endpoints. These bring enhanced collaboration across global companies and markets, reducing travel and raising productivity. Furthermore, the growth of mobility makes unified communication and collaboration critical for the large

businesses we serve, who operate across multiple geographies and time zones. This is driving growth in video usage, which in turn is boosting demand for Tata Communications' IP traffic and overall network.

Our global hosted contact centre services enable businesses and outsourced service providers to manage contact centre requirements worldwide – across multiple delivery centres and with the consistent customer experience, uptime, performance, scalability and resilience needed for business-critical applications.

### • Media and entertainment services

Tata Communications also offers customised network solutions and managed services to the media and entertainment industry through our 'Media Ecosystem'. Global companies in this sector are actively pursuing next generation architectures that are IP / cloud centric and enable efficient global work flows, distribution, flexible scaling and readiness for alternative Over-The-Top (OTT) services.

Our strategy in this space is to create the world's richest, connected, open video ecosystem providing business-to-business video services, cloud-based services and flexible, modular, managed services. We have also partnered with major media service providers such as Harmonics Inc. and Formula One Management to provide end-to-end managed media services for sporting events. Such partnerships offer broadcasters access to a provider with the infrastructure knowledge, experience and capability needed to provide specific media management and movement services that go above and beyond the core technology.



Tata Communications has adopted the Tata Business Excellence Model (TBEM) – formulated on the Baldrige Excellence Framework – to enable us to improve performance and attain higher levels of effectiveness and efficiency across our businesses.

Tata Communications was classified as an 'Emerging Industry Leader' following a rigorous assessment conducted by the Tata Business Excellence Group (a division of Tata Sons) in FY2017 and we continue to use this assessment as a framework for part of our business excellence journey. In the light of assessment findings, we have taken appropriate actions in the past year to improve several key processes.

## PEOPLE

### DRIVING OUR PERFORMANCE AND GROWTH

#### Enabling employee success

Our challenger, growth mindset makes Tata Communications uniquely placed not only to deliver the digital future now, but also to create a better tomorrow. As a Tata Group company, we hold true to our societal ethic and know that it's our people who are pivotal for achieving our ambitious goals.

#### Employees: numbers, engagement and development

Tata Communications' total headcount as at March 31, 2018 was 10,459 full-time employees. The attrition level during the year was 12.45% in India and 9.1% elsewhere.

We are making continued progress in equipping our employees with the right skills for the future through our Skills Transformation Initiative – launching the Tata Communications Academy. This initiative enables our employees to enhance or build the required future skills as technological change continues to accelerate.

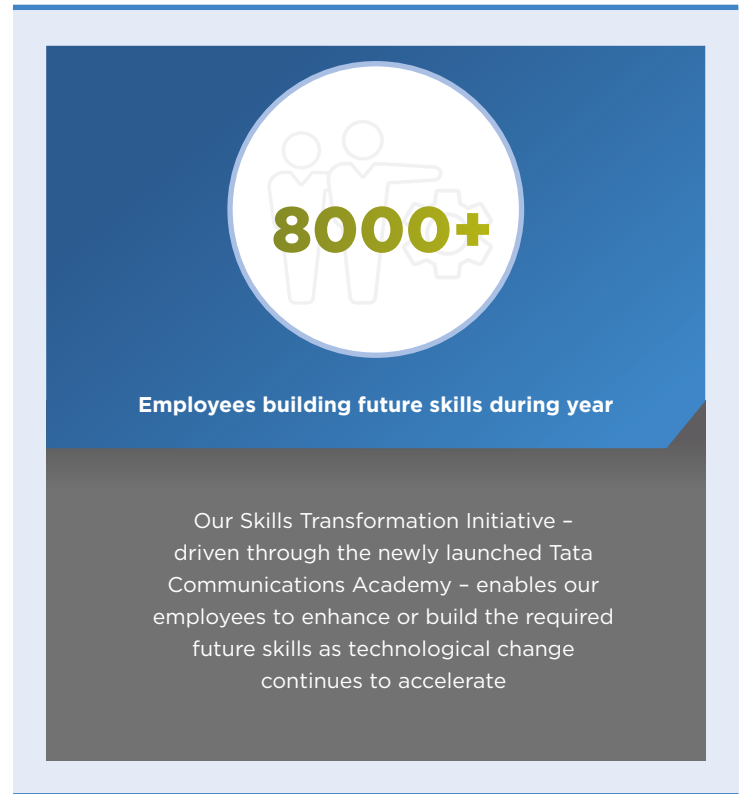
In particular, we are using innovative training and building profiles of future job requirements to help our employees pivot their skills from hardware to software, from legacy wireline to mobile and the digital economy, and from data recorders to data analysts and scientists.

During the last financial year, 8000+ employees invested in building future skills (such as mobility, digitisation, SDN, cloud etc.), as well as upgrading existing ones, through individual learning requests or structured, role-based learning interventions. The latter included our Technical Skills Academy, Mobility Academy and Sales Academy plus IT Upskilling, TCTS Skilling and People Manager Capability Building initiatives.

#### Crowdsourcing global talent

To further streamline collaboration and build future skills across our organisation, we recently launched an internal 'Project Marketplace' platform which helps business units and teams internally crowdsource talent from our global set of employees.

The platform gives employees the opportunity to work on projects that may span different regions and disciplines than those in which they may currently work. This provides them with the opportunity to grow their personal networks within the Company, as well as their areas of expertise. In this last year we also extended Project Marketplace to encompass



our external freelance network to provide project managers access to additional, best-in-class talent globally.

### Employer awards and accolades

- 2018 Best Employer in India by Aon Hewitt

For the third year in a row, Tata Communications has been included in Aon Hewitt's Best Employers in India for 2018, the recognition being a testament to the Company's commitment and approach towards its employees.

- Certified as a Great Place to Work in India (2018) – Great Place to Work Institute

In 2018, for the second year running, Tata Communications was also certified as a Great Place to Work in India by the Great Place to Work Institute, again testament to the progressive people practices deployed by the Company.

We were also certified as a Great Place to Work in Singapore (Sept 2017 to Sept 2018) – recognising our people practices outside India.

- Best Companies for Women in India – Working Mothers and Avtar

In 2017, for the second year in a row, Tata Communications was recognised as one of the top 100 companies for women employees. This is testimony to the leadership buy-in, manager support and employee feedback we have received for Winning Mix – our strategic D&I initiative.

## SUSTAINABLE BUSINESS

### STRIKING THE RIGHT BALANCE

#### Benefiting countries, localities and communities

At Tata Communications, we aim to create value for all our stakeholders by striking the right balance between people, the 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.

As part of the Tata Group, our company aligns to the Tata Code of Conduct (TCoC) and its principles of ethical behaviour which are non-negotiable. We're committed to creating value through the economic development of the countries where we operate. Accordingly, 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. As we go about our daily business, all of us respect the culture, customs and traditions of each country and region – wherever we work.

#### Canvassing opinion

To promote sustainable development, we consulted with a number of different groups to gauge opinion and help shape our strategy. These included:

- A formal consultation exercise supported by an external agency to engage with our internal stakeholders
- Interviews with employees who manage external stakeholder groups to better understand those groups' views
- Workshops, interviews and ranking exercises with internal leaders and managers of specific operational teams to get management's perspective. This helped guide consensus and prioritise the material issues to be managed, measured and disclosed through our sustainability reporting process.

This year the Company also released its maiden internal Sustainable Development Report (2016-17), which is based on the Global Reporting Initiative (GRI) G4 Core guidelines and conforms to the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs).

#### Targeting our priority areas

- Focus on people

As a values-based organisation with more than 10,000 employees across multiple geographies, we take the Occupational Health & Safety (OH&S) and well-being of our

## 32<sup>ND</sup> ANNUAL REPORT 2017-2018

people – including employees and business partners impacted by our operations – very seriously. We're therefore proud to report zero fatal accidents during the year compared to two incidents last year.

The Company has introduced mandatory safety standards covering certain key operational activities in India. To assess adherence to these standards, we carried out regular audits, with findings forwarded to the leadership team for action. This year we also launched various behavioural-based awareness campaigns, training sessions and a health & safety mobile app which resulted in an increase in reported events and observations.



### ACCOLADES 2017/18

- **Best Corporate Film for Communicating Health, Safety and Environment Messages'** Learning and Organisation Development (L&OD) Round-table Mega Corporate Film Festival 2017
- **Gold recognition for our Health & Safety e-learning modules** from the Tata Institute of Social Sciences (TISS) Leap Vault Chief Learning Officers (CLO) Awards India, 2017

### Working to new OH&S standards

We're currently putting together an OH&S management system which will be fully functional across Tata Communications by the second quarter of financial year 2020. The system will align with the Tata Group Health & Safety Management System and OHSAS 18001 (the internationally accepted standard on Occupational Health & Safety Management). Doing this will help us define a systematic approach to Health & Safety that's built around a consistent framework across the business. It will not only help us ensure the health and well-being of both employees and the contract workforce, but will also enable us to adopt international best practice relating to OH&S management. In turn, this will strengthen our corporate

image and credibility among stakeholders, regulators and customers.

### • Finding – and keeping – top talent

Ensuring employee satisfaction, motivation and loyalty is crucial if we're going to maintain our competitive edge and success. Our business depends on finding, developing and retaining talented people, and providing a work environment that promotes their well-being and development.

We make sure all our employees are happy and satisfied in the workplace through a tangible benefits package that includes:

- The Provident Fund
- Leave management
- Medical care
- Talent management
- Diversity mix, training and skills development
- Freedom of association and collective bargaining etc.

### • Supporting the community

Following in the footsteps of the larger Tata Group, and reflecting our company values, we're committed to enhancing the quality of life of the communities we serve, by creating value for the long term. We've developed our Corporate Social Responsibility programmes to address some of society's most urgent needs. Based on four themes, and complemented by our business operations, they cover Education, Employability and Sustainable Livelihood, Healthcare and Employee Volunteering. They match the five UN Sustainable Development Goals (SDGs) selected by Tata Communications:

- Good Health and Well-being (SDG 3)
- Quality Education (SDG 4)
- Decent Work and Economic Growth (SDG 8)
- Reduced Inequality (SDG 10)
- Partnership for the Goals (SDG 17).

### • Protecting our planet

Our core values mean we do everything we can to uphold the law, policies and regulations concerning the environment, safety and product standards in all the countries in which we operate. We have therefore deployed an Environmental Management System to manage a range of adverse impacts including:



## Management Discussion and Analysis

- Energy use and carbon emissions
- Electronic waste from network equipment
- Office waste
- Ozone-depleting emissions
- Water use.

### Priorities

The Company's three immediate priorities in this area are to increase its renewable energy footprint, reduce water consumption and optimise energy consumption:

#### • Planet priority 1: Increasing the Renewable Energy (RE) footprint

Across our India operations, almost 11% of the electricity we used in the reporting period i.e. 62,045 gigajoules (GJ) was procured from either wind or solar. Our major locations harnessing green energy were Chennai, Bangalore, Hyderabad and Pune. For our international facilities in Europe and the United Kingdom, energy providers usually have a mandate to provide a percentage of energy from renewable sources.

In the last few years, we've invested in RE projects to meet the increasing energy demand for customer services, as well as our own facilities. These initiatives include commissioning a 500 kilowatt (KW) solar project at Pune's Dighi campus. This takes our total solar power generation capacity up to 5 megawatt (MW) (on site) and we plan to add more than 650 KW next year. We've also signed agreements with wind power suppliers in Tamil Nadu, Karnataka and Hyderabad for 130 million (kilowatt hours) per annum to serve facilities at Chennai, Bangalore and Hyderabad.

Through an external agency, Deloitte, we're looking forward to developing a white paper to highlight existing company opportunities alongside a roadmap to extend our Renewable Energy footprint. We'll undertake a similar exercise for the America and other regions in the next financial year, wherein we will determine which locations have most impact and explore the feasibility of installing renewable energy options or purchasing renewable energy from suppliers.

#### • Planet priority 2: Conservation of energy

To optimise our energy efficiency, we aim to continuously measure energy consumption, while also identifying any leakages and reviewing our operating procedures. We've designed our sites to connect utilities such as chillers, un-interrupted power supply (UPS) and air handling units (AHUs) to the building management system (BMS) to maximise efficiency and source Renewable Energy (RE) from third parties. We implemented several energy efficiency

projects in FY 2017-18 across our operations to further reduce our global emissions by 4.1 metric tons.

#### • Planet priority 3: Reducing our water consumption

Although our requirement is limited compared with manufacturing, infrastructure and other water-intensive sectors, in India specifically we've defined water as a material aspect for our company. This is due to society's critical need for water there, a challenge that impacts many of our stakeholders.

Across all our sites in India, we use water for heating, ventilation and air conditioning (HVAC), and domestic usage. In such a water-stressed country, the recycling and efficient use of water is essential, so we've installed wastewater treatment plants at most of our facilities. And to make our cooling system more efficient, we've also carried out a feasibility study for a geothermal cooling system – using a water-cooled HVAC technology that loses almost no water to evaporation.

As we're also committed to reducing our fresh water consumption, we've equipped all our facilities with 'Zero Liquid Discharge' (ZLD) to optimise water use. Our operations and facilities align with the '3R' resource management strategies: Reuse, Reduce and Recycle.

### Profits alongside value

We're constantly striving to increase value creation for our stakeholders – including economic value – while ensuring the sustainability of our operations through continuous innovation and maintaining effective communication with our stakeholders. Owning and operating a global communications network that encompasses 240 countries, we've invested around US\$ 1.2 billion in our global subsea fibre. As a result, it's now the world's largest, most advanced and wholly-owned subsea fibre network, encircling the globe 17 times and covering a distance of over 700,000 kilometres.

Our focus on generating and communicating economic value is reflected in our financial performance with a consolidated revenue from operations of ₹ 16650.84 crores and a consolidated EBITDA of ₹ 2291 crores.

HIGHLIGHTS: ANNUAL CSR REPORT 2017/18

Tata Communications firmly believes in the social development of all stakeholders including the communities we serve. Our CSR activities extend across all our global operations. In India, our CSR policy aligns with Section 135 of Companies Act, 2013, to impact underserved communities through long term programmes in education, healthcare, employability and sustainable livelihoods. Tata Communications has aligned its CSR initiatives to the UN Sustainable Development Goals as well as the Tata Group principles to increase impact. We were awarded the 2017 ‘Excellence in CSR Award’ by CII-ITC Centre for Excellence in Sustainable Development.

Spend and focus FY 2017-18

- **More than compliance:** our expenditure of ₹ 15.17 crores on various CSR initiatives was more than our prescribed expenditure required under the Companies Act, 2013.
- **Priorities:** education (₹ 5.23 crores) followed by developing skills (₹ 4.33 crores)
- **Countrywide programmes and initiatives:** in several states across India including Maharashtra (Pune and Mumbai), Tamil Nadu (Chennai), Delhi NCR, Odisha, Jharkhand, Telengana (Hyderabad), Assam and Karnataka.

Read more about our CSR activities in our Annual CSR Report 2017-18 annexed herein.



Zero Fatal accidents during the year

4.1 MW

Solar power capacity, Pune, Dighi site

23%

Proportion of power used across all Indian sites solar- or wind-generated

## MANAGING RISK

### RIGHT ACROSS OUR BUSINESS

#### Rigorous systems ensure company-wide protection

As we re-invent ourselves as a digital infrastructure services provider operating in a complex and competitive environment across diverse markets and geographies, Tata Communications is clearly vulnerable to multiple threats and risks, from both internal and external sources.

We therefore take any risk to our business very seriously, and ensure we have rigorous systems in place to identify any implications for our operations so we can take steps to mitigate them and protect our business. By taking the worst scenarios into account, as detailed below, we can make informed decisions to support our global position and future ambitions.

#### Internal control systems and their adequacy

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

We operate well-established risk management policies and procedures to identify and assess risks across our 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 our business from changes in the external and

internal environment. Risk management and mitigation of key risks are considered as a vital exercise to achieve our corporate objectives and deliver long-term value to our stakeholders.

The Company's key risks are regularly discussed with the members of the Audit 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 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 Board of Directors 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, the Company 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.

<div></div> <div>External threat</div>		KEY	<div></div> <div>Internal threat</div>
Threat	Context	Risk	
Scenario: vulnerability to cyber attack			
	A digitised, international economy makes data readily available to enterprises worldwide.	The joined-up economy increases the risk and potential of cyber-attacks, which are occurring ever more frequently across the globe.	
	Cyber criminals and fraudsters are targeting enterprises of all sizes, some for criminal gain, others to cause disruption and inconvenience.	Tata Communications could be subject to a sophisticated Distributed Denial of Service (DDoS) attack, targeting our applications, servers or hardware. Such a multi-targeted event could put our enterprise at risk, jeopardising revenue, customers and our reputation. We believe it is prudent to treat this not as 'if', but 'when'.	

KEY		
 <b>External threat</b>		 <b>Internal threat</b>
Threat	Context	Risk
	Cyber-attacks are becoming ever more prevalent, and even world-leading social media enterprises are being accused of being lax with security and customer data.	We could see a backlash against the digital economy as people opt out in the belief that going offline is the best way to keep their data secure. This would most likely mean less traffic on our networks, in turn leading to falling revenues overall.
	Our clients look to us for 'always-on' service and constant network availability.	It can take time for a business to become entirely operational after a coordinated cyber-attack or data breach. If our network or services are unavailable for any length of time, we could lose significant business.
<b>Scenario: falling revenue</b>		
	We are seeing new competition entering the market, alongside new and disruptive technologies. With price becoming ever more important, customers are researching new providers and solutions in depth before committing to buy.	There could be downward price pressures on the horizon, resulting in falling revenue.
	We have a number of large contracts with Voice Solutions and Data Managed Services customers.	If we fail to keep to our commitments under these contracts, we could face large financial losses.
	Emerging markets are vital for our revenue streams and could play a key role in helping us sustain our profitability in the years to come.	Many emerging markets may become unstable, with similarly volatile economies. Intellectual property may be poorly protected, and competitors may also be present there. However, should we fail to take the opportunity that emerging markets provide, then we could lose revenue.
<b>Scenario: losing vital customers</b>		
	We have a number of major customers around the globe.	If any of our large clients ends or reduces their contract with us, we could lose vital business and could see our profitability suffer.
	We do considerable business with carriers and service providers, who are all facing pressure on prices.	The market restructuring, with mergers and acquisitions and consolidation of businesses are creating a whole new playing field.
	Our enterprise customers are streamlining operations by cutting their infrastructure, alongside their budget.	Public cloud service providers spot their opportunity and move in to focus on enterprise customers.
<b>Scenario: inability to keep innovating</b>		
	We are known for constantly developing new products and services, winning more customers.	Our ability to successfully innovate and develop new products may be curtailed, harming our business.
	We work with third parties to harness their services and technology, which means acquiring the right to use their intellectual property rights.	We might have to enter complex negotiations and / or financial obligations to obtain a licence to use third party intellectual property rights. Any court case would tie up valuable time and resources, and could lead to large losses. It could also put our reputation, our most valuable asset, on the line.

## Management Discussion and Analysis



Many of our products and services use a combination of Company-owned, third party-owned, or open-source software in their design and operation.

We might face claims by third parties that our products and services infringe their intellectual property rights. Any settlement of those claims or court cases would tie up valuable management time and Company resources, and could lead to large losses. It could also put our reputation, one of our most valuable assets, on the line.



Tata Communications is a wholesale provider in India and has no access licence.

We become vulnerable to access providers, some of which start to compete with us in international markets.



We have to protect our own property rights, making sure we file patents in countries and jurisdictions across the world.

Failing to do so effectively could harm the business.



We are constantly introducing new services, a process that often requires negotiating new contracts with vendors and third parties.

Customers may not take up the new services we develop. In addition, vendors might not meet their obligations which could leave us in jeopardy.



We are building partnerships and alliances with a number of companies to offer new solutions and win new customers.

Aligning objectives with new partners can be challenging. Additionally, as partnerships tend to be non-exclusive, any new partner may be unable to give Tata Communications the attention and commitment we need to succeed.

### Scenario: jeopardised operations



Tata Communications has customers – and potential new customers – around the world. We want to keep growing the traffic across our global network.

If the network is damaged, and traffic reduces as a result, we could then see lost revenue and reputational damage.



We need to maintain our technology, yet at the same time look to develop new solutions. We are also moving towards new ways of operating, such as DevOps.

If we are unable to attract and retain talented people who are leading the way in technology, then our opportunities could be limited. There are particular skills shortages in AI and Big Data.



We are growing traffic and building our services through acquisition.

It could be a challenge to successfully assimilating different working cultures and practices. If we fail to integrate any businesses we acquire quickly and efficiently, we may see extra costs and inefficiencies. Acquisitions could also lead to extra demands on management and divert attention from daily operations.



We are a truly global business, operating across developed and emerging markets.

We face global threats. Any economic downturn could hurt us, as could an act of terrorism or war.



With the world's only wholly-owned Tier 1 network, we have cabling and subsea infrastructure that stretches around the globe.

Any natural disaster such as an earthquake or flood could harm our infrastructure. Subsea networks are also prone to cable cuts, which could seriously disrupt traffic.



Information technology systems are inherently vulnerable, both in terms of hardware and software, from influences ranging from human error to computer viruses. Software problems can remain hidden in vendors' equipment, undetected by regular testing.

Any disruption to the network could impact several pieces of equipment at once, leading to dissatisfied customers, less traffic and lower revenues.

### Scenario: changing rules and regulations



Every country and territory in which we operate has its own unique laws and regulations, and we have to make sure we adhere to every one, everywhere.

As we enter new markets and also expand our offering, this is a challenge that looks set to increase. We therefore have to be extra vigilant that any changes to / introduction of new law do not catch us unaware.





We are proud to act responsibly and protect the environment as we do business. As we expand, we need to make sure we continue to comply with environmental laws and regulations, and minimise any harm to the environment.

We could see increasingly stringent legislation addressing environmental concerns, which will need us to invest in initiatives to meet them.

**Scenario: changing economic situation**



We have always made significant investments in new telecommunications and managed and growth services projects, and continue to do so on an ongoing basis.

This could stretch our liquidity and create execution risks. Our operations and profitability may also be adversely impacted if the funding required for our plans is relatively more expensive.



We receive foreign earnings through our international operations.

Currency fluctuations, regional tax and tariffs could mean that we do not receive a full return on investment. If the rupee weakens against the dollar in the coming year, it will have an adverse effect on the cost of foreign currency indebtedness in India [US\$ 56.60 million (equivalent ₹ 368.90 crores) pertaining to Buyers Credit].



The communications industry is witnessing a growing number of instances of fraud.

Although we have put measures in place to control any losses, it is impossible to eliminate fraud altogether, particularly when operating in international markets.

**Scenario: facing legal challenges**



Like any business, we have made tax assumptions and expense claims based on our understanding of the law and expert advice. Very occasionally, the relevant tax authorities have challenged our position and issued penalties against us.

Any legal finding against us could expose the Company to extra costs and liabilities, or otherwise damage our reputation.

**Changing regulation: key examples**

• **Net neutrality**

Regulators are attempting to put laws in place to protect an 'open internet.' Ongoing legislation and appeals in the US and across Europe could have an impact on our business.

• **GDPR**

The General Data Protection Regulation (GDPR) rolls out across the EU from late May 2018. This means that we have to do everything we can to ensure we care for our customers' data and use it responsibly.

• **Goods and Services Tax (GST)**

GST is India's biggest tax reform. A comprehensive 'Goods and Services Tax' has replaced the multiple indirect tax structure from July 1, 2017. The Company has obtained the registrations and complied with all the compliance requirements as per GST regulations.

**Outstanding debt**

As of March 31, 2018, the outstanding principal amount of debt was approximately ₹ 523.90 crores for the Company on a standalone basis and ₹ 8926.97 crores on a consolidated basis. Considering the current capital expenditure requirements and debt maturing in the near future, the Company may need to resort to refinancing its maturing debt as the possibility of raising equity funding is limited at this juncture.

## Ongoing legal cases with risk implications

### 1. Disputed Tax Matters

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

### 2. TDSAT Matters

i In 2005, we 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 our 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, we had challenged TDSAT's order in the Supreme Court of India along with other service providers and also preferred an appeal to separate our case from the other petitioners. Concurrently, DoT also filed an appeal against TDSAT's order. Both the appeals are still pending before the Supreme Court for adjudication.

ii We 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 11, 2010, entitling us to a refund of ₹ 115.73 crores being the penalty and interest thereon realised 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, which appeal is still pending.

iii 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, we 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 its hearing of March 25, 2014, TDSAT granted a stay on payment of license fee on pure internet services and extended our license during the pendency of the litigation. The stay still continues and the case is expected to soon come up for hearing. TDSAT has granted similar stays on petitions filed by other service providers on imposition of license fee by DoT.

### 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 (Regulations) on June 7, 2007, authorising 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 empowering itself to fix these charges, and thereafter issued another amendment prescribing a uniform charge in the form of a ceiling on the charges for providing access to a CLS facility which led to an almost 90% reduction in the charges. These amendments were challenged by Tata Communications by way of a Writ Petition filed in the Hon'ble High Court of Madras. The High Court, in 2016, dismissed Tata Communications' Writ Petition, against which order, it filed an appeal with the Division Bench of the Madras High Court and also 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 has heard the arguments in this matter and has reserved its judgment which is expected soon.

### 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. In response, the Company instituted an appeal before a division bench of the Bombay High Court on various grounds. This appeal has yet to come up for a hearing.

### International Regulatory Developments

Telecommunications regulators around the world have shown a keen interest in adopting regulations to codify 'net neutrality' or 'open internet' principles. In the United States, the change in Presidential administration has led to a return to a deregulatory approach to this issue. The Federal Communications Commission (FCC) has scuttled its rules applying utility-type regulation to internet transmission and replaced it with what it terms a 'light touch' framework. This change will mean a fresh round of appeals from new parties opposed to the FCC rules, i.e. content providers rather than internet service providers. We expect debates around net neutrality to remain active in many jurisdictions, and calls for increased regulation may expand into adjacent areas. These include the potential regulation of transit and CDN services, over-the-top video services, and other aspects of the internet ecosystem. The European Parliament, for one, is strengthening potential net neutrality legislation, and France seeks to expand the application of net neutrality to devices such as smartphones.

### Our Commitment to GDPR

Tata Communications recognises that protection of data is increasingly important to individuals, organisations and stakeholders. Accordingly, we must earn the public's trust in their ability to share personal data with us. We currently process and manage personal data in accordance with applicable privacy laws, specifically, in accordance with the EU Data Protection Directive, which is regarded as one of the highest and strictest in the world. Our Privacy Policy, available at <http://www.tatacommunications.com/policies/privacy-policy>, further explains in detail our practices and processes with respect to handling of any Personal Data that we receive from customers.

Tata Communications has initiated a global project to prepare for GDPR, both for our internal processes and for our commercial offerings. With the understanding that our customers will rely on our products and services to achieve GDPR compliance within their own organisations, Tata Communications is well-prepared to meet this critical need. As part of the GDPR project, Tata Communications has conducted an in-depth gap assessment to determine and address new privacy obligations under GDPR. A GDPR Steering Committee and Working Group which includes representatives from all our business and / or shared services units has been set up. Based on the gap assessment report, the team is actively working with relevant stakeholders to implement necessary remedial steps to our existing personal data practices and processes including but not limited to adoption of privacy by design and privacy by default. At Tata Communications, we have already embedded and will continue to embed data protection principles even more deeply into our business processes, with the objective that technical and organisational security measures limit, by default, the amount and use of personal data to what is specifically required.

GDPR is an important step forward for clarifying and enabling individual privacy rights. Tata Communications is committed to GDPR compliance across our products and services when enforcement begins May 25, 2018 and will provide GDPR related assurances in our contractual commitments then.

### Indian Telecom Regulatory Developments

The Government of India on May 1, 2018 released a draft of 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 proposes 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.

## Management Discussion and Analysis

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, following which DOT is expected to soon issue the guidelines with regard to the M2M roadmap.

The DoT, on May 31, 2016, has 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(s) may establish, operate and maintain telecommunication networks parented to NSO(s) or TSP(s) network and telecommunication services using any technology as per prescribed standards in the service area authorised under VNO License, VNO(s) will not be allowed to install equipment interconnecting with the network of other NSO(s) or TSP(s).

### CAUTIONARY STATEMENT

Statements in the Directors' Report and Management Discussion and Analysis describing the Company's 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 the Company's operations include economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in government regulations, policies, tax laws and other incidental factors. Further, the Company retains the flexibility to respond to fast-changing market conditions and business imperatives. Therefore, the Company may need to change any of the plans and projections that may have been outlined in this report, depending on market conditions.



'We operate well-established risk management policies and procedures to identify and assess risks across our business units and operations'





# GOVERNANCE

## Report on Corporate Governance

### Our philosophy and practice

### GOVERNANCE THAT REFLECTS OUR VALUES

As a Tata Group company, our five core values of integrity, understanding, excellence, unity and responsibility drive everything we do. Fair corporate governance to uphold them is therefore central to our approach to creating value for all our stakeholders. These include our customers, employees, investors, partners and vendors, as well as everyone in the communities in which we work.

Although eliminating all business risk is unattainable, we do believe sound corporate governance can keep it to a minimum. We therefore make sure we always follow corporate governance best practices. Specifically, this includes meeting the requirements of corporate governance stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. This document refers to this as the 'SEBI Listing Regulations' from now on.

### Transparently accountable

Through our governance policies we focus on upholding the very highest standards of accountability, ensuring the very best returns for all our stakeholders – communicating regularly with them through bulletins and presentations, as well as holding frequent meetings with analysts and investors.

### Codes of conduct

Every member of staff follows the Tata Code of Conduct that adheres to the relevant cultural and regulatory norms in all areas where we work. There are also other specific codes that apply to our employees and directors – viz. the Tata Communications Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure Practices. You can find out more about these codes on our website at <https://www.tatacommunications.com/investors/governance/>.

### OUR BOARD: CONFIGURED TO DELIVER

The Board of Directors (Board) of Tata Communications Limited is configured to deliver the Company's vision by ensuring our customers' success remains central to becoming the 'global digital infrastructure provider of choice' over the next three years to 2021.



## Governance

As of March 31, 2018, the Company has seven directors. One is an executive director and the remaining six are non-executive directors. Two are independent directors (see more on this below) and two are nominees of the Government of India.

We have traditionally had non-executive directors as Chairpersons. In line with this, Ms. Renuka Ramnath was elected as the Chairperson of the Board from April 14, 2017.

### Board changes this year

Mr. Kishor A. Chaukar stepped down from the Board with effect from July 31, 2017 and Mr. Bharat Vasani tendered his resignation with effect from February 5, 2018. The Board places on record its sincere appreciation for their immense contributions and guidance to the Company.

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Company's Articles of Association, Dr. Gopichand Katragadda retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

### Composition and attendance

The table below shows key information about each Board member, including their attendance at board meetings and the number of directorships and committee memberships they hold as at March 31, 2018. Please note that this does not take into account any directorships of private limited companies, Section 8 companies or companies incorporated outside India. Chairmanships / memberships of board committees include only Audit Committee and Stakeholders' Relationship Committee.

Name of the Director	Category	Number of Board Meetings attended during the year 2017-2018	Attendance at the last AGM (June 27 2017)	Number of Directorships in Indian Public Companies including Tata Communications Limited		Number of Committee Positions held in Public Companies including Tata Communications Limited	
				Chairperson	Member	Chairperson	Member
Ms. Renuka Ramnath Chairperson w.e.f. April 14, 2017 DIN: 00147182	Independent Non - Executive	11	Yes	1	8	2	2
Mr. Vinod Kumar Managing Director and Group CEO DIN: 01204665	Non - Independent Executive	11	Yes	NIL	1	NIL	NIL
Mr. Srinath Narasimhan DIN: 00058133	Non - Independent Non - Executive	8	Yes	NIL	5	NIL	2
Mr. Kishor A. Chaukar <sup>1</sup> DIN: 00033830	Non - Independent Non - Executive	3	Yes	1	7	2	3
Dr. Uday B Desai DIN: 01735464	Independent Non - Executive	11	Yes	NIL	2	NIL	2
Mr. Saurabh Kumar Tiwari <sup>2</sup> DIN: 03606497	Non - Independent Non - Executive	10	Yes	1	1	NIL	1
Mr. Bharat Vasani <sup>3</sup> DIN: 00040243	Non - Independent Non - Executive	8	Yes	NIL	3	NIL	NIL
Dr. Gopichand Katragadda DIN: 02475721	Non - Independent Non - Executive	8	Yes	NIL	4	NIL	3
Mr. G. Narendra Nath <sup>2</sup> DIN: 07440439	Non - Independent Non - Executive	9	Yes	NIL	1	NIL	1

<sup>1</sup>Ceased to be a director w.e.f. July 31, 2017.

<sup>2</sup>Nominee director of the Government of India.

<sup>3</sup>Resigned as director w.e.f. February 5, 2018.

**Independent directors**

During the year, one separate meeting of the independent directors was held on March 13, 2018, at which the independent directors inter-alia reviewed the performance of non-independent directors, the Chairperson of the Company and the Board as a whole. The Board of Directors also evaluated the independent directors' performance.

As previously reported to the stock exchanges, when the Government of India (GoI) transferred 25% of its stake in the Company to Panatone Finvest Limited (Panatone) in 2002, a shareholders' agreement (hereafter "SHA") and a share purchase agreement were entered into between the parties. These agreements, inter alia, set forth the rights and obligations of the parties in appointing directors on the Board of the Company. The relevant clauses from the SHA were incorporated in the Company's Articles of Association, which provide, in part, that the Board is to be comprised of twelve directors, four of whom must be independent. The GoI and Panatone are each entitled to recommend two independent directors to the Board.

As of the date of this Report, the Board comprised of seven directors, of whom two were independent. Each of the independent directors were recommended by the GoI and Panatone, respectively. The Company continues to seek both the GoI's and Panatone's recommendation for the other two independent directors to fill the remaining Board vacancies. Until such time as the Company receives the recommendation from the GoI and Panatone, enabling the Nomination and Remuneration Committee (NRC) and the Board to appoint two additional independent directors, the Company will be unable to comply with provisions of Section 149 (4) of the Companies Act, 2013 and Regulation 17 (1) (b) of the SEBI Listing Regulations.

**Notes:**

a. None of the directors is:

- a director of more than ten public companies,
- a member of more than ten committees or a chairperson of more than five committees across all the public companies of which they are directors. This includes membership and chairmanship of Audit Committees and Stakeholders Relationship Committees,
- an independent director in more than seven listed companies.

As of March 31, 2018, every director has made the necessary disclosures about any positions they hold in other companies

b. The independent directors all uphold the maximum tenure regulations of the Companies Act, 2013, and have confirmed they meet the criteria under Regulation 16(1)(b) of SEBI Listing Regulations and Section 149 of the Act.

c. None of the directors is related to any other director.

d. None of the directors has any business relationship with the Company.

e. None of the directors holds any shares in the Company.

f. None of the directors received any loans or advances from the Company during the year.

g. The Board has seen and considered the information required by Regulation 17 (7) read with Schedule II of the SEBI Listing Regulations. The Company has an effective way of communicating important decisions made by the Board to the relevant divisions.

h. Apart from directors' remuneration and sitting fees, the Company did not have any pecuniary relationship or transactions with non-executive directors during the financial year 2017-18.

i. The terms and conditions of appointment of the independent directors are available on our website at <http://www.tatacommunications.com/investor-relations/governance>

## Governance

- j. We have a programme to familiarise independent directors with the Company, as per Regulation 25(7) of the SEBI Listing Regulations. For details see <http://www.tatacommunications.com/investor-relations/governance>
- k. The Board regularly reviews compliance reports of all laws that apply to the Company, which are presented to them by the management.
- l. Detailed résumés of all directors, and those directors proposed to be reappointed at the 32<sup>nd</sup> Annual General Meeting, can be found in the “Board of Directors” section of this Annual Report.
- m. The necessary quorum was present at every Board meeting and the gap between any two Board meetings was never more than 120 days. Board meetings were held on:

May 4, 2017	June 27, 2017	July 24, 2017
October 12, 2017	October 25, 2017	November 28, 2017
December 12 / 13, 2017	December 22, 2017	January 9, 2018
February 8, 2018	March 13, 2018	

## Committees of the Board

Tata Communications Limited has constituted all requisite statutory committees as required under the Companies Act, 2013 ("Act") and the SEBI Listing Regulations, details of which are as follows:

### A. AUDIT COMMITTEE

Extract of Terms of Reference	Category and composition		Attendance, Meeting dates and related details
The Audit Committee's constitution complies with Regulation 18 of the SEBI Listing Regulations and with Section 177 of the Act.	Ms. Renuka Ramnath [Chairperson]	Independent, Non-executive	6
	Dr. Uday B. Desai	Independent, Non-executive	6
The broad terms of reference of the Audit Committee include:	Mr. Saurabh Kumar Tiwari	Government Nominee, Non-executive	5
<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 auditor's report thereon before submission to the board for approval.</li> <li>Evaluation of internal financial controls relating to financial reporting and risk management systems in conjunction with Internal and Statutory Auditors.</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 and the Code of Corporate Disclosure Practices (Code) and the SEBI (Prohibition of Insider Trading) Regulations, 2015.</li> <li>To oversee the implementation of the Code by the Compliance Officer under the overall supervision of the Board of the Company.</li> </ul> <p>For full details of its Terms of Reference, see <a href="https://www.tatacommunications.com/investors/governance/">https://www.tatacommunications.com/investors/governance/</a></p>	<b>Other Details on the Audit Committee:</b> <ul style="list-style-type: none"> <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 and General Counsel (India) is the Compliance Officer and ensures compliance with and implementation of the Insider Trading Code.</li> <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.</li> <li>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>		<b>Meeting related details:</b> <ul style="list-style-type: none"> <li>The Audit Committee met six (6) times as follows: <ul style="list-style-type: none"> <li>May 4, 2017</li> <li>July 24, 2017</li> <li>October 25, 2017</li> <li>December 13, 2017</li> <li>February 8, 2018</li> <li>March 13, 2018</li> </ul> </li> <li>The gap between any two meetings was never more than 120 days.</li> <li>Requisite quorum was present for all meetings.</li> <li>The Audit Committee invites a number of people to its meetings, including any Company executives it deems as appropriate, as well as representatives of the statutory auditors and internal auditors.</li> <li>The Company's previous Annual General Meeting (AGM) was held on June 27, 2017 and was attended by Ms. Renuka Ramnath, Chairperson of the Audit Committee.</li> </ul>

## B. NOMINATION AND REMUNERATION COMMITTEE (NRC)

Extract of Terms of Reference	Category and composition		Attendance, Meeting dates and related details
The constitution of the Nomination and Remuneration Committee (NRC) meets the provisions of Section 178 of the Act and the SEBI Listing Regulations.	Dr. Uday B. Desai (Chairman)	Independent, Non-executive	6
	Mr. Kishor A. Chaukar*	Non-independent, Non-executive	2
The broad terms of reference of the NRC include:	Mr. G. Narendra Nath	Government nominee, Non-executive	5
	Ms. Renuka Ramnath	Independent, Non-executive	6
• Recommend to the Board the setup and composition of the Board and its committees.	Mr. Srinath Narasimhan**	Non-independent, Non-executive	4
• Recommend to the Board the appointment or reappointment of directors.	*Ceased to be a director and consequently ceased to be a member of this Committee w. e. f. July 31, 2017.  **Appointed as member of this Committee w. e. f. August 23, 2017.		<b>Meeting related details:</b> <ul style="list-style-type: none"><li>• The NRC met six (6) times as follows:<ul style="list-style-type: none"><li>◦ May 4, 2017</li><li>◦ June 5, 2017</li><li>◦ October 25, 2017</li><li>◦ December 12, 2017</li><li>◦ February 8, 2018</li><li>◦ March 13, 2018</li></ul></li><li>• Requisite quorum was present for all meetings.</li></ul>
• Recommend to the Board appointment of Key Managerial Personnel (“KMP” as defined by the Act) and executive team members of the Company (as defined by this committee).			
• Support the Board and IDs in evaluation of the performance of the Board, its committees and individual directors.			
• Recommend to the Board the remuneration policy for directors, executive team / KMP as well as the rest of the employees.			
• Oversee familiarisation programmes for directors.			
• Oversee the Human Resources (HR) philosophy, HR and People strategy and HR practices including those for leadership development, rewards and recognition, talent management and succession planning (specifically for Board, KMP and executive team).			
For full details of its Terms of Reference, see <a href="https://www.tatacommunications.com/investors/governance/">https://www.tatacommunications.com/investors/governance/</a>			

### 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. Increments become effective from April 1 every year. The NRC also decides on the commission payable to the Managing Director out of the profits for the financial year, following the ceilings prescribed under the Act. Its decision is based on Company performance, as well as that of the Managing Director and each executive director.



**32<sup>ND</sup> ANNUAL REPORT 2017-2018**
**Sitting fees for the financial year 2017-2018 – 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 to Non-Executive Directors for the year 2017-18**

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 paid to Non-Executive Directors for the year 2017-18 are below:

(₹ in Lakhs)

Name of Director	Commission	Sitting Fees
Ms. Renuka Ramnath	30.11	13.25
Mr. Srinath Narasimhan <sup>1</sup>	7.94	3.20
Mr. Kishor A. Chaukar <sup>2</sup>	3.97	3.75
Dr. Uday B. Desai	15.55	13.50
Mr. Saurabh Kumar Tiwari <sup>3</sup>	11.91	-
Mr. Bharat Vasani <sup>1 and 4</sup>	5.29	1.60
Dr. Gopichand Katragadda <sup>1</sup>	6.62	2.40
Mr. G. Narendra Nath <sup>3</sup>	8.60	-

<sup>1</sup> Non-Executive directors who are in full-time employment of any Tata Company and are receiving salary as such full-time employees shall not accept any commission for FY 2017-18.

<sup>2</sup> Ceased to be a director w. e. f. July 31, 2017.

<sup>3</sup> 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.

<sup>4</sup> Resigned as director w. e. f. February 5, 2018.

Remuneration to the whole-time director during the year 2017-18

(Amount in ₹)

Name	Salary#	Perquisites and Allowances#	Commission@#
<b>Mr. Vinod Kumar</b> Managing Director and Group CEO	66,793,048	44,852,784	100,788,925

@Approved commission for FY 2017-18 is ₹ 99,666,425 which will be paid post the ensuing Annual General Meeting.

#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.

## C. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Extract of Terms of Reference	Category and composition		Attendance, Meeting dates and related details
<p>The constitution of the Company's Corporate Social Responsibility (CSR) Committee follows the provisions of Section 135 of the Act.</p> <p>The broad terms of reference of the CSR Committee include:</p> <ul style="list-style-type: none"> <li>Formulate and recommend to the Board, a Corporate Social Responsibility 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 referred to above.</li> <li>Monitor the Corporate Social Responsibility 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> <li>Oversee activities impacting the quality of life of various stakeholders.</li> <li>Monitor the CSR policy and expenditure of the material subsidiaries.</li> </ul> <p>For full details of the CSR Policy, see <a href="https://www.tatacommunications.com/investors/governance/">https://www.tatacommunications.com/investors/governance/</a></p>	Mr. Kishor A. Chaukar*	Non-independent, Non-executive	1
	Mr. Saurabh Kumar Tiwari	Government nominee, Non-executive	2
	Ms. Renuka Ramnath	Independent, Non-executive	-
	Dr. Gopichand Katragadda	Non-Independent, Non-executive	2
<p>*Ceased to be a director and consequently ceased to be a member of this Committee w. e. f. July 31, 2017.</p>			<p><b>Meeting related details:</b></p> <ul style="list-style-type: none"> <li>The CSR Committee met twice as follows: <ul style="list-style-type: none"> <li>May 4, 2017</li> <li>March 13, 2018</li> </ul> </li> <li>Requisite quorum was present for all meetings.</li> </ul>

## D. STAKEHOLDERS' RELATIONSHIP COMMITTEE (SRC)

Extract of Terms of Reference	Category and composition		Attendance, Meeting dates and related details
<p>The constitution of the Stakeholders' Relationship Committee (SRC) meets the provisions of Section 178 of the Act and Regulation 20 of the SEBI Listing Regulations.</p> <p>The broad terms of reference of the SRC include:</p> <ul style="list-style-type: none"> <li>Review of statutory compliance relating to all security holders.</li> <li>Consider and resolve the grievances of security holders of the company including complaints related to transfer of securities, non-receipt of annual report / declared dividends / notices / balance sheet.</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>Approval of issue of duplicate certificates 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> </ul>	Mr. Kishor A. Chaukar*	Non-independent, Non-executive	2
	Dr. Uday B. Desai	Independent, Non-executive	4
	Mr. G. Narendra Nath	Government nominee, Non-executive	3
<p>*Ceased to be a director and consequently ceased to be a member of this Committee w. e. f. July 31, 2017.</p> <p><b>Other Details</b></p> <ul style="list-style-type: none"> <li>Mr. Manish Sansi, Company Secretary and General Counsel (India) is the Compliance Officer for shareholder grievance redressal.</li> <li>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, 2018 have been duly processed.</li> </ul>			<p><b>Meeting related details:</b></p> <ul style="list-style-type: none"> <li>The SRC met four (4) times as follows: <ul style="list-style-type: none"> <li>May 4, 2017</li> <li>July 24, 2017</li> <li>October 25, 2017</li> <li>February 8, 2018</li> </ul> </li> <li>Requisite quorum was present for all meetings.</li> </ul>

### Stakeholder grievances received and their status at financial year end

The status of grievances received from shareholders for the year ending March 31, 2018 is as below:

	No. of complaints		
	Pending from previous financial year	Received	Pending
	Nil	9	9
			Nil

## E. RISK MANAGEMENT COMMITTEE (RMC)

Extract of Terms of Reference	Category and composition		Attendance, Meeting dates and related details
<p>The Board has constituted a Risk Management Committee (RMC) in terms of the SEBI Listing Regulations.</p> <p>The RMC's role, defined by the Board, includes monitoring and reviewing the risk management plan to ensure it is fit for purpose in the light of risks and concerns faced by the Company.</p>	Mr. Kishor A. Chaukar*	Non-independent, Non-executive	-
	Mr. Vinod Kumar	Managing Director and Group CEO	1
	Dr. Gopichand Katragadda	Non-independent, Non-executive	1
	Mr. Tri Pham	Head – Corporate Strategy and Communications	1
	Ms. Pratibha K. Advani	Chief Financial Officer	1
<p>*Ceased to be a director and consequently ceased to be a member of this Committee w. e. f. July 31, 2017.</p>			<p><b>Meeting related details:</b></p> <ul style="list-style-type: none"> <li>The RMC met once on January 8, 2018, at which meeting, requisite quorum was present.</li> </ul>

## GENERAL BODY MEETINGS

### A. Annual General Meetings ('AGM')

Our last three Annual General Meetings were as follows:

Financial Year	Date	Time	Venue	Resolutions and Voting
2014-15	September 29, 2015	11:00 a.m.	NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.	Total no. of resolutions: 9 Special resolutions: 1 - Approval of Shareholders of the Company for the payment of commission not exceeding 1% per annum of the net profits of the Company for the period of five years commencing from April 1, 2015, subject to applicable provisions of Companies Act, 2013 read with Listing norms.  All the resolutions were put to vote and carried with requisite majority
2015-16	August 1, 2016	11:00 a.m.	NSE Auditorium, Ground Floor, National Stock Exchange of India Ltd., Exchange Plaza, Plot No.C/1, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051.	Total no. of resolutions: 7 Special resolutions: Nil  All the resolutions were put to vote and carried with requisite majority.
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.	Total no. of resolutions: 7 Special resolutions: Nil  All the resolutions were put to vote and carried with requisite majority.

### B. Other Shareholder Meetings and Special Resolutions passed through postal ballot

- No extraordinary general meeting was held during the financial year 2017-18.
- The Company had sought the approval of the shareholders by way of a special resolution for the scheme of arrangement and reconstruction among the Company and Hemisphere Properties India Limited for demerger of surplus land through notice dated April 5, 2018 offering e-voting and postal ballot facility. The resolution was passed at a meeting of the shareholders convened as per the directions of the National Company Law Tribunal on May 10, 2018. Ms. Preeti Ghiya (Membership No. 10077; CP 6157), Practising Company Secretary was appointed as Scrutiniser to scrutinise the votes cast through the remote e-voting, postal ballot and voting at the meeting venue in a fair and transparent manner.

### C. Details of special resolution to be passed through postal ballot

In case the Board of Directors approves the proposed alteration of the objects clause of the Memorandum of Association of the Company, a special resolution of the members for the said alteration shall be included in the Notice of the 32<sup>nd</sup> AGM to be held on August 9, 2018.

The alteration of objects clause of the Memorandum of Association is an item required to be transacted by means of postal ballot under the provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014. However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and



Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of members for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its members. The Company, being a listed Company is required to provide the facility of voting by electronic means to its members and hence, may obtain the approval of its members to the alteration of the objects clause of the Memorandum of Association at the ensuing Annual General Meeting.

## **OTHER DISCLOSURES**

### **i. Material transactions entered into with related parties**

All transactions with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations during the financial year 2017-18 were in the ordinary course of business and based on arm's length pricing. The Audit Committee approved all these transactions. The Board has approved a policy for related party transactions viewable at <http://www.tatacommunications.com/investor-relations/governance>

Note 42 of the Notes forming part of the standalone Ind AS financial statements should also be referred to.

### **ii. Archiving and preservation of documents**

As stipulated by Regulation 9 of the SEBI Listing Regulations, the Company has adopted a policy for the archiving and preservation of documents.

### **iii. Non-compliance notices, penalties, strictures**

During the last three financial years, neither the SEBI nor any stock exchange or any statutory authority has issued or imposed any non-compliance notice or penalty or strictures on the Company on any matter relating to capital markets.

### **iv. Whistleblower policy**

The Company has a whistleblower policy plus other mechanisms for employees to report concerns about unethical behaviour. View the policy at <http://www.tatacommunications.com/investor-relations/governance>.

No one has been denied access to the Audit Committee.

### **v. Reconciliation of share capital**

A qualified practising Company Secretary carried out quarterly audits to reconcile the total admitted equity share capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), along with the total issued and listed equity share capital.

These audits confirm that the total issued and paid-up equity share capital tallies with the total number of equity shares in physical form, plus the total number of dematerialised shares held by NSDL and CDSL.

### **vi. Discretionary requirements**

The company fulfilled the following discretionary requirements as prescribed in Regulation 27(1) read alongside Schedule II Part E of the SEBI Listing Regulations:

- a. The Company has complied with the requirement of having separate persons occupying the positions of Chairperson and CEO / Managing Director.
- b. The Company has appointed an internal auditor who reports and makes the internal audit presentations to the Audit Committee.

### **vii. Code of Conduct**

The Board members and senior management personnel have confirmed their compliance with the Company's Code of Conduct applicable to them during the year ended March 31, 2018. As stipulated in the SEBI Listing Regulations, this Annual Report contains a certificate from the Managing Director and Group CEO on compliance declarations received from independent directors, non-executive directors and senior management personnel.

### **viii. Schedule II Part B certification**

As stipulated in Regulation 17(8) of the SEBI Listing Regulations, the Managing Director and Group CEO and Chief Financial Officer gave a certificate to the Board of Directors for the year ended March 31, 2018, in the format prescribed by Schedule II Part B.

### **ix. Subsidiary companies**

The Audit Committee reviews the Company's consolidated financial statements and the investments made by its unlisted subsidiary companies. The minutes of their Board meetings, along with a report on significant developments of the unlisted subsidiary companies, are regularly placed before the Board of Directors.

During the financial year 2017-18, Tata Communications Payment Solutions Limited (TCPSL) and Tata Communications International Pte. Limited were the material unlisted subsidiaries of the Company as per the definition of Material Unlisted Subsidiary under Regulation 16(1)(c) of the SEBI Listing Regulations. Consequently, one independent director from the Company's Board has been appointed as a director on the Board of TCPSL, as

per Regulation 24(1) of the SEBI Listing Regulations. View the Company's material subsidiaries policy at <http://www.tatacommunications.com/investor-relations/governance>

## HOW WE COMMUNICATE

The Company's quarterly, half-yearly and annual financial results and statutory notices are normally published in the Free Press Journal and Navshakti among other newspapers. They are also hosted at [www.tatacommunications.com](http://www.tatacommunications.com), where the Company's press releases, news of significant developments and investor updates are also available.

Presentations that the Company makes to institutional investors and analysts are also displayed on its website.

The Management Discussion and Analysis forms part of the Directors' Report and is included in the Annual Report for the financial year 2017-18. Segmental information may be referred to in Note number 37 of the Notes, forming part of the Standalone Ind AS financial statements.

## SHAREHOLDER INFORMATION

### i. Annual General Meeting for the Financial Year 2017-2018

<b>Date</b>	:	August 9, 2018
<b>Time</b>	:	1000 hours IST
<b>Venue</b>	:	Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai – 400 020.

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of directors seeking re-appointment at the forthcoming Annual General Meeting are given in the Annexure to the Notice of the Annual General Meeting to be held on August 9, 2018.

### ii. Financial calendar

<b>Year ending</b>	:	March 31, 2018
<b>Annual General Meeting</b>	:	August 9, 2018

Key financial reporting dates for the financial year 2018-19:

First quarter ending June 30, 2018	On or before August 14, 2018
Second quarter ending September 30, 2018	On or before November 14, 2018
Third quarter ending December 31, 2018	On or before February 14, 2019
Fourth quarter ending March 31, 2019	On or before May 30, 2019

### iii. Dividend payment

The Board has recommended a dividend of 45% (₹4.50 per share of the face value of ₹10 each) for the financial year 2017-18. The final dividend, if declared, shall be paid on or after August 13, 2018.

### iv. Date of book closure / record date

The Company's register of members and share transfer books will remain closed from August 3, 2018 to August 9, 2018 (both days inclusive).

### v. 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.

### vi. Stock code / symbol

NSE: TATACOMM  
BSE: 500483  
ISIN for equity shares: INE151A01013

The Annual Listing Fees due to each of the aforesaid Stock Exchanges for the financial year 2017-18 have been paid.

### vii. Corporate Identification Number (CIN)

L64200MH1986PLC039266

### viii. Dividend distribution policy

The Company believes in enhancing shareholders' returns on an ongoing basis, which is why we have constantly endeavoured to maintain the Dividend Pay-out Ratio at broadly the same level every year. 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.

Following the Notification issued by SEBI dated July 8, 2016, along with Regulation 43A of the SEBI Listing Regulations, the Board of Directors has laid down a broad framework for decisions to be made relating to distribution of dividend to shareholders. The framework takes the form of a Dividend Distribution Policy which is attached as Annexure 1 to this report and can also be

## Governance

found on our website at <http://www.tatacommunications.com/investor-relations/governance>.

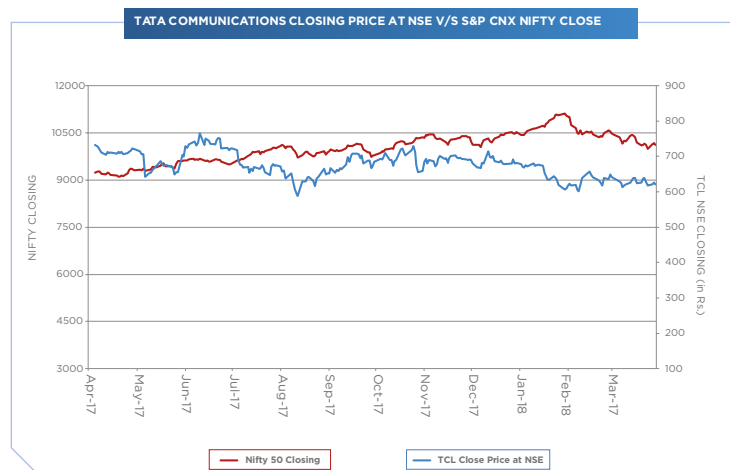
The Dividend Distribution Policy lists the key factors that may affect the decision to pay out earnings in the form of dividends.

### ix. Market price data

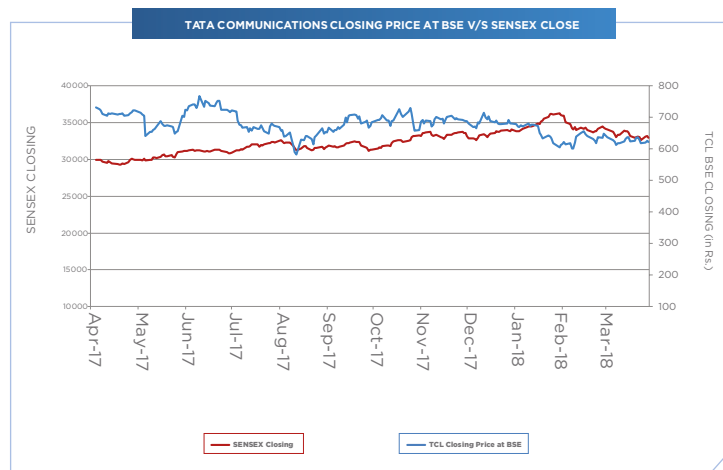
The table below shows the monthly high and low quotations, based on daily closing prices, and the number of equity shares traded each month during the financial year 2017-18 on BSE and NSE.

Month	BSE Share Price (In ₹)			NSE Share Price (In ₹)		
	High	Low	Number of Equity Shares Traded	High	Low	Number of Equity Shares Traded
Apr-17	749	691.1	859889	738.7	690.2	10457521
May-17	734	626	2340368	734.85	625.25	16270039
Jun-17	774.35	703.6	2076297	776	703	18273374
Jul-17	723	639.3	1297186	724.15	640	9535732
Aug-17	675	570.45	1126937	676	570.45	12416479
Sep-17	729.8	645.3	938629	729	645	12258059
Oct-17	735.1	649.15	880004	736.9	648.45	15119327
Nov-17	720	666.3	757056	719	666.1	11179210
Dec-17	758	659.55	1407822	754	659.25	20381877
Jan-18	693.95	602.55	758471	694.45	602.6	10804349
Feb-18	665.1	590.6	456699	666	591.6	10070607
Mar-18	648.3	608.15	273987	648.3	606.55	7795826

### x. Performance of the Company's share price compared to the BSE Sensex



### xi. Performance of the Company's share price compared to the Nifty 50



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**xii. Registrar and Share Transfer Agent (R&T Agent)**

<b>Name and Address</b>	TSR Darashaw Limited ("TSRDL") 6-10, Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011
<b>Telephone</b>	91 22 6656 8484
<b>Fax</b>	91 22 6656 8494
<b>E-mail</b>	<a href="mailto:csg-unit@tsrdarashaw.com">csg-unit@tsrdarashaw.com</a>
<b>Website</b>	<a href="http://www.tsrdarashaw.com">www.tsrdarashaw.com</a>

**xiii. Share transfer system**

Transfers of shares in electronic form are done through the depositories with no involvement of the Company. Transfer of shares in physical form are processed by TSRDL, within 15 days of receipt, as long as the documents are fully complete. The Stakeholders Relationship Committee and certain company officials (including the Company Secretary) are empowered to approve share transfers.

**xiv. Shareholding pattern as at March 31, 2018**
**a. Distribution of shareholding**

Number of ordinary shares held	Number of shareholders	
	31.03.2018	31.03.2017
1 to 500	59,086	49,267
501 to 1000	1,583	1,208
1001 to 10000	1,779	1,414
Over 10000	288	278
<b>Total</b>	<b>62,736</b>	<b>52,167</b>

**b. Categories of shareholders**

Category	Number of equity shares held	Percentage of holding
<b>Promoters and Promoter Group</b>		
<b>Central Government</b>	<b>74,446,885</b>	<b>26.12</b>
<b>Tata Group</b>		
Panatone Finvest Limited	85,776,654	30.10
Tata Sons Limited	40,087,639	14.07
The Tata Power Company Limited	13,422,037	4.71
<b>Public</b>		
<b>Institutions</b>		
Mutual Funds	8,489,264	2.98
Banks and Financial Institutions	29,474	0.01
Insurance Companies	5,331,537	1.87
Foreign Institutional Investors	373,061	0.13
Foreign Portfolio Investors	39,769,761	13.95
Overseas Corporate Bodies / Foreign Bodies Corporate	168,106	0.06
Central Government / State Government / President of India	525,000	0.18
<b>Non-Institutions</b>		
Bodies Corporate / Clearing Members / LLP / BC NON-NBFC	2,826,899	0.99
Bodies Corporate - NBFC	2,978	0.00
Indian Public and others	12,592,393	4.42
Trusts	5,033	0.00
NRIs and Foreign Nationals	1,112,736	0.39
Investor Education and Protection Fund	40,543	0.01
<b>Grand Total</b>	<b>285,000,000</b>	<b>100.00</b>

## Governance

### c. Top ten equity shareholders other than promoters

Sr. No.	Name of the shareholder*	Number of equity shares held	Percentage of holding
1	Amansa Holdings Private Limited	5,164,228	1.81
2	Fiam Group Trust For Employee Benefit Plans - Fiam Emerging Markets Commingled Pool	4,921,995	1.73
3	Baron Emerging Markets Fund	4,255,898	1.49
4	Government Pension Fund Global	4,093,255	1.44
5	Aditya Birla Sun Life Trustee Private Limited	3,776,800	1.33
6	Life Insurance Corporation Of India	3,294,289	1.16
7	Fil Investments(Mauritius) Ltd	2,973,726	1.04
8	Jhunjhunwala Rekha Rakesh	2,000,000	0.70
9	Morgan Stanley (France) S.A.	1,802,518	0.63
10	Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	1,493,273	0.52

\*Shareholding is consolidated based on permanent account number (PAN) of the shareholder.

### xv. Dematerialisation of shares and liquidity

The Company's shares are compulsorily traded in dematerialised form on the NSE and BSE. Equity shares representing approximately 99.96% of the Company's share capital are dematerialised as at March 31, 2018.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares is INE151A01013.

### xvi. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments. Consequently, as at March 31, 2018, it does not have any GDRs / ADRs / Warrants or convertible instruments outstanding.

### xvii. Commodity price risk or foreign exchange risk and hedging activities

For details regarding foreign exchange risks, please refer to the Management Discussion and Analysis report.

### xviii. Equity shares in suspense account

The Company does not have any Equity Shares in suspense account.

### xix. Transfer of unclaimed or unpaid amounts to Investor Education and Protection Fund ('IEPF')

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"), dividends, 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, shares in respect of such dividends which have not been claimed for a period of seven (7) consecutive years are also liable to be transferred to the demat account of the IEPF Authority. This 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. The provisions relating to transfer of shares were made effective by the Ministry of Corporate Affairs, vide its Notification dated October 13, 2017 read with the circular dated October 16, 2017, wherein it was provided that where the period of seven (7) consecutive years, as above, was completed or being completed during the period from September 7, 2016 to October 31, 2017, the due date of transfer for such shares was October 31, 2017.

In the interest of shareholders, the Company has sent out periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends / shares to IEPF. The Company has also published notices in this regard in newspapers and uploaded the details of unclaimed dividends as at the date of the AGM i.e. June 27, 2017 on the website of IEPF and on the 'Investor Relations' section of the Company's website.

Since no dividend was declared in 2009-10, the Company was not required to transfer any amount to the IEPF. However, in light of the aforesaid provisions, the Company has, during the year, transferred to the demat account of the IEPF Authority, 40,543 shares in respect of which dividend remained unclaimed for seven (7) consecutive years.



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Shareholders who have a claim on such 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 shares so transferred.

Shareholders who have not encashed their dividend warrant(s) so far for the financial year ended 2011-12 or any subsequent financial years are requested to lodge their claims with TRSDL. No claims shall lie against the Company for the amounts of dividend so transferred.

**xx. Details of Non-Convertible Debentures (NCD) issued and outstanding as at March 31, 2018**

Sr. No.	NCD Series / ISIN	Principal amount outstanding as at March 31, 2018 (Rs.)
i.	11.25% Secured Non-Convertible Redeemable Debentures (INE151A07044)	50,000,000
ii.	9.85% Unsecured Non-Convertible Redeemable Debentures (INE151A08059)	1,500,000,000

## SHARE CAPITAL HISTORY SINCE INCORPORATION

Dates	Particulars of issue	Number of shares	Total number of shares	Nominal value of shares (₹)
19.03.1986	Allotted as Purchase consideration for assets and liabilities of OCS	126	126	126,000
01.04.1986	Allotted as Purchase consideration for assets and liabilities of OCS	+599,874	600,000	600,000,000
March 1991	Shares of ₹1000/- each subdivided into shares of ₹10/- each	NIL	60,000,000	600,000,000
06.02.1992	Bonus of 1:3 issued to Government of India.	+20,000,000	80,000,000	800,000,000
Jan-Feb 1992	12 million shares disinvested in favour of Indian Financial Institutions by GOI @ ₹123/- per share	NIL	80,000,000	800,000,000
1994-1995	2,382,529 Shares transferred to disinvested parties as bonus shares	NIL	80,000,000	800,000,000
27.03.1997	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	921,650,000
04.04.1997	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	950,000,000
Feb. 1999	10 million shares divested by GOI in GDR markets @ US\$ 9.25 per GDR equivalent to ₹786.25 per share.	NIL	95,000,000	950,000,000
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.	NIL	95,000,000	950,000,000
Sept 1999	10 lakh shares Divested by GOI in domestic markets @ ₹750 per share.	NIL	95,000,000	950,000,000
15.08.2000	Listing of ADRs on New York Stock Exchange	NIL	95,000,000	950,000,000
24.11.2000	Bonus shares in the ratio of 2:1.	+190,000,000	285,000,000	2,850,000,000
27.09.2001	Declared dividend @ 500% i.e. ₹50/- per share at 15 AGM.	NIL	285,000,000	2,850,000,000
January 2002	Paid special interim Dividend of 750% i.e. ₹75/- per share	NIL	285,000,000	2,850,000,000
13.02.2002	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	NIL	285,000,000	2,850,000,000
21.02.2002	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.	NIL	285,000,000	2,850,000,000
10.04.2002	Open Offer by Panatone Finvest Limited in accordance with SEBI guidelines to acquire up to 57 million shares @ ₹202/- per share	NIL	285,000,000	2,850,000,000
08.06.2002	Open offer complete with Panatone holding total of 128249910 shares including 57 million shares as above.	NIL	285,000,000	2,850,000,000
13.08.2013	Delisting of ADRs from NYSE	NIL	285,000,000	2,850,000,000

## 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  
Fax: +91 22 6725 1962



Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)



Website: [www.tatacommunications.com](http://www.tatacommunications.com)

### Corporate office



Plot No. C-21 and C-36, G Block,  
Bandra Kurla Complex, Bandra (East)  
Mumbai – 400 098.  
Tel: +91 22 6657 8765  
Fax: +91 22 6725 1962



Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)



Website: [www.tatacommunications.com](http://www.tatacommunications.com)

### Compliance Officer



Mr. Manish Sansi  
Company Secretary and General Counsel (India)



Plot No. C-21 and C-36, G Block,  
Bandra Kurla Complex, Bandra (East)  
Mumbai – 400 098.  
Tel: +91 22 6659 1966  
Fax: +91 22 6725 1962



Email: [manish.sansi@tatacommunications.com](mailto:manish.sansi@tatacommunications.com)

## Governance

If you have any shareholder complaints or queries, please contact:

### Registrar and Share Transfer Agent



TSR Darashaw 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)

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  
Fax: +91 22 6725 1962



Email: [investor.relations@tatacommunications.com](mailto:investor.relations@tatacommunications.com)

## **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 31st 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:



## Governance

- i. Capital requirements including proposals for major capital expenditures
- ii. Profits earned during the financial year
- iii. Overall financial condition
- iv. Cost of raising funds from alternate sources
- v. Liquidity and cash flow position
- vi. Obligations to creditors
- vii. Post dividend EPS

The Board may, at its discretion, declare a Special Dividend under certain circumstances such as extra-ordinary profits from sale of investments etc.

## B. INTERNAL AND 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 REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

This is to confirm that the Company has adopted a Code of Conduct for its Board Members and senior management.

I confirm that the Company has in respect of the financial year ended March 31, 2018, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

**Place :** Mumbai

**Date :** May 10, 2018

**Manish Sansi**

Company Secretary  
and General Counsel (India)

**Vinod Kumar**

Managing Director  
and Group CEO

## **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**

**The Members of  
Tata Communications Limited  
VSB, Mahatma Gandhi Road, Fort,  
Mumbai – 400001**

1. The Corporate Governance Report prepared by Tata Communications Limited (hereinafter the “Company”), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”) (‘Applicable Criteria’) with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock Exchange and to be sent to the shareholders of the Company.

### **Management's Responsibility**

2. 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.
3. 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**

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. 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.
6. 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.
7. 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 key procedures performed include:
  - i. Reading and understanding of the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the register of directors as on March 31, 2018 and verified that at least one woman director was on the Board during the year;

## Governance

iv. Obtained and read the minutes of meetings of the following, held from April 1, 2017 to March 31, 2018:

- (a) Board of Directors;
- (b) Audit Committee;
- (c) Annual General Meeting;
- (d) Nomination and Remuneration Committee;
- (e) Stakeholders Relationship Committee;
- (f) Corporate Social Responsibility Committee;
- (g) Independent Directors' Meeting; and
- (h) Risk Management Committee;

v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

vi. 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

8. Based on the procedures performed by us as referred to in paragraph 7 above and according to the information and explanations provided to us,

- a. the number of independent directors of the Company for the year ended March 31, 2018 was less than one third of the number of directors of the Company, as required by Regulation no. 17(1)(b) of the Listing Regulations, for the reasons explained in Company's 'Report on Corporate Governance for the financial year 2017-18';
- b. The number of independent directors on the Nomination and Remuneration Committee as constituted by the Board of Directors was less than fifty percent of the total number of members of the Nomination and Remuneration Committee for the period April 1, 2017 to April 13, 2017, as required by Regulation No.19(1)(c) of the Listing Regulations, for the reasons explained in Company's 'Report on Corporate Governance for the financial year 2017-18'.

### Qualified Opinion

9. 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 matters stated in paragraph 8 above, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above, except for the points mentioned under paragraph 8 above.

### Other matters and Restriction on Use

10. 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.

11. 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



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may come without our prior consent in writing. 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

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**per Prashant Singhal**

Partner

Membership Number: 93283

**Place of Signature** : Mumbai

**Date** : May 10, 2018

## **SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule no.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,  
The Members,  
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 authorised 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, 2018 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 the Tata Communications Limited for the financial year ended on 31<sup>st</sup> March, 2018 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) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    - (c) The Securities and Exchange Board of India (Listing Obligations and 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 (Buyback 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.

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(vi) The following Acts / Guidelines are 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 issued with regarding to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by 'The Institute of Company Secretaries of India'; and
- (ii) Securities and Exchange Board of India (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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 *except with regard to appointment of Independent Directors to the extent of 1/3<sup>rd</sup> of the total strength of the Board.*

It is clarified by the Company that the matter is being pursued with the Government of India and the Strategic Partner for indicating suitable names for the Company to consider for appointment as Independent Directors on the Board.

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 Director and Non-Executive Directors *with the exception of appointment of Independent Directors to the extent of 1/3<sup>rd</sup> of the total strength of the Board.* It is clarified by the Company that the matter is being pursued with the Government of India and the Strategic Partner for indicating suitable names for the Company to consider for appointment as Independent Directors on the Board.
- 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 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 chairman, decision 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 that 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  
**Date** : May 10, 2018  
**Place** : Mumbai

## 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](http://www.tatacommunications.com)

**5. E-mail id:** [manish.sansi@tatacommunications.com](mailto:manish.sansi@tatacommunications.com)

**6. Financial Year reported:** April 1, 2017 to March 31, 2018

**7. Sector(s) that the Company is engaged in (industrial activity code-wise):**

Name and 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**

- **Number of International Locations (Provide details of major 5):** As on March 31, 2018, the Company has 48 subsidiaries in 36 countries.
- **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 (INR):** ₹285 crores

**2. Total Income (INR):**

	Standalone ₹ in Crores	Consolidated ₹ in Crores
<b>Total Income</b>	<b>5575.56</b>	<b>17031.35</b>

**3. Total profit after taxes (INR):**

	Standalone ₹ in Crores	Consolidated ₹ in Crores
<b>Profit / (loss) after taxes</b>	<b>266.63</b>	<b>(325.61)</b>

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**4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%).**  
During the year 2017-18, ₹15,17,49,528 was spent on CSR of which 32.54% was on affirmative action and communities.

**5. List of activities in which expenditure in 4 above has been incurred:**

- a. Education
- b. Employability and Sustainable Livelihoods
- c. Healthcare

**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:** 01204665
- **Name:** Mr. Vinod Kumar
- **Designation:** Managing Director and Group 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 and Global HR Head
4.	<b>Telephone number</b>	+91 22 66505060
5.	<b>e-mail id</b>	<a href="mailto:aadesh.goyal@tatacommunications.com">aadesh.goyal@tatacommunications.com</a>

## 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:

P1	Business should conduct and govern themselves with ethics, transparency and accountability.
P2	Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Business should promote the wellbeing of all employees.
P4	Business should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
P5	Business should respect and promote human rights.
P6	Business should respect, protect and make efforts to restore environment.
P7	Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Business should support inclusive growth and equitable development.
P9	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	P 3	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?	<a href="http://www.tatacommunications.com/sites/default/files/Business_Responsibility_Policies.pdf">http://www.tatacommunications.com/sites/default/files/Business_Responsibility_Policies.pdf</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the company have in-house structure to implement the policy / policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	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



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If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year	✓	✓	✓	✓	✓	✓	✓	✓	✓
6.	Any other reason (please specify)									

**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  
Annually
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?  
We have released company's maiden Sustainable Development Report (for internal audience) which is based on the Global Reporting Initiative (GRI) G4 Core guidelines and conforms to the United Nations Global Compact (UNGC) and Sustainable Development Goals (SDGs). The report details our approach toward and disclosure of the triple bottom line parameters -- Environmental, Social and Economic -- over the 2016-17 fiscal year.

**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?**

Tata Code of Conduct and Tata Communications' Anti-corruption Policy are applicable to Tata Communications Limited and its subsidiaries ("Company"). The Company takes a risk based approach to cascade the obligation to comply with the aforementioned policies to third parties such as vendors, partners, NGOs, etc. The Company may waive this requirement for selected vendors; however, such waiver is granted only when the company has reviewed similar policies of the vendor and is satisfied that the vendor'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 vendor'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 2017-18:

Financial Year	Complaints reported, investigated and closed	Complaints found to be valid and actioned
2017-18	25 (includes 2 complaints which are under investigation)	15

## 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. The Company does not deal in any physical products. However, the Company believes in the principles of Environmental and Social Stewardship at the forefront, and is moving ahead with the following objective:

#### i. Reducing its own footprint

- Influencing its customers and suppliers to encourage them to reduce their footprints
- Engaging with its employees to help reduce their personal footprints

In consonance with the Tata initiatives on the Greening front, the Company has imbibed the Tata vision and strives to:

- be the benchmark in their segment of industry on the carbon footprint, for their plants and operations.
- engage actively in climate change advocacy and the shaping of regulations in different business sectors.

The Company, accordingly, has been incorporating 'green' perspective in all key organisational processes.

### 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) achieved since the previous year?

At Tata Communications, we understand that our main impact on carbon or other greenhouse gas emissions comes using indirect energy. We consume nearly 2 million gigajoule (GJ) of energy mainly comprising of indirect power supply (97%) from the national grid whereas rest comes from the conventional sources. Our primary focus area is to reduce these indirect emissions and hence there is an on-going move to use renewable energy (RE) at key locations of Tata Communications. The Company [along with STT Global Data Centres (India) Private Limited (STTGDC)] has signed multiple agreements with wind power suppliers in Tamil Nadu, Karnataka and Hyderabad for 130 million Kilowatt hours per annum for the facilities at Chennai, Bangalore and Hyderabad.

In the last few years, we've invested in RE projects to meet the increasing energy demand for customer services, as well as our own facilities. These initiatives include commissioning a 500 Kilowatt solar project at Pune's Dighi campus. This takes our total solar power generation capacity up to 5 megawatt (MW) (on site) and we plan to add more than 650 KW next year.

Through an external agency, Deloitte, we're looking forward to developing a white paper to highlight existing company opportunities alongside a roadmap to extend our Renewable Energy (RE) footprint. We'll undertake a similar exercise for the America and other regions in the next financial year, wherein we will determine which locations have most impact and explore the feasibility of installing renewable energy options or purchasing renewable energy from suppliers.

The Company is also an ISO 14001 compliant organisation 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).

### 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.

The Company is engaged in the business of providing international telecommunications services. The criteria for procurement of goods and services are reliability, quality and price.

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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. Telepresence is one such offering by Tata Communications that is helping customers decrease their reliance on business travel, thereby reducing CO<sub>2</sub> emission rates. Tata Communications' Telepresence Exchange Service provides companies with a virtual meeting space that is both cost-effective and an environmentally responsible alternative to business travel. A growing number of enterprises leverage our Telepresence Exchange Service to conduct virtual business meetings that help reduce company costs and decrease CO<sub>2</sub> emission rates.

The Company has strategies and green initiatives to address the global environment issues. The Company has already published Carbon Foot Print (CFP) for its operations and is in public domain with CDP - Carbon Disclosure Project. The Company's efforts to restore the environment cover the Company and also extend to the group and associates like suppliers and contractors.

**4. Has the company taken any steps to procure goods and services from local and 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?**

The Company is engaged in the business of providing international telecommunications services. The criteria for procurement of goods and services are reliability, quality and price.

**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 telecom service provisioning. Therefore, the Company's nature of business is such that it does not result in significant emissions or creation of significant process wastes. The Company's products and initiatives are also aimed to enable customers worldwide to leverage communications solutions to reduce their own company's carbon footprint. As a responsible corporate, the Company is committed to bringing efficiencies in its Greening efforts. The Company's efforts to restore the environment cover the Company and also extend to the group and associates like suppliers and contractors.

**PRINCIPLE 3**

**1. Please indicate the Total number of employees.**

Tata Communications Limited along with its subsidiaries employs 10,459 on-roll employees as on March 31, 2018.

**2. Please indicate the Total number of employees hired on temporary / contractual / casual basis.**

On-roll Employees - 10,459  
Off-roll Employees - 245  
Total Employees - 10,704

**3. Please indicate the Number of permanent women employees.**

2,234 permanent women employees (21.4% 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?**

2.80% employees. (India NM Employees: 293)

**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	5	NIL
3.	Discriminatory employment	NIL	NIL

**8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?**

- Permanent Employees
- 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 and marginalised stakeholders?**

Yes.

The Company focuses on youth, women and children from socially and economically underserved and vulnerable backgrounds.

**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 - healthcare, education, and employability and sustainable livelihoods. 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 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.

**32<sup>ND</sup> ANNUAL REPORT 2017-2018****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 associates 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 debate. 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. At a Group level, the Climate Change Steering Committee provides a common framework and governance mechanism for all Tata companies to implement climate change policies.

For our CDP submission for 2017, we have been provided the ranking of "C - Awareness", which indicates that we have provided a comprehensive disclosure on environmental issues, and recognises that we have started to implement changes to business strategy for reducing emissions and aligning to environmental goals.

**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. The company is concerned about energy efficiency and continuously measures energy consumption, while also identifying any leakages and reviewing our operating procedures. We've designed our sites to connect utilities such as chillers, un-interrupted power supply (UPS) and air handling units (AHUs) to the building management system (BMS) to maximise efficiency and source Renewable Energy (RE) from third parties. We implemented several energy efficiency projects in FY 2017-18 across our operations to further reduce our global emissions by 4.1 Metric tons.

## Governance

### 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 ISO 14001 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 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 including 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 issued 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 recognised to enable innovations at multiple levels. The United Nations recognises ICT as a 'means of implementation' for the 17 Sustainable Development Goals (SDGs). Tata Communications believes that it is ideally positioned to support the realisation 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 and sustainable livelihoods.



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**2. Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?**

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 an Employee Volunteering Program, 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. It is done through:

(1) Social impact study - The assessments are carried out by third parties through primary (field-based) and secondary research.

(2) Rapid assessment - Usually conducted by the CSR function of the Company from time to time to address specific questions pertaining to a project.

**4. What is your company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

Tata Communications' direct contribution to community development projects for the FY 2017-18 was ₹ 15.16 crores. Details of the projects are provided in 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 specific targets, outcome, activities, milestones and responsibilities. As a practice, Tata Communications establishes long term multi-year partnerships, to provide ample time for creating an impact. All projects undergo quarterly monitoring with a defined, project specific Monitoring and Evaluation framework. Monitoring is done through a cloud based technological tool that enables partners to upload real time data. Additionally, regular interactions and site visits are conducted by the company's CSR team to assess the progress of the projects. Third party impact assessment is incorporated in the design of the project.

**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.

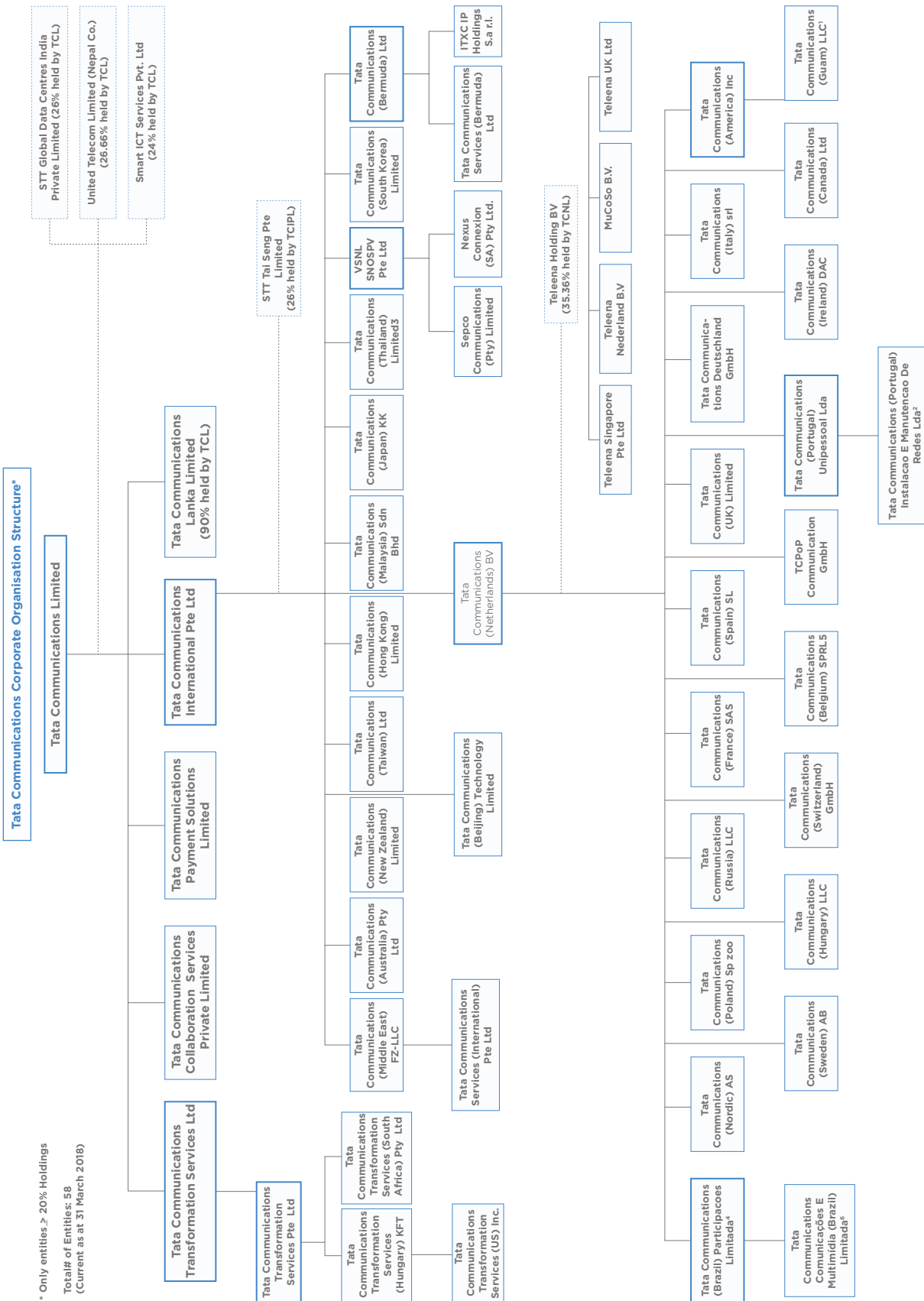
**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

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 once every year and improvement actions are taken on the basis of the surveys.

## Governance



### Notes

- 1% owned by Tata Communications (Netherlands) BV.
  - 50% owned by Tata Communications (Netherlands) BV.
  - Tata Communications (Netherlands) BV and Tata Communications (Hong Kong) Limited holds 1 share each.
  - TC (Brazil) Participacoes Limitada : 90% shares held by TC (Netherlands) and 10% by TC (UK).
  - TC UK Limited holds 1 share in TC Belgium.
  - Tata Communications Multimidia (Brazil) Limitada.: 90% shares held by Tata Communications (Brazil) Participacoes Limitada and 10% by TC (Netherlands)
- Dotted lines indicate 'ASSOCIATES' (i.e. entities in which TC India holds between 20% to 50% equity)
- Blue Box indicates company serves as both operating and holding company (or in some cases, merely a holding company).



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Tata Communications Limited

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Tata Communications Limited (the 'Company'), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with 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 judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Other Matter

The financial statements of the Company for the year ended March 31, 2017, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an modified opinion on those statements on May 4, 2017.

#### Report on Other Legal and Regulatory Requirements

1. 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.
2. As required by section 143 (3) of the Act, we report that:

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- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, 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;
- d. In our opinion, the aforesaid standalone 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 written representations received from the Directors as on March 31, 2018, and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2018, from being appointed as a Director in terms of section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 44(a) to the standalone financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. 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

Place of Signature: Mumbai

Date: May 10, 2018



## **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 Communications Limited (the 'Company')**

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. All the fixed assets were physically verified by the management during the 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.
- c. 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 three immovable properties aggregating to gross block of Rs 34.58 crores and net block of Rs 22.69 crores as at March 31, 2018, for which title deeds were pending registration or not available with the Company and hence, we are unable to comment on the same.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. The Company has granted loan to one company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us:
  - a. The terms and conditions of the grant of such loan are not prejudicial to the Company's interest;
  - b. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment / receipts are regular;
  - c. There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act, which are overdue for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Act in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company, to the extent these sections are applicable on the Company.
- v. 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.
- vi. 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.
- vii. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, value added tax, goods and service tax, sales 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:



Name of the statute	Nature of dues	Amount (Rs crores)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	672.78	FY 2006-07 to FY 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	1.02	FY 1996-97	Assessing officer, Income Tax
Income Tax Act, 1961	Income Tax	48.40	FY 2012-13	Assessing officer, Income Tax
Income Tax Act, 1961	Income Tax	203.89	FY 2002-03 to 2004-05	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	0.15	FY 2006-07	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	74.42	FY 2008-09 to 2010-11	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	242.09	FY 1998-99 to 2000-01	High Court
Income Tax Act, 1961	Income Tax	0.80	FY 2003-04	High Court
Income Tax Act, 1961	Income Tax	0.35	FY 2005-06	High Court
Income Tax Act, 1961	Income Tax	3.74	FY 2005-06	Supreme Court
Income Tax Act, 1961	Income Tax - TDS	5.78	FY 2005-06 to 2016-17	Commissioner (Appeal) (TDS) - Income Tax
Income Tax Act, 1961	Income Tax - TDS	1.33	FY 2007-08 to 2009-10	Assessing Officer, TDS - Income Tax
Sales Tax Act	Sales Tax	1.86	FY 2006-07 to 2007-08	High Court of West Bengal
Central Sales Tax Act	Central Sales Tax	0.06	FY 2011-12	West Bengal Commercial Tax Appellate and Revision Board
Central Sales Tax Act	Central Sales Tax	0.03	FY 2011-12 to FY 2014-15	Assistant Commissioner Commercial Tax, Bihar
Finance Act, 1994	Service Tax	24.11	Various years	Central Excise and Service Tax Appellate Tribunal

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. In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debentures for the purposes for which they were raised.

According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer and term loans, hence, reporting under clause (ix) is not applicable to the Company and 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 fraud by the Company or no fraud on the Company 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) are not applicable to the Company and not commented upon.

## Standalone Financial Statements

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

Place of Signature: Mumbai

Date: May 10, 2018

## **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, 2018 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting 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 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**

Because of the inherent limitations of internal financial controls over financial reporting, 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 to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Standalone Financial Statements

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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

Place of Signature: Mumbai

Date: May 10, 2018

(₹ in crores)

TATA COMMUNICATIONS LIMITED BALANCE SHEET AS AT 31 MARCH 2018			
Particulars	Note	As at 31 March 2018	As at 31 March 2017
<b>A ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	3,469.83	3,392.51
(b) Capital work-in-progress		330.36	431.19
(c) Investment property	4	246.77	243.33
(d) Other intangible assets	5	394.93	361.10
(e) Intangible assets under development		46.07	65.29
(f) Financial assets			
(i) Investments	6A	4,048.57	4,566.92
(ii) Loans	7	-	0.12
(iii) Other financial assets	8A	106.93	298.31
(g) Deferred tax assets (net)	9	178.42	92.50
(h) Advance tax (net)		1,567.69	1,406.31
(i) Other assets	10A	246.65	250.44
<b>Total non-current assets</b>		<b>10,636.22</b>	<b>11,108.02</b>
<b>(2) Current assets</b>			
(a) Inventories		23.93	14.83
(b) Financial assets			
(i) Investments	6B	162.01	799.30
(ii) Trade receivables	11	1,159.27	806.98
(iii) Cash and cash equivalents	12	611.82	86.93
(iv) Other bank balances	13	3.21	14.86
(v) Other financial assets	8B	187.70	118.61
(c) Other assets	10B	115.82	192.43
		<b>2,263.76</b>	<b>2,033.94</b>
Assets classified as held for sale	14	2.77	3.32
<b>Total current assets</b>		<b>2,266.53</b>	<b>2,037.26</b>
<b>TOTAL ASSETS</b>		<b>12,902.75</b>	<b>13,145.28</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	15	285.00	285.00

## Standalone Financial Statements

### TATA COMMUNICATIONS LIMITED BALANCE SHEET AS AT 31 MARCH 2018

Particulars	Note	As at 31 March 2018	As at 31 March 2017
(b) Other equity	16	8,518.46	8,970.21
<b>Total equity</b>		<b>8,803.46</b>	<b>9,255.21</b>
<b>(2) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17A	150.00	155.00
(ii) Other financial liabilities	18A	36.01	42.70
(b) Provisions	19A	211.01	228.74
(c) Other liabilities	20A	453.10	439.97
<b>Total non-current liabilities</b>		<b>850.12</b>	<b>866.41</b>
<b>(3) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	17B	368.90	582.25
(ii) Trade payables	21	1,298.47	1,174.15
(iii) Other financial liabilities	18B	489.39	506.95
(b) Provisions	19B	31.56	32.15
(c) Current tax liabilities (net)		554.29	255.47
(d) Other liabilities	20B	506.56	472.69
<b>Total current liabilities</b>		<b>3,249.17</b>	<b>3,023.66</b>
<b>Total equity and liabilities</b>		<b>12,902.75</b>	<b>13,145.28</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

For and on behalf of the Board of Directors

**PRASHANT SINGHAL**

Partner

Membership No. 93283

**RENUKA RAMNATH**

Chairperson

**VINOD KUMAR**

Managing Director  
and Group CEO

**PRATIBHA K. ADVANI**

Chief Financial Officer

**MANISH SANSI**

Company Secretary

MUMBAI  
DATED: 10 May 2018

MUMBAI  
DATED: 10 May 2018



(₹ in crores)

TATA COMMUNICATIONS LIMITED			
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018			
Particulars	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>INCOME</b>			
I Revenue from telecommunications services		5,120.90	5,068.15
II Other income	22	454.66	(16.91)
<b>III Total income (I + II)</b>		<b>5,575.56</b>	<b>5,051.24</b>
<b>IV EXPENSES</b>			
Network and transmission	23	1,902.42	1,923.39
Employee benefits	24	858.87	757.54
Operating and other expenses	25	1,220.41	1,194.03
Finance cost	27	40.31	30.68
Depreciation and amortisation	26	830.25	764.58
<b>Total expenses</b>		<b>4,852.26</b>	<b>4,670.22</b>
<b>V Profit before exceptional items and taxes (III-IV)</b>		<b>723.30</b>	<b>381.02</b>
VI Exceptional items (refer notes 28 - 32)		(234.23)	823.82
<b>VII Profit before tax (V+VI)</b>		<b>489.07</b>	<b>1,204.84</b>
<b>VIII Tax expense</b>			
(a) Current tax		304.85	602.50
(b) Deferred tax		(82.41)	(87.49)
<b>IX Profit for the year (VII - VIII)</b>		<b>266.63</b>	<b>689.83</b>
<b>X Other comprehensive income / (loss)</b>			
<b>a. Items that will not be reclassified to profit or loss</b>			
(i) Remeasurement of the defined benefit plans		(1.96)	(33.15)
(ii) Equity instruments through other comprehensive income	6(VI)	(516.12)	(166.23)
<b>b. Income tax relating to items that will not be reclassified to profit or loss</b>		0.82	11.36
<b>Total other comprehensive income / (loss) (a+b)</b>		<b>(517.26)</b>	<b>(188.02)</b>
<b>XI Total comprehensive income / (loss) for the year (IX+X)</b>		<b>(250.63)</b>	<b>501.81</b>
<b>XII Earnings per equity share</b>			
Basic and diluted (of ₹10 each)		9.36	24.20

## Standalone Financial Statements

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

For and on behalf of the Board of Directors

**PRASHANT SINGHAL**

Partner

Membership No. 93283

**RENUKA RAMNATH**

Chairperson

**VINOD KUMAR**

Managing Director  
and Group CEO

**PRATIBHA K. ADVANI**

Chief Financial Officer

**MANISH SANSI**

Company Secretary

MUMBAI

DATED: 10 May 2018

MUMBAI

DATED: 10 May 2018

**TATA COMMUNICATIONS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018**

**A. Equity share capital**

(₹ in crores)

Particulars	No. of shares	Amount
<b>Balance as at 01 April 2016</b>	<b>285,000,000</b>	<b>285.00</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 01 April 2017</b>	<b>285,000,000</b>	<b>285.00</b>
Changes in equity share capital during the year	-	-
<b>Balance as at 31 March 2018</b>	<b>285,000,000</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 01 April 2016</b>	<b>206.06</b>	<b>725.01</b>	<b>5,342.00</b>	<b>38.75</b>	<b>2,557.59</b>	<b>(8.97)</b>	<b>(249.70)</b>	<b>8,610.74</b>
Profit for the year	-	-	-	-	689.83	-	-	689.83
Other comprehensive income / (loss)	-	-	-	-	-	(33.15)	(166.23)	(199.38)
Tax impact on other comprehensive income / (loss)	-	-	-	-	-	11.47	(0.11)	11.36
<b>Total comprehensive income / (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>689.83</b>	<b>(21.68)</b>	<b>(166.34)</b>	<b>501.81</b>
Dividend paid (including dividend tax)	-	-	-	-	(147.50)	-	-	(147.50)
Dividend tax credit in respect of earlier year	-	-	-	-	5.16	-	-	5.16
<b>Balance as at 31 March 2017</b>	<b>206.06</b>	<b>725.01</b>	<b>5,342.00</b>	<b>38.75</b>	<b>3,105.08</b>	<b>(30.65)</b>	<b>(416.04)</b>	<b>8,970.21</b>
Profit for the year	-	-	-	-	266.63	-	-	266.63
Other comprehensive income / (loss)	-	-	-	-	-	(1.96)	(516.12)	(518.08)
Tax impact on other comprehensive income / (loss)	-	-	-	-	-	0.68	0.14	0.82

## Standalone Financial Statements

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>Total comprehensive income / (loss)</b>	-	-	-	-	<b>266.63</b>	<b>(1.28)</b>	<b>(515.98)</b>	<b>(250.63)</b>
Dividend paid (including dividend tax)	-	-	-	-	(205.81)	-	-	(205.81)
Dividend tax credit in respect of earlier year	-	-	-	-	4.69	-	-	4.69
Transfer to retained earnings from other comprehensive income	-	-	-	-	1.75	-	(1.75)	-
<b>Balance as at 31 March 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>

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

For and on behalf of the Board of Directors

**PRASHANT SINGHAL**

Partner

Membership No. 93283

**RENUKA RAMNATH**

Chairperson

**VINOD KUMAR**

Managing Director and Group CEO

**PRATIBHA K. ADVANI**

Chief Financial Officer

**MANISH SANSI**

Company Secretary

MUMBAI

DATED: 10 May 2018

MUMBAI

DATED: 10 May 2018

**TATA COMMUNICATIONS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

(₹ in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PROFIT BEFORE TAX</b>	<b>489.07</b>	<b>1,204.84</b>
Adjustments for:		
Depreciation and amortisation	830.25	764.58
Fixed assets written off (net)	7.50	0.18
Accidental damages	26.12	-
Interest income	(33.09)	(72.27)
Finance cost	40.31	30.68
Gain / (loss) on investments in subsidiaries at fair value through profit and loss (net)	-	446.47
Net gain on sale of partial interest in subsidiary	-	(1,696.22)
Gain on investments at fair value through profit and loss (net)	(30.07)	(61.73)
Dividend income	(43.08)	(25.27)
Unrealised foreign exchange gain / (loss) (net)	2.13	53.21
Allowance for doubtful trade receivables	30.10	7.51
Provision for contractual obligation	185.59	872.01
Provision for inventories and capital work-in-progress	8.92	(2.76)
Allowance for doubtful advances	(0.70)	(0.08)
Bad debts written off	10.14	-
Loss on transfer of loan to subsidiary (refer note 7(ii))	-	13.38
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>1,523.19</b>	<b>1,534.53</b>
<b>Changes in working capital</b>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	(12.98)	(5.68)
Trade receivables	(392.53)	31.83
Other assets	14.14	(124.60)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables	124.32	161.05
Other liabilities	(23.01)	55.72
Provisions	(34.47)	(31.88)

## Standalone Financial Statements

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash generated from operations before tax</b>	<b>1,198.66</b>	<b>1,620.97</b>
Income tax paid (net)	(170.11)	(650.04)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>1,028.55</b>	<b>970.93</b>
<b>2 CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment and intangible assets	(891.48)	(841.76)
Proceeds from disposal of property, plant and equipment and intangible assets	3.43	2.36
Proceeds from disposal of assets held for sale	3.53	-
Purchase of non-current investments	(0.04)	(0.04)
Proceeds from sale of non-current investments	2.27	2,092.88
Purchase of current investments	(5,761.97)	(9,854.09)
Proceeds from sale of current investments	6,429.33	9,918.36
Amount paid under protest under litigation	-	(1,058.00)
Loan given to subsidiaries	(6.22)	(1,692.11)
Loan repaid by subsidiaries	6.36	432.18
Advance received towards assets held for sale	67.00	-
Dividend income from subsidiaries	43.08	25.27
Interest received	31.83	111.52
Earmarked funds	11.65	(1.08)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(61.23)</b>	<b>(864.51)</b>
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	348.76	592.73
Repayment of short-term borrowings	(564.25)	(524.74)
Dividend paid including dividend tax	(201.12)	(142.34)
Interest paid	(25.82)	(16.00)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(442.43)</b>	<b>(90.35)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>524.89</b>	<b>16.07</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>86.93</b>	<b>70.86</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (refer note 12)</b>	<b>611.82</b>	<b>86.93</b>

I. Figures in brackets represent outflows.

II. During the year, the Company has entered into non - cash investing activities, which are not reflected in the Cash Flow Statement above. For details refer note 6(III).



**32<sup>ND</sup> ANNUAL REPORT 2017-2018**

**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

MUMBAI

DATED: 10 May 2018

For and on behalf of the Board of Directors

**RENUKA RAMNATH**

Chairperson

**PRATIBHA K. ADVANI**

Chief Financial Officer

MUMBAI

DATED: 10 May 2018

**VINOD KUMAR**

Managing Director  
and Group CEO

**MANISH SANSI**

Company Secretary

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**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, Maharashtra on 28 January 2008.

The Company is domiciled in India and its registered office is at Videsh Sanchar Bhavan, 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.

**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 or revalued amount:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer note 2 (t)).

The accounting policies adopted for preparation and presentation of financial statements have been consistently applied except for the changes in accounting policy for amendments to Ind AS 7 that was effective for annual period beginning from on or after 1 April 2017.

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.

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. Key sources of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****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 commercial property leases ('the leases') on its investment property portfolio. The Company has determined the accounting of the leases as operating lease, 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 integrated way across 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 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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**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
<b>i. Plant and machinery</b>	
Network equipment and component**	3 to 8 years
Sea 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 and switch*	13 years
General plant and machinery*	15 years
<b>ii. Office equipments</b>	
Integrated building management Systems**	8 years
Others*	5 years
<b>iii. Leasehold land</b>	Over the lease period

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018**

Property, plant and equipment	Estimated useful life
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*	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, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support, etc.

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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
***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 4.

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 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.

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 calculations, which are prepared separately for the Company as a CGU. These budgets and forecast calculations 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.



**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018*****i. Leases***

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**

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 capitalised 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 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 / bandwidth 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 revenue is received for these arrangements and the same is deferred over the tenure of the IRU agreement. 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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**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 expenses 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 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 employee 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.

**l. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. 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 customer credit notes and other similar allowances. Types of services and its recognition criterias are as follows:

- i. Revenue from Voice Solutions (VS) is recognised at the end of each month based upon minutes of traffic carried during the month.

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018**

- ii. Revenue from Data Managed Services (DMS) is recognised over the period of the respective arrangements based on contracted fee schedules and the sale of equipments (ancillary to DMS) is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.
- iii. Revenue from IRU of fibre capacity provided as operating lease is recognised on a straight line basis over the term of the relevant IRU arrangement.
- iv. Exchange / swaps with service providers are accounted for as non-monetary transactions depending on the terms of the agreements entered into with such service provider.
- v. Export benefits are accounted for based on eligibility and when there is no uncertainty in receiving the same and there is a reasonable assurance that the Company will comply with the conditions attached to them.

**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. Interest income is included in other income in the Statement of Profit and Loss.

**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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

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.

***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.

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.

The fair valuation for assets and liabilities has been performed by an independent valuer.

***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.

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018**

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 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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**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 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 FVTOCI;

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 recognises 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 are updated and changes in the forward-looking estimates are analysed.

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.



**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****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.

**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. Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

"Ind AS 115 was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognised at the date of initial application (1 April 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Company has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary, including the available transition methods. The Company's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. A reliable estimate of the impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed."

**Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company will apply amendments when they become effective. However, since the Company's current practice is in line with the clarifications issued, the Company does not expect any effect on its standalone financial statements.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- i. The beginning of the reporting period in which the entity first applies the Appendix, or
- ii. The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Company's current practice is in line with the Interpretation, the Company does not expect any effect on its standalone financial statements.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**3. Property, plant and equipment**

(₹ in crores)

Particulars	Free hold 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 2016</b>	<b>13.57</b>	<b>1.42</b>	<b>0.72</b>	<b>372.74</b>	<b>8,311.84</b>	<b>136.45</b>	<b>68.44</b>	<b>383.43</b>	<b>0.34</b>	<b>9,288.95</b>
Additions	-	-	0.29	1.15	622.59	3.58	11.93	16.23	0.56	656.33
Disposals / adjustments	-	-	-	(0.03)	(8.33)	(0.59)	(0.03)	(5.98)	-	(14.96)
Reclassified as held for sale	(0.44)	-	-	(4.56)	-	-	-	-	-	(5.00)
Transfers	-	-	-	(52.77)	-	-	-	-	-	(52.77)
<b>Balance as at 31 March 2017</b>	<b>13.13</b>	<b>1.42</b>	<b>1.01</b>	<b>316.53</b>	<b>8,926.10</b>	<b>139.44</b>	<b>80.34</b>	<b>393.68</b>	<b>0.90</b>	<b>9,872.55</b>
Additions	-	-	2.94	4.68	770.48	11.45	1.72	28.00	0.30	819.57
Disposals / adjustments	-	-	-	(0.02)	(108.19)	(8.53)	(2.06)	(2.73)	-	(121.53)
Transfers	-	-	-	(8.86)	(0.17)	(0.13)	0.30	(0.03)	-	(8.89)
<b>Balance as at 31 March 2018</b>	<b>13.13</b>	<b>1.42</b>	<b>3.95</b>	<b>312.33</b>	<b>9,588.22</b>	<b>142.23</b>	<b>80.30</b>	<b>418.92</b>	<b>1.20</b>	<b>10,561.70</b>
<b>Accumulated depreciation</b>										
<b>Balance as at 1 April 2016</b>	<b>-</b>	<b>0.02</b>	<b>0.72</b>	<b>80.15</b>	<b>5,304.29</b>	<b>91.50</b>	<b>50.04</b>	<b>318.90</b>	<b>0.34</b>	<b>5,845.96</b>
Depreciation	-	-	0.04	6.51	609.07	9.32	6.55	23.41	0.06	654.96
Disposals / adjustments	-	-	-	(0.03)	(7.04)	(0.55)	(0.03)	(5.95)	-	(13.60)
Reclassified as held for sale	-	-	-	(1.69)	-	-	-	-	-	(1.69)
Transfers	-	-	-	(5.59)	-	-	-	-	-	(5.59)
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>0.02</b>	<b>0.76</b>	<b>79.35</b>	<b>5,906.32</b>	<b>100.27</b>	<b>56.56</b>	<b>336.36</b>	<b>0.40</b>	<b>6,480.04</b>
Depreciation	-	-	0.33	6.15	648.62	9.82	6.19	24.48	0.10	695.69
Disposals / adjustments	-	-	-	(0.01)	(73.77)	(6.70)	(0.67)	(1.87)	-	(83.02)
Transfers	-	-	-	(0.81)	(0.15)	(0.09)	0.24	(0.03)	-	(0.84)

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	Free hold land	Leasehold land	Leasehold improvements	Building	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
Balance as at 31 March 2018	-	0.02	1.09	84.68	6,481.02	103.30	62.32	358.94	0.50	7,091.87
Carrying amount										
Balance as at 31 March 2017	13.13	1.40	0.25	237.18	3,019.78	39.17	23.78	57.32	0.50	3,392.51
Balance as at 31 March 2018	13.13	1.40	2.86	227.65	3,107.20	38.93	17.98	59.98	0.70	3,469.83

a. Freehold land includes ₹ 0.16 crores (31 March 2017: ₹ 0.16 crores) identified as surplus land. During the current year, the Board of Directors of the Company at its meeting held on 13 December 2017, had approved a draft scheme of arrangement and reconstruction ("the Scheme") between the Company and Hemisphere Properties India Limited and their respective shareholders and creditors. Thereafter, the Company had approached the stock exchanges for their "no objection" to the Scheme. Both BSE and NSE have given their "no objection" to the Scheme. The Company thereafter approached the National Company Law Tribunal ("NCLT") bench at Mumbai for its approval to the Scheme. NCLT vide its order dated March 26, 2018 directed the Company to hold a Shareholders' Meeting of the Company on May 10, 2018 to seek their consent to the Scheme. Accordingly, a meeting of the Equity Shareholders was held on May 10, 2018 wherein the Shareholders have approved the Scheme. The Company shall now approach NCLT seeking its final approval to the Scheme.

b. Gross block of buildings includes

- ₹ 34.20 crores (31 March 2017: ₹ 32.75 crores) for properties at Mumbai in respect of which title deeds are under dispute as at year end.
- ₹ 0.38 crores (31 March 2017: ₹ 0.38 crores) for sheds at GIDC, Gandhinagar in respect of which agreements have not been executed.

c. Finance cost capitalised during the year is ₹ Nil (31 March 2017: ₹ 9.06 crores).

d. Refer note 43 (b) for assets given on operating leases.

e. Transfers include assets transferred to investment property and intangible assets during the year.

#### 4. Investment property

(₹ in crores)

Particulars	Land	Building	Total
Cost			
Balance as at 1 April 2016	0.54	231.50	232.04
Transfers	-	52.77	52.77
Reclassified as held for sale	(0.01)	-	(0.01)
Balance as at 31 March 2017	0.53	284.27	284.80
Transfers	-	8.85	8.85

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Particulars	Land	Building	Total
<b>Balance as at 31 March 2018</b>	<b>0.53</b>	<b>293.12</b>	<b>293.65</b>
<b>Accumulated depreciation</b>			
<b>Balance as at 1 April 2016</b>	<b>-</b>	<b>31.91</b>	<b>31.91</b>
Depreciation	-	3.97	3.97
Transfers	-	5.59	5.59
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>41.47</b>	<b>41.47</b>
Depreciation	-	4.61	4.61
Transfers	-	0.80	0.80
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>46.88</b>	<b>46.88</b>
<b>Carrying amount</b>			
<b>Balance as at 31 March 2017</b>	<b>0.53</b>	<b>242.80</b>	<b>243.33</b>
<b>Balance as at 31 March 2018</b>	<b>0.53</b>	<b>246.24</b>	<b>246.77</b>

**a. Information regarding income and expenditure of investment property**

(₹ in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Rental income derived from investment properties (A)</b>	<b>114.13</b>	<b>95.68</b>
Direct operating expenses (including repairs and maintenance) generating rental income		
Rates and taxes	(0.64)	6.76
Repairs and maintenance	12.10	16.54
Other operating expenses	0.83	9.03
<b>Total (B)</b>	<b>12.29</b>	<b>32.33</b>
Direct operating expenses (including repairs and maintenance) that did not generate rental income		
Rates and taxes	0.09	0.11
Repairs and maintenance	1.78	0.31
Other operating expenses	0.06	0.63
<b>Total (C)</b>	<b>1.93</b>	<b>1.05</b>
<b>Total (D) (B+C)</b>	<b>14.22</b>	<b>33.38</b>
<b>Profit arising from investment properties before depreciation and indirect expenses (E) (A-D)</b>	<b>99.91</b>	<b>62.30</b>

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Less: Depreciation	4.61	3.97
<b>Profit arising from investment properties before indirect expenses</b>	<b>95.30</b>	<b>58.33</b>

#### b. Fair value of investment property

(₹ in crores)

Particulars	As at 31 March 2018	As at 31 March 2017
Investment property	1,132.22	1,051.12

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.

#### 5. Intangible assets

(₹ in crores)

Particulars	Software and application	Indefeasible right to use assets	Total
<b>Cost</b>			
<b>Balance as at 1 April 2016</b>	<b>555.02</b>	<b>422.68</b>	<b>977.70</b>
Additions	100.88	0.19	101.07
Disposals / adjustments	(5.03)	-	(5.03)
<b>Balance as at 31 March 2017</b>	<b>650.87</b>	<b>422.87</b>	<b>1,073.74</b>
Additions	122.63	42.66	165.29
Disposals / adjustments	(4.27)	-	(4.27)
Transfers	0.04	-	0.04
<b>Balance as at 31 March 2018</b>	<b>769.27</b>	<b>465.53</b>	<b>1,234.80</b>
<b>Accumulated amortisation</b>			
<b>Balance as at 1 April 2016</b>	<b>332.11</b>	<b>278.93</b>	<b>611.04</b>
Amortisation	83.38	22.27	105.65



**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Particulars	Software and application	Indefeasible right to use assets	Total
Disposals / adjustments	(4.04)	(0.01)	(4.05)
<b>Balance as at 31 March 2017</b>	<b>411.45</b>	<b>301.19</b>	<b>712.64</b>
Amortisation	105.75	24.20	129.95
Disposals / adjustments	(2.76)	-	(2.76)
Transfers	0.04	-	0.04
<b>Balance as at 31 March 2018</b>	<b>514.48</b>	<b>325.39</b>	<b>839.87</b>
<b>Carrying amount</b>			
<b>Balance as at 31 March 2017</b>	<b>239.42</b>	<b>121.68</b>	<b>361.10</b>
<b>Balance as at 31 March 2018</b>	<b>254.79</b>	<b>140.14</b>	<b>394.93</b>

Finance cost capitalised during the year is ₹ Nil (31 March 2017: ₹ 2.98 crores) in respect of capital expenditure.

**6. Investments**

(₹ in crores)

	As at 31 March 2018		As at 31 March 2017	
	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 II and III (b and c) below)	191,102,862	2,521.15	191,102,862	2,521.15
Tata Communications Payment Solutions Limited (refer II and III (a) below)	987,091,784	1,513.05	754,457,415	1,398.06
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>4,042.13</b>		<b>3,927.14</b>
<b>ii. In subsidiaries (fully paid preference shares – unquoted)</b>				
Tata Communications Payment Solutions Limited (refer III (a) below)	-	-	355,000,000	114.99
<b>Subtotal (a) (ii)</b>				<b>114.99</b>
<b>iii. In associates (unquoted)</b>				
STT Global Data Centres India Private Limited (equity shares) (refer IV below)	2,600	@	2,600	@

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### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	₹ in crores	No. of shares	₹ in crores
United Telecom Limited (equity shares) (net of impairment)	5,731,900	-	5,731,900	-
Smart ICT Services Private Limited				
Preference shares	271,226	0.27	232,874	0.23
Equity shares (refer V below)	12,000	0.01	12,000	0.01
<b>Subtotal (a) (iii)</b>		<b>0.28</b>		<b>0.24</b>
<b>Subtotal (a) (i)+(ii)+(iii)</b>		<b>4,042.41</b>		<b>4,042.37</b>
<b>b. Investments at fair value through OCI</b>				
<b>i. Investment in others (fully paid equity shares - unquoted)</b>				
Tata Teleservices Ltd.* (refer VI below and note 29)	598,213,926	-	439,863,622	515.53
Other investments	297,134	6.16	297,134	6.16
<b>Subtotal (b) (i)</b>		<b>6.16</b>		<b>521.69</b>
<b>ii. Investment in others (fully paid equity shares - quoted)</b>				
Pendrell Corporation	-	-	680,373	2.86
<b>Subtotal (b) (ii)</b>		<b>-</b>		<b>2.86</b>
<b>Subtotal (b) (i)+(ii)</b>		<b>6.16</b>		<b>524.55</b>
<b>Total (a)+(b)</b>		<b>4,048.57</b>		<b>4,566.92</b>
Aggregate market value of quoted investments		-		2.86
Aggregate carrying value of unquoted investments (net of impairment)		4,048.57		4,564.06
<b>Total non-current investments</b>		<b>4,048.57</b>		<b>4,566.92</b>
<b>B. Current investments</b>				
Investments at FVTPL (Mutual funds)		<b>162.01</b>		<b>799.30</b>
<b>@ represents balance of amount less than ₹ 50,000</b>				

\*Equity investments in these companies are subject to certain restrictions on transfer as per the terms of individual contractual agreements.

- I. During the previous year, the Company has transferred its entire shareholding in VSNL SNOSPV Pte Ltd to Tata Communications International Pte Ltd ("TCIPL") for a nominal cash consideration of ₹ @ (US\$ 2).
- II. The Company has an investment of ₹ 1,513.05 crores (31 March 2017: ₹ 1,398.06 crores) in equity shares and ₹ Nil (31 March 2017: ₹ 114.99 crores) in preference shares of Tata Communications Payment Solutions Limited ("TCPPL") and ₹ 2,521.15 crores (31 March 2017: ₹ 2,521.15 crores) in equity shares of TCIPL.

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 investments despite significant accumulated losses.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

- iii. a. During the previous year, the terms of issue of 495,000,000, 12% convertible preference shares of TCPSL had been changed so as to make them convertible into a fixed number of 324,377,500 equity shares having face value of ₹ 10 each and convertible at a premium of ₹ 5.26 per share.

As per modified terms of conversion, the investment in preference shares in substance is equity instrument and hence carried at cost.

Subsequent to modification in terms, on 22 December 2016, 140,000,000, 12% convertible preference shares were converted into 91,743,131 equity shares.

During the current year, on 18 July 2017, 355,000,000 12% convertible preference shares were converted into 232,634,369 equity shares.

- b. During the previous year, consequent to modification of terms of conversion, the Company converted its investment in TCIPL of 30,955,250 preference shares of US\$ 1 each into equity shares at a fair value of US\$ 3.89 per share resulting in a loss of ₹ 453.23 crores on account of reduction in the fair value of preference shares. The original term of conversion was one equity share in exchange of one preference share.
- c. During the previous year, loan given by the Company to TCIPL, amounting to US\$ 281,383,984 was converted into 72,335,214 equity shares of US\$ 1 each at a fair value of US\$ 3.89 per share.
- iv. During the previous year, the Company completed sale of 74% shareholding in Tata Communications Data Centers Private Limited ("TCDC") to Singapore Technologies Telemedia (ST Telemedia) for a cash consideration of ₹ 1,796.78 crores resulting into a gain on sale of ₹ 1,696.22 crores. The Company has considered the balance investment to be an investment in associate as it retains an equity share exceeding 20% with a right to appoint two directors on their Board. In April 2017, the name of TCDC was changed to STT Global Data Centres India Private Limited.
- v. During the previous year, the Company acquired an additional 5% of the equity share capital of Smart ICT Services Private Limited (Smart ICT), taking the Company's total shareholding in the equity share capital of Smart ICT to 24%, pursuant to which, Smart ICT became an associate of the Company.
- vi. The Company has an investment in the equity shares of Tata Teleservices Limited ("TTSL") which is recognised at FVTOCI. Based on the recent developments in TTSL, the Company has recognised a loss of ₹ 515.53 crores (31 March 2017: ₹ 166.71 crores) in other comprehensive income for the year ended 31 March 2018.

**7. Loans**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Non – current financial assets</b>		
Loans to related parties (refer i below) (Unsecured, considered good)	-	0.12
<b>Total</b>	<b>-</b>	<b>0.12</b>

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

i. Loans to related parties comprise loans given to a subsidiary for general purposes follow as

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Tata Communications Collaboration Services Private Limited	-	0.12
<b>Total</b>	<b>-</b>	<b>0.12</b>

ii. During the previous year, the Company assigned a loan given to VSNL SNOSPV Pte Ltd to TCIPL amounting to ₹ 15.56 crores (net of allowances of ₹ 12.29 crores) for a cash consideration of ₹ 2.18 crores resulting in a total loss of ₹ 13.38 crores.

### 8. Other financial assets

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Security deposits		
i. Unsecured, considered good	63.12	61.81
ii. Unsecured, considered doubtful	1.93	2.80
Less: allowance for doubtful security deposits	(1.93)	(2.80)
	63.12	61.81
b. Advance for litigation (refer note 29)		
Unsecured, considered doubtful	1,058.00	1,058.00
Less: provision for contractual obligation	(1,058.00)	(872.01)
	-	185.99
c. Guarantee fees receivables from subsidiaries - Unsecured, considered good (refer i below)	36.01	42.70
d. Pension contribution recoverable from Government of India (net) - Unsecured, considered good (refer ii below)	7.44	7.44
e. Other advances / receivables - Unsecured, considered good	0.36	0.37
<b>Sub-total (A)</b>	<b>106.93</b>	<b>298.31</b>
<b>B. Current</b>		
a. Security deposits		
Unsecured, considered good	14.45	6.76
Unsecured, considered doubtful	0.99	-
Less: allowance for doubtful security deposits	(0.99)	-
	14.45	6.76

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

	As at 31 March 2018	As at 31 March 2017
b. Guarantee fees receivable from subsidiaries - Unsecured, considered good (refer i below)	21.89	24.20
c. Other advances / receivables		
Unsecured, considered good	4.95	4.54
Unsecured, considered doubtful	0.30	0.85
Less: allowance for doubtful advances / receivables	(0.30)	(0.85)
	4.95	4.54
d. Amount due from related parties - Unsecured, considered good	143.36	82.24
e. Advance to employees - Unsecured, considered good	0.03	0.05
f. Interest receivable - Unsecured, considered good (refer iii below)	0.76	0.82
g. Fair value of foreign exchange forward contract	2.26	-
<b>Sub-total (B)</b>	<b>187.70</b>	<b>118.61</b>
<b>Total (A) + (B)</b>	<b>294.63</b>	<b>416.92</b>

- i. The Company has issued corporate guarantees for the loans and credit facility arrangements in respect of various subsidiaries.
- ii. As at 31 March 2018, the proportionate share of pension obligations and payments of ₹ 61.15 crores (31 March 2017: ₹ 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 2017: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (31 March 2017: ₹ 7.44 crores).
- iii. Interest receivable includes interest due from subsidiaries of ₹ Nil (31 March 2017: ₹ 0.04 crores).

**9. Deferred tax assets (net)**

**Major components of deferred tax asset and liability consist of the following**

(₹ in crores)

	As at 1 April 2017	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 March 2018
<b>Deferred tax assets arising out of timing differences on:</b>				
Provision for doubtful trade receivables	<b>73.26</b>	14.12	-	87.38
Provision for employee benefits	<b>45.70</b>	(12.17)	2.85	36.38
Expenditure incurred on NLD license fees	<b>7.29</b>	(1.77)	-	5.52
Expenditure disallowed u/s. 40 (a) (ia) of the Income Tax Act, 1961	<b>67.74</b>	9.44	-	77.18
Unearned income and deferred revenues	<b>3.47</b>	(1.37)	-	2.10

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

	As at 1 April 2017	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 March 2018
Interest received on provisional income-tax assessment	10.41	(3.60)	-	6.81
Provision towards demand received from Employee State Insurance Corporation	8.99	(0.05)	-	8.94
Others	0.72	6.53	-	7.25
<b>Sub-total deferred tax assets (A)</b>	<b>217.58</b>	<b>11.13</b>	<b>2.85</b>	<b>231.56</b>
<b>Deferred tax liability arising out of timing differences on:</b>				
Difference between accounting and tax depreciation / amortisation	98.79	(54.86)	-	43.93
Long term capital gain on fair value of Investments	16.95	(16.29)	(0.66)	-
Revaluation loss on buyer's credit	9.34	(0.13)	-	9.21
<b>Sub-total deferred tax liabilities (B)</b>	<b>125.08</b>	<b>(71.28)</b>	<b>(0.66)</b>	<b>53.14</b>
<b>Total (A - B)</b>	<b>92.50</b>	<b>82.41</b>	<b>3.51</b>	<b>178.42</b>

	As at 1 April 2016	Recognised in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31 March 2017
<b>Deferred tax assets arising out of timing differences on</b>				
Provision for doubtful trade receivables	70.66	2.60	-	73.26
Provision for employee benefits	38.08	1.99	5.63	45.70
Expenditure incurred on NLD licence fees	9.11	(1.82)	-	7.29
Expenditure disallowed u/s. 40 (a) (ia)	83.22	(15.48)	-	67.74
Unearned income and deferred revenues	4.85	(1.38)	-	3.47
Interest received on provisional income-tax assessment	10.41	-	-	10.41
Revaluation loss on buyer's credit	0.91	(10.25)	-	(9.34)
Provision towards demand received from Employee State Insurance Corporation	8.85	0.14	-	8.99
Others	36.72	(36.00)	-	0.72
<b>Sub-total deferred tax assets (A)</b>	<b>262.81</b>	<b>(60.20)</b>	<b>5.63</b>	<b>208.24</b>
<b>Deferred tax assets arising out of timing differences on</b>				
Difference between accounting and tax depreciation / amortisation	128.70	(29.91)	-	98.79
Long term capital gain on fair value of Investments	134.62	(117.78)	0.11	16.95
<b>Sub-total deferred tax liabilities (B)</b>	<b>263.32</b>	<b>(147.69)</b>	<b>0.11</b>	<b>115.74</b>
<b>Total (A - B)</b>	<b>(0.51)</b>	<b>87.49</b>	<b>5.52</b>	<b>92.50</b>



**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**10. Other assets**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Capital advances		
i. Unsecured, considered good	1.78	2.23
ii. Unsecured, considered doubtful	6.01	6.01
Less: allowance for doubtful advances	(6.01)	(6.01)
	<b>1.78</b>	<b>2.23</b>
b. Prepaid expenses – Unsecured, considered good	173.30	178.37
c. Amount paid under protest – Unsecured, considered good	25.61	25.58
d. NLD license fees recoverable from Government of India – Unsecured, considered good	0.64	0.64
e. Pension asset recoverable – Unsecured, considered good	<b>45.05</b>	<b>42.04</b>
f. Other advances / receivables		
Unsecured, considered good	0.27	1.58
Unsecured, considered doubtful	0.03	0.09
Less: allowance for doubtful advances / receivables	(0.03)	(0.09)
	<b>0.27</b>	<b>1.58</b>
<b>Sub-total (A)</b>	<b>246.65</b>	<b>250.44</b>
<b>B. Current</b>		
a. Advance to employees		
Unsecured, considered good	4.45	1.88
Unsecured, considered doubtful	0.62	0.62
Less: allowance for doubtful advances	(0.62)	(0.62)
	<b>4.45</b>	<b>1.88</b>
b. Prepaid expenses - Unsecured, considered good	89.05	91.60
c. Balance with government authorities - Unsecured, considered good		
Indirect taxes recoverable (net)	8.55	76.70
Others	-	0.01
d. Advance to contractors and vendors		
Unsecured, considered good	4.18	4.09

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered doubtful	0.03	0.24
Less: allowance for doubtful advances	(0.03)	(0.24)
	<b>4.18</b>	<b>4.09</b>
e. Other advances / receivables - Unsecured, considered good	9.59	18.15
<b>Sub-total (B)</b>	<b>115.82</b>	<b>192.43</b>
<b>Total (A) + (B)</b>	<b>362.47</b>	<b>442.87</b>

#### 11. Trade receivables

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Considered good	1,159.27	806.98
Considered doubtful	240.16	210.06
	<b>1,399.43</b>	<b>1,017.04</b>
Less: Allowance for doubtful receivables (refer note 40 (e))	(240.16)	(210.06)
	<b>1,159.27</b>	<b>806.98</b>

#### 12. Cash and cash equivalents

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Cash on hand	0.02	0.05
b. Cheques on hand	440.28	0.04
c. Remittances in transit	-	4.23
d. Current accounts with scheduled banks	98.76	72.61
e. Deposit accounts with scheduled banks with original maturity of less than three months	72.76	10.00
	<b>611.82</b>	<b>86.93</b>

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****13. Other bank balances**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Unpaid dividend accounts	0.57	0.45
b. Restricted bank balance (refer i below)	2.64	14.41
	<b>3.21</b>	<b>14.86</b>

- i. ₹ Nil (31 March 2017: ₹ 11.91 crores) held towards legal arbitration process and ₹ 2.63 crores (31 March 2017: ₹ 2.49 crores) held towards sales consideration of Chennai land as per direction of Panatone Finvest Limited and ₹ 0.01 crores (31 March 2017: ₹ 0.01 crore) held towards other legal matters.

**14. Assets classified as held for sale**

- i. The Management intends to dispose off a parcel of the Company's freehold land at Guldhar Repeater Station and few staff quarters having net block of ₹ 2.77 crores (31 March 2017: ₹ 3.32 crores). The Company was only able to partially dispose off its assets classified as held for sale as on 31 March 2017 on account of certain circumstances beyond its control that 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 on 31 March 2018.
- ii. Further the fair value of these assets is higher than their carrying value as on 31 March 2018 and hence, no impairment loss has been recognised.

**15. Equity share capital**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>a. Authorised</b>		
400,000,000 (31 March 2017: 400,000,000) Equity shares of ₹ 10 each	<b>400.00</b>	400.00
<b>b. Issued, subscribed and paid up</b>		
285,000,000 (31 March 2017: 285,000,000) Equity shares of ₹ 10 each, fully paid up	<b>285.00</b>	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 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.

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

c. The Board of Directors have recommended a dividend of ₹ 4.50 (2016 – 2017: ₹ 4.50) per share and a special dividend of ₹ Nil (2016 – 2017: ₹ 1.50).

**d. Number of shares held by each shareholder holding more than 5% of the issued share capital**

(₹ in crores)

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Percentage	No. of shares	Percentage
Panatone Finvest Limited	85,776,654	30.10%	85,776,654	30.10%
Government of India	74,446,885	26.12%	74,446,885	26.12%
Tata Sons Limited	40,087,639	14.07%	40,087,639	14.07%

## 16. Other equity

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Capital reserve (refer i below)	206.06	206.06
b. Debenture redemption reserve (refer ii below)	38.75	38.75
c. Securities premium	725.01	725.01
d. General reserve	5,342.00	5,342.00
e. Retained earnings	3,172.34	3,105.08
f. Other comprehensive income (refer iii below)	(965.70)	(446.69)
<b>Total</b>	<b>8,518.46</b>	<b>8,970.21</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 has 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.

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).

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****17. Borrowings**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
<b>a. Secured debentures</b>		
<b>Taxable rated non-convertible redeemable debentures</b> (refer i below)		
50, 11.25% rated debentures of face value ₹ 10 lakhs each	5.00	5.00
<b>b. Unsecured debentures</b>		
<b>Taxable rated non-convertible redeemable debentures</b> (refer ii below)		
1,500, 9.85% rated debentures of face value ₹ 10 lakhs each	150.00	150.00
	<b>155.00</b>	<b>155.00</b>
Less: Current maturities of long term borrowings	(5.00)	-
<b>Sub-total (A)</b>	<b>150.00</b>	<b>155.00</b>
<b>B. Current</b>		
<b>Unsecured loan from bank</b>		
Buyers' credit	368.90	582.25
(rate of interest per annum – 31 March 2018: 1.20% to 2.94%) (31 March 2017: 0.75% to 2.03%)		
<b>Sub-total (B)</b>	<b>368.90</b>	<b>582.25</b>
<b>Total (A) + (B)</b>	<b>518.90</b>	<b>737.25</b>

**i. Secured**

The outstanding 50, 11.25% debentures amounting to ₹ 5.00 crores are due for redemption on 23 January 2019 and are secured by a first legal mortgage and charge on the Company's plant and machinery.

For facilitating the above redemption, the Company has created a debenture redemption reserve of ₹ 1.25 crores (31 March 2017: ₹ 1.25 crores).

**ii. Unsecured debentures**

The outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores are due for redemption on 2 July 2019.

For facilitating the above redemption, the Company has created a DRR of ₹ 37.50 crores (31 March 2017: ₹ 37.50 crores).

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

#### 18. Other financial liabilities

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Obligation for financial guarantee (refer i below)	36.01	42.70
<b>Sub-total (A)</b>	<b>36.01</b>	<b>42.70</b>
<b>B. Current</b>		
a. Current maturities of long term borrowings (refer note 17)	5.00	-
b. Interest accrued but not due on loans from banks	12.04	11.82
c. Deposits from customers and contractors		
Deposits from related parties	5.12	5.12
Others	36.16	37.95
d. Government of India account	20.57	20.57
e. Unpaid dividend (refer ii below)	0.57	0.45
f. Capital creditors		
Payables to related parties	15.58	14.11
Others	306.68	330.24
g. Fair value of foreign exchange forward contract	-	2.95
h. Obligation for financial guarantee (refer i below)	21.89	24.20
i. Other liabilities	65.78	59.54
<b>Sub-total (B)</b>	<b>489.39</b>	<b>506.95</b>
<b>Total (A) + (B)</b>	<b>525.40</b>	<b>549.65</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.



**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**19. Provisions**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Provision for employee benefits (refer note 34)		
Compensated absences	40.70	67.46
Post-employment medical benefits	114.81	113.72
Pension	31.59	31.59
Gratuity	20.13	6.45
b. Provision for contingencies	-	9.00
c. Provision for decommissioning cost	3.78	0.52
<b>Sub-total (A)</b>	<b>211.01</b>	<b>228.74</b>
<b>B. Current</b>		
a. Provision for employee benefits (refer note 34)		
Compensated absences	5.99	6.58
b. Provision for others	25.57	25.57
<b>Sub-total (B)</b>	<b>31.56</b>	<b>32.15</b>
<b>Total (A) + (B)</b>	<b>242.57</b>	<b>260.89</b>

**Movement of provisions**

(₹ in crores)

	As at 31 March 2018			As at 31 March 2017		
	Provision for decommissioning cost (refer a below)	Provision for contingencies (refer b below)	Provision for others (refer c below)	Provision for decommissioning cost (refer a below)	Provision for contingencies (refer b below)	Provision for others (refer c below)
<b>Opening balance</b>	0.52	9.00	25.57	0.53	9.00	26.42
Addition	3.26	15.44	-	-	-	-
Utilisation / adjustments	-	24.44	-	0.01	-	0.85
<b>Closing balance</b>	<b>3.78</b>	<b>-</b>	<b>25.57</b>	<b>0.52</b>	<b>9.00</b>	<b>25.57</b>
<b>Non-current provision</b>	<b>3.78</b>	<b>-</b>	<b>-</b>	<b>0.52</b>	<b>9.00</b>	<b>-</b>
<b>Current provision</b>	<b>-</b>	<b>-</b>	<b>25.57</b>	<b>-</b>	<b>-</b>	<b>25.57</b>

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

- a. The provision for decommissioning cost has been recorded in the books of the Company in respect of undersea cables and certain other fixed assets.
- b. Provision for contingencies mainly include amount provided towards claims made by a creditor of the Company.
- c. Provision for others is mainly towards demand received from Employee State Insurance Corporation.

#### 20. Other liabilities

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Deferred revenue		
• Related parties	0.07	42.42
• Others	434.36	370.31
b. Accrued employee cost	18.67	27.24
<b>Sub-total (A)</b>	<b>453.10</b>	<b>439.97</b>
<b>B. Current</b>		
a. Deferred revenues and advances received from customers		
• Related parties	10.87	20.45
• Others	231.15	296.05
b. Accrued employee cost	162.70	121.24
c. Statutory liabilities		
TDS payable	23.26	13.65
d. Other liabilities	78.58	21.30
<b>Sub-total (B)</b>	<b>506.56</b>	<b>472.69</b>
<b>Total (A) + (B)</b>	<b>959.66</b>	<b>912.66</b>

#### 21. Trade payables

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
A. Total outstanding dues of micro enterprises and small enterprises (refer note 46)	4.98	1.05
<b>Sub-total (A)</b>	<b>4.98</b>	<b>1.05</b>
B. Total outstanding dues of creditors other than micro enterprises and small enterprises		
• Payable to related parties	349.79	241.89
• Other creditors	943.70	931.21

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	As at 31 March 2018	As at 31 March 2017
<b>Sub-total (B)</b>	<b>1,293.49</b>	<b>1,173.10</b>
<b>Total (A) + (B)</b>	<b>1,298.47</b>	<b>1,174.15</b>

**22. Other income**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Interest income on financial assets carried at amortised cost		
i. Bank deposits	1.13	1.42
ii. Non-convertible debentures	-	19.01
iii. Others (refer i below)	31.96	51.84
b. Dividend income	43.08	25.27
c. Gain on investments at FVTPL (net)	30.07	61.73
d. Gain / (loss) on disposal of property, plant and equipment (net)	-	(0.18)
e. Gain / (loss) on investments in subsidiaries at FVTPL (net) (refer note 6 (III)(b))	-	(446.47)
f. Rent (refer ii below and refer note 4)	131.31	111.18
g. Foreign exchange gain / (loss) (net)	(52.46)	(0.89)
h. Liabilities no longer required - written back	5.07	11.43
i. Interest on income tax refund	195.15	16.11
j. Guarantee income from subsidiaries	28.19	37.52
k. Shared service fees from subsidiaries / associates	24.50	85.08
l. Others	16.66	10.04
	<b>454.66</b>	<b>(16.91)</b>

i. Interest on others includes ₹1.45 crores (2016 - 2017: ₹ 51.84 crores) from subsidiaries and associates and net interest income of ₹ 29.72 crores on the advances given to Tata Sons. For details, refer note 29.

ii. Includes ₹ 123.40 crores (2016 - 2017: ₹ 104.45 crores) from subsidiaries and associates.

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 23. Network and transmission

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Charges for use of transmission facilities	1,658.82	1,693.78
b. Royalty and licence fee to Department of Telecommunications	194.24	195.50
c. Rent of landlines and satellite channels	49.36	34.11
	<b>1,902.42</b>	<b>1,923.39</b>

Charges for use of transmission facilities include cost of certain equipment's ancillary to these services of ₹ 82.33 crores (2016 - 2017: ₹ 50.14 crores).

#### 24. Employee benefits

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Salaries and related costs	757.40	685.26
b. Contributions to provident and gratuity funds (refer note 34)	60.32	30.65
c. Staff welfare expenses	41.15	41.63
	<b>858.87</b>	<b>757.54</b>

#### 25. Operating and other expenses

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Consumption of stores	0.17	0.09
b. Light and power (net of reimbursements of ₹ 266.73 crores (2016 - 2017: ₹ 234.84 crores))	103.97	100.29
c. Repairs and maintenance		
i. Buildings	25.71	32.91
ii. Plant and machinery	356.57	351.86
iii. Others	0.33	0.52
d. Bad debts written off	10.14	-
e. Allowance for doubtful trade receivables	30.10	7.51

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**Notes forming part of the financial statements for the year ended 31 March 2018**

	For the year ended 31 March 2018	For the year ended 31 March 2017
f. Allowance for doubtful advances	(0.70)	(0.08)
g. Rent	77.38	60.50
h. Rates and taxes	13.73	9.42
i. Travelling	29.65	31.48
j. Telephone	8.88	15.34
k. Printing, postage and stationery	3.49	3.61
l. Legal and professional fees	80.75	110.87
m. Advertising and publicity	33.74	32.04
n. Commission	28.90	23.48
o. Services rendered by agencies	265.57	270.66
p. Insurance	6.34	6.37
q. Corporate social responsibility expenditure	15.19	14.66
r. Fixed assets written off (net)	7.50	-
s. Other expenses (refer note 35)	123.00	122.50
	<b>1,220.41</b>	<b>1,194.03</b>

**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 ₹ 15.17 crores (2016 - 2017: ₹ 14.56 crores). The Company has spent ₹ 15.19 crores (2016 - 2017: ₹ 14.66 crores) during the year on CSR activities mainly for promotion of education, social business projects, etc. including ₹ 6.30 crores (2016 - 2017: ₹ 1.83 crores) on construction / acquisition of assets.

**26. Depreciation and amortisation**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation on property, plant and equipment (refer note 3)	<b>695.69</b>	654.96
Depreciation on investment property (refer note 4)	<b>4.61</b>	3.97
Amortisation on intangible assets (refer note 5)	<b>129.95</b>	105.65
	<b>830.25</b>	<b>764.58</b>

During the current year, the Company has provided additional depreciation of ₹ 36.36 crores (2016 - 2017: ₹ 0.32 crores) on certain assets that are not in use.

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

#### 27. Finance cost

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Interest on loans from banks	8.63	10.48
b. Interest on debentures	15.34	15.34
c. Other interest (refer i below)	16.34	16.90
d. Less: Interest capitalised during the year (refer ii below)	-	(12.04)
	<b>40.31</b>	<b>30.68</b>

i. Includes mainly interest cost on actuarial valuation.

ii. The weighted average capitalisation rate on the funds borrowed generally is Nil% per annum (2016 - 2017: 3.53% per annum).

#### 28. Net gain on sale of partial interest in subsidiary

As described in note 6 (IV), the Company had concluded the sale of 74% stake in TCDC with ST Telemedia during the previous year. Accordingly, the Company had recorded a gain of ₹ 1,696.22 crores for the year ended 31 March 2017.

#### 29. Provision for contractual obligation

By its judgment and order dated 28 April 2017, the Delhi High Court declared the award dated 22 June 2016, made by the Arbitral Tribunal, London, to be enforceable in India and to operate as a deemed decree of that Court. In accordance inter-alia with Inter Se Agreement dated 25 March 2009 and the Promoter Deed of Adherence dated 25 March 2009, the Company's share of amount payable to DoCoMo was ₹ 1,058 crores. The Company had advanced the sum of ₹ 1,058 crores to Tata Sons Ltd in financial year 2016-17 which was shown as 'Advance for litigation' in the financial statements. During the said financial year, the Company provided for ₹ 872.01 crores towards its contractual obligations whilst the balance amount of ₹ 185.99 crores continued as 'Advance for litigation'. During the year, based on the recent developments at TTSL, the Company has written off the entire amount of 'Advance for litigation' of ₹ 1,058 crores, which includes the provision created during the previous year ₹ 872.01 crores and the remaining balance of advance, considered good in the previous year, ₹ 185.99 crores. The net impact of ₹ 185.99 crores (including foreign exchange gain of ₹ 0.40 crores) for the current year (31 March 2017 - provision of ₹ 872.01 crores) has been disclosed as exceptional item in the statement of profit and loss account.

In accordance with the said judgment and order of the Delhi High Court and the award of the Arbitral Tribunal, upon payment of its aforesaid share of ₹ 1,058 crores, the Company received 158,350,304 shares of Tata Teleservices Ltd during the year, which have been recorded at ₹ Nil.

In addition, during the current year, Tata Sons Ltd has settled the aforementioned advances and the Company has also received net interest income from Tata Sons Ltd of ₹ 29.72 crores.

#### 30. Provision for contingencies

During the current year, the Company provided ₹ 15.44 crores as provision for contingencies, for certain legal matters that have attained finality based on the court judgment.

#### 31. 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



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**Notes forming part of the financial statements for the year ended 31 March 2018**

certain positions in the Company becoming redundant and the Company incurred a one-time charge of ₹ 7.08 crores (2016 - 2017: ₹ 0.39 crores).

**32. Accidental damages**

During the current year, the Company made a provision for loss caused due to malfunctioning of the fire suppression system at one of its offices amounting to ₹ 26.12 crores (2016 - 2017: ₹ Nil). The Company has filed an insurance claim for the same and settlement of the insurance claim is under process.

**33. Income tax**
**i. Income tax recognised in Statement of Profit and Loss**

(₹ in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax</b>		
In respect of current year	312.82	631.81
In respect of prior years	(7.97)	(29.31)
<b>Sub-total current tax (a)</b>	<b>304.85</b>	<b>602.50</b>
<b>Deferred tax</b>		
In respect of the current year	(83.37)	(109.37)
In respect of prior years	0.96	21.88
<b>Sub-total deferred tax (b)</b>	<b>(82.41)</b>	<b>(87.49)</b>
<b>Total (a+b)</b>	<b>222.44</b>	<b>515.01</b>

**ii. Income tax expense for the year can be reconciled to the accounting profit as follows**

(₹ in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Profit before tax</b>	<b>489.07</b>	<b>1,204.84</b>
Income tax expense calculated at 34.608% tax rate (2016 - 2017: 34.608% tax rate)	169.26	416.97
<b>Reasoning</b>		
Effect of provision for contractual obligation	64.23	301.79
Effect of net income deductible on account of capital gains	-	(234.93)
Effect of adjustments / expenses that are not deductible in determining taxable profit	16.31	5.27
Effect of prior period adjustments	(7.01)	(7.43)
Effect of net income subjected to lower tax rate	(23.85)	32.47

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### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Others	3.50	0.87
<b>Total</b>	<b>53.18</b>	<b>98.04</b>
<b>Income tax expense recognised in Statement of Profit and Loss</b>	<b>222.44</b>	<b>515.01</b>

#### iii. Income tax recognised in other comprehensive income

(₹ in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax</b>		
Sub-total current tax (a)	(2.69)	5.84
<b>Deferred tax</b>		
Sub-total deferred tax (b)	3.51	5.52
<b>Total (a+b)</b>	<b>0.82</b>	<b>11.36</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	0.82	11.36

#### 34. 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 ₹ 28.73 crores (2016 - 2017: ₹ 25.03 crores) have been charged to the Statement of Profit and Loss, under contributions to provident, gratuity and other funds in note 24 "Employee benefits".

##### 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

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**Notes forming part of the financial statements for the year ended 31 March 2018**

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
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 2018 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 2018 and 31 March 2017 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 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>I. Principal actuarial assumptions:</b>						
Discount rate	7.50%	7.20%	7.50%	7.20%	7.50%	7.20%
Increase in compensation cost	6% to 7%	6% to 10%	6% to 7%	6% to 10%	-	-
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	

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	Gratuity (funded)		Medical benefits (unfunded)		Pension (unfunded)	
	As at		As at		As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
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 account of 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	
	2018	2017	2018	2017	2018	2017

#### II. Components of defined benefit costs recognised in the Statement of Profit and Loss (refer notes 24 and 27)

Current service cost	6.12	5.62	0.70	0.62	-	-
Past service cost	25.47	-	-	-	-	-
Interest cost	0.18	0.27	7.73	7.54	1.91	1.69
<b>Total</b>	<b>31.77</b>	<b>5.89</b>	<b>8.43</b>	<b>8.16</b>	<b>1.91</b>	<b>1.69</b>

#### III. Components of defined benefit costs recognised in the Other Comprehensive Income

Actuarial (gain) / loss due to defined benefit obligation experience	0.31	(0.12)	9.19	7.79	9.29	13.73
Actuarial (gain) / loss due to defined benefit obligation assumptions changes	(9.40)	3.59	(3.73)	8.18	(1.06)	2.53
<b>Actuarial (gain) / loss arising during the year</b>	<b>(9.09)</b>	<b>3.47</b>	<b>5.46</b>	<b>15.97</b>	<b>8.23</b>	<b>16.26</b>
Return on plan assets	(2.64)	(2.55)	-	-	-	-
<b>Total</b>	<b>(11.73)</b>	<b>0.92</b>	<b>5.46</b>	<b>15.97</b>	<b>8.23</b>	<b>16.26</b>

IV. Amount recognised in the balance sheet	As at 31 March		As at 31 March		As at 31 March	
	2018	2017	2018	2017	2018	2017
Obligation at the end of the year	98.20	74.65	114.81	113.72	31.59	31.59
Fair value of plan assets at the end of the year	(78.07)	(68.20)	-	-	-	-
<b>Net liability arising from defined benefit obligation</b>	<b>20.13</b>	<b>6.45</b>	<b>114.81</b>	<b>113.72</b>	<b>31.59</b>	<b>31.59</b>

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Particulars	Gratuity (funded) Year ended March		Medical benefits (unfunded) Year ended March		Pension (unfunded) Year ended March	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>V. Change in the defined benefit obligation</b>						
Opening defined benefit obligation	74.65	71.27	113.72	101.17	31.59	29.11
Current service cost	6.12	5.62	0.70	0.62	-	-
Past service cost	25.47	-	-	-	-	-
Interest cost	5.16	5.21	7.73	7.54	1.91	1.69
Obligation transferred to other companies	1.73	(0.23)	-	-	-	-
Actuarial (gain) / loss on experience adjustments	0.31	(0.12)	9.19	7.79	9.29	13.73
Actuarial (gain) / loss on change in financial assumption	(9.40)	3.59	(3.73)	8.18	(1.06)	2.53
Benefits paid	(5.84)	(10.69)	(12.80)	(11.58)	(10.14)	(15.47)
<b>Closing defined benefit obligation</b>	<b>98.20</b>	<b>74.65</b>	<b>114.81</b>	<b>113.72</b>	<b>31.59</b>	<b>31.59</b>
<b>VI. Change in fair value of plan assets</b>						
Opening fair value of plan assets	68.20	64.27				
Expected return on plan assets	4.98	4.94				
Employer's contribution	6.36	7.36				
Transfer to other companies	1.73	(0.23)				
Actuarial (loss) / gain	2.64	2.55				
Benefits paid	(5.84)	(10.69)				
<b>Closing fair value of plan assets</b>	<b>78.07</b>	<b>68.20</b>				
<b>Gratuity (funded) As at 31 March</b>						
<b>VII. Categories of plan assets as a percentage of total plan assets</b>	<b>2018</b>	<b>2017</b>				
Cash and bank	7.80%	6.97%				
Government securities	33.12%	31.03%				
Corporate bonds	46.07%	41.10%				
Equity	11.44%	20.90%				
Others	1.57%	-				
<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.

## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

**VIII. A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 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**

Particulars	Gratuity (funded) As at		Medical benefits (unfunded) As at		Pension (unfunded) As at	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
<b>Discount rate</b>						
Increase (1%)	(5.94)	(5.03)	(11.03)	(11.37)	(3.25)	(3.54)
Decrease (1%)	6.72	5.74	13.35	13.85	3.74	4.09
<b>Future salary increases</b>						
Increase (1%)	4.50	2.31	-	-	-	-
Decrease (1%)	(4.37)	(2.37)	-	-	-	-
<b>Withdrawal rate</b>						
Increase (5%)	2.98	2.15	(4.69)	(5.02)	-	-
Decrease (5%)	(4.14)	(2.97)	4.03	4.40	-	-
<b>Health care cost increase rate</b>						
Increase (1%)	-	-	9.60	10.00	-	-
Decrease (1%)	-	-	(7.99)	(8.28)	-	-
<b>Post retirement mortality</b>						
Increase (3 years)	-	-	(10.82)	(10.82)	(5.78)	(6.01)
Decrease (3 years)	-	-	11.04	11.08	6.44	6.71
<b>Increase in dearness allowance</b>						
Increase (1%)	-	-	-	-	9.01	9.52
Decrease (1%)	-	-	-	-	(8.17)	(8.59)

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 recognised in the balance sheet.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(₹ in crores)

IX. Maturity profile of defined benefit plan	Gratuity (funded)	Medical benefits (unfunded)	Pension (unfunded)
	As at 31 March 2018	As at 31 March 2018	As at 31 March 2018
31 March 2019	10.93	8.14	14.36
31 March 2020	13.38	8.38	15.08
31 March 2021	11.54	8.54	15.83
31 March 2022	12.84	8.73	16.62
31 March 2023	13.33	8.90	17.45
31 March 2024 to 31 March 2028	65.43	46.50	101.27
<b>Total expected payments</b>	<b>127.45</b>	<b>89.19</b>	<b>180.61</b>

**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. During the previous year, this was subject to a maximum leave of 120 days in addition to accumulated leave balance available in accumulated quota.

**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 ₹ 46.69 crores (31 March 2017: ₹ 74.04 crores) as shown under non-current provisions ₹ 40.70 crores (31 March 2017: ₹ 67.46 crores) and current provisions ₹ 5.99 crores (31 March 2017: ₹ 6.58 crores). The amount charged to the Statement of Profit and Loss under Salaries and related costs in note 24 "Employee benefits" is ₹ (5.80) crores (2016 - 2017: ₹ 9.93 crores).

**35. Auditors' remuneration:**

(Included in other expenses under operating and other expenses – Refer note 25)

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Payment to statutory auditor</b>		
i. For audit fees	<b>3.30</b>	2.20
ii. For taxation matters	<b>0.07</b>	0.30
iii. For other services	<b>0.37</b>	0.91
iv. For reimbursement of expenses	<b>0.60</b>	0.22



## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

For the year ended 31 March 2018 For the year ended 31 March 2017

Auditors' remuneration excludes fees of ₹ 1.12 crores (2016 - 2017: ₹ 4.33 crores) payable / paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.

#### b. Payment to cost auditor

	For the year ended 31 March 2018	For the year ended 31 March 2017
i. For cost audit services	0.07	0.06

Above amount excludes Goods service tax / Service tax

### 36. Earnings per share

For the year ended 31 March 2018 For the year ended 31 March 2017

Net profit after tax attributable to the equity shareholders (in ₹ crores) (A)	266.63	689.83
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)	9.36	24.20

### 37. 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") and Data and Managed Services ("DMS"). 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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

(₹ in crores)

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	VS	DMS	Total	VS	DMS	Total
<b>a. Segment revenues and results</b>						
Revenue from services	569.80	4,551.10	<b>5,120.90</b>	767.84	4,300.31	<b>5,068.15</b>
Segment results	(513.80)	822.75	<b>308.95</b>	(493.86)	922.47	<b>428.61</b>
Finance cost			<b>40.31</b>			<b>30.68</b>
Unallocable income (net)			<b>220.43</b>			<b>806.91</b>
<b>Profit before tax</b>			<b>489.07</b>			<b>1,204.84</b>
Tax expense (net)			222.44			515.01
<b>Profit for the year</b>			<b>266.63</b>			<b>689.83</b>
	As at 31 March 2018			As at 31 March 2017		
	VS	DMS	Total	VS	DMS	Total
<b>b. Segment assets and liabilities</b>						
Segment assets	223.45	5,700.24	<b>5,923.69</b>	276.37	5,302.14	<b>5,578.51</b>
Unallocable assets			<b>6,979.06</b>			<b>7,566.77</b>
<b>Total assets</b>			<b>12,902.75</b>			<b>13,145.28</b>
Segment liabilities	169.91	2,595.17	<b>2,765.08</b>	277.03	2,404.43	<b>2,681.46</b>
Unallocated liabilities			<b>1,334.21</b>			<b>1,208.61</b>
<b>Total liabilities</b>			<b>4,099.29</b>			<b>3,890.07</b>
	For the year ended 31 March 2018			For the year ended 31 March 2017		
	VS	DMS	Total	VS	DMS	Total
<b>c. Other segment information:</b>						
Capital expenditure (allocable)	17.43	967.43	<b>984.86</b>	16.37	741.03	<b>757.40</b>
Depreciation and amortisation (allocable)	19.44	810.81	<b>830.25</b>	24.96	739.61	<b>764.58</b>
Non-cash expenses other than depreciation and amortisation	0.89	47.56	<b>48.45</b>	6.55	(1.88)	<b>4.67</b>

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".

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

#### d. Geographical information

The revenues from operation have been allocated to countries based on location of the customers as shown below:

(₹ in crores)

Segment revenues by geographical market		
	For the year ended 31 March 2018	For the year ended 31 March 2017
India	4,484.76	4,238.01
United States of America	160.66	229.17
Netherlands	56.05	160.01
United Kingdom	20.84	62.29
Others	398.59	378.67
	5,120.90	5,068.15

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.

Netherlands include amounts recorded as revenues from Tata Communications (Netherlands) BV of ₹ 47.55 crores (2016 - 2017: ₹ 158.49 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.

#### e. Information about major customers

##### i. DMS

No single customer contributed 10% or more to DMS revenue for years ended 31 March 2018 and 31 March 2017.

##### ii. VS

(₹ in crores)

Name	For the year ended 31 March 2018	For the year ended 31 March 2017
Customer A	38.03	123.99
Customer B	67.85	125.97
Customer C	74.00	46.98

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****f. Revenue from major services****i. DMS**

(₹ in crores)

Service	For the year ended 31 March 2018	For the year ended 31 March 2017
Internet connectivity	1,183.95	1,086.39
Global virtual private network	1,009.65	936.67
Ethernet	776.62	679.79
National private leased circuit	366.15	357.23
International private leased circuit	132.18	164.45
Others	1,082.55	1,075.78
<b>Revenue from operations</b>	<b>4,551.10</b>	<b>4,300.31</b>

**ii. VS**

(₹ in crores)

Service	For the year ended 31 March 2018	For the year ended 31 March 2017
International long distance	437.73	624.82
National long distance	128.83	143.03
Others	3.23	-
<b>Revenue from operations</b>	<b>569.79</b>	<b>767.85</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.

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

Outstanding derivatives instruments are as follows

	As at 31 March 2018			As at 31 March 2017		
	(Amount in foreign currency in millions)	(Amount in ₹ crores)	Fair value gain / (loss)	(Amount in foreign currency in millions)	(Amount in ₹ crores)	Fair value gain / (loss)
<b>i. Forward exchange contracts (Buy)</b>						
USD	67.70	447.03	1.86	80.00	534.41	(2.61)
GBP	1.40	12.42	0.41	1.40	12.42	(0.66)
<b>ii. Forward exchange contracts (Sell)</b>						
ZAR	-	-	-	12.00	6.14	0.32

### 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(t) to the financial statements.

#### Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2018 is as follows

(₹ in crores)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives instrument	Amortised cost	Total carrying value
<b>Financial assets</b>					
Investments (other than at cost)	162.01	6.16	-	-	168.17
Other financial assets	57.90	-	2.26	234.47	294.63
Trade receivables	-	-	-	1,159.27	1,159.27
Cash and cash equivalents	-	-	-	611.82	611.82
Other bank balances	-	-	-	3.21	3.21
<b>Total</b>	<b>219.91</b>	<b>6.16</b>	<b>2.26</b>	<b>2,008.77</b>	<b>2,237.10</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	518.90	518.90
Other financial liabilities	57.90	-	-	467.50	525.40
Trade payables	-	-	-	1,298.47	1,298.47
<b>Total</b>	<b>57.90</b>	<b>-</b>	<b>-</b>	<b>2,284.87</b>	<b>2,342.77</b>

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

The carrying value of financial instruments by categories as at 31 March 2017 is as follows

(₹ in crores)

	Fair value through profit or loss	Fair value through other comprehensive income	Derivatives instrument	Amortised cost	Total carrying value
<b>Financial assets</b>					
Investments (other than at cost)	799.30	524.55	-	-	<b>1,323.85</b>
Loans	-	-	-	0.12	<b>0.12</b>
Other financial assets	252.89	-	-	164.03	<b>416.92</b>
Trade receivables	-	-	-	806.98	<b>806.98</b>
Cash and cash equivalents	-	-	-	86.93	<b>86.93</b>
Other bank balances	-	-	-	14.86	<b>14.86</b>
<b>Total</b>	<b>1,052.19</b>	<b>524.55</b>	<b>-</b>	<b>1,072.92</b>	<b>2,649.66</b>
<b>Financial liabilities</b>					
Borrowings	-	-	-	737.25	<b>737.25</b>
Other financial liabilities	66.90	-	2.95	479.80	<b>549.65</b>
Trade payables	-	-	-	1,174.15	<b>1,174.15</b>
<b>Total</b>	<b>66.90</b>	<b>-</b>	<b>2.95</b>	<b>2,391.20</b>	<b>2,461.05</b>

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2018 and 31 March 2017 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)

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

As at 31 March 2018

(₹ in crores)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
i. Investment in mutual funds	162.01	-	-	162.01
ii. Investment in equity shares	-	-	6.16	6.16
iii. Guarantee fees receivable from subsidiaries	-	-	57.90	57.90
iv. Derivative financial assets	-	2.26	-	2.26
<b>Total</b>	<b>162.01</b>	<b>2.26</b>	<b>64.06</b>	<b>228.33</b>
<b>Financial liabilities</b>				
i. Guarantee fee obligation	-	-	57.90	57.90
<b>Total</b>	<b>-</b>	<b>-</b>	<b>57.90</b>	<b>57.90</b>

As at 31 March 2017

(₹ in crores)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
i. Investment in mutual funds	799.30	-	-	799.30
ii. Investment in equity shares	2.86	-	521.69	524.55
iii. Guarantee fees receivable from subsidiaries	-	-	66.90	66.90
iv. Advance for litigation	-	-	185.99	185.99
<b>Total</b>	<b>802.16</b>	<b>-</b>	<b>774.58</b>	<b>1,576.74</b>
<b>Financial liabilities</b>				
i. Derivative financial liabilities	-	2.95	-	2.95
ii. Guarantee fee obligation	-	-	66.90	66.90
<b>Total</b>	<b>-</b>	<b>2.95</b>	<b>66.90</b>	<b>69.85</b>

The investments included in level 3 of fair value hierarchy have been valued using the cost approach to arrive at their fair value.



**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****Reconciliation of Level 3 fair value measurement**

(₹ in crores)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Opening balance</b>	<b>707.68</b>	<b>1,498.08</b>
Less: Equity investment at FVTOCI	(515.53)	(166.71)
Less: Financial assets at FVTPL	(185.99)	(1,318.48)
Add: Advance for litigation at FVTPL	-	1,058.00
Less: Conversion of preference share to equity share	-	(248.22)
Less: Reclassified to investment held at cost	-	(114.99)
<b>Closing balance</b>	<b>6.16</b>	<b>707.68</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.

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.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-employment obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017 including the effect of hedge accounting.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary at 31 March 2018 and at 31 March 2017 for the effects of the assumed changes of the underlying risk.

**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 rate 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 2018 and 31 March 2017.

(₹ in crores)

Currency	As at 31 March 2018		As at 31 March 2017	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
USD	145.72	-	782.61	-
Others	1.01	0.66	28.89	0.80

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 ₹ 7.31 crores and ₹ 40.60 crores for the year ended 31 March 2018 and 31 March 2017 respectively.

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****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 2018	As at 31 March 2017
Within credit period	383.41	276.97
1-90 days	373.60	314.34
91-180 days	212.52	100.12
181-360 days	111.35	65.83
More than 360 days	78.39	49.72
<b>Total</b>	<b>1,159.27</b>	<b>806.98</b>

**Movement in expected credit loss allowance**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Opening balance</b>	<b>210.06</b>	<b>202.55</b>
Movement in expected credit loss calculated based on lifetime expected credit loss method	30.10	7.51
<b>Balance at the end of the year</b>	<b>240.16</b>	<b>210.06</b>

**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.

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### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in crores)

As at 31 March 2018	On demand	0 to 12 months	1 to 5 years	> 5 years	Total
Non-current borrowings	-	-	150.00	-	150.00
Other non-current financial liabilities	-	-	36.01	-	36.01
Current borrowings	-	368.90	-	-	368.90
Trade payables	756.13	542.34	-	-	1,298.47
Other current financial liabilities	331.78	153.03	-	4.58	489.39

As at 31 March 2017	On demand	0 to 12 months	1 to 5 years	> 5 years	Total
Non-current borrowings	-	-	155.00	-	155.00
Other non-current financial liabilities	-	-	42.70	-	42.70
Current borrowings	-	582.25	-	-	582.25
Trade payables	686.18	488.47	(0.50)	-	1,174.15
Other current financial liabilities	364.23	138.24	-	4.48	506.95

#### 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.

#### 42. Related party transactions

##### i. Names of related parties and nature of relationship

Sr. No	Category of related parties	Names
a.	Investing Parties (Promoters)	Panatone Finvest Limited Tata Sons Limited
b.	Subsidiaries and joint ventures of Investing Parties (Promoters) 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.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Sr. No	Category of related parties	Names
		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
		Tata International Limited
		C-Edge Technologies Limited
		Tata Housing Development Company Limited
		MahaOnline Limited
		Tata Interactive Systems GmbH
		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
		Tata Toyo Radiator Limited
		Tata International Wolverine Brands Limited
		Automotive Stampings and Assemblies Limited
		Nova Integrated Systems Limited
		Tata Ficos Automotive Systems Private Limited
		Tata Capital Housing Finance Limited
		Tata Capital Forex Limited (formerly TT Holdings & Services Limited) (ceased w.e.f. 30.10.2017)
		Tata Value Homes Limited
		Tata AutoComp GY Batteries Private Limited
		Move On Componentes E Calcado, S.A.

## Standalone Financial Statements

### TATA Communications Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Sr. No	Category of related parties	Names
		Arvind and Smart Value Homes LLP
		TRIL Infopark Limited
		TC Travel and Services Limited (ceased w.e.f. 30 October 2017)
		Kriday Realty Private Limited
		Tata Autocomp Katcon Exhaust Systems Private Limited
		Tata Sikorsky Aerospace Limited
		Tata Boeing Aerospace Limited
		APTOnline Limited
		Indian Rotorcraft Limited
		Tata Unistore Limited
		Taj Air Limited
		Tata Limited
		TRIL Amritsar Projects Limited
		TACO Sasken Automotive Electronics Limited
		Tata Capital Limited
		Tata Autocomp Hendrickson Suspensions Private Limited
		Tata Autocomp Systems Limited
		Tata Industries Limited
		Calsea Footwear Private Limited
		TRIL IT4 Private Limited
		HL Promoters Private Limited
		Smart Value Homes (Boisar) Private Limited
		Sector 113 Gatevida Developers Private Limited
		Princeton Infrastructure Private Limited
		Promont Hilltop Private Limited
		Smart Value Homes (Peenya Project) Private Limited
		Kolkata-One Excelton Private Limited
		TM Automotive Seating Systems Private Limited
		Infiniti Retail Limited
		Tata International Metals (UK) Limited

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Sr. No	Category of related parties	Names
		Eurofins Advinus Limited [ <i>ceased to be subsidiary w.e.f. 5 October 2017</i> ]
		International Infrabuild Private Limited
b.	Subsidiaries (Direct)	Tata Communications Payment Solutions Limited
		Tata Communications Transformation Services Limited
		Tata Communications International Pte. Ltd.
		VSNL SNOSPV Pte. Ltd [ <i>ceased w.e.f 26 March 2017</i> ]
		STT Global Data Centres India Private Limited [ <i>ceased w.e.f 18 October 2016</i> ]
		Tata Communications Collaboration Services Private Limited
		Tata Communications Lanka Limited
c.	Subsidiaries (Indirect)	Tata Communications (Australia) Pty Limited
		Tata Communications (Belgium) SPRL
		Tata Communications Services (Bermuda) Limited
		Tata Communications (Bermuda) Limited
		Tata Communications (Canada) Limited
		Tata Communications (America) Inc.
		Tata Communications (Thailand) Limited
		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
		TCPoP Communications GmbH
		Tata Communications (Malaysia) Sdn. Bhd.
		Tata Communications (New Zealand) Limited
		Tata Communications (Taiwan) Limited
		Tata Communications (Italy) S.r.l
		Tata Communications (Japan) KK



## Standalone Financial Statements

### TATA Communications Limited

#### Notes forming part of the financial statements for the year ended 31 March 2018

Sr. No	Category of related parties	Names
		ITXC IP Holdings S.a r.l
		Tata Communications (Nordic) AS
		Tata Communications (Poland) Sp. Zoo
		Tata Communications (Portugal) Unipessoal LDA
		Tata Communications (Russia) LLC
		Tata Communications (Portugal) Instalacao E Manutencao De Redes LDA
		Tata Communications Services (International) Pte. Ltd.
		Tata Communications (Spain) S.L
		Tata Communications (Sweden) AB
		Tata Communications (Switzerland) GmbH
		Tata Communications (Netherlands) B.V.
		Tata Communications Beijing (Technology) Limited
		Neotel (Pty) Ltd. <i>[ceased w.e.f 10 February 2017]</i>
		SEPCO Communications Pty Ltd.
		Neotel Business Support Services (Pty) Ltd. <i>[ceased w.e.f 10 February 2017]</i>
		VSNL SNOSPV Pte. Ltd <i>[w.e.f 27 March 2017]</i>
		Tata Communications (South Korea) Limited <i>[w.e.f. 28 July 2016]</i>
		Tata Communications Transformation Services Pte Limited <i>[w.e.f. 30 September 2016]</i>
		Tata Communications Transformation Services (Hungary) Kft. <i>[w.e.f 19 December 2016]</i>
		Tata Communications Transformation Services (US) Inc <i>[w.e.f 16 February 2017]</i>
		Tata Communications Transformation Services South Africa (Pty) Limited <i>[w.e.f 25 April 2017]</i>
		Tata Communications Comunicações E Multimídia (Brazil) Limitada <i>[w.e.f 29 June 2017]</i>
		Tata Communications (Brazil) Participacoes Limitada <i>[w.e.f. 2 February 2017]</i>
		Tata Communications (Brazil) Comunicacoes Limitada <i>[w.e.f. 22 February 2017]</i>
		Nexus Connexion (SA) Pty Limited <i>[w.e.f. 10 February 2017]</i>
d.	Associates	United Telecom Limited
		STT Global Data Centres India Private Limited <i>[w.e.f 19 October 2016]</i>

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Sr. No	Category of related parties	Names
		Smart ICT Services Private Limited (w.e.f. 22 April 2016)
e.	Associates of subsidiaries (Direct)	Number Portability Company (Pty) Ltd. [ceased w.e.f 10 February 2017]
		STT Tai Seng Pte Limited [w.e.f 18 May 2016]
		Telena Holdings B.V. [w.e.f. 20 January 2017]
f.	Key managerial personnel	Mr. Vinod Kumar
		Managing Director and Group CEO
g.	Others	Multiples Alternate Asset Management Private Limited
		PeopleStrong HR Services Private Limited
		Encube Ethicals Private Limited

\*where transactions have taken place

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.

**ii.Summary of transactions and balances with related parties**

(₹ in crores)

Particulars	Investing Parties	Affiliates	Subsidiaries (Direct and Indirect)	Key management personnel	Associates	Others	Total
<b>Transactions with related parties</b>							
<b>Dividend paid</b>							
	75.52	-	-	-	-	-	75.52
	54.12	-	-	-	-	-	54.12
<b>Brand equity expenses</b>							
	12.50	-	-	-	-	-	12.50
	13.44	-	-	-	-	-	13.44
<b>Revenue from telecommunication services</b>							
	3.52	448.56	116.56	-	(41.73)	0.01	526.92
	4.78	523.87	186.99	-	(17.01)	-	698.63
<b>Network and transmission</b>							
	-	261.52	99.21	-	0.87	-	361.60
	-	343.74	13.20	-	2.73	-	359.67
<b>Purchase of property, plant and equipment and other intangible assets</b>							

## Standalone Financial Statements

### TATA Communications Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	Investing Parties	Affiliates	Subsidiaries (Direct and Indirect)	Key management personnel	Associates	Others	Total
	-	37.72	1.96	-	-	-	39.68
	-	73.01	1.81	-	0.30	-	75.12
Sale of property, plant and equipment and other intangible assets							
	-	-	7.91	-	-	-	7.91
	-	-	4.26	-	@	-	4.26
Services rendered							
	-	5.46	30.77	-	124.14	-	160.37
	-	5.51	114.31	-	80.47	-	200.29
Services received							
	0.58	178.31	135.32	-	38.52	-	352.73
	0.57	178.25	138.81	-	16.50	-	334.13
Equity capital contribution							
	-	-	-	-	-	-	-
	-	-	-	-	@	-	@
Preference capital contribution							
	-	-	-	-	0.04	-	0.04
	-	-	-	-	0.04	-	0.04
Interest income							
	29.72	-	1.45	-	-	-	31.17
	-	-	69.74	-	1.11	-	70.85
Dividend income							
	-	-	43.08	-	-	-	43.08
	-	-	25.27	-	-	-	25.27
Guarantee fees							
	-	-	28.19	-	-	-	28.19
	-	-	37.52	-	-	-	37.52
Loan given							
	-	-	6.23	-	-	-	6.23
	-	-	1,692.11	-	-	-	1,692.11

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Particulars	Investing Parties	Affiliates	Subsidiaries (Direct and Indirect)	Key management personnel	Associates	Others	Total
<b>Loan repaid</b>							
	-	-	<b>6.36</b>	-	-	-	<b>6.36</b>
	-	-	67.78	-	362.22	-	430.00
<b>Managerial remuneration \$</b>							
	-	-	-	<b>26.86</b>	-	-	<b>26.86</b>
	-	-	-	21.87	-	-	21.87
<b>Reassignment of loan</b>							
	-	-	-	-	-	-	-
	-	-	2.18	-	-	-	2.18
<b>Royalty expense</b>							
	<b>2.05</b>	-	-	-	-	-	<b>2.05</b>
	34.69	-	-	-	-	-	34.69
<b>Professional fee</b>							
	-	-	-	-	-	-	-
	-	-	7.64	-	-	-	7.64
<b>Redemption of debentures</b>							
	-	-	-	-	-	-	-
	-	-	11.00	-	339.00	-	350.00
<b>(Loss) on investments in subsidiaries (net)</b>							
	-	-	-	-	-	-	-
	-	-	(446.47)	-	-	-	(446.47)
<b>Conversion of loan given to equity investment</b>							
	-	-	-	-	-	-	-
	-	-	1,866.12	-	-	-	1,866.12
<b>Conversion of preference investment to equity investment</b>							
	-	-	<b>114.99</b>	-	-	-	<b>114.99</b>
	-	-	248.66	-	-	-	248.66

## Standalone Financial Statements

### TATA Communications Limited

Notes forming part of the financial statements for the year ended 31 March 2018

Particulars	Investing Parties	Affiliates	Subsidiaries (Direct and Indirect)	Key management personnel	Associates	Others	Total
<b>Sale of investments to subsidiary</b>							
	-	-	-	-	-	-	-
	-	-	@	-	-	-	@
<b>Receivables</b>							
	<b>0.68</b>	<b>183.15</b>	<b>81.64</b>	-	<b>0.40</b>	@	<b>265.87</b>
	2.28	99.26	100.92	-	0.36	-	202.82
<b>Loan</b>							
	-	-	-	-	-	-	-
	-	-	0.12	-	-	-	0.12
<b>Other financial assets – Non-current</b>							
	-	<b>0.28</b>	<b>36.01</b>	-	-	-	<b>36.29</b>
	1,058.00	-	42.70	-	-	-	1,100.70
<b>Other financial assets – current</b>							
	-	<b>0.27</b>	<b>32.59</b>	-	<b>132.65</b>	-	<b>165.51</b>
	-	0.51	28.41	-	78.07	-	106.99
<b>Other assets – non-current</b>							
	-	-	-	-	-	-	-
	-	0.05	-	-	-	-	0.05
<b>Other assets – current</b>							
	<b>0.01</b>	<b>4.82</b>	-	-	-	-	<b>4.83</b>
	-	5.93	-	-	-	-	5.93
<b>Trade payables (including capital creditors)</b>							
	<b>40.88</b>	<b>194.91</b>	<b>125.34</b>	<b>20.52</b>	<b>4.23</b>	<b>0.01</b>	<b>385.89</b>
	47.59	150.41	54.57	10.99	3.43	-	266.99
<b>Other financial liabilities – current</b>							
	@	<b>5.12</b>	-	-	-	-	<b>5.12</b>
	-	5.12	-	-	-	-	5.12

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

Particulars	Investing Parties	Affiliates	Subsidiaries (Direct and Indirect)	Key management personnel	Associates	Others	Total
<b>Other liabilities - non-current</b>							
	-	<b>0.07</b>	-	-	-	-	<b>0.07</b>
	-	42.42	-	-	-	-	42.42
<b>Other liabilities - current</b>							
	<b>0.07</b>	<b>6.66</b>	<b>4.05</b>	-	<b>0.06</b>	<b>0.03</b>	<b>10.87</b>
	0.62	10.46	3.24	-	6.13	-	20.45
<b>Guarantees on behalf of subsidiary / associate</b>							
	-	-	<b>0.32</b>	-	-	-	<b>0.32</b>
	-	-	4.70	-	2.10	-	6.80
<b>Letter of comfort on behalf of subsidiaries</b>							
	-	-	<b>2,138.88</b>	-	-	-	<b>2,138.88</b>
	-	-	2,549.01	-	-	-	2,549.01

@ represents balance of amounts less than ₹ 50,000

Previous year figures are in italics

**43. Operating lease arrangements**

Operating lease payments represent rentals payable by the Company for certain buildings and satellite channels.

**a. As lessee**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Minimum lease payments under operating leases recognised as expense in the year	30.09	12.31

**At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Due not later than one year	32.32	18.75
Due later than one year but not later than five years	31.41	22.73
Later than five years	0.42	0.59
	<b>64.15</b>	<b>42.07</b>

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**
**b. As lessor**

i. The Company has leased under operating lease arrangements certain IRU with gross block and accumulated depreciation of ₹ 87.02 crores (31 March 2017: ₹ 87.02 crores) and ₹ 73.94 crores (31 March 2017: ₹ 68.26 crores) respectively as at 31 March 2018. Depreciation expense of ₹ 5.67 crores (2016 - 2017: ₹ 5.67 crores) in respect of these assets has been charged and rental income of ₹ 6.90 crores (2016 - 2017: ₹ 6.86 crores) under such IRU arrangements has been recognised in the Statement of Profit and Loss for the year ended 31 March 2018 respectively.

In case of certain operating lease agreements relating to bandwidth capacity contracts aggregating ₹ 529.36 crores (31 March 2017: ₹ 510.15 crores) as at 31 March 2018, 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 2018 amount to ₹ 34.79 crores (2016 - 2017: ₹ 33.50 crores).

Future lease rental receipts will be recognised in the Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Due not later than one year	42.40	41.27
Due later than one year but not later than five years	133.62	148.48
Later than five years	110.02	118.67
	<b>286.04</b>	<b>308.42</b>

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 31 March 2018	As at 31 March 2017
Not later than one year	112.37	108.38
Later than one year but not later than five years	77.87	159.26
Later than five years	-	-
	<b>190.24</b>	<b>267.64</b>

Lease rental income of ₹ 112.83 crores (2016 - 2017: ₹ 94.13 crores) in respect of the above leases has been recognised in the Statement of Profit and Loss for the current year.



**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****44. Contingent liabilities and commitments:****a. Contingent liabilities**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
i. Guarantees excluding financial guarantee	0.32	6.80
ii. Claims for taxes on income (refer 1 below)		
Income tax disputes where department is in appeal against the Company	525.44	595.25
Other tax disputes	1,645.62	1,947.23
iii. Claims for other taxes	25.76	1.95
iv. Other claims (refer 2 below)	2,019.07	1,284.75

**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 Supreme Court. The excess billing of BSNL amounting to ₹ 311.84 crores (31 March 2017: ₹ 311.84 crores) has been disclosed as contingent liability.

ii. On February 19, 2013, DoT issued a licence fee demand amounting to ₹ 193.05 crores, (being ₹ 92.86 crores for financial year 2006-07 and ₹ 100.19 crores for financial year 2007-08, including ₹ 102.06 crores, being interest as on February 28, 2013) for financial years 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand including interest (demanded and accrued till the balance sheet date) is for ₹ 378.41 crores (31 March 2017: ₹ 331.43 crores). The Company has challenged the said demand in the Madras High Court, which has vide its orders dated March 1, 2013, granted a stay-order against the said demand. Further, the Company is also contesting similar licence fee claim of ₹ 231.68 crores (31 March 2017: ₹ 198.89 crores) (including interest as demanded and accrued till the balance sheet date and penalty) for financial year 2005-06 and the matter is currently outstanding with the Supreme Court. Apart from the above, contingent liabilities include ₹ 480 crores as computed by the Company for potential license fee claims on item covered in the demands referred above for the years under assessment.

iii. Upon expiry of the Company's ISP license on January 24, 2014, DoT vide letter dated February 20, 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, which granted a stay subject to submission of undertaking that if petition fails then applicable license fees would be payable along with interest. Considering the above facts, the Company has disclosed an amount of ₹ 460.42 crores (31 March 2017: ₹ 303.56 crores) including interest under contingent liabilities.

**TATA Communications Limited**
**Notes forming part of the financial statements for the year ended 31 March 2018**

iv. Other claims of ₹ 156.72 crores (31 March 2017: ₹ 139.03 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. During the current year, the Company and its two directors and an ex-employee have received show cause notice 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 has provided ₹ 4.50 crores as compounding penalty, based on a legal opinion.

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.

**b. Commitments**
**i. Capital commitments**

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 197.06 crores (31 March 2017: ₹ 173.01 crores) (net of capital advances).

**ii. Other commitments**

1. As at 31 March 2018, 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 31 March 2018	As at 31 March 2017
Tata Communications Transformation Services Ltd	117.00	87.00
Tata Communications (Netherlands) B.V.	1,257.88	1,252.86
Tata Communications (Bermuda) Ltd	-	649.15
Tata Communications Payment Solutions Limited (TCPSL)	764.00	560.00

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.

2. The Company has committed loan facility to wholly owned subsidiaries to the tune of ₹ 3,818.75 crores (31 March 2017: ₹ 3,795.75 crores) as at 31 March 2018, utilisation of which is subject to future requirements and appropriate approval processes from time to time.

3. The Company has committed to subscribe to equity shares rights issue offer of STT Global Data Centers India Private Limited to the tune of ₹ 35.01 crores as at 31 March 2018.

**TATA Communications Limited****Notes forming part of the financial statements for the year ended 31 March 2018****45. Dividend remitted to non-resident shareholders in foreign currency**

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 2017 paid to non – resident shareholders are as under:

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Number of non – resident shareholders	1,270	1,104
Number of shares held by them	36,679,083	23,659,906
Year to which the dividend relates	2016-2017	2015-2016
Amount remitted	22.00	10.17

**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:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Principal amount remaining unpaid to any supplier as at the end of the accounting year	4.95	0.58
b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.03	0.02
c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	3.38	13.37
d. The amount of interest due and payable for the year	0.03	0.02
e. The amount of interest accrued and remaining unpaid at the end of the accounting year	0.03	0.02
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*	4.98	1.05

\*Includes principal amount of ₹ 4.57 crores (31 March 2017: ₹ 0.45 crores) remaining unpaid to supplier prior to scheduled date

**47. Events after the reporting period**

There are no subsequent events between the year ended 31 March 2018 and signing of financial statements as on May 10, 2018 which have material impact on the financials of the Company.

**48. Approval of financial statements**

The financial statements were approved for issue by the board of directors on May 10, 2018.

## Standalone Financial Statements

### TATA Communications Limited

### Notes forming part of the financial statements for the year ended 31 March 2018

49. Previous year's figures have been regrouped / rearranged where necessary to confirm to current year's classification disclosure.

50. The figures of previous year were audited by a firm of chartered accountants other than S.R. Batliboi & Associates LLP.

#### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration No. 101049W / E300004

#### PRASHANT SINGHAL

Partner

Membership No. 93283

MUMBAI

DATED: 10 May 2018

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

#### RENUKA RAMNATH

Chairperson

#### PRATIBHA K. ADVANI

Chief Financial Officer

MUMBAI

DATED: 10 May 2018

#### VINOD KUMAR

Managing Director

and Group CEO

#### MANISH SANSI

Company Secretary



## INDEPENDENT AUDITOR'S REPORT

### To the Members of Tata Communications Limited

#### Report on the Consolidated Ind AS Financial Statements

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, 2018, 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 a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (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 accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph

below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

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 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



**32<sup>ND</sup> ANNUAL REPORT 2017-2018**

its associates as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

**Other Matter**

a. We did not audit the financial statements and other financial information, in respect of 2 subsidiaries, whose financial statements include total assets of Rs 77.42 crores and net assets of Rs (97.45) crores as at March 31, 2018, and total revenues of Rs 73.43 crores and net cash inflows of Rs 73.69 crores for the year ended on that date. These 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 statements also include the Group's share of net profit of Rs 18.55 crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 1 associates, whose financial statements, other financial information have been audited by other auditors 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 these subsidiaries and 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 subsidiaries and associates, is based solely on the reports of such other auditors.

b. The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed a qualified opinion on those statements on May 4, 2017.

c. The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 2 subsidiaries, whose financial statements and other financial information reflect total assets of Rs 3.67 crores and net assets of Rs 150.68 crores as at March 31, 2018 and net cash outflows of Rs 178.50 crores for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs 24.12 crores for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of 4 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 subsidiaries and 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 subsidiaries and associates, is based solely on such unaudited financial statement 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 reports 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 purpose 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, 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 Standard) Rules, 2015, as amended;

e. On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2018 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



## Consolidated Financial Statements

companies and associate companies incorporated in India, none of the Directors of the Group's companies and its associates incorporated in India is disqualified as on March 31, 2018 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 of the Holding Company, its subsidiary companies and associate companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us 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 – Refer Note 49 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, 2018.

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, 2018.

### For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Prashant Singhal

Partner

Membership Number: 93283

Place of Signature: Mumbai

Date: May 10, 2018

## **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, 2018, we have audited the internal financial controls over financial reporting of Tata Communications Limited (hereinafter referred to as the "Holding Company") and its subsidiary and its associate companies, 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 companies, 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 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting 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 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**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and

## Consolidated Financial Statements

not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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 and associate companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 of the Holding Company, insofar as it relates to 1 associate company, which is company incorporated in India, is based on the corresponding reports of the auditor of such 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

Place of Signature: Mumbai

Date: May 10, 2018

(₹ in crores)

TATA COMMUNICATIONS LIMITED			
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018			
	Note	As at 31 March 2018	As at 31 March 2017
<b>A ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	9,074.98	9,292.69
(b) Capital work-in-progress		439.53	629.32
(c) Investment property	4	212.20	214.67
(d) Goodwill	5	-	-
(e) Other intangible assets	6	1,509.36	1,421.15
(f) Intangible assets under development		80.78	121.60
(g) Financial assets			
(i) Investments			
(a) Investments in associates	7	897.85	892.24
(b) Other investments	8A	165.66	742.42
(ii) Loans	9	-	365.95
(iii) Other financial assets	10A	136.00	312.29
(h) Deferred tax assets (Net)	19	93.23	69.04
(i) Non-current tax asset		1,663.37	1,506.42
(j) Other non-current assets	11A	337.64	348.71
<b>Total non - current assets</b>		<b>14,610.60</b>	<b>15,916.50</b>
<b>(2) Current assets</b>			
(a) Inventories		26.99	19.20
(b) Financial assets			
(i) Other investments	8B	186.68	799.30
(ii) Trade receivables	12	2,891.16	2,590.04
(iii) Cash and cash equivalent	13	1,256.38	1,002.76
(iv) Bank balance other than (iii) above	14	39.20	76.53
(v) Other financial assets	10B	205.44	132.91
(c) Other current assets	11B	379.81	561.73
		<b>4,985.66</b>	<b>5,182.47</b>
Assets classified as held for sale	15	6.50	3.32
<b>Total current assets</b>		<b>4,992.16</b>	<b>5,185.79</b>
<b>TOTAL ASSETS</b>		<b>19,602.76</b>	<b>21,102.29</b>

## Consolidated Financial Statements

### TATA COMMUNICATIONS LIMITED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

	Note	As at 31 March 2018	As at 31 March 2017
<b>B EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	16	285.00	285.00
(b) Other equity	17	214.32	1,306.90
<b>Equity attributable to equity holders of the parent</b>		<b>499.32</b>	<b>1,591.90</b>
Non-controlling interests		4.48	18.37
<b>Total Equity</b>		<b>503.80</b>	<b>1,610.27</b>
<b>(2) Liabilities</b>			
<b>(i) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18A	5,898.31	6,811.29
(ii) Other financial liabilities	21A	11.44	16.83
(b) Provisions	22A	486.77	483.95
(c) Deferred tax liabilities (Net)	19	45.54	76.12
(d) Other non-current liabilities	23A	3,419.47	3,711.66
<b>Total non-current liabilities</b>		<b>9,861.53</b>	<b>11,099.85</b>
<b>(ii) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	18B	1,778.89	1,564.91
(ii) Trade payables	20	3,471.57	3,581.38
(iii) Other financial liabilities	21B	1,850.88	1,558.58
(b) Other current liabilities	23B	1,493.47	1,344.80
(c) Provisions	22B	79.64	84.74
(d) Current tax liabilities (Net)		562.98	257.76
<b>Total current liabilities</b>		<b>9,237.43</b>	<b>8,392.17</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,602.76</b>	<b>21,102.29</b>

**32<sup>ND</sup> ANNUAL REPORT 2017-2018**

**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

For and on behalf of the Board of Directors

**PRASHANT SINGHAL**

Partner  
Membership No. 93283

**RENUKA RAMNATH**

Chairperson

**VINOD KUMAR**

Managing Director  
and Group CEO

**PRATIBHA K. ADVANI**

Chief Financial Officer

**MANISH SANSI**

Company Secretary

MUMBAI  
DATED: 10 May 2018

MUMBAI  
DATED: 10 May 2018

## Consolidated Financial Statements

(₹ in crores)

TATA COMMUNICATIONS LIMITED			
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018			
	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
I Revenue from operations		16,650.84	17,619.73
II Other income	24	380.51	360.29
<b>III Total income (I + II)</b>		<b>17,031.35</b>	<b>17,980.02</b>
<b>IV Expenses:</b>			
Network and transmission expense	25	7,903.24	8,811.89
Employee benefits expense	26	2,977.52	2,839.41
Finance costs	28	344.45	367.19
Depreciation and amortisation expense	29	1,906.30	1,865.77
Operating and other expenses	27	3,478.71	3,562.53
<b>Total expenses (IV)</b>		<b>16,610.22</b>	<b>17,446.79</b>
<b>V Profit before exceptional items and tax (III-IV)</b>		<b>421.13</b>	<b>533.23</b>
VI Exceptional items (refer notes 5 and 30 - 34)		(375.52)	(1,063.33)
<b>VII Profit / (Loss) before tax and share of profit of associate (V+VI)</b>		<b>45.61</b>	<b>(530.10)</b>
VIII Tax expense / (benefit)	36		
a. Current tax		409.16	270.30
b. Deferred tax		(54.24)	(33.92)
		<b>354.92</b>	<b>236.38</b>
<b>IX Profit / (Loss) before share of profit of associate (VII-VIII)</b>		<b>(309.31)</b>	<b>(766.48)</b>
X Share in (Loss) / profit of associates		(16.30)	5.08
<b>XI Profit / (Loss) for the period from continuing operations (IX+X)</b>		<b>(325.61)</b>	<b>(761.40)</b>
XII Profit / (loss) before tax from discontinued operations		-	123.31
XIII Gain on sale of business and subsidiaries, net of goodwill impairment	37,5	-	2,420.51
<b>XIV Profit / (loss) from discontinued operations (before tax) (XII+XIII)</b>		<b>-</b>	<b>2,543.82</b>
XV Tax expense on discontinued operations		-	546.96
<b>XVI Profit / (loss) from discontinued operations (XIV-XV)</b>		<b>-</b>	<b>1,996.86</b>
<b>XVII Profit / (loss) for the period (XI+XVI)</b>		<b>(325.61)</b>	<b>1,235.46</b>



TATA COMMUNICATIONS LIMITED			
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018			
	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>XVIII 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		39.70	(53.05)
b. Tax impact on defined benefit plans		(2.10)	12.11
c. Equity instruments through other comprehensive income	8	(632.07)	(240.68)
d. Tax impact on equity instruments through other comprehensive income		0.14	(0.11)
e. Share of remeasurements of the defined benefit plans in associates (net of tax)		(0.02)	(0.01)
		<b>(594.35)</b>	<b>(281.74)</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		7.31	1,110.64
b. Effective portion of gains and losses on designated portion of hedging instruments in a cash flow hedge		32.26	46.49
c. Tax impact of cash flow hedge		(8.26)	(10.64)
d. Effective portion of gains and losses on designated portion of hedging instruments in a cash flow hedge in associates		0.18	-
		<b>31.49</b>	<b>1,146.49</b>
<b>XIX Other comprehensive income / (loss) for the year</b>		<b>(562.86)</b>	<b>864.75</b>
<b>XX Total comprehensive income / (loss) for the year (XVII+XIX)</b>		<b>(888.47)</b>	<b>2,100.21</b>
<b>Profit for the year attributable to:</b>			
Owners of the Company		(328.60)	1,232.87
Non-controlling interests		2.99	2.59
Other comprehensive income / (loss) for the year		(562.86)	864.75
<b>Total comprehensive income / (loss) for the year attributable to:</b>			
Owners of the Company		(891.46)	2,097.62
Non-controlling interests		2.99	2.59

## Consolidated Financial Statements

### TATA COMMUNICATIONS LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Earnings per share (for continuing operations)</b>	39		
(Face value of equity share of ₹10 each)			
Basic and diluted (₹)		(11.53)	(26.81)
<b>Earnings per share (for discontinued operations)</b>	39		
(Face value of equity share of ₹10 each)			
Basic and diluted (₹)		-	70.07
<b>Earnings per share (for total operations)</b>	39		
(Face value of equity share of ₹10 each)			
Basic and diluted (₹)		(11.53)	43.26

#### 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

For and on behalf of the Board of Directors

#### PRASHANT SINGHAL

Partner

Membership No. 93283

#### RENUKA RAMNATH

Chairperson

#### VINOD KUMAR

Managing Director  
and Group CEO

#### PRATIBHA K. ADVANI

Chief Financial Officer

#### MANISH SANSI

Company Secretary

MUMBAI

DATED: 10 May 2018

MUMBAI

DATED: 10 May 2018

TATA COMMUNICATIONS LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2018

### A. Equity share capital

Particulars	Balance as at 1 April 2016	Changes during the year	Balance as at 31 March 2017	Changes during the year	Balance as at 31 March 2018
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

(₹ in crores)

Particulars	Capital reserve	Securities premium	General reserve	Debt redemption reserve	Retained earnings	Remeasurements of the defined benefit plans	Equity instrument through comprehensive income	Effective portion of cash flow hedge	Foreign exchange / currency translation reserve	Attributable to owners of the parent	Non-controlling interests	Total other equity
Balance as at 1 April 2016	206.06	725.01	5,355.81	38.75	(5,147.35)	39.79		(3.12)	(1,824.52)	(648.36)	6.90	(641.46)
Profit for the year					1,232.87					1,232.87	2.59	1,235.46
Other comprehensive income / (loss) (net of tax)						(40.95)	(240.79)	35.85	37.92	(207.97)	-	(207.97)
Foreign currency translation loss on disposal of subsidiary reclassified to Consolidated Statement of Profit or Loss									1,072.72	1,072.72	-	1,072.72
<b>Total comprehensive income / (loss)</b>	-	-	-	-	1,232.87	(40.95)	(240.79)	35.85	1,110.64	2,097.62	2.59	2,100.21
Dividend paid (including dividend tax)					(142.36)					(142.36)	(2.71)	(145.07)
Disposal of subsidiary											11.59	11.59
<b>Balance as at 31 March 2017</b>	<b>206.06</b>	<b>725.01</b>	<b>5,355.81</b>	<b>38.75</b>	<b>(4,056.84)</b>	<b>(1.16)</b>	<b>(243.91)</b>	<b>(2.94)</b>	<b>(713.88)</b>	<b>1,306.90</b>	<b>18.37</b>	<b>1,325.27</b>

## Consolidated Financial Statements

Particulars	Items of other comprehensive income											
	Capital reserve	Securities premium	General reserve	Debenture redemption reserve	Retained earnings	Remeasurements of the defined benefit plans	Equity instrument through other comprehensive income	Effective portion of cash flow hedge	Foreign exchange / currency translation reserve	Attributable to owners of the parent	Non-controlling interests	Total other equity
Profit for the year					(328.60)					(328.60)	2.99	(325.61)
Other comprehensive income / (loss) (net of tax)						37.58	(631.93)	24.18	7.31	(562.86)	-	(562.86)
Total comprehensive income / (loss)	-	-	-	-	(328.60)	37.58	(631.93)	24.18	7.31	(891.46)	2.99	(888.47)
Dividend paid (including dividend tax)					(201.12)					(201.12)	(4.84)	(205.96)
Reclassification of accumulated other comprehensive income to retained earnings					1.75		(1.75)	-		-		
Translation impact of non-controlling interests										-	1.36	1.36
Payment to non-controlling shareholders of subsidiary company										-	(13.40)	(13.40)
Balance as at 31 March 2018	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

**32<sup>ND</sup> ANNUAL REPORT 2017-2018**

**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

For and on behalf of the Board of Directors

**PRASHANT SINGHAL**  
Partner  
Membership No. 93283

**RENUKA RAMNATH**  
Chairperson

**VINOD KUMAR**  
Managing Director  
and Group CEO

**PRATIBHA K. ADVANI**  
Chief Financial Officer

**MANISH SANSI**  
Company Secretary

MUMBAI  
DATED: 10 May 2018

MUMBAI  
DATED: 10 May 2018

## Consolidated Financial Statements

### TATA COMMUNICATIONS LIMITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>1 CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>PROFIT FOR THE YEAR</b>	<b>(325.61)</b>	<b>1,235.46</b>
Adjustments for:		
Income tax expense recognised in consolidated statement of profit and loss	354.92	783.34
Share in (profit) / loss of associate	16.30	(5.34)
Depreciation and amortisation expenses	1,906.30	1,946.93
Gain on disposal of property, plant and equipment (net)	7.09	(12.74)
Interest income on financial assets carried at amortised cost	(41.51)	(66.55)
Finance cost	339.37	687.46
Gain on investments carried at fair value through other comprehensive income	(4.07)	-
Bad debts written off	43.79	4.38
Allowance for trade receivables	53.41	57.81
Provision for contingencies	5.08	3.86
Provision for inventories	8.92	(2.76)
Net gain on sale of partial interest in subsidiary	-	(2,866.20)
Net loss on sale of interest in subsidiary	-	445.69
Accidental damages	26.12	-
Property, plant and equipments written down	0.51	4.53
Impairment of Goodwill / other assets of subsidiary	-	169.59
Impairment of investments in associates	8.50	-
Provision for contractual obligations	185.59	872.01
Allowance for doubtful advances	(0.75)	0.64
Gain on investments carried at fair value through profit or loss (net)	(31.85)	(64.25)
Exchange fluctuation	18.69	(37.21)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>2,570.80</b>	<b>3,156.65</b>
<i>Adjustment for (increase) / decrease in operating assets</i>		
Inventories	(11.71)	(9.96)
Trade receivables	(399.48)	56.99
Other assets	139.50	(86.93)

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	For the year ended 31 March 2018	For the year ended 31 March 2017
<i>Adjustment for increase / (decrease) in operating liabilities</i>		
Trade payables	(92.36)	290.33
Other liabilities	(246.73)	(449.35)
Provisions	17.96	186.09
Adjustment of translation differences on working capital	(0.36)	(9.90)
<b>Cash generated from operations before tax and exceptional items</b>	<b>1,977.62</b>	<b>3,133.92</b>
Income tax paid (net)	(264.81)	(740.42)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1,712.81</b>	<b>2,393.50</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payment to purchase of property, plant and equipments and intangible assets	(1,620.71)	(1,813.95)
Advance received towards assets held for sale	67.00	-
Proceeds from disposal of property, plant and equipments and intangible assets	9.71	18.77
Proceeds from disposal of asset held for sale	3.53	-
Purchase of investments in associates	(0.32)	(89.58)
Purchase of non-current investments	(53.30)	(18.80)
Amount paid under protest under litigation	-	(1,058.00)
Proceeds from sale of subsidiaries (Refer (iii) below)	-	3,319.91
Loans repaid	363.42	-
Loans given	-	(378.13)
Cash received on behalf of non-controlling interests	-	49.95
Purchase of current investments	(6,294.62)	(10,578.64)
Proceeds from sale of current investments	6,939.09	10,653.03
Proceeds from sale of non-current investments	2.27	-
Fixed deposits placed	25.64	9.13
Earmarked funds	11.64	716.78
Interest received	42.98	112.76
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(503.67)</b>	<b>943.23</b>
<b>3 CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Short-term borrowings	2,444.04	3,554.66
Repayment of Short-term borrowings	(2,562.82)	(3,375.66)
Proceeds from Long-term borrowings	2,892.10	969.34
Repayment of Long-term borrowings	(3,456.97)	(3,904.59)
Payment to shareholders of subsidiary	(96.06)	-



## Consolidated Financial Statements

	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment for finance lease	(6.11)	(6.36)
Dividends paid including dividend tax	(201.12)	(142.35)
Dividends paid to non-controlling interest	(4.78)	(2.81)
Finance cost	(275.61)	(308.62)
Net increase / (decrease) in working capital borrowings	308.22	(59.33)
<b>NET CASH FLOW (USED IN) FINANCING ACTIVITIES</b>	<b>(959.11)</b>	<b>(3,275.72)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>250.03</b>	<b>61.01</b>
<b>CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR</b>	<b>1,002.76</b>	<b>945.11</b>
Exchange difference on translation of foreign currency cash and cash equivalents	3.59	(3.36)
<b>CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR (refer note 13)</b>	<b>1,256.38</b>	<b>1,002.76</b>

### Notes :

- Figures in brackets represent outflows
- During the year, the Company has entered into non - cash investing activities, which are not reflected in the Cash Flow Statement above. For details refer note 8 b.
- In the previous year, this includes amount received towards repayment of investments in debentures and loans given by the Company to Tata Communications Data Centres Private Limited amounting to ₹701.22 crores

### 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

For and on behalf of the Board of Directors

#### PRASHANT SINGHAL

Partner

Membership No. 93283

#### RENUKA RAMNATH

Chairperson

#### VINOD KUMAR

Managing Director  
and Group CEO

#### PRATIBHA K. ADVANI

Chief Financial Officer

#### MANISH SANSI

Company Secretary

MUMBAI  
DATED: 10 May 2018

MUMBAI  
DATED: 10 May 2018

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****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, Maharashtra on 28 January 2008.

The Company is domiciled in India and its registered office is at Videsh Sanchar Bhavan, 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:

- i. Derivative financial instruments,
- ii. 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 for amendments to Ind AS 7 that was effective for annual period beginning from on or after 1 April 2017.

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. Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- i. has power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

- 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.

**d. 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 recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- i. Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised 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.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 recognised amounts of the acquiree's identifiable net assets. The choice of basis of measurement basis is made on transaction-by-transaction basis.

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 recognised 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 recognised 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 recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

**e. 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 allocate 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 recognised directly in profit or loss. An impairment loss recognised 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 f below.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
***f. 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 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 recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise 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 Recognising its share of further losses. Additional losses are recognised 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 recognised 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 recognised 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 recognise 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 recognised forms part of the carrying amount of the investment. Any reversal of impairment loss is recognised 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 recognised 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.

***g. 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,

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
***h. 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.

Assets acquired pursuant to an agreement for exchange of similar assets are recorded at the net book value of the asset given up, with an adjustment for any balancing receipt or payment of cash or any other form of consideration.

The depreciable amount for assets is the cost of an asset, 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 and equipment of the Company and its Indian subsidiaries are as follows

	Estimated useful life
<b>Plant and machinery</b>	
• Sea cable**	20 years or contract period whichever is earlier
• Land cable**	15 years or contract period whichever is earlier
• ATM and cash dispensers**	10 years or contract obligation term whichever is lower
• Network equipment and components**	3 to 8 years
• Electrical equipment and installations*	10 years
• Earth station and switch*	13 years
• General plant and machinery*	15 years
Furniture and fixture*	10 years
Office equipment*	5 years
Computers*	3-6 years
Motor Vehicles*	8 to 10 years
<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 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.

## Consolidated Financial Statements

### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

##### Estimated useful lives of the company's foreign subsidiaries:

	Useful lives of Assets
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 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, past history of replacement, anticipated technological changes, manufacturer's warranties, maintenance support, 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, 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 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.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

##### i. 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.



**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

Intangible assets are amortised as follows

	Useful lives of Assets
Software and application	3 to 6 years
IRU	Over the contract period
License fees	25 Years

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 Consolidated Statement of Profit and Loss when the asset is de-recognised.

**j. 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 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(h)) 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 Company measures investment properties using cost-based measurement, the fair values of investment properties are disclosed in the notes.

Investment properties are de-recognised 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.

**k. 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

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.

## **TATA Communications Limited**

### **Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company as a CGU. These budgets and forecast calculations 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.

#### **1. Leases**

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**

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. 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.

##### **Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to the 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 the ownership of an asset are transferred to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in 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 lease.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

The Group enters into agreements for granting IRU of dark fibre 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 Group. Upfront revenue is received for these arrangements and the same is deferred over the tenure of the IRU agreement. 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.

**m. 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.

**n. 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.

**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.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**iii. Other long-term employee 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.

**o. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. 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 customer credit notes and other similar allowances. Type of services and recognition criterias are as follows :

- i. Revenue from Voice Solutions (VS) is recognised at the end of each month based upon minutes of traffic carried during the month.
- ii. Revenue from Data and Managed Services (DMS) is recognised over the period of the respective arrangements based on contracted fee schedules and the sale of equipments (ancillary to DMS) is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable.
- iii. Revenue from IRU of fibre capacity is recognised on a straight-line basis over the term of the relevant IRU arrangement.
- iv. Export benefits are accounted for based on eligibility and when there is no uncertainty in receiving the same and there is a reasonable assurance that the Company will comply with the conditions attached to them.
- v. Exchange / swaps with service providers are accounted for as non-monetary transactions depending on the terms of the agreements entered into with such service provider.
- vi. Certain transactions with providers of telecommunication services are accounted for as non-monetary transactions depending on the terms of the agreements entered with such telecommunication service providers.
- vii. Revenue in respect of annual maintenance service charges is recognised over the period for which services are provided.
- viii. 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.
- 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.

**p. 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. Interest income is included in other income in the Consolidated Statement of Profit and Loss.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****q. Taxation****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 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 recognised outside the Consolidated Statement of Profit and Loss is recognised outside the Consolidated Statement of Profit and Loss. Current tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income.

**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 Consolidated Statement of Profit and Loss is recognised outside the Consolidated 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 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.

**r. 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

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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.

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.

**s. 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, 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:

- 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

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 recognised in the balance sheet on a recurring basis, the Group 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.

The fair valuation for assets and liabilities has been performed by an independent valuer.

**t. 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.

**u. 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.

**v. 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.

**w. 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.



**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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.

**x. Financial instruments**

Financial assets and liabilities are recognised when the Group 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 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.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at fair value through other comprehensive Income

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 recognises 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 are updated and changes in the forward-looking estimates are analysed.

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 Amortised 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

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**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.

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.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****y. 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 statement and the reported amounts of income and expense for the periods presented.

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. Key source of estimation of uncertainty at the date of financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

**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:

**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 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.

**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

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 recognise deferred tax assets when there is no reasonable certainty that a deferred tax asset will be realised. 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 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.

**z. Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 was notified on 28 March 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal 2019 using either one of two methods: (i) retrospectively to each

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

prior reporting period presented in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognised at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

The Group has established an implementation team to implement Ind AS 115 related to the recognition of revenue from contracts with customers and it continues to evaluate the changes to accounting system and processes, and additional disclosure requirements that may be necessary, including the available transition methods. The Group's considerations also include, but are not limited to, the comparability of its financial statements and the comparability within its industry from application of the new standard to its contractual arrangements. The ultimate impact on revenue resulting from the application of Ind AS 115 will be subject to assessments that are dependent on many variables, including, but not limited to, the terms of the contractual arrangements and the mix of business. A reliable estimate of the impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

**Transfers of Investment Property — Amendments to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after April 1, 2018. The Group will apply amendments when they become effective. However, since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements.

**Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the Appendix.

The Appendix is effective for annual periods beginning on or after 1 April 2018. However, since the Group's current practice is in line with the Interpretation, the Group does not expect any effect on its consolidated financial statements.

## Consolidated Financial Statements

### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

### 3. Property, plant and equipment

(₹ in crores)

	Free hold land	Leasehold land	Leasehold improvements	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
<b>Cost</b>										
<b>Balance as at 31 March 2016</b>	<b>113.78</b>	<b>1.42</b>	<b>655.62</b>	<b>927.24</b>	<b>23,858.67</b>	<b>247.11</b>	<b>222.06</b>	<b>850.96</b>	<b>1.35</b>	<b>26,878.21</b>
Additions	-	-	32.40	1.69	1,289.87	12.96	31.55	34.81	0.56	1,403.84
Disposals / adjustments	-	-	(33.14)	(0.03)	(138.55)	(1.42)	(0.07)	(24.14)	-	(197.35)
Derecognised on disposal of subsidiaries / business	(14.72)	-	(285.97)	(184.99)	(4,173.02)	(58.35)	(133.84)	(116.52)	(0.88)	(4,968.29)
Effect of foreign currency translation	(0.24)	-	(7.38)	13.71	64.30	1.24	(0.59)	4.17	0.09	75.30
Transfers to investment property	-	-	-	(242.46)	-	-	-	-	-	(242.46)
Reclassified as held for sale	(0.44)	-	-	(4.56)	-	-	-	-	-	(5.00)
<b>Balance as at 31 March 2017</b>	<b>98.38</b>	<b>1.42</b>	<b>361.53</b>	<b>510.60</b>	<b>20,901.27</b>	<b>201.54</b>	<b>119.11</b>	<b>749.28</b>	<b>1.12</b>	<b>22,944.25</b>
Additions	-	-	108.48	4.89	1,215.82	25.44	5.47	42.01	0.30	1,402.41
Disposals / adjustments	(0.01)	-	(49.33)	(0.02)	(215.90)	(9.51)	(2.71)	(7.71)	-	(285.19)
Effect of foreign currency translation	0.34	-	0.48	0.64	45.26	0.08	0.42	1.20	-	48.42
Transfers to investment property	-	-	-	(1.46)	-	-	-	-	-	(1.46)
Reclassified as held for sale	(2.41)	-	-	(2.51)	(14.92)	(0.69)	(0.02)	(0.01)	-	(20.56)
<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>



**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	Free hold land	Leasehold land	Leasehold improvements	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
<b>Accumulated depreciation</b>										
<b>Balance as at 31 March 2016</b>	-	<b>0.03</b>	<b>230.27</b>	<b>245.57</b>	<b>12,856.12</b>	<b>159.34</b>	<b>122.85</b>	<b>719.73</b>	<b>0.91</b>	<b>14,334.82</b>
Depreciation	-	-	77.82	17.85	1,475.56	14.29	12.12	47.83	0.10	1,645.57
Disposals / adjustments	-	-	(33.14)	(0.02)	(129.30)	(1.35)	(0.07)	(23.30)	-	(187.18)
Derecognised on disposal of subsidiaries / business	-	-	(50.53)	(76.71)	(1,799.33)	(35.65)	(56.35)	(83.91)	(0.43)	(2,102.91)
Effect of foreign currency translation	-	-	(2.86)	6.08	(9.74)	1.13	(0.37)	1.64	0.04	(4.08)
Transfers to investment property	-	-	-	(32.97)	-	-	-	-	-	(32.97)
Reclassified as held for sale	-	-	-	(1.69)	-	-	-	-	-	(1.69)
<b>Balance as at 31 March 2017</b>	-	<b>0.03</b>	<b>221.56</b>	<b>158.11</b>	<b>12,393.31</b>	<b>137.76</b>	<b>78.18</b>	<b>661.99</b>	<b>0.62</b>	<b>13,651.56</b>
Depreciation	-	-	70.20	13.71	1,432.04	16.08	9.84	41.53	0.10	1,583.50
Disposals / adjustments	-	-	(48.89)	(0.01)	(175.62)	(7.59)	(1.33)	(6.85)	-	(240.29)
Effect of foreign currency translation	-	-	0.59	0.36	32.35	0.10	0.33	1.26	-	34.99
Transfers to investment property	-	-	-	(0.04)	-	-	-	-	-	(0.04)
Reclassified as held for sale	-	-	-	(1.18)	(14.92)	(0.69)	(0.02)	(0.02)	-	(16.83)
<b>Balance as at 31 March 2018</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>

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	Free hold land	Leasehold land	Leasehold improvements	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Computers	Motor vehicles	Total
<b>Carrying amount</b>										
<b>As at 31 March 2017</b>	<b>98.38</b>	<b>1.39</b>	<b>139.97</b>	<b>352.49</b>	<b>8,507.96</b>	<b>63.78</b>	<b>40.93</b>	<b>87.29</b>	<b>0.50</b>	<b>9,292.69</b>
<b>As at 31 March 2018</b>	<b>96.30</b>	<b>1.39</b>	<b>177.70</b>	<b>341.19</b>	<b>8,264.37</b>	<b>71.20</b>	<b>35.27</b>	<b>86.86</b>	<b>0.70</b>	<b>9,074.98</b>

- a. Freehold land includes ₹ 0.16 crores (31 March 2017: ₹ 0.16 crores) identified as surplus land. During the current year, the Board of Directors of the Company at its meeting held on 13 December 2017, had approved a draft scheme of arrangement and reconstruction (the "Scheme") between the Company and Hemisphere Properties India Limited and their respective shareholders and creditors. Thereafter, the Company had approached the stock exchanges for their "no objection" to the Scheme. Both BSE and NSE have given their "no objection" to the Scheme. The Company thereafter approached the National Company Law Tribunal ("NCLT") bench at Mumbai for its approval to the Scheme. NCLT vide its order dated 26 March 2018 directed the Company to hold a Shareholders' Meeting of the Company on 10 May 2018 to seek their consent to the Scheme. Accordingly, a meeting of the Equity Shareholders was held on 10 May 2018 wherein the Shareholders have approved the Scheme. The Company shall now approach NCLT seeking its final approval to the Scheme.
- b. Gross block of buildings includes ₹ 34.20 crores (31 March 2017: ₹ 32.75 crores) for properties at Mumbai and ₹ 0.38 crores (31 March 2017: ₹ 0.38 crores) for sheds at GIDC, Gandhinagar in respect of which agreements have not been executed.
- c. Finance cost capitalised during the year is Nil (2016-2017: ₹ 11.74 crores) in respect of qualifying assets.
- d. Refer note 47 for assets given on operating lease.
- e. The reconciliation of depreciation and amortisation expense as per the Property, plant and equipment note given above and that as shown in note 29 to the Consolidated Statement of Profit and Loss for the year ended 31 March 2017 is given below:

(₹ in crores)

For the year ended 31 March 2017	
Depreciation as per note	1,645.57
<b>Less: Depreciation on Discontinued Operations</b>	
<b>(till the date the operations are classified as discontinued operations)</b>	
South Africa Operations	50.37
Data Center Operations	18.80
<b>Depreciation expenses as per Consolidated Statement of Profit and Loss (refer note 29)</b>	<b>1,576.40</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**4. Investment property**

(₹ in crores)

	Land	Building	Total
<b>Cost</b>			
<b>Balance as at 31 March 2016</b>	<b>0.54</b>	<b>9.16</b>	<b>9.70</b>
Transfers from property, plant and equipment	-	242.46	242.46
Reclassified as held for sale	(0.01)	-	(0.01)
<b>Balance as at 31 March 2017</b>	<b>0.53</b>	<b>251.62</b>	<b>252.15</b>
Transfers from property, plant and equipment	-	1.46	1.46
<b>Balance as at 31 March 2018</b>	<b>0.53</b>	<b>253.08</b>	<b>253.61</b>
<b>Accumulated depreciation</b>			
<b>Balance as at 31 March 2016</b>	<b>-</b>	<b>3.08</b>	<b>3.08</b>
Depreciation	-	1.42	1.42
Transfers from property, plant and equipment	-	32.97	32.97
<b>Balance as at 31 March 2017</b>	<b>-</b>	<b>37.48</b>	<b>37.48</b>
Depreciation	-	3.89	3.89
Transfers from property, plant and equipment	-	0.04	0.04
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>41.41</b>	<b>41.41</b>
<b>Carrying amount as:</b>			
<b>At 31 March 2017</b>	<b>0.53</b>	<b>214.14</b>	<b>214.67</b>
<b>At 31 March 2018</b>	<b>0.53</b>	<b>211.67</b>	<b>212.20</b>

**a. Information regarding income and expenditure of investment property:**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Rental income derived from investment properties (A)	103.11	44.11
<b>Direct operating expenses (including repairs and maintenance) generating rental income:</b>		
Rates and taxes	(0.93)	3.02
Repairs and maintenance	9.99	7.12
Other operating expenses	0.81	4.20
<b>Total (B)</b>	<b>9.87</b>	<b>14.34</b>

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Direct operating expenses (including repairs and maintenance) that did not generate rental income:</b>		
Rates and taxes	0.09	0.11
Repairs and maintenance	1.78	0.31
Other operating expenses	0.06	0.63
<b>Total (C)</b>	<b>1.93</b>	<b>1.05</b>
<b>Total (D) = (B+C)</b>	<b>11.80</b>	<b>15.39</b>
<b>Profit arising from investment property before depreciation and indirect expenses (E) =(A-D)</b>	<b>91.31</b>	<b>28.72</b>
Less: Depreciation	3.89	1.42
<b>Profit arising from investment properties before indirect expenses</b>	<b>87.42</b>	<b>27.30</b>

#### b. Fair value of investment property

(₹ in crores)

Particulars	As at 31 March 2018	As at 31 March 2017
Investment property	1,053.34	1,006.77

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:

- 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.

#### 5. Goodwill

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Cost</b>		
Balance at the beginning of year	169.59	699.97
Effect of foreign currency exchange differences	-	62.57
Derecognised on disposal of subsidiary (refer note (iii) below)	-	(592.95)
<b>Balance at the end of year (a)</b>	<b>169.59</b>	<b>169.59</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	As at 31 March 2018	As at 31 March 2017
<b>Accumulated Impairment loss</b>		
Balance at the beginning of the year	<b>169.59</b>	<b>375.40</b>
Impairment loss recognised during the year	-	169.59
Effect of foreign currency exchange differences	-	54.24
Derecognised on disposal of subsidiary (refer note (iii) below )	-	(429.64)
<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>-</b>	<b>-</b>

**Notes:**
**i. Voice Solutions**

On performing annual impairment test as at 31 March 2017, the Group estimated future cash flows after considering current economic conditions and trends, estimated future operating results and growth rates and current technology and network infrastructure. Accordingly, considering the declining voice revenue and expected negative growth in the voice business, the Group has recognised an impairment loss of ₹ 59.70 crores for goodwill pertaining to voice solutions during the previous year.

**ii. Data and Managed Services**

During the previous year, the Group carried out its annual portfolio review to assess all the products for their strategic and financial fit into the Group's focus area and to exit non-strategic and services with low returns on investments. As part of exiting non-performing services, the Management has decided not to focus in marketing the Content Delivery Network (CDN) offering and not to make additional investment for upgradation of CDN services and enhance its offerings in enterprise segment space of data and managed services. Accordingly, Management assessed that, CDN offerings will not yield much return going forward not being part of future offering in the enterprise segment of data business. In pursuant to this, Management recognised impairment loss of ₹ 109.89 crores of CDN goodwill forming part of data and managed services segment during the previous year.

**iii. South Africa Operations**

During the previous year the shareholders of Neotel and Liquid Telecom entered into an agreement to acquire Neotel for ZAR 6.55 billion subject to certain closing adjustments and conditions. This transaction was completed in February 2017. Accordingly, goodwill net of ₹ 163.31 crores was derecognised from financial statements during the previous year. (Refer note 37 of Discontinued Operations).

**6. Other intangible assets**

(₹ in crores)

	Software	IRU	License fees	Total
<b>Cost</b>				
<b>Balance as at 31 March 2016</b>	<b>1,718.98</b>	<b>2,228.59</b>	<b>11.20</b>	<b>3,958.77</b>
Additions	246.92	5.20	-	252.12
Disposals / adjustments	(6.55)	-	-	(6.55)

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	Software	IRU	License fees	Total
Derecognised on disposal of subsidiaries / business	(269.17)	-	(12.47)	(281.64)
Effect of foreign currency translation	2.79	(36.25)	1.27	(32.19)
Others	-	-	5.35	5.35
<b>Balance as at 31 March 2017</b>	<b>1,692.97</b>	<b>2,197.54</b>	<b>5.35</b>	<b>3,895.86</b>
Additions	228.51	177.94	-	406.45
Disposals / adjustments	(5.63)	-	-	(5.63)
Effect of foreign currency translation	4.13	7.08	0.02	11.23
<b>Balance as at 31 March 2018</b>	<b>1,919.98</b>	<b>2,382.56</b>	<b>5.37</b>	<b>4,307.91</b>
<b>Accumulated amortisation</b>				
<b>Balance as at 31 March 2016</b>	<b>1,302.35</b>	<b>1,072.54</b>	<b>8.03</b>	<b>2,382.92</b>
Amortisation	170.49	128.87	0.59	299.95
Disposals / adjustments	(5.57)	-	-	(5.57)
Derecognised on disposal of subsidiaries / business	(175.61)	-	(9.02)	(184.63)
Effect of foreign currency translation	(0.94)	(19.22)	0.91	(19.25)
Others	-	-	1.29	1.29
<b>Balance as at 31 March 2017</b>	<b>1,290.72</b>	<b>1,182.19</b>	<b>1.80</b>	<b>2,474.71</b>
Amortisation	192.11	126.23	0.57	318.91
Disposals / adjustments	(4.09)	-	-	(4.09)
Effect of foreign currency translation	4.39	4.62	0.01	9.02
<b>Balance as at 31 March 2018</b>	<b>1,483.13</b>	<b>1,313.04</b>	<b>2.38</b>	<b>2,798.55</b>
<b>Carrying amount as:</b>				
<b>At 31 March 2017</b>	<b>402.25</b>	<b>1,015.35</b>	<b>3.55</b>	<b>1,421.15</b>
<b>At 31 March 2018</b>	<b>436.85</b>	<b>1,069.52</b>	<b>2.99</b>	<b>1,509.36</b>

a. Finance cost capitalised during the year is Nil (2016-2017: ₹ 4.38 crores) in respect of qualifying asset.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

b. The reconciliation of depreciation and amortisation expense as per the Intangible asset note given above and that as shown in note 29 to the Consolidated Statement of Profit and Loss is given below:

(₹ in crores)

	For the year ended 31 March 2017
Amortisation as per note	299.95
<b>Less: Amortisation on Discontinued Operations (till the date the operations are classified as discontinued operations)</b>	
South Africa Operations	11.93
Data Center Operations	0.06
<b>Amortisation expenses as per Consolidated Statement of Profit and Loss (refer note 29)</b>	<b>287.95</b>

**7. Investments in associates**
**a. Breakup of investments in associates (carrying amount determined using the equity method of accounting)**

(₹ in crores)

	As at 31 March 2018		As at 31 March 2017	
	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 (Includes Goodwill of ₹ 485.01 crores) (refer 7 (b) (i) below)	2600	596.95	2,600	588.98
ii. STT Tai Seng Pte Limited (Includes Goodwill of ₹ Nil) (refer 7 (b) (ii) below)	52	243.93	52	216.35
iii. Teleena Holding BV (Includes Goodwill of ₹ 48.13 crores) (refer (i) below)	393,728	56.73	393,728	86.70
iv. Smart ICT Services Private Limited	283,226	0.24	244,874	0.21
v. United Telecom Limited (UTL)	5,731,900	-	5,731,900	-
<b>Total of investment in associates</b>		<b>897.85</b>		<b>892.24</b>
<b>Aggregate carrying value of unquoted investments</b>		<b>897.85</b>		<b>892.24</b>

i. As at 31 March 2018, the Group evaluated the carrying amount of its investments in Teleena Holding BV and considering the Group's share in the expected future cash flows, an impairment loss of ₹ 8.50 crores has been recognised in the consolidated statement of profit and loss under exceptional items.



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Notes forming part of the consolidated financial statements for the year ended 31 March 2018

#### 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 / voting right held by the Group	
			As at 31 March 2018	As at 31 March 2017
STT Global Data Centres India Private Limited	Data Center	India	26.00%	26.00%
STT Tai Seng Pte Ltd	Data Center	Singapore	26.00%	26.00%

#### i. STT Global Data Centres India Private Limited (STT - India) (formerly known as Tata Communications Data Centers Private Limited)

During the previous year, the Company completed the sale of 74% shareholding in Tata Communications Data Centers Private Limited (TCDC) for a cash consideration of ₹ 1,796.78 crores resulting into a gain on sale of subsidiary of ₹ 2,127.33 crores (including ₹ 584.54 crores on re-measurement of remaining 26% shareholding). In April 2017, the name of TCDC was changed to STT Global Data Centres India Private Limited.

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. (refer note 37 on discontinued operations for further details). The financial year end date of STT Global Data Centres India Private Limited is 31 March.

#### ii. STT Tai Seng Pte Limited (STT - Singapore)

During the previous year, the Group completed the sale of Singapore data center business by selling its net assets in Singapore data center business for a cash consideration of ₹ 823.15 crores resulting into a gain on sale of ₹ 738.87 crores (including value of shares received in STT Tai Seng Pte Limited (a company floated by ST Telemedia in which all the assets and liabilities of Singapore data center business are transferred) of ₹ 222.09 crores).

The Group has considered this investment to be an investment in associate as it retains an equity interest exceeding 20% with a right to appoint two directors on their Board.

During the current year, the Group invested an additional amount of ₹ 0.32 crores in STT - Singapore.

The financial year end date of STT Tai Seng Pte Limited is 31 December. For the purpose of equity method accounting as at 31 March 2018, appropriate adjustments have been made for the effects of significant transactions between that date and 31 March 2018.

#### c. Details of Material Associates

The Group has 26% interest in STT - India and STT - Singapore. The Group's interest is accounted for using the equity method in the consolidated financial statements.

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The following table illustrates the summarised financial information:

(₹ in crores)

	STT - India	STT - Singapore
	As at 31 March 2018	As at 31 March 2018
Non-current assets	1,206.83	1223.26
Current assets	454.52	136.13
Non-current liabilities	914.20	259.70
Current liabilities	316.60	161.50
	<b>430.55</b>	<b>938.19</b>
	For the year ended 31 March 2018	For the year ended 31 March 2018
Income	883.64	260.45
Profit for the year	30.74	29.92
Other comprehensive income / (loss)	(0.07)	74.95
<b>Total comprehensive income for the year</b>	<b>30.67</b>	<b>104.87</b>
<b>Group's share of total comprehensive income for the year</b>	<b>7.97</b>	<b>27.26</b>

(₹ in crores)

	STT - India	STT - Singapore
	As at 31 March 2017	As at 31 March 2017
Non-current assets	1,268.77	981.81
Current assets	308.59	103.10
Non-current liabilities	955.87	205.01
Current liabilities	221.60	47.79
	<b>399.89</b>	<b>832.11</b>
	For the year ended 31 March 2017*	For the year ended 31 March 2017*
Income	355.97	28.76
Profit for the year	17.13	2.46
Other comprehensive income / (loss)	(0.05)	-
<b>Total comprehensive income for the year</b>	<b>17.08</b>	<b>2.46</b>
<b>Group's share of total comprehensive income for the year*</b>	<b>4.44</b>	<b>0.64</b>

\*For STT - India share of profit considered from 19 October 2016 and for STT - Singapore from 13 February 2017.

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(₹ in crores)

	STT - India	STT - Singapore
	As at 31 March 2018	As at 31 March 2018
Net Assets of the associate	430.55	938.19
Proportion of Groups ownership (%)	26%	26%
Proportion of Groups ownership	111.94	243.93
Goodwill	485.01	-
Carrying amount of Group's interest	596.95	243.93

(₹ in crores)

	STT - India	STT - Singapore
	As at 31 March 2017	As at 31 March 2017
Net Assets of the associate	399.89	832.11
Proportion of Groups ownership (%)	26%	26%
Proportion of Groups ownership	103.97	216.35
Goodwill	485.01	-
Carrying amount of Group's interest	588.98	216.35

The purchase price allocation for the 26% stake in STT - India and STT - Singapore has been finalised during the year ended 31 March 2018. Accordingly, the net assets as at 31 March 2017 has been restated.

#### d. Financial information in respect of Individually not material associates

##### Aggregate financial information of associates that are individually not material

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Group's share of profit / (loss)	(32.07)	(0.02)
Group's share of Other Comprehensive Income	10.59	-
Group's share of Total Comprehensive Income	(21.48)	(0.02)

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(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Aggregate carrying amount of Group's interest in these associates	56.97	86.91

**e. Unrecognised share of loss of an associate**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Unrecognised share of loss for the year of an associate	(16.17)	(12.47)

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Accumulated unrecognised share of loss of an associate	(47.43)	(31.26)

The Group has absorbed the share of loss in United Telecom Limited to the extent of its investments. The Group does not foresee any additional liability in UTL as there is no further commitment to fund losses. Therefore, the share in contingent liabilities of UTL is not disclosed below.

**8. Other investments**

(₹ in crores)

	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ in crores	No of shares	₹ in crores
<b>A. Non-current</b>				
Investments at FVTOCI				
<b>a. Fully paid equity shares - quoted</b>				
• Pendrell Corporation	-	-	680,373	2.86
<b>Sub-total (a)</b>		-		<b>2.86</b>
<b>b. Fully paid equity shares - unquoted</b>				
• Tata Teleservices Ltd.* (refer a below)	598,213,926	-	439,863,622	515.53
• Sentient Technologies Holdings Limited (refer b below)	5,938,768	4.92		-
• Other investments	-	13.23		6.67
<b>Subtotal (b)</b>		<b>18.15</b>		<b>522.20</b>
<b>C. Fully paid preference shares - unquoted</b>				
• Sentient Technologies Holdings Limited (refer b below)	29,832,877	32.28	870,447	129.81
<b>Sub-total (c)</b>		<b>32.28</b>		<b>129.81</b>
<b>d. Investment in limited liability partnership firm (unquoted)</b>				

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#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	As at 31 March 2018		As at 31 March 2017	
	No of shares	₹ in crores	No of shares	₹ in crores
• Northgate Telecom Innovations Partners L.P. (refer c below)	-	115.23	-	87.55
<b>Sub-total (d)</b>		<b>115.23</b>		<b>87.55</b>
<b>Total (a)+(b)+(c)+(d)</b>		<b>165.66</b>		<b>742.42</b>
Aggregate market value of quoted investments		-		2.86
Aggregate carrying value of unquoted investments		165.66		739.56
<b>Total</b>		<b>165.66</b>		<b>742.42</b>
<b>B. Current</b>				
Investments at FVTPL (Mutual funds)		186.68		799.30
Market value of investments 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.

a. The Company has investment in the equity shares of Tata Teleservices Limited ("TTSL") which is recognised at fair value through OCI (FVTOCI). Based on the recent developments in TTSL, the Company has recognised a loss of ₹ 515.53 crores (2016-2017: ₹ 166.71 crores) in other comprehensive income for the year ended 31 March 2018.

b. During the current year, the investment in 870,447 preference shares of Sentient Technologies Holdings Limited amounting to ₹ 129.81 crores (US\$ 20 million) was converted into 5,938,768 Class A voting shares at an equivalent price. The Group has classified these investments as FVTOCI. The fair value of these shares as at 31 March 2018 is ₹ 4.92 crores and accordingly the loss on fair valuation has been recognised in Other Comprehensive Income [refer note 43(iii)].

Further during the current year, the Group has invested in 29,832,877 fully paid preference shares of Sentient Technologies Holdings Limited amounting to ₹ 24.56 crores. These preference shares do not have a fixed redemption date and are convertible into Class A voting shares at the option of the investor. Therefore, these shares are considered to be in the nature of equity instruments. The Group has classified these investments at FVTOCI. The fair value of these shares as at 31 March 2018 is ₹ 32.28 crores and accordingly gain on fair valuation has been recognised in Other Comprehensive Income [refer note 43(iii)].

c. The following are additional details in respect of investments in partnership firms:

Northgate Telecom Innovations Partners L.P.

Name of Partners	Total capital (USD)		Share of each partner	
	As at 31 March 2018		As at 31 March 2017	
Northgate Telecommunications. L.P.	587,878	1%	466,666	1%
Tata Communications (America) Inc	19,400,000	33%	15,400,000	33%
TeleKom Malaysia Berhad	19,400,000	33%	15,400,000	33%
TIM tank S.r.l.	19,400,000	33%	15,400,000	33%

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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**d. Category-wise other investments**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Investments at fair value through profit or loss (FVTPL)</b>		
Investment in mutual funds	186.68	799.30
<b>Investments at fair value through other comprehensive income (FVTOCI)</b>		
Unquoted equity shares and other instruments treated as equity investments	165.66	739.56
Quoted equity shares	-	2.86
<b>Total other investments</b>	<b>352.34</b>	<b>1,541.72</b>

9. Consequent to the sale of Neotel in the previous year, the Group granted a loan of ₹ 365.95 crores (US\$ 56 million) to Liquid Telecom carrying an interest rate of 4% compounded annually payable on maturity. This loan was repaid during the year along with interest of ₹ 6.34 crores.

**10. Other financial assets**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non - Current</b>		
a. Interest rate swaps designated in hedge accounting relationship	16.12	2.74
b. Advance for litigation (refer note 31)		
Unsecured, considered doubtful	1,058.00	1,058.00
Less: Allowance for doubtful advances	(1,058.00)	(872.01)
<b>Sub-total (b)</b>	<b>-</b>	<b>185.99</b>
c. Interest receivable - Unsecured	-	2.03
d. Security deposits - Unsecured		
a. Unsecured, considered good	112.44	114.09
b. Unsecured, considered doubtful	2.43	4.63
Less: Allowance for doubtful security deposits	(2.43)	(4.63)
<b>Sub-total (d)</b>	<b>112.44</b>	<b>114.09</b>
e. Pension contributions recoverable from Government of India (net) - Unsecured, considered good (refer a below)	7.44	7.44
<b>Total (A)</b>	<b>136.00</b>	<b>312.29</b>
<b>B. Current</b>		
a. Interest rate swaps designated in hedge accounting relationship	11.33	0.79

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Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	As at 31 March 2018	As at 31 March 2017
b. Forward contract not designated in hedge accounting relationship	2.98	0.09
c. Interest receivable – Unsecured, considered good	1.58	1.03
d. Security deposits – Unsecured, considered good		
a. Unsecured, considered good	21.20	11.19
b. Unsecured, considered doubtful	0.99	-
Less: Allowance for doubtful security deposits	(0.99)	-
<b>Sub-total (d)</b>	<b>21.20</b>	<b>11.19</b>
e. Advances to related parties – Unsecured, considered good	132.92	77.22
f. Other advances / receivables		
a. Unsecured, considered good	35.43	42.59
b. Unsecured considered doubtful	2.33	1.61
Less: Allowance for doubtful advances / receivables	(2.33)	(1.61)
<b>Sub-total (f)</b>	<b>35.43</b>	<b>42.59</b>
<b>Total (B)</b>	<b>205.44</b>	<b>132.91</b>
<b>Total (A) + (B)</b>	<b>341.44</b>	<b>445.20</b>

a. As at 31 March 2018, the proportionate share of pension obligations and payments of ₹ 61.15 crores (31 March 2017: ₹ 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 2017: ₹ 53.71 crores) resulting in a net amount due from the Government towards its share of pension obligations of ₹ 7.44 crores (31 March 2017: ₹ 7.44 crores)

## 11. Other assets

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non - current</b>		
a. NLD license fees recoverable from Government of India – Unsecured, considered good	0.64	0.64
b. Amount paid under protest – Unsecured, considered good	25.61	25.58
c. Capital advances		
i. Unsecured, considered good	3.40	3.79
ii. Unsecured, considered doubtful	6.01	6.01
Less: Allowance for doubtful advances	(6.01)	(6.01)
<b>Sub-total (c)</b>	<b>3.40</b>	<b>3.79</b>



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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	As at 31 March 2018	As at 31 March 2017
d. Prepaid expenses – Unsecured considered good	262.68	275.00
e. Pension asset recoverable – Unsecured, considered good	45.05	42.04
f. Other advances / receivables		
i. Unsecured, considered good	0.26	1.66
ii. Unsecured, considered doubtful	0.03	0.09
Less: Allowance for doubtful advances	(0.03)	(0.09)
<b>Sub-total (f)</b>	<b>0.26</b>	<b>1.66</b>
<b>Total (A)</b>	<b>337.64</b>	<b>348.71</b>
<b>B. Current</b>		
a. Balance with Government Authorities – Unsecured, considered good - Indirect taxes recoverable (net)	90.27	284.43
b. Advances to contractors and vendors - Unsecured considered good	32.07	30.72
c. Prepaid expenses – Unsecured considered good	240.04	235.27
d. Advances to Employees		
i. Unsecured, considered good	10.96	3.63
ii. Unsecured, considered doubtful	0.65	0.62
Less: Allowance for doubtful advances	(0.65)	(0.62)
<b>Sub-total (d)</b>	<b>10.96</b>	<b>3.63</b>
e. Other advances / receivables - Unsecured, considered good		
i. Considered good	6.47	7.68
ii. Considered doubtful	0.03	0.24
Less: Allowance for doubtful advances	(0.03)	(0.24)
<b>Sub-total (e)</b>	<b>6.47</b>	<b>7.68</b>
<b>Total (B)</b>	<b>379.81</b>	<b>561.73</b>
<b>Total (A) + (B)</b>	<b>717.45</b>	<b>910.44</b>

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Notes forming part of the consolidated financial statements for the year ended 31 March 2018

#### 12. Trade receivable

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Unsecured</b>		
Considered good	2,891.16	2,590.04
Considered doubtful	399.54	345.46
	<b>3,290.70</b>	<b>2,935.50</b>
Less: Allowance for doubtful receivables (refer note 44 (e))	(399.54)	(345.46)
	<b>2,891.16</b>	<b>2,590.04</b>

#### 13. Cash and cash equivalents

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Cash on hand	0.13	0.05
b. Cheques on hand	440.28	2.02
c. Remittances in transit	36.60	54.60
d. Cash at Automated Teller Machines (ATM)	430.03	287.87
e. Cash in Vault	41.45	58.42
f. Balances with Banks		
• Current accounts with banks	234.97	408.06
• Deposit accounts with banks	72.92	191.74
	<b>1,256.38</b>	<b>1,002.76</b>

#### 14. Bank balances

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>In earmarked accounts</b>		
a. Deposits with original maturity over three months	35.99	61.67
b. Deposit accounts held as margin money (refer a. below)	2.64	14.41
c. Unpaid dividend accounts	0.57	0.45
	<b>39.20</b>	<b>76.53</b>

a. Nil (31 March 2017: ₹ 11.91 crores) held towards legal arbitration process and ₹ 2.63 crores (31 March 2017: ₹ 2.49 crores) held towards sales consideration of Chennai land as per direction of Panatone Finvest Limited and ₹ 0.01 crore (31 March 2017: ₹ 0.01 crore) held towards other legal matters.

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****15. Assets classified as held for sale**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Staff Quarters (Refer a. below)	2.32	2.87
b. Land at Guldhar Repeater Station (refer a. below)	0.45	0.45
c. Land and building in Lake Cowichan Site (United States of America) (Refer b. below)	3.73	-
	<b>6.50</b>	<b>3.32</b>

a. The Management intends to dispose off a parcel of the Company's freehold land at Guldhar Repeater Station and few staff quarters. The Company was only able to partially dispose off its assets classified as held for sale as at 31 March 2017 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 2018

b. The Management intends to dispose off the Group's land and building at Lake Cowichan site in United States of America. An active program to locate the buyer and to complete the same has already been initiated and the sale is expected to be completed in the next 12 months. Accordingly these assets have been classified as held for sale as at 31 March 2018.

Further the fair value of these assets is higher than its carrying value as at 31 March 2018 and hence, no impairment loss has been recognised.

**16. Equity share capital**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>a. Authorised</b>		
400,000,000 (31 March 2017: 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 2017: 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 ₹ 4.50 per share (2016- 2017: ₹ 6.00 per share including a special dividend of ₹ 1.50 per share) for the year ended 31 March 2018.

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

#### d. Number of shares held by each shareholder holding more than 5% of the issued share capital

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	Percentage	No. of shares	Percentage
Panatone Finvest Limited	85,776,654	30.10%	85,776,654	30.10%
Government of India	74,446,885	26.12%	74,446,885	26.12%
Tata Sons Limited	40,087,639	14.07%	40,087,639	14.07%

#### 17. Other equity

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Capital reserve (refer a. below)	206.06	206.06
b. Securities premium	725.01	725.01
c. General reserve	5,355.81	5,355.81
d. Debenture redemption reserve (refer b. below)	38.75	38.75
e. Retained earning	(4,584.81)	(4,056.84)
f. Remeasurement of retirement benefit plan	36.42	(1.16)
g. Reserve for equity instrument through OCI	(877.59)	(243.91)
h. Effective portion of cash flow hedge	21.24	(2.94)
i. Foreign currency translation reserve (net)	(706.57)	(713.88)
	<b>214.32</b>	<b>1,306.90</b>

#### Notes:

**a. Capital reserve:** It includes ₹ 205.22 crores in respect of foreign exchange gains on unutilised 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.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**18. Borrowings**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non – Current</b>		
<b>a. Secured</b>		
i. Debentures		
Taxable rated non-convertible redeemable debentures (refer a. below)		
50, 11.25% Rated debentures of face value ₹ 10 lakhs each	5.00	5.00
<b>Sub-total (a)</b>	<b>5.00</b>	<b>5.00</b>
<b>b. Unsecured</b>		
i. Debentures		
Taxable rated non-convertible redeemable debentures (refer b. below)		
1,500, 9.85% Rated debentures of face value ₹ 10 lakhs each	150.00	150.00
ii. Term loan from banks (refer c (i) below)	6,766.55	7,190.64
iii. Term loan from Others (refer c (ii) below)	279.52	387.02
<b>Sub-total (b)</b>	<b>7,196.07</b>	<b>7,727.66</b>
<b>Total (a + b)</b>	<b>7,201.07</b>	<b>7,732.66</b>
Less: Arrangement fees	(52.99)	(83.97)
Less: Current maturities of long term borrowings (refer note 21)	(1,249.77)	(837.40)
<b>Total (A)</b>	<b>5,898.31</b>	<b>6,811.29</b>
<b>B. Current</b>		
<b>a. Unsecured</b>		
From banks		
i. Buyer's credit (rate of interest per annum – 2018: 1.20% to 2.94%, 31 March 2017: 0.75% to 2.03%)	368.90	582.25
ii. Other term loans (2018: 1.68% to 2.82% , 31 March 2017: 2.23% to 2.51%)	730.02	629.72
iii. Loan repayable on demand (Bank overdraft)	679.97	352.94
<b>Total (B)</b>	<b>1,778.89</b>	<b>1,564.91</b>
<b>Total (A) + (B)</b>	<b>7,677.20</b>	<b>8,376.20</b>

## Consolidated Financial Statements

### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

##### Notes:

##### Summary of borrowing arrangements

##### a. Secured debentures

The outstanding 50, 11.25% debentures amounting to ₹ 5.00 crores are due for redemption on 23 January 2019 and are secured by a first legal mortgage and charge on the Company's plant and machinery. This has reclassified to current maturities of long term borrowings.

For facilitating the above redemption, the Company has created a DRR of ₹ 1.25 crores (31 March 2017: ₹ 1.25 crores).

##### b. Unsecured debentures

The outstanding 1,500, 9.85% debentures amounting to ₹ 150 crores are due for redemption on 2 July 2019. For facilitating the above redemption, the Company has created a DRR of ₹ 37.50 crores (31 March 2017: ₹ 37.50 crores).

##### c. Term Loans from banks and others

##### i. Unsecured term loans from banks

##### As at 31 March 2018

Currency of loan	₹ in crores	Rate of Interest	Maturities
USD	248.55	LIBOR plus 0.65%	March 2012 - September 2021
USD	651.80	LIBOR plus 1.50%	December 2020 - December 2021
USD	1,303.60	LIBOR plus 1.40%	December 2019 - December 2020
USD	2,933.10	LIBOR plus 1.00%	December 2018 - May 2022
USD	1,629.50	LIBOR plus 1.35%	February 2019 - February 2021
<b>Total</b>	<b>6,766.55</b>		
Less: Arrangement fees	(52.99)		
Less: Current maturities	(1,146.27)		
	<b>5,567.29</b>		

##### As at 31 March 2017

Currency of loan	₹ in crores	Rate of Interest	Maturities
USD	98.98	LIBOR plus 1.35%	March 2012 - March 2020*
USD	318.30	LIBOR plus 0.65%	March 2012 - September 2021
USD	649.20	LIBOR plus 1.50%	December 2020 - December 2021
USD	865.64	LIBOR plus 2.30%	December 2017 - December 2019*
USD	649.20	LIBOR plus 1.80%	March 2018
USD	1,687.92	LIBOR plus 1.40%	May 2019 - May 2020*

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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

Currency of loan	₹ in crores	Rate of Interest	Maturities
USD	1,298.40	LIBOR plus 1.40%	December 2019 - December 2020
USD	1,623.00	LIBOR plus 1.35%	February 2019 - February 2021
<b>Total</b>	<b>7,190.64</b>		
Less: Arrangement fees	(83.97)		
Less: Current maturities	(658.05)		
	<b>6,448.62</b>		

\*During the year, the Group has prepaid these loans before the scheduled maturity dates.

**ii. Unsecured term loans from others**
**As at 31 March 2018**

Currency of loan	₹ in crores	Rate of Interest	Maturities
USD	112.75	2.46% Fixed	October 2016- July 2021
USD	94.45	2.65% Fixed	May 2017 - February 2022
USD	72.32	3.05% Fixed	June 2015 - March 2020
<b>Total</b>	<b>279.52</b>		
Less: Current maturities	(98.50)		
	<b>181.02</b>		

**As at 31 March 2017**

Currency of loan	₹ in crores	Rate of Interest	Maturities
USD	17.73	3.95% Fixed	October 2012 - December 2017
USD	149.45	2.46% Fixed	October 2016- July 2021
USD	110.36	2.65% Fixed	May 2017 - February 2022
USD	109.49	3.05% Fixed	June 2015 - March 2020
<b>Total</b>	<b>387.03</b>		
Less: Current maturities	(179.35)		
	<b>207.68</b>		

LIBOR - London Interbank Offered Rate

**d. Loan covenant**

Bank loans contain certain debt covenants relating to limitation on indebtedness, tangible net worth, EBIDTA to net interest ratio, total net fixed assets to net debt ratio and net debt to EBIDTA ratio. The limitation on indebtedness covenant gets suspended if the Group meets certain prescribed criteria. The debt covenant related to limitation on



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### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

indebtedness remained suspended as of the date of the authorisation of the financial statements. The Group has also satisfied all other debt covenants prescribed in the terms of bank loan.

#### 19. Deferred tax

##### A. Significant components of net deferred tax assets and liabilities for the year ended 31 March 2018 are as follows:

(₹ in crores)

	Opening balance as at 1 April 2017	Recognised in consolidated statement of Profit or Loss	Recognised in OCI	Effect of foreign exchange	Acquisitions / disposals	Closing balance as at 31 March 2018
<b>Deferred tax asset / (liabilities) (net)</b>						
Difference between accounting and tax depreciation / amortisation	(124.32)	33.92	-	(0.26)	-	(90.66)
Unearned income and deferred revenue	36.89	(8.48)	-	(0.05)	-	28.36
Provision for doubtful trade receivables and advances	73.99	15.94	-	0.02	-	89.95
Accrued expenditure	84.33	21.90	-	0.10	-	106.33
Interest received on provisional income-tax assessment	10.41	(3.10)	-	-	-	7.31
Provision for employee benefits	56.49	(13.34)	0.08	(0.01)	-	43.22
Carry forward net operating losses	3.43	(0.59)	-	0.01	-	2.85
Expenditure incurred on NLD license fees	7.29	(1.77)	-	-	-	5.52
Foreign currency						
revaluation (gain) / loss	(8.77)	(0.96)	-	(0.01)	-	(9.74)
Revaluation of investments	(135.43)	(0.14)	0.65	-	-	(134.92)
Undistributed earning	(12.13)	4.42	-	-	-	(7.71)
Others	0.74	6.44	-	-	-	7.18
<b>Total deferred tax assets / (liabilities) (net)</b>	<b>(7.08)</b>	<b>54.24</b>	<b>0.73</b>	<b>(0.20)</b>	<b>-</b>	<b>47.69</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**B. Gross deferred tax assets and liabilities as at 31 March 2018 are as follows:**

(₹ in crores)

	Assets	Liabilities	Deferred tax assets / (liabilities) (net)
<b>Deferred tax assets / (liabilities) (net) in relation to</b>			
Difference between accounting and tax depreciation / amortisation	(20.36)	(70.30)	(90.66)
Unearned income and deferred revenue	4.11	24.25	28.36
Provision for doubtful trade receivables and advances	87.88	2.07	89.95
Accrued expenditure	99.44	6.89	106.33
Interest received on provisional income-tax assessment	7.31	-	7.31
Provision for employee benefits	43.13	0.09	43.22
Carry forward net operating losses	2.83	0.02	2.85
Expenditure incurred on NLD license fees	5.52	-	5.52
Foreign currency revaluation (gain) / loss	(8.89)	(0.85)	(9.74)
Revaluation of investments	(134.92)	-	(134.92)
Undistributed earning	-	(7.71)	(7.71)
Others	7.18	-	7.18
<b>Total deferred tax assets / (liabilities)</b>	<b>93.23</b>	<b>(45.54)</b>	<b>47.69</b>

**A. Significant components of net deferred tax assets and liabilities for the year ended 31 March 2017 are as follows:**

(₹ in crores)

	Opening balance as at 1 April 2016	Recognised in consolidated statement of Profit or Loss	Recognised in OCI	Effect of foreign exchange	Acquisitions / disposals	Closing balance as at 31 March 2017
<b>Deferred tax asset / (liabilities) (net)</b>						
Difference between accounting and tax depreciation / amortisation	(172.83)	66.14	-	0.21	(17.84)	(124.32)
Unearned income and deferred revenue	31.95	5.71	-	(0.77)	-	36.89
Provision for doubtful trade receivables and advances	73.75	3.21	-	(0.01)	(2.96)	73.99
Accrued expenditure	97.94	(10.52)	-	(1.33)	(1.76)	84.33
Interest received on provisional income-tax assessment	10.41	-	-	-	-	10.41
Provision for employee benefits	47.97	1.90	6.26	1.24	(0.88)	56.49

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Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	Opening balance as at 1 April 2016	Recognised in consolidated statement of Profit or Loss	Recognised in OCI	Effect of foreign exchange	Acquisitions / disposals	Closing balance as at 31 March 2017
Carry forward net operating losses	13.10	(9.72)	-	0.05	-	3.43
Expenditure incurred on NLD license fees	9.11	(1.82)	-	-	-	7.29
Foreign currency revaluation (gain) / loss	(2.11)	(6.68)	-	0.02	-	(8.77)
Revaluation of investments	(0.56)	(134.76)	(0.11)	-	-	(135.43)
Undistributed earning	(12.59)	0.84		(0.38)	-	(12.13)
Others	11.08	(10.40)	-	0.10	(0.04)	0.74
<b>Total deferred tax assets / (liabilities) (net)</b>	<b>107.22</b>	<b>(96.10)</b>	<b>6.15</b>	<b>(0.87)</b>	<b>(23.48)</b>	<b>(7.08)</b>

#### B. Gross deferred tax assets and liabilities as at 31 March 2017 are as follow:

(₹ in crores)

	Assets	Liabilities	Deferred tax assets / (liabilities) (net)
<b>Deferred tax assets / (liabilities) in relation to</b>			
Difference between accounting and tax depreciation / amortisation	37.00	(161.32)	(124.32)
Unearned income and deferred revenue	10.38	26.51	36.89
Provision for doubtful trade receivables and advances	0.69	73.30	73.99
Accrued expenditure	16.59	67.74	84.33
Interest received on provisional income-tax assessment	-	10.41	10.41
Provision for employee benefits	0.52	55.97	56.49
Carry forward net operating losses	3.27	0.16	3.43
Expenditure incurred on NLD license fees	-	7.29	7.29
Foreign currency revaluation (gain) / loss	0.56	(9.33)	(8.77)
Revaluation of investments	(0.01)	(135.42)	(135.43)
Undistributed earning	-	(12.13)	(12.13)
Others	0.04	0.70	0.74
<b>Total deferred tax assets / (liabilities)</b>	<b>69.04</b>	<b>(76.12)</b>	<b>(7.08)</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**Unrecognised 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 recognised in the balance sheet.

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Deferred tax assets with no expiry date	409.37	675.43
Deferred tax assets with expiry date*	857.68	641.11

\* These would expire between 2019 and 2038

**20. Trade payables**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
a. Payable to related parties	329.97	252.94
b. Other creditors	3141.60	3,328.44
	<b>3,471.57</b>	<b>3,581.38</b>

**21. Other financial liabilities**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Finance lease liability	11.44	16.83
<b>Sub-total (A)</b>	<b>11.44</b>	<b>16.83</b>
<b>B. Current</b>		
a. Interest rate swaps designated as hedge accounting relationships	-	8.68
b. Forward contract not designated in hedge accounting relationship	0.44	2.94
c. Current maturities of long term borrowings (refer note 18)	1249.77	837.40
d. Capital creditors	400.46	437.69
e. License fees payable	58.28	57.69
f. Interest accrued but not due on loan from banks	25.60	20.75
g. Deposits from customers and contractors	79.44	85.68

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	As at 31 March 2018	As at 31 March 2017
h. Government of India account	20.57	20.57
i. Unpaid dividend (refer a. below)	0.57	0.45
j. Finance lease liability	5.46	5.17
k. Book Overdraft	6.71	-
l. Other liabilities (refer note 37-Discontinued operations)	3.58	81.56
<b>Sub-total (B)</b>	<b>1,850.88</b>	<b>1,558.58</b>
<b>Total (A) + (B)</b>	<b>1,862.32</b>	<b>1,575.41</b>

a. There are no dividends due and outstanding for a period exceeding seven years.

## 22. Provisions

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Provision for employee benefits (refer note 38):		
• Compensated absences	52.81	95.85
• Post-employment medical benefits	114.81	113.72
• Pension	34.49	72.90
• Gratuity	23.98	13.94
b. Provision for decommissioning cost	260.68	178.54
c. Provision for contingencies	-	9.00
<b>Sub-total (A)</b>	<b>486.77</b>	<b>483.95</b>
<b>B. Current</b>		
a. Provision for employee benefits (refer note 38)		
• Compensated absences	54.07	58.89
b. Other provisions	25.57	25.85
<b>Sub-total (B)</b>	<b>79.64</b>	<b>84.74</b>
<b>Total (A) + (B)</b>	<b>566.41</b>	<b>568.69</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**Movement of provisions**

(₹ in crores)

	As at 31 March 2018			As at 31 March 2017		
	Provision for decommissioning cost (refer i below)	Provision for contingencies (refer ii below)	Provision for others (refer iii below)	Provision for decommissioning cost (refer i below)	Provision for contingencies (refer ii below)	Provision for others (refer iii below)
<b>Opening balance</b>	<b>178.54</b>	<b>9.00</b>	<b>25.85</b>	<b>225.12</b>	<b>9.00</b>	<b>26.68</b>
• Addition	80.68	15.44	-	3.86	-	-
• Effect on account of disposal of a subsidiary				(30.42)	-	-
• Effect of change in foreign currency translation	1.46			(4.42)	-	-
• Utilisation / adjustment (refer note 33)		(24.44)				
• Provision no longer required written back	-		(0.28)	(15.60)	-	(0.83)
<b>Closing balance</b>	<b>260.68</b>	<b>-</b>	<b>25.57</b>	<b>178.54</b>	<b>9.00</b>	<b>25.85</b>
<b>Non-current provisions</b>	<b>260.68</b>	<b>-</b>	<b>-</b>	<b>178.54</b>	<b>9.00</b>	<b>-</b>
<b>Current provisions</b>	<b>-</b>	<b>-</b>	<b>25.57</b>	<b>-</b>	<b>-</b>	<b>25.85</b>

i. Provision for decommissioning cost has been recorded in the books of the Group in respect of undersea cables, switches, leased equipment's and certain lease premises.

ii.Provision for contingencies include amounts provided towards claims made by a creditor of the Group.

iii.Provision for others is mainly towards demand received from Employee State Insurance Corporation.

**23. Other liabilities**

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>A. Non-current</b>		
a. Deferred revenue	3,297.13	3,576.99
b. Accrued employee benefits	57.63	66.08
c. Lease equalisation liabilities	58.93	64.67
d. Other liabilities	5.78	3.92
<b>Sub-total (A)</b>	<b>3,419.47</b>	<b>3,711.66</b>

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	As at 31 March 2018	As at 31 March 2017
<b>B. Current</b>		
a. Deferred revenues and advances received from customers	759.50	823.34
b. Accrued employee cost	609.71	441.47
c. Statutory liabilities		
TDS	32.86	19.20
Others	13.16	40.82
d. Other liabilities	78.24	19.97
<b>Sub-total (B)</b>	<b>1,493.47</b>	<b>1,344.80</b>
<b>Total (A) + (B)</b>	<b>4,912.94</b>	<b>5,056.46</b>

## 24. Other income

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Interest on		
i. Bank deposits	6.73	45.21
ii. Other loans and advances (refer a. below)	34.78	2.37
b. Gain on investments at FVTPL	31.85	62.97
c. Gain on disposal of property, plant and equipment (net)	0.41	12.57
d. Rental income	121.03	98.20
e. Foreign exchange gain / (loss) (net)	(64.47)	(18.20)
f. Liabilities no longer required - written back	6.53	14.73
g. Interest on income tax refund	199.30	17.84
h. Shared service fees from associate	13.46	79.55
i. Others	30.89	45.05
	<b>380.51</b>	<b>360.29</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

a. Interest on other loans and advances during the current year includes net interest income of ₹ 29.72 crores on the advances given to Tata Sons Limited. For details, refer note 31.

**25. Network and transmission expenses**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Charges for use of transmission facilities	7,619.84	8,546.96
b. Royalty and license fee to Department of Telecommunications	195.27	196.97
c. Rent of landlines and satellite channels	88.13	67.96
	<b>7,903.24</b>	<b>8,811.89</b>

a. Charges for use of transmission facilities include cost of certain equipment's ancillary to these services of ₹ 141.41 crores (2016 - 2017: ₹ 82.20 crores).

**26. Employee benefit expenses**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Salaries and related costs	2,743.51	2,649.19
b. Contributions to provident, gratuity and other funds (refer note 38)	137.46	96.76
c. Staff welfare expenses	96.55	93.46
	<b>2,977.52</b>	<b>2,839.41</b>

**27. Operating and other expenses**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Consumption of stores	4.70	7.37
b. Light and power	253.75	271.00
c. Repairs and maintenance:		
i. Buildings	42.93	48.45
ii. Plant and machinery	1,254.28	1,257.58
iii. Others	0.37	0.56
d. Bad debts	43.79	4.38
e. Allowances for doubtful trade receivables	53.41	39.15



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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

	For the year ended 31 March 2018	For the year ended 31 March 2017
f. Allowances for doubtful advances	(0.75)	0.65
g. Rent	312.26	299.57
h. Rates and taxes	90.23	87.44
i. Travelling	140.57	149.40
j. Telephone	34.00	47.08
k. Printing, postage and stationery	11.07	10.78
l. Legal and professional fees	215.44	216.33
m. Advertising and publicity	234.75	243.65
n. Commission	38.61	29.52
o. Services rendered by agencies	417.47	536.95
p. Insurance	16.51	18.79
q. Corporate social responsibility expenditure	17.09	16.65
r. Donations	0.15	0.32
s. Other expenses (refer note 35)	298.08	276.91
	<b>3,478.71</b>	<b>3,562.53</b>

#### 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 ₹ 17.09 crores (2016-2017: ₹ 16.56 crores). The Company and its Indian subsidiaries spent ₹ 17.09 crores (2016-2017: ₹ 16.65 crores) during the year on CSR activities mainly for promotion of education, social business projects etc. including ₹ 6.85 crores (2016-2017: ₹ 3.24 crores) on construction / acquisition of assets.

#### 28. Finance cost

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Interest on loans from banks	253.66	282.07
b. Interest on debentures	15.34	15.34
c. Other interest (refer a. below)	75.45	85.90
Less: Interest capitalised during the year (refer b. below)	-	(16.12)
	<b>344.45</b>	<b>367.19</b>

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

a. Includes interest cost on actuarial valuation, accretion expenses on decommissioning cost liability and amortisation of arrangements fees on borrowings.

b. The weighted average capitalisation rate on the funds borrowed generally is NIL % (2016-2017, 3.12% per annum).

**29. Depreciation and amortisation expenses**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
a. Depreciation on property, plant and equipment (refer note 3)	1,583.50	1,576.40
b. Depreciation on investment properties (refer note 4)	3.89	1.42
c. Amortisation on intangible assets (refer note 6)	318.91	287.95
	<b>1,906.30</b>	<b>1,865.77</b>

During the current year, the Group has provided additional depreciation of ₹ 94.29 crores (2016-2017: ₹ 29.06 crores) on certain assets that are not in use.

**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 one-time charge of ₹ 139.87 crores (2016-2017: ₹ 21.73 crores) which also includes related employment taxes and fringe benefits.

**31. Provision for contractual obligation**

By its judgment and order dated 28 April 2017, the Delhi High Court declared the award dated 22 June 2016, made by the Arbitral Tribunal, London, to be enforceable in India and to operate as a deemed decree of that Court. In accordance inter-alia with interse agreement dated 25 March 2009 and the Promoter Deed of Adherence dated 25 March 2009, the Company's share of amount payable to DoCoMo was ₹ 1,058.00 crores. The Company had advanced the sum of ₹ 1,058.00 crores to Tata Sons Ltd in financial year 2016-2017 which was shown as 'Advance for litigation' in the financial statements. During the said financial year, the Company provided for ₹ 872.01 crores towards its contractual obligations whilst the balance amount of ₹ 185.99 crores continued as 'Advance for litigation'. During the current year, based on the recent developments at TTSL, the Company has written off the entire amount of 'Advance for litigation' of ₹ 1,058.00 crores, which includes the provision created during the previous year of ₹ 872.01 crores and the remaining balance of advance, considered good in the previous year, ₹ 185.59 crores (net of foreign exchange gain of ₹ 0.40 crores). The net impact of ₹ 185.59 crores for the current year (2016-2017 ₹ 872.01 crores) has been disclosed as exceptional item in the statement of profit and loss account.

In accordance with the said judgment and order of the Delhi High Court and the award of the Arbitral Tribunal, upon payment of its aforesaid share of ₹ 1,058.00 crores, the Company received 158,350,304 shares of Tata Teleservices Ltd during the year, which have been recorded at Nil.

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### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

In addition, during the current year, Tata Sons Ltd has settled the aforementioned advances and the Company has also received interest income from Tata Sons Ltd of ₹ 29.72 crores.

#### 32. Accidental damages

During the current year, the Company made a provision for loss caused due to malfunctioning of the fire suppression system at one of its offices amounting to ₹ 26.12 crores (2016 – 2017: Nil). The Company has filed an insurance claim for the same and settlement of the insurance claim is under process.

#### 33. Provision for contingencies

During the current year, the Company provided ₹ 15.44 crores as provision for contingencies, for certain legal matters that have attained finality based on the court judgment.

#### 34. Impairment of investment in associates

The Group holds 35.36 % in Teleena. Based on the enterprise value of € 20Mn, the Group has recorded an impairment loss of ₹ 8.50 crs in its consolidated financial statements.

#### 35. Auditors' remuneration

(Included in other expenses under operating and other expenses – refer note 27)

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Payment to statutory auditor</b>		
i. For audit fees	3.72	2.34
ii. For taxation matters	0.13	0.33
iii. For other services	0.39	0.96
iv. For reimbursement of expenses	0.60	0.23
Auditors' remuneration excludes fees of ₹ 1.12 crores (2016-2017: ₹ 4.65 crores) payable / paid for professional services to a firm of chartered accountants in which some partners of the firm of statutory auditors are partners.		
<b>b. Payment to cost auditor</b>		
i. For cost audit services	0.07	0.06

Above amount excludes GST / Services tax

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**36. Income tax**
**i. Income tax recognised in profit or loss**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax</b>		
In respect of current year	409.38	709.68
In respect of prior years	(0.22)	(22.44)
<b>Sub-total current tax (a)</b>	<b>409.16</b>	<b>687.24</b>
<b>Deferred tax</b>		
In respect of the current year	(75.61)	79.65
In respect of prior years	21.37	16.45
<b>Sub-total deferred tax (b)</b>	<b>(54.24)</b>	<b>96.10</b>
<b>Total Income tax (a+b)</b>	<b>354.92</b>	<b>783.34</b>

**Income tax expense for the year reconciled to the accounting profit as follows**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax from continuing operations	45.61	(530.10)
<b>Income tax expense calculated at (34.608% (2016-2017: 34.608%))</b>	<b>15.78</b>	<b>(183.46)</b>
(Income) / expenses (net) not taxable / deductible	12.64	98.86
Effect of provision for contractual obligation	64.23	301.79
Adjustment in respect of previous years	21.15	(5.99)
Impact of change in statutory tax rates	17.28	2.06
Differences arising from different tax rates	105.06	(20.83)
Tax on undistributed earnings of subsidiary	(4.42)	(0.87)
Losses and deductible difference against which no deferred tax assets recognised	103.40	42.10
Foreign withholding tax not recoverable	13.99	-
Others, net	5.81	2.72
<b>Income tax expense recognised in Consolidated Statement of Profit or Loss</b>	<b>354.92</b>	<b>236.38</b>

## Consolidated Financial Statements

### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

#### ii. Income tax recognised in other comprehensive income

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current tax (a)</b>	<b>(10.95)</b>	<b>(4.78)</b>
<b>Deferred tax (b)</b>	<b>0.73</b>	<b>6.15</b>
<b>Total (a+b)</b>	<b>(10.22)</b>	<b>1.37</b>
<b>Bifurcation of income tax recognised in OCI</b>		
Items that will not be reclassified to profit or loss	(1.96)	12.01
Items that will be reclassified to profit or loss	(8.26)	(10.64)

### 37. Discontinued operations

#### i. Data Center Operations - India

- a. During the previous year, the Company completed the sale of its India data center business by selling 74% shareholding in STT Global Data Centres India Private Limited (formerly known as Tata Communications Data Centers Private Limited (STT - India) for cash consideration of ₹ 1,796.78 crores that resulted into gain on sale of subsidiary of ₹ 2,127.33 crores (net of transaction cost of ₹ 100.55 crores and including ₹ 584.54 crores on re-measurement of remaining 26% shareholding). This amount is included under profit on disposal of subsidiaries under discontinued operations.

The financial performance and cash flows for STT - India presented below are till the date of sale

#### b. Financial performance

(₹ in crores)

	For the year ended 31 March 2017
Revenue from operations	361.24
<b>Total Income</b>	<b>361.24</b>
<b>Expenses</b>	
Employee benefits expense	13.36
Finance costs	0.12
Depreciation and amortisation expense	14.75
Operating and other expenses (includes intercompany rent expenses) (refer 1 below)	221.52
<b>Total expenses</b>	<b>249.75</b>
<b>Profit before tax</b>	<b>111.49</b>
Current tax	14.35
Deferred tax	(4.84)

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	For the year ended 31 March 2017
<b>Profit after tax</b>	<b>101.98</b>
Other comprehensive income	(0.03)
<b>Total comprehensive income</b>	<b>101.95</b>
Gain on sale of subsidiary	2,127.33
Current tax	399.42
Deferred tax	134.86
<b>Net profit on sale of subsidiary</b>	<b>1,593.05</b>
<b>Total profit from discontinued operations</b>	<b>1,695.03</b>

1. Includes ₹ 0.24 crores of gain on disposal of property, plant and equipment (net), ₹ 1.10 crores of Interest income on financial assets carried at amortised cost, ₹ 1.28 crores of Gain on investments carried at fair value through profit or loss (net) and ₹ 2.03 crores of allowance for trade receivables.

**c. Cash flow from STT - India**

(₹ in crores)

	For the year ended 31 March 2017
Cash flow from Operating activities	108.79
Cash flow from investing activities	(106.54)
Cash flow from financing activities	(8.76)

**d. Analysis of assets and liabilities over which control was lost**

(₹ in crores)

<b>Non-Current Assets</b>	
Property, Plant and Equipment	664.38
Capital Work in Progress	84.59
Other Intangible Assets	1.85
Other financial assets	0.64
Deferred Tax asset	23.48
Other non-current assets	53.88
<b>Total (A)</b>	<b>828.82</b>
<b>Current Assets</b>	

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

Other Investments	50.96
Trade receivables	214.34
Cash and cash equivalents	0.36
Other bank balance	-
Other current assets	11.49
<b>Total (B)</b>	<b>277.15</b>
<b>Total Assets (A+B)</b>	<b>1,105.97</b>
<b>Non-Current Liabilities</b>	
Other financial liabilities	0.07
Other non-current liabilities	16.25
Provisions	2.57
<b>Total (C)</b>	<b>18.89</b>
<b>Current Liabilities</b>	
Trade Payables	102.64
Borrowings	362.22
Other financial liabilities	421.22
Other Current liabilities	47.30
Provisions	0.26
<b>Total (D)</b>	<b>933.64</b>
<b>Total Liabilities (C+D)</b>	<b>952.53</b>
<b>Net Assets disposed off</b>	<b>153.44</b>

#### e. Gain on disposal of STT - India

(₹ in crores)

Cash Consideration	1,796.78
Fair value of retained interest of 26%	584.54
Less: Transaction cost	100.55
<b>Net consideration received</b>	<b>2,280.77</b>
Net assets disposed off	153.44
<b>Gain on disposal</b>	<b>2,127.33</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**ii. Data Centre – Singapore**

a. During the previous year, the Group has completed the sale of Singapore data center business by selling its net assets in Singapore data center business for cash consideration of ₹ 823.15 crores resulting in a gain on sale of ₹ 738.87 crores (including fair value of shares received in STT Tai Seng Pte Limited of ₹ 222.09 crores (STT – Singapore) (company floated by ST Telemedia in which all the assets and liabilities of Singapore data center business are transferred).

The financial performance and cash flows for Singapore data center business presented below are till the date of sale:

**b. Financial performance**

(₹ in crores)

	For the year ended 31 March 2017
Revenue from operations	190.13
<b>Total Income</b>	<b>190.13</b>
<b>Expenses</b>	
Network and transmission expense	44.93
Employee benefits expense	25.03
Finance costs	1.27
Depreciation and amortisation expense	4.11
Operating and other expenses (refer note 1)	57.71
<b>Total expenses</b>	<b>133.05</b>
<b>Profit before tax</b>	<b>57.08</b>
Attributable income tax	-
<b>Profit after tax</b>	<b>57.08</b>
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>57.08</b>
Gain on sale of subsidiary	738.87
Attributable income tax	-
<b>Net profit on sale of subsidiary</b>	<b>738.87</b>
<b>Total profit from discontinued operations</b>	<b>795.95</b>
<b>Total Comprehensive Income</b>	<b>795.95</b>

**Note:**

1. Operating and other expenses includes ₹ 0.07 crores of allowance for trade receivables.

**c. Cash flow from STT - Singapore**



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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

(₹ in crores)

	For the year ended 31 March 2017
Cash flow from Operating activities	34.97
Cash flow from investing activities	(6.57)
Cash flow from financing activities	(28.40)

#### d. Analysis of assets and liabilities over which control was lost

(₹ in crores)

<b>Non-Current Assets</b>	
Property, Plant and Equipment	330.00
Capital Work in Progress	0.43
<b>Total (A)</b>	<b>330.43</b>
<b>Current Assets</b>	
Trade receivables	49.14
Other current assets	16.54
<b>Total (B)</b>	<b>65.68</b>
<b>Total Assets (A+B)</b>	<b>396.11</b>
<b>Non-current Liabilities</b>	
Other Liabilities	61.45
Provisions	16.54
<b>Total (C)</b>	<b>77.99</b>
<b>Current Liabilities</b>	
Trade Payable	8.66
Other liability	8.78
Provisions	0.04
<b>Total (D)</b>	<b>17.48</b>
<b>Total Liabilities (C+D)</b>	<b>95.47</b>
<b>Net Assets disposed off</b>	<b>300.64</b>

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****e. Gain on sale of STT - Singapore**

(₹ in crores)

Cash Consideration	823.15
Fair value of retained interest of 26%	222.09
Less: Transaction cost	(5.73)
<b>Net consideration received</b>	<b>1,039.51</b>
Net assets disposed off	300.64
<b>Gain on disposal</b>	<b>738.87</b>

**iii. South Africa Operations (Neotel Pty Limited)**

- a. During the previous year, the shareholders of Neotel and Liquid Telecom entered into an agreement whereby Liquid Telecom would acquire the entire shareholding in Neotel for ZAR 6.55 billion subject to certain closing adjustments and conditions. On 10 February 2017, the Group successfully completed the sale of its entire shareholding to Neotel. In accordance with the conditions for sale of shareholding the Group needed to settle the liabilities of Nexus Connections Pty. Limited (Nexus) who was one of the minority shareholder in Neotel. The Group also needs to acquire the entire shareholding in Nexus. Consequently, the Group has paid ₹ 180.45 crores (ZAR 361.5 million) to acquire 100% shareholding in Nexus.

The financial performance and cash flows for Neotel presented below are till the date of sale

**b. Financial performance**

(₹ in crores)

	For the year ended 31 March 2017
Revenue from operations	1,318.74
Other income (refer note 2)	29.42
<b>Total Income</b>	<b>1,348.16</b>
<b>Expenses</b>	
Network and transmission expense	427.87
Employee benefits expense	260.35
Finance costs	322.74
Depreciation and amortisation expense	62.30
Operating and other expenses (refer note 3)	320.41
<b>Total expenses</b>	<b>1,393.68</b>
<b>Loss before share in profit of associate, tax and exceptional items</b>	<b>(45.52)</b>

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

For the year ended  
31 March 2017

Share in profit of associate	0.26
<b>Loss before tax and exceptional items</b>	<b>(45.26)</b>
Exceptional items (impairment of Goodwill / other assets in Neotel)	-
<b>Loss before tax</b>	<b>(45.26)</b>
Current tax	3.17
<b>Loss after tax*</b>	<b>(48.43)</b>
Other Comprehensive income	-
<b>Total Loss (A)</b>	<b>(48.43)</b>
Gain on disposal	627.03
Foreign currency translation loss pertaining to Neotel reclassified to Consolidated Statement of Profit and Loss	(1,072.72)
<b>Net loss on disposal of Neotel (B)</b>	<b>(445.69)</b>
<b>Total loss from Discontinued Operation</b>	<b>(494.12)</b>

\*Net of intercompany adjustment

#### Note:

1. Pending receipt of audited financials upto the effective date of sale, the financial results of Neotel Group (Neotel Pty Limited its subsidiary and its associate) for the year ended 31 March 2017 have been considered on the basis of unaudited financial information furnished by Management. The unaudited financial information of Neotel Group as considered in the consolidated financial information reflect a loss from discontinued operations of ₹ 69.98 crores for the year ended 31 March 2017. The statutory auditors report contains a qualification in this respect.

2. Other income includes ₹ 0.07 crores of loss on disposal of property, plant and equipment (net) and ₹ 17.87 crores of Interest income on financial assets carried at amortised cost

3. Operating and other expenses includes ₹ 16.56 crores of allowance for trade receivables

#### c. Cash flow from Neotel

(₹ in crores)

For the year ended  
31 March 2017

Cash flow from Operating activities	311.41
Cash flow from investing activities	(207.73)
Cash flow from financing activities	(167.03)

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**d. Analysis of assets and liabilities over which control was lost**

(₹ in crores)

<b>Non-current Assets</b>	
Property, Plant and Equipment	1,916.01
Capital work in progress	69.52
Goodwill	163.32
Intangible Assets	85.88
Investments in Associates	2.43
Other financial assets	64.84
Other assets	49.90
<b>Total (A)</b>	<b>2,351.90</b>
<b>Current Assets</b>	
Inventory	20.88
Trade receivables	313.89
Cash and cash equivalents	15.21
Other bank balance	263.15
Other financial assets – current	2.47
Other current assets	82.87
<b>Total (B)</b>	<b>698.47</b>
<b>Total Assets (A+B)</b>	<b>3,050.37</b>
<b>Non-current liabilities</b>	
Long Term Borrowings	1,751.85
Trade Payables	4.09
Other Liabilities	78.65
<b>Total (C)</b>	<b>1,834.59</b>
<b>Current Liabilities</b>	
Trade Payables	538.60
Short Term borrowings	968.41
Other financial liabilities	25.67
Other current liabilities	285.33
Short Term provisions	6.10

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

Current tax liability	(3.47)
<b>Total (D)</b>	<b>1,820.64</b>
<b>Total Liabilities</b>	<b>3,655.23</b>
<b>Net Liabilities disposed off</b>	<b>(604.86)</b>

#### e. Gain / Loss on disposal of Neotel operations

(₹ in crores)

Consideration received (net)	89.39
Transaction cost	(21.12)
Net (assets) / liability disposed off	604.86
Additional obligations (refer note below)	(46.10)
Cumulative exchange loss on net liabilities reclassified to Consolidated Statement of Profit and Loss	(1,072.72)
<b>Loss on disposal</b>	<b>445.69</b>

#### Note:

As part of the sale agreement, the Group along with the buyer needs to pay a certain pre-agreed amount to Communitel Telecommunications Proprietary Limited, one of the minority shareholders in Neotel. The Group's share of such liability is ₹ 46.10 crores.

#### f. Net Cash inflow on disposal of subsidiary

(₹ in crores)

Consideration received in cash and cash equivalents	89.39
<b>Less:</b> Transaction cost	(21.12)
<b>Less:</b> Cash and Cash equivalent balance disposed off	(15.21)
<b>Net cash inflow on disposal of subsidiary</b>	<b>53.06</b>

### 38. 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.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

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 ₹ 43.27 crores (2016-2017: ₹ 39.75 crores) have been charged to the Consolidated Statement of Profit and Loss under Contribution to Provident and other funds in Note 26 "Employee Benefit Expenses".

**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:

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.

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### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

The most recent actuarial valuation of the plan assets and defined benefit obligation has been carried out as at 31 March 2018 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 2018 and 31 March 2017 for these defined benefit schemes are as under:

	As at 31 March 2018	As at 31 March 2017
<b>I Principal actuarial assumptions:</b>		
Discount rate	7.50%	7.20%
Increase in compensation cost	6% - 7%	6% - 10%
Health care cost increase rate	7.00%	7.00%
Attrition rate	3% to 15%	3% to 15%
Post retirement mortality	Annuitants mort 96-98	Annuitants 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.

(₹ in crores)

	Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
	As at 31 March	As at 31 March	As at 31 March	As at 31 March	As at 31 March	As at 31 March
<b>II Change in the defined benefit obligation</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Obligation at the beginning of the period	113.63	106.91	113.72	101.17	31.59	29.11
Less: Opening balances of Discontinued operations	-	(1.34)	-	-	-	-
Current service cost	10.57	9.46	0.70	0.62	-	-
Past service plan amendment	30.49	-	-	-	-	-
Interest cost	7.76	7.75	7.73	7.54	1.91	1.69
Obligation transferred from / (to) other companies	(0.25)	(0.28)	-	-	-	-
Actuarial (gains) / losses - experience	(0.88)	0.30	9.19	7.79	9.29	13.73
Actuarial (gains) / losses - Financial assumptions	(15.83)	5.82	(3.73)	8.18	(1.06)	2.53
Benefit Paid	(11.68)	(14.99)	(12.80)	(11.58)	(10.14)	(15.47)
<b>Closing defined benefit obligation</b>	<b>133.81</b>	<b>113.63</b>	<b>114.81</b>	<b>113.72</b>	<b>31.59</b>	<b>31.59</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

(₹ in crores)

		Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
		As at 31 March		As at 31 March		As at 31 March	
III	Change in fair value of Assets	2018	2017	2018	2017	2018	2017
	Opening fair value of plan assets	99.69	91.39	-	-	-	-
	Interest income on plan assets	7.14	7.14	-	-	-	-
	Employer's contribution	11.02	12.74	-	-	-	-
	Transfer (to) / from other company	1.73	(0.26)	-	-	-	-
	Return on plan assets greater / (lesser) than discount rate	3.61	3.19	-	-	-	-
	Acquisition adjustments	(1.94)	-	-	-	-	-
	Benefits paid	(11.42)	(14.51)	-	-	-	-
	<b>Closing fair value of plan assets</b>	<b>109.83</b>	<b>99.69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(₹ in crores)

		Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
		As at 31 March		As at 31 March		As at 31 March	
IV	Amount recognised in accumulated OCI	2018	2017	2018	2017	2018	2017
	Cumulative actuarial (gain) or loss recognised via OCI at prior period end	7.69	4.82	27.81	11.84	16.26	-
	OCI pertaining to discontinued operation	-	(0.06)	-	-	-	-
	Actuarial (gains) / losses recognised in OCI during the year	(20.32)	2.93	5.46	15.97	8.23	16.26
	<b>Cumulative actuarial (gain) or loss recognised via OCI period end</b>	<b>(12.63)</b>	<b>7.69</b>	<b>33.27</b>	<b>27.81</b>	<b>24.49</b>	<b>16.26</b>



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### TATA Communications Limited

#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

(₹ in crores)

		Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
		As at 31 March		As at 31 March		As at 31 March	
V	Amount recognised in the consolidated balance sheet	2018	2017	2018	2017	2018	2017
	Present value of obligations	133.81	113.63	114.81	113.72	31.59	31.59
	Fair value of plan assets at the end of period	(109.83)	(99.69)	-	-	-	-
	<b>Net (asset) / liability in the consolidated balance sheet</b>	<b>23.98</b>	<b>13.94</b>	<b>114.81</b>	<b>113.72</b>	<b>31.59</b>	<b>31.59</b>
	Non-current provisions (refer note 22)	23.98	13.94	114.81	113.72	31.59	31.59

(₹ in crores)

		Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
		For the year ended 31 March		For the year ended 31 March		For the year ended 31 March	
VI	Expenses recognised in the consolidated statement of Profit or Loss	2018	2017	2018	2017	2018	2017
	Current service cost (note 26)	10.57	9.46	0.70	0.62	-	-
	Past service cost - plan amendments (note 26)	30.49	-	-	-	-	-
	Net interest cost (note 28)	0.62	0.61	7.73	7.54	1.91	1.69
	<b>Components of defined benefit costs recognised in the consolidated statement of Profit or Loss</b>	<b>41.68</b>	<b>10.07</b>	<b>8.43</b>	<b>8.16</b>	<b>1.91</b>	<b>1.69</b>

(₹ in crores)

		Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
		For the year ended 31 March		For the year ended 31 March		For the year ended 31 March	
VII	Expenses recognised in the consolidated statement of OCI	2018	2017	2018	2017	2018	2017
	Actuarial (gain) / loss due to DBO experience	(0.88)	0.30	9.19	7.79	9.29	13.73
	Actuarial (gain) / loss due to DBO assumption changes	(15.83)	5.82	(3.73)	8.18	(1.06)	2.53
	Return on plan assets (greater) / less than discount rate	(3.61)	(3.19)	-	-	-	-
	<b>Actuarial (gains) / losses recognised in OCI</b>	<b>(20.32)</b>	<b>2.93</b>	<b>5.46</b>	<b>15.97</b>	<b>8.23</b>	<b>16.26</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

		Gratuity	
		As at 31 March	
<b>VIII</b>	<b>Categories of plan assets as a percentage of total plan assets</b>	<b>2018</b>	<b>2017</b>
	Govt. of India Securities (Central and state)	36.05%	32.64%
	High quality corporate bonds (including Public Sector Bond)	39.66%	38.30%
	Equity shares of listed companies	13.71%	20.45%
	Cash (including Special Deposits)	8.52%	8.61%
	Others	2.06%	-
	<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 maximise 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 2018 and 31 March 2017 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)

	Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
	As at 31 March		As at 31 March		As at 31 March	
	2018	2017	2018	2017	2018	2017
<b>Discount rate</b>						
Increase (1%)	(8.41)	(8.14)	(11.03)	(11.37)	(3.25)	(3.54)
Decrease (1%)	9.54	9.35	13.35	13.85	3.74	4.09
<b>Salary escalation rate</b>						
Increase (1%)	6.97	4.40	-	-	-	-
Decrease (1%)	(6.62)	(4.45)	-	-	-	-
<b>Attrition Rate</b>						
Increase (5%)	3.44	1.48	(4.69)	(5.02)	-	-
Decrease (5%)	(5.12)	(2.18)	4.03	4.40	-	-
<b>Post Retirement Mortality</b>						
Increase (3 years)	-	-	(10.82)	(10.82)	(5.78)	(6.01)

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	Gratuity		Medical benefits (unfunded)		Pension plan (unfunded)	
	As at 31 March		As at 31 March		As at 31 March	
Decrease (3 years)	-	-	11.04	11.08	6.44	6.71
<b>Increase in dearness allowance</b>						
Increase (1%)	-	-	-	-	9.01	9.52
Decrease (1%)	-	-	-	-	(8.17)	(8.59)
<b>Healthcare cost increase rate</b>						
Increase (1%)	-	-	9.60	10.00	-	-
Decrease (1%)	-	-	(7.99)	(8.28)	-	-

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 recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(₹ in crores)

	Gratuity	Medical benefits (unfunded)	Pension plan (unfunded)
	As at 31 March 2018		
<b>X Maturity Profile</b>			
<b>Expected benefit payments for the year ending</b>			
31 March 2019	14.81	8.14	14.36
31 March 2020	17.11	8.38	15.08
31 March 2021	15.59	8.54	15.83
31 March 2022	17.08	8.73	16.62
31 March 2023	18.63	8.90	17.45
31 March 2024 to 31 March 2028	92.28	46.50	101.27
<b>Total expected payments</b>	<b>175.50</b>	<b>89.19</b>	<b>180.61</b>

**TATA Communications Limited****Notes forming part of the consolidated financial statements for the year ended 31 March 2018****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. During the previous year, this was subject to a maximum leave of 120 days in addition to accumulated leave balance available in accumulated quota.

**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 ₹ 61.43 crores (31 March 2017: ₹ 105.83 crores), liability shown under non-current provisions ₹ 52.81 crores (31 March 2017: ₹ 95.85 crores) and current provisions ₹ 8.62 crores (31 March 2017: ₹ 9.98 crores). The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 26 "Employee benefits" is ₹ (10.98) crores (2016- 2017: ₹ 15.98 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 ₹ 41.34 crores (2016-2017: ₹ 36.10 crores) is charged to Consolidated Statement of Profit and Loss under Contribution to Provident and other funds in Note 26 "Employee Benefit Expenses".

**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.

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.

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#### Notes forming part of the consolidated financial statements for the year ended 31 March 2018

**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 31 March 2018 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 2018 and 31 March 2017 for these defined benefit schemes are as under:

	As at 31 March 2018	As at 31 March 2017
<b>I Principal actuarial assumptions:</b>		
Discount rate used for benefit costs	3.60%	3.70%
Discount rate used for benefit obligations	3.50%	3.60%
Inflation	2.00%	2.00%
Rate of compensation increase	3.00%	3.00%
Health Care Cost Trend Rate – Prescription Drugs	4.50% to 7.75%	4.50% to 8.25%
Health Care Cost Trend Rate – Other Medical	3.00%	3.00%
Asset valuation method	Market value	Market Value
Mortality Table	CPM 2014 Private Sector Mortality Table with generational improvements with scale CPM-B	

(₹ in crores)

	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
<b>II Change in the defined benefit obligation</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Projected defined benefit obligation, beginning of the year	1,077.79	1,142.47	5.06	4.36	2.08	2.63
Current service cost	10.45	11.41	0.18	0.11	-	-
Interest cost	37.95	40.60	0.20	0.13	0.07	0.09
Benefits paid	(72.00)	(65.92)	-	(1.78)	(0.47)	(0.53)
Actuarial (gains) / losses Financial assumptions	13.43	14.22	0.01	(0.12)	-	-
Experience (gain) / loss	(8.99)	(21.06)	(4.50)	2.63	-	-
Impact of Minimum Funding requirement	(35.44)	12.71	-	-	-	-
Effect of foreign currency rate changes*	41.90	(56.64)	0.18	(0.27)	0.09	(0.11)
<b>Projected benefit obligation at the end of the year</b>	<b>1,065.09</b>	<b>1,077.79</b>	<b>1.13</b>	<b>5.06</b>	<b>1.77</b>	<b>2.08</b>

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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

\*Translation adjustment loss / (gain) includes loss of ₹ 4.30 crores (2016-2017: gain of ₹ 21.93 crores) which has been taken to foreign currency translation reserve and (gain) / loss of ₹ 37.87 crores (2016-2017: gain of ₹ 35.09) crores which has been taken to Other Comprehensive Income

(₹ in crores)

		<b>Pension Plans Contributory</b>	
		<b>As at 31 March</b>	
<b>III</b>	<b>Change in fair value of assets</b>	<b>2018</b>	<b>2017</b>
	Fair value of plan assets, beginning of the year	1,043.62	1,119.13
	Actual return on plan assets	36.62	39.61
	Contributions	16.95	16.18
	Benefits paid	(72.00)	(65.91)
	Actuarial gain / (loss)	2.01	(20.41)
	Impact of asset ceiling	(2.62)	9.90
	Effect of foreign currency rate changes*	40.51	(54.88)
	<b>Fair value of plan assets, end of the year</b>	<b>1,065.09</b>	<b>1,043.62</b>

\* Translation adjustment gain / (loss) includes gain of ₹ 4.45 crores (2016-2017: loss of ₹ 20.79 crores) which has been taken to Foreign currency translation reserve and gain / (loss) of ₹ 36.06 crores (2016-2017: loss of ₹ 34.09 crores taken to Other Comprehensive Income.

(₹ in crores)

		<b>Pension Plans</b>				<b>Health care and life insurance plans</b>	
		<b>Contributory</b>		<b>SERP</b>			
		<b>As at 31 March</b>		<b>As at 31 March</b>		<b>As at 31 March</b>	
<b>IV</b>	<b>Amount recognised in accumulated other comprehensive income</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	Opening Balance	(35.77)	(51.37)	2.17	(0.19)	0.78	0.85
	Expenses as per table VII below	(28.88)	15.60	(4.28)	2.36	0.08	(0.07)
	Transfer In / (Out)	-	-	-	-	-	-
	<b>Closing balance</b>	<b>(64.65)</b>	<b>(35.77)</b>	<b>(2.11)</b>	<b>2.17</b>	<b>0.86</b>	<b>0.78</b>

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### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

(₹ in crores)

		Pension Plans				Health care and life insurance plans	
		Contributory		SERP			
		As at 31 March		As at 31 March		As at 31 March	
V	Amount recognised in the consolidated balance sheet	2018	2017	2018	2017	2018	2017
	Present value of obligations	1,065.09	1,077.79	1.13	5.06	1.77	2.08
	Fair value of plan assets	(1,065.09)	(1,043.62)	-	-	-	-
	<b>Net (asset) / liability in the Consolidated Balance Sheet</b>	<b>-</b>	<b>34.17</b>	<b>1.13</b>	<b>5.06</b>	<b>1.77</b>	<b>2.08</b>
	Non-current provisions (refer note 22)	-	34.17	1.13	5.06	1.77	2.08

(₹ in crores)

			For the year ended 31 March	
VI	Pension expenses recognised in the consolidated statement of Profit or Loss	2018	2017	
	Current service cost (refer note 26)	10.63	11.52	
	Net interest cost (refer note 28)	1.60	1.21	
	<b>Components of defined benefit costs recognised in the consolidated statement of Profit or Loss</b>	<b>12.23</b>	<b>12.73</b>	

(₹ in crores)

			For the year ended 31 March	
VII	Pension expenses recognised in the Other Comprehensive Income	2018	2017	
	Net Actuarial (gains) / losses due to financial assumptions	13.44	14.10	
	Experience (gain) / loss	(13.49)	(18.43)	
	Actuarial (gain) / loss on plan assets	(2.01)	20.41	
	Impact of asset ceiling	2.62	(9.90)	
	Impact of minimum funding requirements	(35.44)	12.71	
	Effect of Foreign exchange rate changes (Net)	1.80	(1.00)	
	<b>Expense recognised in the Other Comprehensive Income</b>	<b>(33.08)</b>	<b>17.89</b>	

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

		As at 31 March	
<b>VIII</b>	<b>Categories of plan assets as a percentage of total plan assets</b>	<b>2018</b>	<b>2017</b>
	Global Equities	8.00%	-
	Canadian Equities	-	7.00%
	International Equities	-	4.00%
	US Equities	-	3.00%
	Long Term bonds	-	1.00%
	Real Return bonds	89.00%	71.00%
	Overall universe bonds	-	12.00%
	Money market securities	3.00%	2.00%
	<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

(₹ in crores)

**IX** A quantitative sensitivity analysis for significant assumption as at 31 March 2018 and 31 March 2017 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

		As at 31 March	
		<b>2018</b>	<b>2017</b>
<b>Discount rate</b>			
Increase of 1%		(137.58)	(136.05)
Decrease of 1%		138.57	137.04
<b>Inflation rate</b>			
Increase of 1%		133.01	130.83
Decrease of 1%		(122.10)	(120.09)
<b>Future salary increases</b>			
Increase of 1%		10.79	13.80
Decrease of 1%		(9.98)	(12.68)
<b>Post retirement Mortality</b>			
Increase (1 year)		24.97	24.56
Decrease (1 year)		(24.04)	(23.64)
<b>Medical Trend rate</b>			
Increase of 1%		0.04	0.05
Decrease of 1%		(0.04)	(0.05)



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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 recognised 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 ₹ 28.78 crores (31 March 2017: ₹ 35.96) to its defined benefit plans in financial year 2018-19.

(₹ in crores)

As at 31 March 2018	
<b>X</b>	<b>Maturity profile</b>
<b>Expected benefit payments for the year ending</b>	
31 March 2019	54.50
31 March 2020	55.47
31 March 2021	55.94
31 March 2022	56.91
31 March 2023	57.89
31 March 2024 to 31 March 2028	297.32
<b>Total</b>	<b>578.03</b>

#### iii. Leave plan and Compensated absences

The liability for compensated absences as at the year end is ₹ 45.45 crores (31 March 2017: ₹ 48.91 crores) as shown under current provisions. The amount charged to the Consolidated Statement of Profit and Loss under salaries and related costs in note 26 "Employee benefit Expenses" is ₹ 8.83 crores (2016-2017: ₹ 10.53 crores).

### 39. Earnings per share

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>a. Basic and diluted EPS – from Continuing Operations</b>		
Net (loss) for the year attributable to the equity shareholders (in ₹ crore) (A)	<b>(328.60)</b>	<b>(763.99)</b>
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)	(11.53)	(26.81)
Face value per share (₹)	10.00	10.00
<b>b. Basic and diluted EPS – from Discontinued operations</b>		
Net profit for the year attributable to the equity shareholders (in ₹ crore) (A)	-	<b>1,996.86</b>

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	For the year ended 31 March 2018	For the year ended 31 March 2017
Weighted average number of equity shares outstanding during the year (Nos) (B)	-	285,000,000
Basic and diluted earnings per share (₹) (A/B)	-	70.07
Face value per share (₹)	-	10.00
<b>c. Basic and diluted EPS – from Total Operations</b>		
Net (loss) / profit for the year attributable to the equity shareholders (in ₹ crore) (A)	<b>(328.60)</b>	<b>1,232.87</b>
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)	(11.53)	43.26
Face value per share (₹)	10.00	10.00

**40. 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 organisational structure and for which discrete financial information including segment results is available:

- a. Voice Solutions (VS) includes International and National Long-Distance Voice services.
- b. Data and Managed Services (DMS) include data transmission services, signaling, roaming services, television and other network and managed services, data center services. Data center services which is part of DMS has now been discontinued and has been separately disclosed under discontinued operations.
- c. 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.
- d. South Africa Operation (SAO) are carried out by the Company's subsidiary Neotel Pty Ltd. and comprise wholesale international voice and data transit enterprise business solution services for the wholesale and corporate market telephony and data services for retail customers in South Africa.

(₹ in crores)

	For the year ended 31 March 2018				
	VS	DMS	PS	Intersegment	Total
<b>a. Segment revenues and results</b>					
Revenue from services	5,311.34	10,963.26	382.92	(6.68)	16,650.84
Intersegment revenue	-	(6.68)	-	6.68	-
Segment results	287.03	241.33	(159.50)	-	368.86
Finance cost					344.45

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	For the year ended 31 March 2018				
	VS	DMS	PS	Intersegment	Total
Unallocable income (net)					21.20
<b>Profit from operations before tax and share of profit of associate</b>					<b>45.61</b>
Tax expense (net)					354.92
<b>Net Loss for the year before share in profit of associates</b>					<b>(309.31)</b>
Share in profit of associates (net)					(16.30)
<b>Net Profit from total operation</b>					<b>(325.61)</b>
<b>b. Segment assets and liabilities</b>					
<b>Segment assets</b>	566.91	13,742.69	507.13	-	14,816.73
Unallocable assets					4,786.03
<b>Total assets</b>					<b>19,602.76</b>
<b>Segment liabilities</b>	(952.90)	(8,209.66)	(163.34)	-	(9,325.90)
Unallocable liabilities					(9,773.06)
<b>Total liabilities</b>					<b>(19,098.96)</b>
<b>c. Other segment information</b>					
Non-cash expenses	20.97	77.76	6.64	-	105.37
Capital expenditure (allocable)	35.13	1,742.20	31.52	-	1,808.85
Depreciation and amortisation (allocable)	48.56	1,712.36	145.38	-	1,906.30

(₹ in crores)

	For the year ended 31 March 2017				
	VS	DMS	PS	Intersegment	Total
<b>a. Segment revenues and results</b>					
Revenue from services	6,758.32	10,339.71	528.10	(6.40)	17,619.73
Intersegment revenue	-	(6.40)	-	6.40	-
Segment results	278.84	235.16	(143.46)	-	370.54
Finance cost					367.19
Unallocable expense (net)					533.45
<b>Loss from operations before tax and share of profit of associate</b>					<b>(530.10)</b>

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	For the year ended 31 March 2017				
	VS	DMS	PS	Intersegment	Total
Tax expense (net)					236.38
<b>Net loss for the year before share in profit of associates</b>					<b>(766.48)</b>
Share in profit of associates (net)					5.08
<b>Net loss from continuing operations (A)</b>					<b>(761.40)</b>
<b>Discontinued operations</b>					
<b>Segment results</b>					
South Africa Operation					(197.63)
Data center services					259.23
<b>Segment results from discontinued operations</b>					<b>61.60</b>
Finance cost					324.13
Unallocable expenses (net)					59.85
<b>Loss before exceptional items and tax</b>					<b>(322.38)</b>
<b>Exceptional items</b>					
Profit on disposal of subsidiaries business					2,866.20
<b>Profit from discontinued operations before tax</b>					<b>2,543.82</b>
Tax expense on discontinued operations					546.96
<b>Net profit from discontinued operations (B)</b>					<b>1,996.86</b>
<b>Net Profit from total operations (A+B)</b>					<b>1,235.46</b>
<b>b. Segment assets and liabilities</b>					
<b>Segment assets</b>	920.78	13,313.67	677.69	-	14,912.14
Unallocable assets					6,190.15
<b>Total Assets</b>					<b>21,102.29</b>
<b>Segment liabilities</b>	(1,409.32)	(8,086.99)	(189.90)	-	(9,686.21)
Unallocable liabilities					(9,805.81)
<b>Total Liabilities</b>					<b>(19,492.02)</b>
<b>c. Other segment information</b>					
Non-cash expenses	21.04	18.76	1.69	-	41.49
<b>Non - cash expenses in discontinued operation</b>					
South Africa Operation					16.56
Data center					2.03

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	For the year ended 31 March 2017				
	VS	DMS	PS	Intersegment	Total
<b>Total Non - cash expenses in discontinued operation</b>					<b>18.59</b>
<b>Total Non-cash expenses</b>					<b>60.08</b>
Capital expenditure (allocable)	51.80	1,204.37	75.66	-	1,331.83
<b>Capital expenditure in discontinued operation</b>					
South Africa Operation					224.04
Data center					100.08
<b>Total Capital expenditure in discontinued operation</b>					<b>324.12</b>
<b>Total capital expenditure</b>					<b>1,655.95</b>
Depreciation and amortisation (allocable)	86.16	1,624.19	155.42	-	1,865.77
<b>Depreciation and amortisation in discontinued operation</b>					
South Africa Operation					62.30
Data center					18.86
<b>Total Depreciation and amortisation in discontinued operation</b>					<b>81.16</b>
<b>Total Depreciation and amortisation</b>					<b>1,946.93</b>

- Revenues and network and transmission costs are directly attributable to the segments. Network and transmission costs are allocated based on utilisation 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)

	Revenue For the year ended		Non-current assets* As at		Capital expenditure For the year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
India	5,579.31	5,459.97	4,908.56	5,041.52	1,043.77	946.20

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	Revenue For the year ended		Non-current assets* As at		Capital expenditure For the year ended	
	31 March 2018	31 March 2017	31 March 2018	31 March 2018	31 March 2017	31 March 2018
United States of America	2,743.17	3,221.41	1,011.60	1,083.37	200.10	190.07
United Kingdom	1,361.69	1,582.42	429.28	412.74	117.73	62.57
Bermuda	130.95	135.39	3,373.04	3,492.69	162.01	15.44
South Africa	119.38	178.50	-	-	-	224.04
Singapore	770.12	636.29	400.28	377.14	87.91	38.71
Others	5,946.22	6,405.75	1,194.09	1,271.94	197.33	178.92
<b>Total</b>	<b>16,650.84</b>	<b>17,619.73</b>	<b>11,316.85</b>	<b>11,679.40</b>	<b>1,808.85</b>	<b>1,655.95</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, goodwill, other intangible assets, intangible assets under development and investment property.

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)

	For the year ended 31 March 2018	For the year ended 31 March 2017
International Long Distance (ILD)	5,184.80	6,615.29
National Long Distance (NLD)	126.54	143.03
<b>Total</b>	<b>5,311.34</b>	<b>6,758.32</b>

**b. Revenue from major services in Data and Managed Services**

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Global Virtual Private Network (GVPN)	2,012.92	1,905.56
Internet connectivity	2,008.97	1,953.80
Ethernet	1,134.21	1,036.33
IPL Lease	882.49	949.49
Unified Communications and Collaboration (UCC)	1,216.45	1,093.66

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	For the year ended 31 March 2018	For the year ended 31 March 2017
Others	4,084.46	3,400.87
<b>Total</b>	<b>11,339.50</b>	<b>10,339.71</b>

#### 41. Particulars of subsidiaries and associates considered in the preparation of the consolidated financial statements:

	Principal Activity	Country of Incorporation	As at 31 March 2018	As at 31 March 2017
<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
VSNL SNOSPV Pte. Limited (SNOSPV) (Up to 27 March 2017)	Telecommunication services	Singapore	-	-
<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
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

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	Principal Activity	Country of Incorporation	As at 31 March 2018	As at 31 March 2017
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 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) KK.	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) Limited	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
Tata Communications (Taiwan) Limited	Telecommunication services	Taiwan	100.00	100.00



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	Principal Activity	Country of Incorporation	As at 31 March 2018	As at 31 March 2017
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) (refer note 37)	Telecommunication services	South Africa	73.17	73.17
VSNL SNOSPV Pte. Limited (SNOSPV) (w.e.f. 28 March 2017)	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 (w.e.f. 29 June 2017)	Telecommunication services	Brazil	100.00	-
Tata Communications Transformation Services South Africa (Pty) Ltd (w.e.f. 25 April 2017)	Telecommunication services	South Africa	100.00	-
Tata Communications Transformation Services (Us) Inc	Telecommunication services	USA	100.00	100.00
Tata Communications (Brazil) comunicacoes Limitada (upto 22 May 2017)	Telecommunication services	Brazil	-	100.00
Nexus Connexion (SA) Pty Limited	Telecommunication services	South Africa	100.00	100.00
United Telecom Limited	Telecommunication services	Nepal	26.66	26.66
STT Global Data Centres India Pvt Ltd. (w.e.f. from 19 October 2016)	Data Centre Colocation services	India	26.00	26.00
Smart ICT Services Private Limited	Telecommunication services	India	24.00	24.00
STT Tai Seng Pte Limited	Data Centre Colocation services	Singapore	26.00	26.00

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	Principal Activity	Country of Incorporation	As at 31 March 2018	As at 31 March 2017
Teleena Holding B.V.	Telecommunication services	Netherlands	35.36	35.36

\* Direct and indirect interest

**42. 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. However, Cross Currency Swaps and Coupon Only Swap contracts are entered for the residual maturity ranging from 1 to 2 years. These hedges are also not designated as Cash flow hedge.

**i. Outstanding forward contracts**
**a. As on 31 March 2018**

	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	68.02	Buy	449.10	1.85
GBP / INR	GBP	1.40	Buy	12.42	0.41
CAD / INR	CAD	2.59	Sell	13.15	0.04
EUR / INR	EUR	0.61	Sell	4.92	0.01
GBP / INR	GBP	4.63	Sell	42.91	(0.04)
ZAR / INR	ZAR	36.99	Sell	19.90	(0.45)
JPY / USD	JPY	195.00	Buy	11.91	(0.14)
AUD / USD	AUD	2.70	Sell	13.49	0.35
EUR / USD	EUR	9.50	Sell	76.21	0.40
GBP / USD	GBP	2.50	Sell	22.91	0.10
SGD / USD	SGD	1.05	Sell	5.22	0.01

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b. As on 31 March 2017

	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	80.00	Buy	534.41	(2.61)
GBP / INR	GBP	1.40	Buy	12.42	(0.66)
CAD / INR	CAD	1.35	Sell	6.76	0.25
EUR / INR	EUR	0.61	Sell	4.33	0.05
GBP / INR	GBP	2.00	Sell	16.37	(0.02)
USD / INR	USD	2.00	Sell	13.73	0.70
ZAR / INR	ZAR	40.66	Sell	20.09	0.39
JPY / USD	JPY	100.00	Buy	5.80	0.28
AUD / USD	AUD	2.50	Sell	12.39	(0.27)
EUR / USD	EUR	30.00	Sell	207.95	(0.56)
GBP / USD	GBP	8.60	Sell	69.49	0.46
SGD / USD	SGD	9.00	Sell	41.81	(0.87)

#### 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 2018	Interest Rate swap	11	(2,941.83)	27.45
31 March 2017	Interest Rate swap	16	(3,337.49)	(5.15)

#### 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 USD 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 recognised. The portion of fair value change pertaining to the interest expense being recognised is recycled to the profit and loss account in the accounting period in which the interest expense is being recognised.

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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)

<b>Cash Flow hedging reserve</b>	
<b>As at 1 April 2016</b>	<b>(38.79)</b>
Changes in fair value of Interest rate swaps	46.49
Tax impact	(10.64)
<b>As at 31 March 2017</b>	<b>(2.94)</b>
Changes in fair value of Interest rate swaps	33.05
Amount reclassified to profit or loss	(0.79)
Tax impact	(8.26)
Share in net unrealised (gain) / loss on cash flow hedges in associates	0.18
<b>As at 31 March 2018 (refer note 17)</b>	<b>21.24</b>

**43. 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(x) to the financial statements.

**i. Financial assets and liabilities**

The carrying value of financial instruments by categories as at 31 March 2018 is as follows:

(₹ in crores)

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>	<b>Total carrying value</b>
<b>Financial assets</b>				
Trade receivables	-	-	2,891.16	<b>2,891.16</b>
Cash and cash equivalent	-	-	1,256.38	<b>1,256.38</b>
Other bank balances	-	-	39.20	<b>39.20</b>
Loans	-	-	-	-
Advance for litigation	-	-	-	-
Advances to related parties	-	-	132.75	<b>132.75</b>
Other financial assets	-	-	178.26	<b>178.26</b>
Investments (non-current)	-	165.66	-	<b>165.66</b>

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	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Investment in mutual funds	186.68	-	-	186.68
Forward contract not designated in hedge accounting relationship	2.98	-	-	2.98
Interest rate swaps designated in hedge accounting relationships	-	27.45	-	27.45
<b>Total</b>	<b>189.66</b>	<b>193.11</b>	<b>4,497.75</b>	<b>4,880.52</b>
<b>Financial liabilities</b>				
Borrowing	-	-	8,926.97	8,926.97
Trade payable	-	-	3,471.57	3,471.57
Creditors for capital goods	-	-	400.46	400.46
Other financial liabilities	-	-	211.65	211.65
Forward contract not designated in hedge accounting relationship	0.44	-	-	0.44
Interest rate swaps designated as hedge accounting relationships	-	-	-	-
<b>Total</b>	<b>0.44</b>	<b>-</b>	<b>13,010.65</b>	<b>13,011.09</b>

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

(₹ in crores)

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
<b>Financial assets</b>				
Trade receivables	-	-	2,590.04	2,590.04
Cash and cash equivalent	-	-	1,002.76	1,002.76
Other bank balances	-	-	76.53	76.53
Loans	-	-	365.95	365.95
Advance for litigation	185.99	-	-	185.99
Advances to related parties	-	-	77.22	77.22
Other financial assets	-	-	178.37	178.37
Investments (non-current)	-	742.42	-	742.42
Investment in mutual funds	799.30	-	-	799.30

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	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Forward contract not designated in hedge accounting relationship	0.09	-	-	<b>0.09</b>
Interest rate swaps designated as hedge accounting relationships	-	3.53	-	<b>3.53</b>
<b>Total</b>	<b>985.38</b>	<b>745.95</b>	<b>4,290.87</b>	<b>6,022.20</b>
<b>Financial liabilities</b>				
Borrowing	-	-	9,213.60	<b>9,213.60</b>
Trade payable	-	-	3,581.38	<b>3,581.38</b>
Creditors for capital goods	-	-	437.69	<b>437.69</b>
Other financial liabilities	-	-	288.70	<b>288.70</b>
Forward contract not designated in hedge accounting relationship	2.94	-	-	<b>2.94</b>
Interest rate swaps designated as hedge accounting relationships	-	8.68	-	<b>8.68</b>
<b>Total</b>	<b>2.94</b>	<b>8.68</b>	<b>13,521.37</b>	<b>13,532.99</b>

Carrying amount of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2018 and 31 March 2017 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.

**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 2018	31 March 2017	
Financial assets			
Investment in mutual funds	186.68	799.30	Level 1
Investment in equity shares of Tata Teleservices Ltd	-	515.53	Level 3
Investment in equity shares of Pendrell Corporation	-	2.86	Level 1
Investment in preference shares of Sentient Technologies Holdings Limited	32.28	129.81	Level 3
Investment in equity shares of Sentient Technologies Holdings Limited	4.92	-	Level 3
Investments in Northgate Telecom Innovation Partners L.P.	115.23	87.55	Level 3
Other investments in equity shares	13.23	6.67	Level 3

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Financial assets / Financial liabilities	Fair value as at		Fair value hierarchy
	31 March 2018	31 March 2017	
Advance for litigation	-	185.99	Level 3
Interest rate swaps designated as hedge accounting relationships	27.45	3.53	Level 2
Foreign currency forward contract not designated as hedge accounting relationships	2.98	0.09	Level 2
<b>Financial liabilities</b>			
Interest rate swaps designated as hedge accounting relationships	-	8.68	Level 2
Foreign currency forward contract not designated as hedge accounting relationships	0.44	2.94	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.

**iii. The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.**

(₹ in crores)

	Tata Teleservices Limited	Sentient Technologies Holdings Limited – Preference shares	Sentient Technologies Holdings Limited – Equity shares	Northgate Telecom Innovation Partners L.P	Other Investments	Advance for Litigation
<b>Balance as at 31 March 2016</b>	<b>682.24</b>	<b>193.35</b>	<b>-</b>	<b>83.48</b>	<b>6.68</b>	<b>-</b>
Additions during the year	-	-	-	18.18	-	1,058.00
Add / (Less): Fair value through profit or loss	-	-	-	-	-	(872.01)
Add / (Less): Fair value through other comprehensive income	(166.71)	(59.66)	-	(12.42)	-	-
Add / (Less): foreign currency translation adjustments	-	(3.88)	-	(1.69)	(0.01)	-
<b>Balance as at 31 March 2017</b>	<b>515.53</b>	<b>129.81</b>	<b>-</b>	<b>87.55</b>	<b>6.67</b>	<b>185.99</b>
Additions during the year	-	24.56	-	26.07	7.34	-
Add / (Less): Fair value through profit or loss	-	-	-	-	-	(185.99)
Add / (Less): Fair value through other comprehensive income	(515.53)	7.64	(124.08)	1.25	(0.76)	-

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	Tata Teleservices Limited	Sentient Technologies Holdings Limited – Preference shares	Sentient Technologies Holdings Limited – Equity shares	Northgate Telecom Innovation Partners L.P	Other Investments	Advance for Litigation
Add / (Less): Conversion of preference shares in to equity shares	-	(130.33)	130.33	-	-	-
Add / (Less): foreign currency translation adjustments	-	0.60	(1.33)	0.36	(0.02)	-
<b>Balance as at 31 March 2018</b>	<b>-</b>	<b>32.28</b>	<b>4.92</b>	<b>115.23</b>	<b>13.23</b>	<b>-</b>

Except as detailed in the above table, the Group considered that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair value.

**44. 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.

**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.

The sensitivity analyses in the following sections relate to the position as at 31 March 2018 and 31 March 2017.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-employment obligations; provisions; and the non-financial assets and liabilities of foreign operations. The analysis for the contingent consideration liability is provided in Note 49.

The following assumptions have been made in calculating the sensitivity analyses:



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The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2018 and 31 March 2017 including the effect of hedge accounting.

**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 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 2018, after taking into account the effect of interest rate derivatives, approximately 46% of the Group's borrowings are at a fixed rate of interest (31 March 2017: 49%).

**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 / decrease in basis points	Effect on profit before tax
31-Mar-18	100	38.24
31-Mar-17	100	59.48

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.

**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 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 categorised 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.

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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 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 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 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 2018 and 31 March 2017

(₹ in crores)

Currency	As at 31 March 2018		As at 31 March 2017	
	Financial liabilities	Financial assets	Financial liabilities	Financial assets
CAD	1,141.21	12.97	43.40	13.57
USD	150.24	50.50	782.61	2.63
SDR	178.44	-	58.21	-
HKD	41.31	-	14.76	-
AED	12.77	0.01	9.45	-
GBP	0.28	315.77	113.68	12.03
Others	11.14	569.86	44.64	52.27

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 ₹ 29.54 crores and ₹ 51.08 crores for the year ended 31 March 2018 and 31 March 2017 respectively.

**d) 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 ₹ 165.66 crores as on 31 March 2018 (31 March 2017: ₹ 739.54 crores).

**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 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).

The Group uses a practical expedient in computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes in to consideration the historical credit loss experience and the adjusted

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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 31 March 2018	As at 31 March 2017
Within Credit period	988.38	705.25
0-90 days	1,036.66	959.89
91-180 days	356.84	279.51
181-360 days	217.70	300.16
>360 days	291.58	345.23
<b>Total</b>	<b>2,891.16</b>	<b>2,590.04</b>

#### Movement in expected credit loss allowance

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Opening balance</b>	345.46	358.04
Movement in expected credit loss allowance on trade receivables circulated at lifetime expected credit losses for Continuing Operations	53.41	39.22
Derecognition of assets on account of disposal of subsidiaries	-	(54.39)
Impact of foreign exchange translation	0.67	2.59
<b>Balance at the end of the year.</b>	<b>399.54</b>	<b>345.46</b>

#### f) 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.

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The table below summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments.

(₹ in crores)

As at 31 March 2018	On demand	Upto 12 months	1 to 5 years	> 5 years	Total
Borrowings	679.98	2,348.68	5,951.30	-	8,979.96
Derivatives at FVTPL	-	0.44	-	-	0.44
Trade Payable	1,422.10	2,049.47	-	-	3,471.57
Other financial liability	387.52	208.84	11.16	4.59	612.11
<b>Total</b>	<b>2,489.60</b>	<b>4,607.43</b>	<b>5,962.46</b>	<b>4.59</b>	<b>13,064.08</b>

(₹ in crores)

As at 31 March 2017	On demand	Upto 12 months	1 to 5 years	> 5 years	Total
Borrowings	277.44	2,149.00	6,871.13	-	9,297.57
Derivatives at FVTPL	-	2.94	-	-	2.94
Derivatives at FVTOCI	-	8.68	-	-	8.68
Trade Payable	1,879.96	1,701.42	-	-	3,581.38
Other financial liability	424.56	280.50	16.83	4.50	726.39
<b>Total</b>	<b>2,581.96</b>	<b>4,142.54</b>	<b>6,887.96</b>	<b>4.50</b>	<b>13,616.96</b>

**45. 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.

**46. Related party transactions**

i. Names of related parties and nature of relationship

Sr. No	Category of related parties	Names
a.	Investing Parties (Promoters)	Panatone Finvest Limited
-		Tata Sons Limited
b.	Subsidiaries and joint ventures of Investing Parties (Promoters) and their Subsidiaries* ("Affiliates")	TRIL Infopark Limited
		Tata Consultancy Services Limited
		Tata Teleservices Limited
		Tata Sky Limited

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Sr. No	Category of related parties	Names
		Tata Sky Broadband Private Limited (formerly Quickest Broadband Private Limited)
		Tata AIG General Insurance Company Limited
		Tata Capital Financial Services Limited
		Tata Business Support Services Limited
		TCS e-Serve International Limited
		Tata Consultancy Services (South Africa) (PTY) Ltd.
		TCS Financial Solutions Australia Pty Ltd
		Tata AIA Life Insurance Company Limited
		Tata Capital Financial Services Limited
		Tata Consulting Engineers Limited
		Tata International Limited
		C-Edge Technologies Limited
		Tata Housing Development Company Limited
		MahaOnline Limited
		Tata Interactive Systems GmbH
		Tata SIA Airlines Limited
		Tata Asset Management Limited
		Tata Advanced Systems Limited
		Tata Realty and Infrastructure Limited
		Advinus Therapeutics Limited
		TASEC Limited
		Tata Toyo Radiator Limited
		Tata International Wolverine Brands Limited
		Automotive Stampings and Assemblies Limited
		Nova Integrated Systems Limited
		Tata Ficosa Automotive Systems Private Limited
		Tata Capital Housing Finance Limited
		Tata Capital Forex Limited (formerly TT Holdings & Services Limited)
		Tata Value Homes Limited
		Tata AutoComp GY Batteries Private Limited

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Sr. No	Category of related parties	Names
		Move On Componentes E Calcado, S.A
		Peepul Tree Properties Limited
		Arvind and Smart Value Homes LLP
		TC Travel and Services Limited (ceased w.e.f. 30 October 2017)
		Kriday Realty Private Limited
		Tata Autocomp Katcon Exhaust Systems Private Limited
		Tata Sikorsky Aerospace Limited
		Tata Boeing Aerospace Limited
		APTOnline Limited
		Indian Rotorcraft Limited
		CMC Limited
		Nectar Loyalty Management India Limited (ceased w.e.f. 22.08.2016)
		Tata Unistore Limited
		Taj Air Limited
		e-Nxt Financials Limited
		Tata Limited
		TRIL Amritsar Projects Limited
		TACO Sasken Automotive Electronics Limited
		Tata Capital Limited
		Tata Autocomp Hendrickson Suspensions Private Limited
		WTI Advanced Technology Limited
		Drive India Enterprise Solutions Limited (ceased w.e.f. 01.09.2015)
		CMC Americas, Inc.
		Diligenta Ltd
		Tata Africa Holdings (Ghana) Limited
		Tata America International Corp
		Tata Consultancy Services (TCS) Japan, Limited
		Tata Consultancy Services Asia Pacific Pte Ltd
		Tata Consultancy Services Belgium S.A
		Tata Consultancy Services Canada Inc

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Sr. No	Category of related parties	Names
		Tata Consultancy Services De Espana, S.A
		Tata Consultancy Services Deutschland Gmbh
		Tata Consultancy Services France Sas
		Tata Consultancy Services Italia Srl
		Tata Consultancy Services Malaysia Sdn Bhd
		Tata Consultancy Services Netherlands Bv
		Tata Consultancy Services Switzerland Ltd.
		Tata Consultancy Services Portugal Unipessoal Limitada
		Tata Holdings Mocambique Limitada
		Tata International Metals (Americas) Limited
		Tata South East Asia Ltd
		Tata International Metals (UK) Limited
		TCS E-Serve America, Inc
		Tata Steel International (North America) Ltd
		Tata Uganda Limited
		Tata Zambia Limited
		Tata Africa Holdings (Kenya) Ltd
		MP Online Limited
		AirAsia (India) Limited
		Tata Securities Limited
		Tata Advanced Materials Limited
		Tata Autocomp Systems Limited
		Tata Industries Limited
		Calsea Footwear Private Limited
		TRIL IT4 Private Limited
		HL Promoters Private Limited
		Smart Value Homes (Boisar) Private Limited
		Sector 113 Gatevida Developers Private Limited
		Princeton Infrastructure Private Limited
		Promont Hilltop Private Limited

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Sr. No	Category of related parties	Names
		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
		Eurofins Advinus Limited (ceased to be subsidiary w.e.f. 5 October 2017)
		International Infrabuild Private Limited
		Ecofirst Services Limited
		MGDC S.C.
		Tata Africa Services (Nigeria) Limited
		Tata America International Corporation
		Tata Africa Holdings (SA) (Proprietary) Limited
c.	Associates	United Telecom Limited
		STT Global Data Centres India Private Limited (w.e.f 19 October 2016)
		STT Tai Seng Pte Limited (w.e.f 13 February 2017)
		Teleena Holding B. V (w.e.f. 20 January 2017)
		Smart ICT Services Private Ltd. (w.e.f. 22 April 2016)
d.	Associate of subsidiary	Number Portability Company (Pty) Limited (upto 9 February 2017)
e.	Key Managerial Personnel	Mr. Vinod Kumar
		Managing Director and Group CEO
f.	Others	Multiples Alternate Asset Management Private Limited
		PeopleStrong HR Services Private Limited
		Encube Ethicals Private Limited

\*Where transactions have taken place



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#### ii. Summary of transactions with related parties

(₹ in crores)

	Investing Parties	Affiliates	Key Management Personnel	Associates	Others	Total
<b>Transactions with related parties</b>						
Dividend paid	<b>75.52</b>	-	-	-	-	<b>75.52</b>
	54.12	-	-	-	-	54.12
Brand equity expenses	<b>19.92</b>	-	-	-	-	<b>19.92</b>
	22.12	-	-	-	-	22.12
Revenue from telecommunication services	<b>3.62</b>	<b>871.63</b>	-	<b>(127.80)</b>	<b>0.01</b>	<b>747.46</b>
	4.78	961.17	-	(33.87)	-	932.08
Network and transmission	-	<b>277.31</b>	-	<b>16.92</b>	-	<b>294.23</b>
	-	344.15	-	6.80	-	350.95
Purchase of property plant and equipment	-	<b>43.09</b>	-	-	-	<b>43.09</b>
	-	73.90	-	0.30	-	74.20
Services rendered	-	<b>5.46</b>	-	<b>131.03</b>	-	<b>136.49</b>
	-	5.51	-	82.97	-	88.49
Services received	<b>0.63</b>	<b>197.81</b>	-	<b>45.20</b>	-	<b>243.64</b>
	0.57	201.92	-	17.28	-	219.77
Equity capital contribution	-	-	-	-	-	-
	-	-	-	@	-	@
Preference capital contribution	-	-	-	<b>0.04</b>	-	<b>0.04</b>
	-	-	-	0.04	-	0.04
Interest income	<b>29.72</b>	-	-	-	-	<b>29.72</b>
	-	-	-	1.11	-	1.11
Loan repaid	-	-	-	-	-	-
	-	-	-	362.22	-	362.22

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	Investing Parties	Affiliates	Key Management Personnel	Associates	Others	Total
Managerial remuneration	-	-	26.86	-	-	26.86
	-	-	21.87	-	-	21.87
Redemption of debentures	-	-	-	-	-	-
	-	-	-	339.00	-	339.00
Royalty expenses	2.05	-	-	-	-	2.05
	34.69	-	-	-	-	34.69
Investments in associates	-	-	-	0.32	-	0.32
	-	-	-	311.67	-	311.67
<b>Balances with related parties</b>						
Receivables	0.71	336.16	-	5.97	@	342.84
	2.28	202.33	-	(14.17)	-	190.44
Trade Payables	48.23	228.38	20.52	32.83	0.01	329.97
	54.99	161.06	10.99	25.91	-	252.94
Other financial assets – Non - Current	-	0.28	-	-	-	0.28
	1,058.00	-	-	-	-	1,058.00
Other financial assets – Current	-	0.27	-	132.65	-	132.92
	-	0.51	-	78.07	-	78.58
Other assets – Current	0.01	4.99	-	-	-	5.00
	-	5.95	-	0.23	-	6.18
Other liabilities - Non – current	-	4.99	-	-	-	4.99
	-	44.30	-	-	-	44.30
Other financial liabilities – Current	@	5.31	-	-	-	5.31
	-	5.12	-	-	-	5.12
Other liabilities – Current	0.07	8.90	-	0.06	0.03	9.06
	0.63	11.55	-	6.13	-	18.30
Payment to non-controlling shareholders of subsidiary	-	13.40	-	-	-	13.40
	-	-	-	-	-	-

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### TATA Communications Limited

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	Investing Parties	Affiliates	Key Management Personnel	Associates	Others	Total
Guarantee given	-	-	-	-	-	-
	-	-	-	2.10	-	2.10

@ represents transaction of amounts less than ₹ 50,000.

#Amounts in italics denote previous year figures for March 2017

#### 47. Operating lease arrangements

Operating lease payments represent rentals payable by the Group for certain buildings, satellite channels, office equipment, computer equipment, Automatic Teller Machines (ATM's) and ATM related equipment and certain circuit capacities.

##### a. As lessee:

(₹ in crores)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Minimum lease payments under operating leases recognised as expense in the year	372.58	479.55

At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Due not later than one year	372.20	308.77
Due later than one year but not later than five years	886.28	881.12
Later than five years	237.15	316.16
	<b>1,495.63</b>	<b>1,506.05</b>

The minimum future lease payments have not been reduced by minimum operating sublease rentals of ₹ 27.45 crores (31 March 2017: ₹ 32.71 crores) due in the future under non-cancellable subleases. ₹ 9.44 crores (2016-2017: ₹ 9.16 crores) was recognised in the current year as minimum sublease rental against the same.

##### b. As lessor:

- The Group has leased, under operating lease arrangements, certain Indefeasible Rights of Use ("IRU") with gross carrying amount and accumulated depreciation of ₹ 50.45 crores (31 March 2017: ₹ 50.45 crores) and ₹ 45.16 crores (31 March 2017: ₹ 41.80 crores), respectively; as at 31 March 2018. Depreciation expense of ₹ 3.36 crores (2016-2017: ₹

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3.36 crores) in respect of these assets has been charged and rental income of ₹ 4.00 crores (2016 - 2017: ₹ 4.00 crores) under such IRU arrangements has been recognised in the Statement of Profit and Loss for the year ended 31 March 2018 respectively.

In case of certain operating lease agreements aggregating ₹ 620.61 crores (31 March 2017: ₹ 510.15 crores) as at 31 March 2018, 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 2018 amount to ₹ 34.82 crores (2016-2017: ₹ 33.50 crores).

Future lease rental receipts will be recognised in the Consolidated Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Due not later than one year	45.58	38.37
Due later than one year but not later than five years	152.11	139.80
Later than five years	170.74	118.53
	<b>368.43</b>	<b>296.70</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 recognised in the Consolidated Statement of Profit and Loss of subsequent years as follows:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
Not later than one year	101.15	101.15
Later than one year but not later than five years	55.48	156.86
Later than five years	-	-
	<b>156.63</b>	<b>258.01</b>

Lease rental income of ₹ 101.92 crores (2016-2017: ₹ 43.17 crores) in respect of the above leases has been recognised in the Consolidated Statement of Profit and Loss for the current year.

**48. Finance lease arrangements:**
**As Lessee**

As at 31 March 2018, assets under finance leases with gross carrying amount and accumulated depreciation of ₹ 101.24 crores (31 March 2017: ₹ 101.12 crores) and ₹ 84.72 crores (31 March 2017: ₹ 83.33 crores) respectively, are included in the total Property, Plant and Equipment. The net carrying amount of each class of asset under finance leases is as follows:

(₹ in crores)

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### TATA Communications Limited

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	Gross carrying amount		Accumulated depreciation		Net carrying	
	As at 31 March		As at 31 March		As at 31 March	
	2018	2017	2018	2017	2018	2017
Building	32.41	32.29	16.02	14.71	16.39	17.58
Plant and Machinery	63.42	63.44	63.29	63.23	0.13	0.21
Furniture and Fixtures	5.41	5.39	5.41	5.39	-	-
	<b>101.24</b>	<b>101.12</b>	<b>84.72</b>	<b>83.33</b>	<b>16.52</b>	<b>17.79</b>

#### Finance lease liabilities:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
<b>Minimum Lease payments</b>		
Not later than one year	6.18	6.15
Later than one year but not later than 5 years	12.05	18.16
Later than 5 years	-	-
<b>Total</b>	<b>18.23</b>	<b>24.31</b>
<b>Present Value of minimum lease payments</b>		
Not later than one year	5.46	5.17
Later than one year but not later than 5 years	11.44	16.83
Later than 5 years	-	-
<b>Total</b>	<b>16.90</b>	<b>22.00</b>
Add: Future finance charges	1.33	2.31
<b>Total minimum lease payments</b>	<b>18.23</b>	<b>24.31</b>

#### 49. Contingent liabilities and Commitments:

##### a. Contingent Liabilities:

(₹ in crores)

	As at 31 March 2018	As at 31 March 2017
i. Claims for taxes on income		
• Income tax disputes where department is in appeal against the Group (refer 1(i) below)	525.44	595.25
• Other disputes related to income tax	1,655.68	1,957.80
• Income tax disputes in foreign jurisdiction (refer 1(ii) and 1 (iii) below)	218.74	227.35
ii. Claims for other taxes	54.27	24.01

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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

	As at 31 March 2018	As at 31 March 2017
iii. Guarantees excluding financial guarantee	-	2.10
iv. Group share of contingent liabilities of associates	2.69	1.67
v. Other claims (refer 2 below)	2,056.25	1,325.61

**1. 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 by ₹ 427.01 crores (US\$ 65.51 million) (31 March 2017: ₹ 261.04 crores (US\$ 40.21 million) on Tata communications Canada Ltd (hereafter referred to as the company) in respect of adjustments made while carrying out audit of international telecommunications services for the period financial year 2007-08 to 2011-12 with potential tax demand of ₹ 40.74 crores (US\$ 6.25 million) (31 March 2017: ₹ 80.96 crores (US\$ 12.47 million)). The company has filed notice of objections for all the four 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 ₹ 25.52 crores (US\$ 3.92 million) (31 March 2017: ₹ 13.05 crores (US\$ 2.01 million)). The company has been advised that Transfer Pricing (TP) methodology implemented is as per industry practice and sustainable. In view of the above, the company 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 company has applied for an Advance pricing agreement (APA), on completion of which, matter will be concluded. Pending settlement of the matter, the Company has disclosed the potential tax demand of ₹ 40.74 crores (US\$ 6.25 million) (31 March 2017: ₹ 80.96 crores (US\$ 12.47 million)) and WHT of ₹ 25.52 crores (US\$ 3.92 million) (31 March 2017: ₹ 13.05 crores (US\$ 2.01 million)) as contingent liability in the books.

iii. Canada Revenue Agency (CRA) had initiated audit of support services rendered by the company 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 of ₹ 724.72 (US\$ 111.19 million) (31 March 2017: ₹ 721.85 crores (US\$ 111.19 million)). The said company has received reassessment notice from CRA for federal portion of tax and potential withholding tax implications (WHT) (including penalty and interest) of ₹ 152.48 crores (US\$ 23.39 million) (31 March 2017: ₹ 133.35 crores (US\$ 20.54 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 Company has disclosed the potential tax implication and WHT of ₹ 152.48 crores (US\$ 23.39 million) (31 March 2017: ₹ 133.35 crores (US\$ 20.54 million)) as contingent liability in the books.

**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 Supreme Court. The excess billing of BSNL amounting to ₹ 311.84 crores (31 March 2017: ₹ 311.84 crores) has been disclosed as contingent liability.

**TATA Communications Limited**
**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**

ii. On 19 February 2013, DoT issued a licence fee demand amounting to ₹ 193.05 crores, (being ₹ 92.86 crores for financial year 2006-07 and ₹ 100.19 crores for financial year 2007-08, including ₹ 102.06 crores, being interest as on 28 February 2013) for financial years 2006-07 and 2007-08, based on special audit reports of auditors appointed by DoT. The total demand including interest (demanded and accrued till the balance sheet date) for ₹ 378.41 crores (31 March 2017: ₹ 331.43 crores). The Company has challenged the said demand notice in the Madras High Court, which has vide its orders dated 1 March 2013, granted a stay-order against the said demand. Further, the Company is also contesting a licence fee claim of ₹ 231.68 crores (31 March 2017: ₹ 198.89 crores) (including interest as demanded and accrued till the balance sheet date and penalty) for financial year 2005-06 and the matter is currently outstanding with the TDSAT. Apart from the above, contingent liabilities include ₹ 480 crores as computed by the Company for potential license fee claim on item covered in the demands referred above for the years under assessment.

iii. Upon expiry of the Company's 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, which granted a stay subject to submission of undertaking that if petition fails then applicable license fees would be payable along with interest. Considering the above facts, the Company has disclosed an amount of ₹ 460.42 crores (31 March 2017: ₹ 303.56 crores) including interest under contingent liabilities.

iv. Other Claims of ₹ 193.90 crores (31 March 2017: ₹ 179.89 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.

3. During the year, the Company and its two directors and an ex-employee have 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 (FEMA). The contravention amount involved in all these notices is ₹ 593 crores. The liability could extend up to three times of the amount quantified as contravention. The Company has provided ₹ 4.50 crores based on a legal opinion.

4. In FY 2015-16, based on the information provided to the Company by Neotel Pty Limited ("Neotel"), the Company reported a matter resulting from certain transactions undertaken by Neotel during the previous year that had been referred to the appropriate authorities by Neotel. During the current year, the Group sold its entire shareholding in Neotel. As part of the sale agreement, the purchaser will be indemnified against any fines or penalties assessed by any relevant appropriate authorities which may arise from said matter. Such indemnity liability is limited to ₹ 413.25 crores (ZAR 750 million). Based on the current facts, the Company is of the view that this matter will not have a material adverse impact on its consolidated financial statements.

5. 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.

**b. Capital commitments:**

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Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 517.16 crores (including Group's share in associate ₹ 131.80 crores) (31 March 2017: ₹ 337.30 crores (including Group's share in associate ₹ 20.74 crores)) (net of capital advances).

The Group has committed to subscribe to equity shares rights issue offer of STT Global Data Centers India Private Limited to the tune of ₹ 35.01 crores as at 31 March 2018.

As at 31 March 2018, the Group has remaining commitment of ₹ 134.27 crores (equivalent of US\$ 20.60 million) (31 March 2017: ₹ 159.70 crores (equivalent of US\$ 24.60 million)) out of total commitment of US\$ 40 million towards investments in Northgate Telecom Innovations Partners, L.P., one of the investee.

As at 31 March 2018, the Group has remaining commitment of ₹ 9.81 crores (equivalent of US\$ 1.51 million) out of total commitment of US\$ 2 million towards investments in IoT Plus L.P - Jungle Venture, one of the investee.

**50. Financial Statements for the following companies considered in the consolidated financial statements are based on management accounts and are unaudited:**

(₹ in crores)

Subsidiary	Total Assets included in Consolidation	Total Revenues included in Consolidation	Cash flows included in Consolidation
SEPCO Communications (Pty) Limited	3.67	-	(178.50)
Nexus Connexion (SA) Pty Limited	*	-	-
<b>Associates</b>			<b>Share in profit / (loss) of associates</b>
Smart ICT Services Private Limited	-	-	(0.01)
Teleena Holdings BV	-	-	(32.06)

\*Less than ₹ 50,000

**51. 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

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	127.25	8,803.46	46.38	266.63	117.15	(517.26)	(187.95)	(250.63)	



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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>Subsidiaries</b>								
<b>Indian</b>								
Tata Communications Payment Solutions Limited	5.83	403.35	(32.18)	(184.99)	(0.12)	0.56	(138.30)	(184.43)
Tata Communications Transformation Services Limited	4.79	331.51	13.63	78.34	(1.19)	5.25	62.68	84.13
Tata Communications Collaboration Services Private Limited	0.53	36.84	5.95	34.21	-	-	25.66	34.21
<b>Foreign</b>								
Tata Communications (UK) Limited	(7.02)	(485.51)	(1.99)	(11.44)	-	-	(8.58)	(11.44)
Tata Communications (Canada) Ltd	(21.45)	(1,484.13)	(23.65)	(135.93)	(3.59)	15.86	(90.04)	(120.07)
Tata Communications Services (Bermuda) Ltd	2.01	139.14	39.49	226.99	-	-	170.22	226.99
Tata Communications (France) SAS	0.16	11.17	(0.61)	(3.50)	-	-	(2.63)	(3.50)
Tata Communications (America) Inc	10.68	738.75	8.00	45.96	-	-	34.47	45.96
Tata Communications Deutschland GmbH	(3.21)	(222.40)	(13.20)	(75.87)	-	-	(56.90)	(75.87)
Tata Communications (Italy) srl	(0.01)	(0.97)	(0.47)	(2.70)	-	-	(2.02)	(2.70)
Tata Communications (Spain) SL	1.31	90.81	1.71	9.84	-	-	7.38	9.84
Tata Communications (Nordic) AS	0.01	0.95	0.05	0.31	-	-	0.23	0.31
Tata Communications (Australia) Pty Ltd	0.15	10.06	0.17	0.97	-	-	0.73	0.97

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**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 (Bermuda) Ltd	(37.40)	(2,587.27)	(24.60)	(141.43)	-	-	(106.06)	(141.43)
Tata Communications (Hong Kong) Limited	(2.63)	(182.13)	(25.67)	(147.57)	-	-	(110.67)	(147.57)
Tata Communications (Poland) Sp Zoo	0.04	2.86	(0.41)	(2.38)	-	-	(1.79)	(2.38)
Tata Communications Services (International) Pte Ltd	0.24	16.59	0.36	2.08	-	-	1.56	2.08
ITXC IP Holdings s.a.r.l	(0.19)	(13.49)	(23.78)	(136.70)	-	-	(102.51)	(136.70)
Tata Communications (Netherlands) BV	10.33	714.75	(1.30)	(7.48)	(5.44)	24.00	12.39	16.52
Tata Communications (Sweden) AB	0.03	1.84	0.02	0.09	-	-	0.07	0.09
Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda	(0.08)	(5.39)	0.39	2.24	-	-	1.68	2.24
Tata Communications (Portugal) Unipessol Lda	0.14	9.61	0.09	0.49	-	-	0.37	0.49
Tata Communications (Russia) LLC	0.36	25.08	0.05	0.30	-	-	0.22	0.30
Tata Communications (Switzerland) GmbH	0.04	3.09	0.04	0.23	-	-	0.17	0.23
Tata Communications (Belgium) SPRL	0.01	0.70	0.01	0.05	-	-	0.04	0.05
Tata Communications (Hungary) LLC	0.07	4.70	(0.05)	(0.27)	-	-	(0.20)	(0.27)
Tata Communications (Ireland) Ltd	0.00	0.14	0.09	0.49	-	-	0.37	0.49
Tata Communications (Middle East) FZ-LLC	(0.32)	(22.09)	0.31	1.76	-	-	1.32	1.76

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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
TCPoP Communications GmbH	0.10	6.81	0.10	0.58	-	-	0.44	0.58
Tata Communications (Taiwan) Ltd	(0.01)	(0.42)	(0.03)	(0.15)	-	-	(0.11)	(0.15)
Tata Communications (New Zealand) Limited	0.01	0.62	(0.01)	(0.06)	-	-	(0.04)	(0.06)
Tata Communications (Malaysia) Sdn Bhd	0.03	2.39	0.11	0.61	-	-	0.46	0.61
Tata Communications (Thailand) Limited	0.04	2.77	(0.01)	(0.08)	-	-	(0.06)	(0.08)
Tata Communications (Beijing) Technology Limited	0.01	1.02	0.04	0.21	-	-	0.16	0.21
Tata Communications South Korea Limited	0.02	1.61	0.03	0.17	-	-	0.13	0.17
Tata Communications (Japan) KK	(0.01)	(0.98)	0.86	4.93	-	-	3.69	4.93
Tata Communications (Guam) LLC	1.85	128.18	(1.07)	(6.14)	-	-	(4.61)	(6.14)
Tata Communications International Pte Ltd	7.52	520.18	(20.40)	(117.26)	-	-	(87.93)	(117.26)
VSNL SNOSPV Pte Ltd	(2.24)	(154.75)	(1.56)	(8.94)	-	-	(6.71)	(8.94)
SEPCO Communications (Pty) Ltd	0.05	3.49	153.13	880.33	-	-	660.15	880.33
Nexus Connexion (SA) Pty Ltd	(0.00)	(0.09)	(0.00)	(0.02)	-	-	(0.02)	(0.02)
Tata Communications Transformation Services (Hungary) Kf	0.00	0.27	(0.04)	(0.22)	-	-	(0.16)	(0.22)

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**Notes forming part of the consolidated financial statements for the year ended 31 March 2018**
**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 Pte Limited	0.03	1.79	0.14	0.79	-	-	0.59	0.79
Tata Communications Transformation Services (US) Inc	(0.00)	(0.02)	(0.00)	(0.02)	-	-	(0.01)	(0.02)
Tata Communications Transformation Services South Africa (Pty) Ltd	0.00	0.31	(0.01)	(0.05)	-	-	(0.03)	(0.05)
Tata Communications Participacoes Ltda	0.07	5.18	(0.03)	(0.17)	-	-	(0.13)	(0.17)
Tata Communications Comunicacoes e Multimidia (Brazil) Limitada	0.07	5.01	(0.00)	(0.01)	-	-	(0.01)	(0.01)
Tata Communications Lanka Limited	0.83	57.30	3.30	18.99	-	-	14.24	18.99
Non controlling interests in all subsidiaries	(0.06)	(4.48)	(0.52)	(2.99)	-	-	(2.24)	(2.99)
<b>Associates</b>								
<b>Indian Associates</b>								
STT Global Data Centres India Private Limited	-	-	1.39	7.99	0.00	(0.02)	5.98	7.97
Smart ICT Services Pvt Ltd	-	-	(0.00)	(0.01)	-	-	(0.01)	(0.01)
<b>Foreign Associates</b>								
STT Tai Seng Pte Ltd	-	-	1.35	7.77	(4.41)	19.49	20.44	27.26

## Consolidated Financial Statements

### TATA Communications Limited

Notes forming part of the consolidated financial statements for the year ended 31 March 2018

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
Teleena Holding BV	-	-	(5.58)	(32.06)	(2.40)	10.59	(16.10)	(21.47)
<b>Total</b>	<b>100.00</b>	<b>6,918.21</b>	<b>100.00</b>	<b>574.88</b>	<b>100.00</b>	<b>(441.53)</b>	<b>100.00</b>	<b>133.35</b>
Adjustments on Consolidation		(6,418.89)		(903.48)		(121.33)		(1,024.81)
<b>Grand Total</b>		<b>499.32</b>		<b>(328.60)</b>		<b>(562.86)</b>		<b>(891.46)</b>

### 52. Events after the reporting period

There are no subsequent events between the year ended 31 March 2018 and signing of financial statements as on 10 May 2018 which have material impact on the consolidated financial statements of the Company.

### 53. Approval of financial statement

The financial statements were approved for issue by the board of directors on 10 May 2018.

54. Previous year's figures have been regrouped / rearranged where necessary to confirm to current year's classification / disclosure.

55. The figures of the previous year were audited by a firm of chartered accountants other than S.R.Batliboi & Associates LLP.

#### 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

#### VINOD KUMAR

Managing Director  
and Group CEO

#### PRATIBHA K. ADVANI

Chief Financial Officer

#### MANISH SANSI

Company Secretary

MUMBAI  
DATED: 10 May 2018

MUMBAI  
DATED: 10 May 2018

**Statement pursuant to Section 129 (3) of the Companies Act, 2013  
PART "A" - SUBSIDIARIES**

(₹ in crores)

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	-583.74	1,035.46	632.11	0.00	382.92	-184.99	0.00	-184.99	0.00
2	Tata Communications Transformation Services Limited	100%	INR	NA	0.50	331.01	632.98	301.47	0.00	1,077.73	120.08	41.74	78.34	0.00
3	Tata Communications Collaboration Services Private Limited	100%	INR	NA	0.02	36.82	90.41	53.57	0.00	105.78	48.07	13.86	34.21	0.00
4	Tata Communications Lanka Limited	90%	USD	65.18	7.80	49.50	73.52	16.21	0.00	74.24	19.70	0.50	19.20	0.00
5	Tata Communications (UK) Limited	100%	USD	65.18	88.27	-573.78	773.36	1,258.87	0.00	2,127.30	-11.57	0.00	-11.57	0.00
6	Tata Communications (Canada) Ltd	100%	USD	65.18	433.58	-1,917.71	755.35	2,239.48	0.00	2,471.77	-137.43	0.00	-137.43	0.00
7	Tata Communications Services (Bermuda) Ltd	100%	USD	65.18	69.16	69.98	144.06	4.92	0.00	291.23	229.49	0.00	229.49	0.00
8	Tata Communications (France) SAS	100%	USD	65.18	132.91	-121.74	284.50	273.33	0.00	256.58	-3.54	0.00	-3.54	0.00
9	Tata Communications (Brazil) Participacoes Ltda	100%	USD	65.18	5.35	-0.17	5.38	0.20	0.00	0.00	-0.17	0.00	-0.17	0.00

## Consolidated Financial Statements

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
10	Tata Communications e Multimidia (Brazil) Limitada	100%	USD	65.18	5.02	-0.01	7.53	2.52	0.00	2.48	0.02	0.03	-0.01	0.00
11	Tata Communications (America) Inc	100%	USD	65.18	1,477.00	-738.25	2,100.31	1,361.56	131.08	2,858.73	58.35	11.88	46.47	0.00
12	Tata Communications Deutschland GmbH	100%	USD	65.18	0.22	-222.62	147.20	369.60	0.00	491.43	-76.71	0.00	-76.71	0.00
13	Tata Communications (Italy) Srl	100%	USD	65.18	39.22	-40.19	48.81	49.78	0.00	110.88	-2.73	0.00	-2.73	0.00
14	Tata Communications (Spain) SL	100%	USD	65.18	3.50	87.31	131.83	41.02	0.00	148.83	10.18	0.23	9.95	0.00
15	Tata Communications (Nordic) AS	100%	USD	65.18	0.11	0.84	11.04	10.09	0.00	26.54	0.36	0.05	0.31	0.00
16	Tata Communications (Australia) Pty Ltd	100%	USD	65.18	2.33	7.73	68.13	58.07	0.00	253.51	2.87	1.89	0.98	0.00
17	Tata Communications (Bermuda) Ltd	100%	USD	65.18	0.09	-2,587.36	3,711.07	6,298.34	0.00	371.08	-142.99	0.00	-142.99	0.00
18	Tata Communications (Hong Kong) Limited	100%	USD	65.18	52.29	-234.42	233.03	415.16	29.47	470.82	-148.57	0.63	-149.20	0.00
19	Tata Communications (Poland) Sp Zoo	100%	USD	65.18	3.08	-0.22	13.20	10.34	0.00	64.69	0.55	2.96	-2.41	0.00
20	Tata Communications Services (International) Pte Ltd	100%	USD	65.18	2.25	14.34	37.87	21.28	0.00	42.91	2.53	0.43	2.10	0.00
21	ITXC IP Holdings s.a.r.l	100%	USD	65.18	0.11	-13.60	67.99	81.48	0.00	0.22	-138.14	0.07	-138.21	0.00

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
22	Tata Communications (Netherlands) BV	100%	USD	65.18	1,171.94	-457.19	7,017.62	6,302.87	56.73	1,334.98	0.14	7.70	-7.56	0.00
23	Tata Communications (Sweden) AB	100%	USD	65.18	2.38	-0.54	5.96	4.12	0.00	9.40	0.04	-0.05	0.09	0.00
24	Tata Communications (Portugal) Instalacao E Manutencao De Redes Lda	100%	USD	65.18	395.74	-401.13	53.38	58.77	0.00	32.90	4.34	2.08	2.26	0.00
25	Tata Communications (Portugal) Unipessoal Lda	100%	USD	65.18	9.08	0.53	9.64	0.03	0.00	0.00	0.53	0.03	0.50	0.00
26	Tata Communications (Russia) LLC	99.90%	USD	65.18	0.57	24.51	31.31	6.23	0.00	10.46	-0.76	-1.06	0.30	0.00
27	Tata Communications (Switzerland) GmbH	100%	USD	65.18	3.09	0.00	5.55	2.46	0.00	12.30	0.27	0.04	0.23	0.00
28	Tata Communications (Belgium) SPRL	100%	USD	65.18	21.75	-21.05	2.40	1.70	0.00	3.97	0.05	0.00	0.05	0.00
29	Tata Communications (Hungary) LLC	100%	USD	65.18	5.67	-0.97	8.41	3.71	0.00	11.33	-0.25	0.02	-0.27	0.00
30	Tata Communications (Ireland) DAC	100%	USD	65.18	0.00	0.14	21.16	21.02	0.00	21.56	0.44	-0.06	0.50	0.00
31	Tata Communications (Middle East) FZ-LLC	100%	USD	65.18	0.09	-22.18	15.89	37.98	0.00	54.54	1.78	0.00	1.78	0.00
32	TCPoP Communications GmbH	100%	USD	65.18	0.30	6.51	7.51	0.70	0.00	2.63	0.53	-0.06	0.59	0.00
33	Tata Communications (Taiwan) Ltd	100%	USD	65.18	0.05	-0.47	8.40	8.82	0.00	12.88	0.00	0.15	-0.15	0.00



## Consolidated Financial Statements

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
34	Tata Communications (New Zealand) Limited	100%	USD	65.18	0.00	0.62	1.26	0.64	0.00	1.69	-0.08	-0.02	-0.06	0.00
35	Tata Communications (Malaysia) Sdn Bhd	100%	USD	65.18	0.31	2.08	21.97	19.58	0.00	44.19	0.57	-0.05	0.62	0.00
36	Tata Communications (Thailand) Limited	100%	USD	65.18	3.84	-1.07	3.09	0.32	0.00	0.11	-0.08	0.00	-0.08	0.00
37	Tata Communications (Beijing) Technology Limited	100%	USD	65.18	1.06	-0.04	1.57	0.55	0.00	3.45	0.25	0.04	0.21	0.00
38	Tata Communications South Korea Limited	100%	USD	65.18	1.70	-0.09	2.13	0.52	0.00	2.57	0.17	0.00	0.17	0.00
39	Tata Communications (Japan) KK	100%	USD	65.18	23.65	-24.63	467.51	468.49	0.00	222.13	8.11	3.13	4.98	0.00
40	Tata Communications (Guam) LLC	100%	USD	65.18	0.00	128.18	159.47	31.29	0.00	36.90	12.19	18.40	-6.21	0.00
41	Tata Communications International Pte Ltd	100%	USD	65.18	2,758.09	-2,237.91	2,090.48	1,570.30	219.35	997.46	-113.12	5.43	-118.55	0.00
42	VSNL SNOSPV Pte Ltd	100%	USD	65.18	5.01	-320.62	0.34	315.95	0.00	0.00	-17.62	7.51	-25.13	0.00
43	SEPCO Communications (Pty) Ltd	73.17%	ZAR	5.51	0.00	3.49	3.67	0.18	0.00	0.00	881.82	1.48	880.33	0.00
44	Nexus Connexion (SA) Pty Ltd	100%	ZAR	5.51	0.01	-0.09	0.00	0.09	0.00	0.00	-0.02	0.00	-0.02	0.00

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
45	Tata Communications Transformation Services (Hungary) Kft	100%	HUF	0.22	0.58	-0.31	0.58	0.31	0.00	0.00	-0.23	0.00	-0.23	0.00
46	Tata Communications Transformation Services Pte Limited	100%	USD	65.18	1.11	0.68	2.51	0.72	0.00	2.30	0.80	0.00	0.80	0.00
47	Tata Communications Transformation Services (US) Inc	100%	USD	65.18	0.00	-0.02	-0.01	0.01	0.00	0.00	-0.02	0.00	-0.02	0.00
48	Tata Communications Transformation Services South Africa (Pty) Ltd	100%	ZAR	5.51	0.36	-0.05	0.36	0.05	0.00	0.00	-0.05	0.00	-0.05	0.00

**PART “B” - ASSOCIATES**

(₹ in crores)

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	Networth 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	Associate	26.00%	SGD	Shareholding more than 20%	52	216.03	243.93	27.26	-
2	STT Global Data Centres India Private Limited	Associate	26.00%	INR	Shareholding more than 20%	2,600	584.54	596.95	7.97	-
3	United Telecom Limited	Associate	26.66%	NPR	Shareholding more than 20%	57,31,900	35.82	3.52	-	(16.17)
4	Smart ICT Services Private Limited	Associate	24.00%	INR	Shareholding more than 20%	2,83,226	0.27	(0.20)	(0.01)	
5	Teleena Holding BV	Associate	35.36%	INR	Shareholding more than 20%	3,93,728	86.70	18.56	(21.47)	



## NOTICE

NOTICE is hereby given that the 32<sup>nd</sup> Annual General Meeting of Tata Communications Limited (“Company”) will be held at 10:00 hours on Thursday, August 9, 2018, at Pama Thadhani Auditorium, Jai Hind College, ‘A’ Road, Churchgate, Mumbai – 400 020 to transact the following business:

### Ordinary Business

1. To receive, consider and adopt:
  - a. the audited standalone financial statements of the Company for the financial year ended March 31, 2018, together with the reports of the board of directors and the auditors thereon; and
  - b. the audited consolidated financial statements of the Company for the financial year ended March 31, 2018, along with the report of the auditors thereon.
2. To declare a final dividend on equity shares for the financial year 2017-18.
3. To appoint a director in place of Dr. Gopichand Katragadda (DIN: 02475721), who retires by rotation at this annual general meeting and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass the following as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W / E300004) as Statutory Auditors of the Company

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to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next and 33<sup>rd</sup> AGM of the Company, on such remuneration as may be mutually agreed upon between the Company and the Auditors.”

**Special Business****5. To consider and, if thought fit, to pass the following as an Ordinary Resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), cost auditor, Ms. Ketki D. Visariya, Cost Accountant, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019, be paid the remuneration as set out in the statement annexed to this Notice convening the annual general meeting .”

**“RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of sections 4, 13 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) consent of the shareholders of the Company be and is hereby accorded for the modification, substitution, addition and deletion in Clause III i.e. the Objects Clause of the Memorandum of Association of the Company as follows:

A. The existing title of Part A of the Memorandum of Association of the Company be deleted and substituted with the following words:

“THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION”.

B. The existing sub-clauses numbered 2 to 6 of Part III A be replaced with the following new sub-clauses numbered 2 to 6:

2.To plan, install, operate, provide and maintain all types of local, national and international communication and telecommunication networks, systems, services, including but not limited to basic / fixed line services, cellular / mobile services, wireless services, satellite services and other telephony or communications services, value added voice, video and data services, new business services related thereto, message relay, facsimile, electronic mail services, television, tele-computing, telematics, audio and video conferencing services, maritime and aeronautical communication services, paging, videotext, audiotext, voice mail, data systems, private switching network services, leased line communication services, broadband services, transmission networks of all types including computer networks, intelligent networks, globally managed data networks, international gateway networks and related services, data transmission, information technology enabled and related services, cloud services, managed services, customer care centres, customer relationship management, multimedia services, data centre services, whether separately or converged together, and to procure all such licenses, authorizations, sanctions, registrations, approvals and permissions from the relevant authorities as may be required from time to time for provision and carrying out of such services, activities and businesses, and to secure any renewals, extensions for all such licenses, authorizations, sanctions, registrations, approvals and permissions.

3.To carry on the business of internet service provider and to provide, render or make available and operate, sell, export, import, trade, maintain, improve, repair, service, research, develop all kinds of services and to provide services in respect of and relating to bandwidth, hosting of websites, broadcasting, content delivery, internet telephony, over-the-top (OTT) services, telecommunications or wireless communications through internet or any other electronic media, and deal or trade in accessories, assemblies, apparatus, spares, hardware and software for such services.

4.To carry on in India or abroad the business of developing, designing, maintaining, supplying, operating, managing, advising on and dealing in services and facilities for or in relation to computer and other electronic device hardware and software, computer technology, security solutions, back office processing, data entry, medical transcription, business process outsourcing services, and information technology products including interface services, applications of all

types including web applications and websites, all kinds of end to end integrated solutions involving information systems, developing, designing, marketing of communication platform(s), with features and functionality including those related to social, commerce, messaging, communication, gaming and other online services, cloud hosted business platforms and computer and web based application products, systems, peripherals and materials, software packages and applications, client server applications, and to undertake the business of system and network integration, development and management, product application and development, computer maintenance and technical support services, internet access, networking and electronic media, telecommunication and web commerce application services and any combination thereof, and to set up, implement, sell and provide other telecommunication, information technology and related businesses as may evolve with advancement or changes in technology.

5.To carry on the business of providing information technology services in the digital space and other emerging technologies including but not limited to enterprise search, data capability, data mining, data analytics, enterprise mobility, system administration, web software engineering, enterprise solutions, managed security solutions, information management including B2B, e-commerce and m-commerce (mobile commerce), business information and other applications, risk management, communication management, network management, facilitation of electronic transactions as well as other internet related services, system integration, intelligent networks, multi-media, enterprise resource planning, electronic communication, client service technologies & solutions, automation systems & processes, Internet of Things (IoT) related products & systems, artificial intelligence technology & systems, robotics engineering & processes, business incubator programs & services anywhere in the world and any combinations thereof and to research, explore, create and develop technology and intellectual properties in key and emerging areas (for example, medicines, health, space, sports, digital education, digital media, e-commerce, Internet of Things (IOT), smart cities, data analytics, speech recognition, big data, social media analytics & cloud, automation, artificial intelligence, robotics, business incubators etc.) and other related businesses, products and services.

6.To lease, let out, license or develop either by itself or in association with any other person or entity, any immovable properties of the Company and to earn income of any nature whatsoever including inter-alia rental / lease / license income etc., from immovable properties of the Company including land (whether freehold or leasehold or other tenure), buildings, tenements, easements, machinery, plant and stock-in-trade and other property of every description, where-so-ever situated and any interests therein and rights connected therewith, and to perform civil work of every type on the land or immovable property belonging to the Company and to build, pull down, rebuild, alter, improve or develop the immovable property of the Company, either by itself or in association with any other person or entity, whether situated in India or abroad and to erect on any lands belonging to the Company buildings, factories, sheds, or other structures and to install plant and machinery, equipment as deemed necessary or convenient for the purposes of the Company.

C. In Part III A, the following two new sub-clauses numbered 7 and 8 be added after sub-clause 6:

7. To manufacture, buy, purchase, hire-purchase, acquire, assemble, repair, design, alter, develop, improve, exchange, let on hire, export, import, sell, re-sell, and deal in all sorts of equipment, plant & machineries, accessories, assemblies, apparatus, instruments, devices, spares, components, parts, sub-parts, tools, goods, articles, hardware and software required for or in furtherance of the business activities of the Company.

8.To establish, promote, acquire or invest in companies, funds, associations, partnerships or body corporates, whether of a private or public character, or entering into any joint venture with any authority, company, association, partnership or body corporate in India or elsewhere and to acquire and dispose of shares, securities, instruments or interest, from time to time, in such entities or funds.

D. The existing title of Part B of Clause III of the Memorandum of Association of the Company be deleted and substituted with the following words:

“MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III(A)”.

E. The sub-clauses numbered 7 to 54 under Part B of Clause III be re-numbered serially as sub-clauses 9 to 56.

F. Wherever required, the references to various sections of the Companies Act, 1956 be replaced with the corresponding sections of the Companies Act, 2013 in Part B of Clause III of the Memorandum of Association of the Company.

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G. The title of the existing Part C of the Objects Clause of the Memorandum of Association of the Company i.e. “Other Objects” be deleted and the objects mentioned in Part C be included under the ambit of Part B of Clause III and be serially re-numbered as sub-clauses 57 and 58.

**“RESOLVED FURTHER THAT** the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

**“RESOLVED THAT** pursuant to the provisions of sections 4, 13 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) consent of the shareholders of the Company be and is hereby accorded for altering Clause IV i.e. the Liability Clause of the Memorandum of Association of the Company by substituting the existing Clause IV with the following:

“ IV. The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.”

**“RESOLVED FURTHER THAT** the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

8. To consider and, if thought fit, to pass with or without modifications the following as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of sections 5, 14 and other applicable provisions if any, of the Companies Act, 2013 and rules made thereunder (including any statutory amendment(s) or modification(s) or re-enactment(s) thereof for the time being in force) consent of the shareholders of the Company be and is hereby accorded for the modification, substitution, addition and deletion in the Articles of Association of the Company as follows:

A. The existing Article 1 (a) be replaced as follows:

The Act / or the said Act / or the Companies Act.

(a) “The Act” or “the said Act” or “the Companies Act” means the Companies Act, 2013 and the rules made thereunder, and includes where the context so admits any re-enactment or statutory modification thereof for the time being in force and any previous company law, so far as may be applicable.

B. The existing Article 2 be replaced as follows:

Table “F” not to apply.

**Article 2** - The regulations contained in Table “F” of Schedule I to the Act shall not apply to the Company.

C. The existing Article 3 be replaced as follows:

Company to be governed by these Articles.

**Article 3** - The regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alternation of or addition to, its regulations by resolution, as prescribed or permitted by the Act, be such as are contained in these Articles.



## Notice of AGM

D. The existing Article 5 be replaced as follows:

Share Capital.

**Article 5** - The Authorised Share Capital of the Company is as stated in Clause V of the Memorandum of Association.

**Article 5A** - Subject to the provisions of these Articles and of the Act, the Company shall have power to issue or re-issue preference shares of one or more classes which may, at the option of the Company, be liable to be redeemed out of the profits or out of the proceeds of a fresh issue of shares made for the purposes of such redemption, or converted into shares on such terms and conditions and in such manner as may be determined by the Board in accordance with the Act and the rules made thereunder. The Board may, subject to the provisions of the Act and the rules thereunder, exercise such power in such manner as it may think fit.

E. Wherever required, the references in the Articles of Association of the Company to various sections of the Companies Act, 1956 be replaced with the corresponding sections of the Companies Act, 2013 and the rules made thereunder.

**“RESOLVED FURTHER THAT** the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors

Manish Sansi  
Company Secretary  
ACS-10985

Mumbai, July 5, 2018  
CIN: #L64200MH1986PLC039266

### Registered Office:

VSF, Mahatma Gandhi Road,  
Fort, Mumbai - 400 001.

### NOTES:

1. The Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (“Act”) in respect of the business under Item Nos. 4, 5, 6, 7 and 8 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of the SEBI Listing Obligations and Disclosure Requirements) Regulations, 2015, of person seeking appointment / re-appointment as director under Item No. 3 of the Notice, are also annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than FORTY-EIGHT hours before the commencement of the meeting. A person can act as a proxy on behalf of not more than fifty members and holding in the aggregate not more than ten percent of the total share capital of

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the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy but then such person shall not act as a proxy for any other person or shareholder.

3. Corporate members, intending to send their Authorised Representatives to attend the meeting are requested to send a certified copy of the board resolution to the Company, authorising such representative to attend and vote on their behalf at the meeting.
4. During the period beginning twenty-four hours before the time fixed for commencement of the meeting and ending with the conclusion of the meeting, a member entitled to vote at the meeting is entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided that not less than three days of notice of such intention to inspect is given in writing to the Company.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
6. Registers of members and transfer books of the Company shall remain closed from Friday, August 3, 2018 till Thursday, August 9, 2018 (both days inclusive) for the purpose of ascertaining eligibility for dividend.
7. The final dividend, as recommended by the Board of Directors, if approved at the annual general meeting, shall be paid not later than Tuesday, August 14, 2018 as under:
  - i. 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 share transfer requests lodged with the Registrar & Transfer Agents (R&T Agents) as of the close of business hours on Thursday, August 2, 2018;
  - ii. To all Beneficial Owners in respect of shares held in dematerialised form as per the data as made available by the National Securities Depository Limited and Central Depository Services (India) Limited as of the close of business hours on Thursday, August 2, 2018.
8. Members, Proxies and Authorised Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio.
9. This may be taken as notice of declaration of dividend for 2017-18 in accordance with Article 93 of Articles of Association of the Company in respect of dividend for that year when declared.
10. Members holding shares in electronic (dematerialised) form are requested to intimate all changes pertaining to their bank details including bank account number, name of the bank and branch details, MICR Code and IFSC Code, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers etc. to their Depository Participant (DP). Members holding shares in physical form are requested to intimate such changes to the Company's Registrar and Transfer Agents – M/s. TSR Darashaw Limited ("TSRDL") at 6-10, Haji Moosa Patrawala Industrial Estate, Near Famous Studio, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011.

The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their PAN to their depository participant(s). Members holding shares in physical form are requested to submit their PAN details to TSRDL.
11. As per Section 72 of the Companies Act, 2013, members are entitled to make nomination in respect of shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13 which is available on the website of TSRDL <http://www.tsrdarashaw.com> (under "Downloads" section). Members holding shares in physical form may submit the same to TSRDL. Members holding shares in electronic form may submit the same to their respective depository participant.
12. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.



## Notice of AGM

13. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, dividends which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government. The Members who have not encashed their dividend warrant(s) so far for the financial year ended 2010-2011 (no dividend was declared in 2009-10) or any subsequent financial years are requested to lodge their claims with TSRDL. According to the provisions of the Act, no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred nor shall any payment be made in respect of such claims.

The Ministry of Corporate Affairs notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, on September 05, 2016 and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2016 on 28 February, 2017 ("IEPF Rules") which are applicable to the Company. The objective of the IEPF Rules is to help shareholders ascertain the status of unclaimed amounts. In terms of the IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the last AGM i.e. June 27, 2017, on the website of IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investor Relations" section on the website of the Company.

The summary of the unpaid dividend for the past years and the date on which the outstanding amount shall be transferred to Investor Education and Protection Fund on the dates as given in the table below.

Date of AGM	Balance as on March 31, 2018 (Rs.)	Dividend for the year	Date of Transfer to Investor Education and Protection Fund
October 11, 2011	3,91,898.00	2010-11	November 12, 2018
July 27, 2012	4,13,262.00	2011-12	August 28, 2019
July 26, 2013	5,81,585.00	2012-13	August 27, 2020
August 04, 2014	7,29,459.00	2013-14	September 05, 2021
September 29, 2015	10,50,406.50	2014-15	October 30, 2022
August 01, 2016	10,85,148.00	2015-16	September 02, 2023
June 27, 2017	1,496,880.00	2016-17	July 24, 2024
<b>Total</b>	<b>5,748,638.50</b>		

As per the provisions of Section 124 of the Companies Act, 2013, shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Investor Education and Protection Fund (IEPF) Authority. In accordance with the IEPF Rules, the Company has transferred unpaid / unclaimed dividend for the financial year 2009-10 to the IEPF.

The Company has sent out individual communication to 9412 shareholders whose dividend remains unclaimed for seven years, and published an advertisement in newspapers, inviting such shareholders to claim their dividend.

14. The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company's website viz. [www.tatacommunications.com](http://www.tatacommunications.com).
15. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with their Depository Participants / TSRDL.
16. The route map showing directions to reach the venue of the 32<sup>nd</sup> AGM is attached to this Annual Report.

**17. Voting through electronic means**

In compliance with the provisions of Section 108 of the Companies Act 2013 and the Rules framed thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services, on all resolutions set forth in this Notice. The facility of casting votes by members using an electronic voting system from a place other than the venue of the AGM ("remote e-voting") will be provided by NSDL.

The facility for voting electronically or through ballot paper will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.

The instructions for e-voting 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?**

In case a shareholder receives an e-mail from NSDL (for shareholders whose e-mail addresses are registered with the Applicant Company / Depositories):

- i. Open the e-mail and also open PDF file namely "TCL e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password / PIN for remote e-voting. Please note that the password is an initial password.
- ii. 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.
- iii. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- iv. 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.*

- v. 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 For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Applicant Company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

## Notice of AGM

vi. 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. If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

vii. 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.

viii. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

ix. Now, you will have to click on "Login" button.

x. 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?

i. 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.

ii. 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.

iii. Select "EVEN" of company for which you wish to cast your vote.

iv. Now you are ready for e-Voting as the Voting page opens.

v. 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.

vi. Upon confirmation, the message "Vote cast successfully" will be displayed.

vii. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

viii. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

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## General Guidelines for shareholders:

- i. Institutional 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 Scrutiniser by e-mail to [preetighiya@hotmail.com](mailto:preetighiya@hotmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- ii. 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](http://www.evoting.nsdl.com) to reset the password.
- iii. 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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

**A. Other Instructions**

- i. The e-voting period commences on Saturday, August 4, 2018 (9.00 a.m. IST) and ends on Wednesday, August 8, 2018 (5.00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialised form, as on Friday August 3, 2018 i.e. cut-off date, may cast their vote electronically. The 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.
- ii. 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. 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 as well as voting at the meeting through electronic voting system or ballot.
- iii. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using "Forgot User Details / Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free number: 1800-222-990.
- iv. Ms. Preeti Ghiya, Practising Company Secretary (Membership No.: 10077), has been appointed as the Scrutiniser to scrutinise the e-voting process in a fair and transparent manner.
- v. The Scrutiniser shall, immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
- vi. The results declared along with the Scrutiniser'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 the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

## ANNEXURE TO THE NOTICE DATED JULY 5, 2018

### The Statement of Material Facts pursuant to Section 102(1) of the Companies Act, 2013 (“Act”).

#### **In respect of Item No. 4**

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 shareholders 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. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by Members at every AGM.

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

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMPs are concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

The Board recommends the Ordinary Resolution set out at Item No. 4 of the Notice for approval by the Members.

#### **In respect of Item No. 5**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Ms. Ketki D. Visariya, Cost Accountant, as Cost Auditor to conduct the audit of the cost records of the Company for the financial year ending March 31, 2019. Accordingly, under the authority from the Board of Directors, the remuneration of the Cost Auditor was fixed at ₹ 6,00,000/- plus out of pocket expenses on actual basis subject to a maximum of ₹ 60,000/-. 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 Auditor has to be ratified by the shareholders of the Company. Accordingly, the resolution at Item No.5 is placed before the shareholders for ratification.

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

The Board recommends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the members.

#### **In respect of Item No. 6**

The Memorandum & Articles of Association of the Company (“MoA” and “AoA”) were framed in 1986 under the form prescribed under the Companies Act, 1956 and contain references to specific sections of Companies Act, 1956. Pursuant to the applicability of the Companies Act, 2013, it is necessary to align the provisions of the MoA and AoA to the prescribed provisions of the Companies Act, 2013.

Further, the main objects are proposed to be altered as the Company looks towards widening the sphere of its main business and activities to cover new and emerging areas of business and technology. It is also proposed to alter the main objects by including various modes of monetizing like leasing, letting out, giving on license, etc. the idle assets such as land and buildings, which are not expected to be used for the business of the Company in the foreseeable future, so as to include the rental income from these as part of the operating income of the Company.

In view of the said requirements and the strategic expansion plans of the Company, the Objects Clause is proposed to be amended as follows:

- i. The Objects Clause will now have 2 parts viz. Part A – “The Objects to be pursued by the Company on its incorporation” and Part B – “Matters which are necessary for furtherance of the Objects specified in Clause III(A)”.

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- ii. Sub-clauses numbered 2 to 6 of the existing Part A (main objects) are proposed to be replaced with new objects which will cover an expanded scope of activities to be pursued by the Company in line with the emerging trends in technology and industry and to enable the Company to actively monetize its idle assets.
- iii. Two new clauses numbered 7 and 8 will be added to the existing Part A (main objects) to enable the Company to widen the scope of its business activities.
- iv. The existing Part B of Clause III of the MOA is proposed to be retained except that the reference to various sections of the Companies Act, 1956 are proposed to be replaced with the reference to the corresponding sections of the Companies Act, 2013. The sub-clauses of Part B of Clause III will also be re-numbered consequent to the addition of two new clauses in Part A of Clause III.
- v. The title of the existing Part C – “Other Objects” is proposed to be deleted and the two sub-clauses falling under the existing Part C are to be included under the ambit of Part B of Clause III and are to re-numbered.

Copies of the existing and amended Memorandum of Association will be available for inspection by shareholders during business hours at the registered office of the Company for 21 days before the Annual General Meeting and can also be viewed on the Company's website at <https://www.tatacommunications.com/investors/filings/>.

Any alteration of the Memorandum of Association of the Company requires approval of the shareholders of the Company by means of a Special Resolution under section 13 of the Companies Act, 2013.

The alteration of objects clause of the Memorandum of Association is an item required to be transacted by means of postal ballot under the provisions of section 110 of the Companies Act, 2013 read with Rules 20 and 22 of the Companies (Management and Administration) Rules, 2014. However, in terms of the proviso to section 110 of the Companies Act, 2013 introduced as per the Companies (Amendment) Act, 2017, read with Rule 20 and 22 of the Companies (Companies Management and Administration) Rules, 2014 including any statutory modifications and amendments thereto, approval of shareholders for any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility of voting by electronic means to its shareholders. The Company, being a listed Company is required to provide the facility of voting by electronic means to its shareholders and hence, may obtain the approval of its shareholders to the alteration of the objects clause of the Memorandum of Association at the Annual General Meeting. The Board of Directors vide its resolution dated July 5, 2018 has accorded its approval to the proposed alteration of the Memorandum of Association.

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMPs are concerned or interested in the Resolution at Item No. 6 of the accompanying Notice.

The Board recommends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

**In respect of Item No. 7**

The Memorandum of Association of the Company (“MoA”) was framed in 1986 under the form prescribed under the Companies Act, 1956. The liability clause has been re-stated under the Companies Act, 2013, and hence, it is necessary to align the liability clause of the MoA to the prescribed provisions of the Companies Act, 2013.

In view of the said requirements, it is proposed to replace the existing Clause IV – Liability Clause of the MoA with a re-stated clause as prescribed under Companies Act, 2013.

Copies of the existing and amended Memorandum of Association will be available for inspection by shareholders during business hours at the registered office of the Company for 21 days before the Annual General Meeting and can also be viewed on the Company's website at <https://www.tatacommunications.com/investors/filings/>.

Any alteration of the Memorandum of Association of the Company requires approval of the shareholders of the Company by means of a Special Resolution under section 13 of the Companies Act, 2013. The Board of Directors vide its resolution dated July 5, 2018 has accorded its approval to the proposed alteration of the Memorandum of Association.

None of the Directors and Key Managerial Personnel (KMP) or relatives of directors and KMPs are concerned or interested in the Resolution at Item No. 7 of the accompanying Notice.

## Notice of AGM

The Board recommends the Special Resolution set out at Item No.7 of the Notice for approval by the shareholders.

### In respect of Item No. 8

The Memorandum & Articles of Association of the Company ("MoA" and "AoA") were framed in 1986 under the form prescribed under the Companies Act, 1956 and contain references to specific sections of Companies Act, 1956. Pursuant to the applicability of the Companies Act, 2013, it is necessary to align the provisions of the MoA and AoA to the prescribed provisions of the Companies Act, 2013 and the rules made thereunder.

In view of the said requirements the following amendments are proposed to be made to the Articles of Association of the Company:

- i. The existing Article 1(a) is proposed to be replaced to define the Companies Act, 2013 and the rules made thereunder as the governing regulation for the Articles of Association.
- ii. The existing Article 2 is proposed to be replaced to refer to the regulations of Table F of the Companies Act, 2013 which shall not be applicable to the Company.
- iii. The existing Article 3 is proposed to be amended to reflect the current provisions of the Companies Act, 2013.
- iv. The existing Article 5 is proposed to be replaced to refer to the relevant clause in the Memorandum of Association i.e. Clause V for the Authorized Share Capital.
- v. A new article – Article 5A is proposed to be inserted to empower the Company to issue or re-issue preference shares as a form of capital.
- vi. References to various sections of the Companies Act, 1956 are proposed to be replaced with the reference to the corresponding sections of the Companies Act, 2013 and the rules made thereunder, throughout the Articles of Association.

Copies of the existing and amended Articles of Association will be available for inspection by shareholders during business hours at the registered office of the Company for 21 days before the Annual General Meeting and can also be viewed on the Company's website at <https://www.tatacommunications.com/investors/filings/>.

The alteration of the Articles of Association of the Company requires approval of the shareholders of the Company by means of a Special Resolution under section 14 of the Companies Act, 2013. The Board of Directors vide its resolution dated July 5, 2018 has accorded its approval to the proposed alteration of the Articles of Association.

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

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

By Order of the Board of Directors

Manish Sansi  
Company Secretary  
ACS-10985

Mumbai, July 5, 2018  
CIN: L64200MH1986PLC039266  
Registered Office:

**Details of Directors Seeking Appointment / Re-Appointment at the 32<sup>nd</sup> Annual General Meeting**

Particulars	Dr. Gopichand Katragadda
Date of Birth	8 May 1968
Age	50
Date of Appointment	26 March 2015
Qualifications	MS and PhD degrees in Electrical Engineering from Iowa State University, Ames, Iowa.
Expertise in Specific Functional Area	General Management
Directorships held in other Public Companies (excluding foreign, private companies and Section 8 companies)	3 Tata Elxsi Limited Tata Autocomp Systems Limited Tata Teleservices Limited
Memberships / Chairmanships of Committees in other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	Nil
Shareholding In TCL	Nil
DIN	02475721

**Notes:**

1. Detailed résumé of each Director can be viewed under the “Board of Directors” section of the Annual Report.
2. 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 Report on Corporate Governance.



# TATA COMMUNICATIONS LIMITED

Corporate Identification No.(CIN) - L64200MH1986PLC039266  
Registered Office: VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001.  
Tel : +91 22 6657 8765, Fax : +91 22 6725 1962,  
Email : investor.relations@tatacommunications.com, Website : [www.tatacommunications.com](http://www.tatacommunications.com)



## ATTENDANCE SLIP

(To be presented at the entrance)

### 32<sup>nd</sup> ANNUAL GENERAL MEETING ON THURSDAY, AUGUST 9, 2018 AT 10.00 A.M. at Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai - 400 020

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name of the Member \_\_\_\_\_ Signature \_\_\_\_\_  
Name of the Proxyholder \_\_\_\_\_ Signature \_\_\_\_\_

1. Only Member / Proxyholder can attend the Meeting.
2. Member / Proxyholder should bring his / her copy of the Annual Report for reference at the Meeting.



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## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail Id : \_\_\_\_\_  
Folio No. / Client ID No. : \_\_\_\_\_ DP ID No. \_\_\_\_\_  
I / We, being the member(s) holding \_\_\_\_\_ Shares of Tata Communications Limited, hereby appoint  
1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_  
or failing him  
2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_  
or failing him  
3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 32<sup>nd</sup> Annual General Meeting of the Company to be held on Thursday, August 9, 2018 at 10.00 a.m. at Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai - 400 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

1. To receive, consider and adopt:
  - a. Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 along with the Report of the Auditors thereon.
2. Declaration of Dividend for the financial year 2017-18.
3. Re-appointment of Dr. Gopichand Katragadda as a Director.
4. Ratification of appointment of Statutory Auditors.
5. Ratification of Cost Auditor's Remuneration.
6. Approval for Amendment to Object Clause of the Memorandum of Association.
7. Approval for Amendment to Liability Clause Of the Memorandum of Association.
8. Approval for Amendment to Articles of Association.

Signed this ..... day of ..... 2018

Signature of shareholder.....

Signature of Proxyholder(s)..... REVENUE STAMP HOLDER

- NOTES:**
1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at VSB, Mahatma Gandhi Road, Fort, Mumbai - 400 001, not less than 48 hours before the commencement of the Meeting.
  2. Those Members who have multiple folios with different joint-holders may use copies of this Attendance slip / Proxy.



## NOTES

## NOTES

## NOTES

[illegible]

## NOTES

## NOTES



#### INDIA

Tata Communications Limited  
Plots C21 and C36  
Block G, Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 098

#### UNITED KINGDOM

Tata Communications  
(UK) Limited  
Vintners Place  
68 Upper Thames Street  
London EC4V 3BJ  
United Kingdom

#### CANADA

Tata Communications  
(Canada) Limited  
1441 Rue Carrie-Derick  
Montreal, Quebec  
Canada H3C 4S9

#### SINGAPORE

Tata Communications  
International Pte. Ltd.  
Tata Communications Exchange  
35 Tai Seng Street, #06-01  
Singapore 534103  
Registration Number: 20040025G

#### GERMANY

Tata Communications  
Deutschland GmbH  
Hamburger Allee 2-4,  
Suite 15B,  
60486 Frankfurt am Main.  
Germany

#### UNITED STATES

Tata Communications  
(America) Inc.  
2355 Dulles Corner Boulevard,  
Suite 700  
Herndon, VA 20171

#### HONGKONG

Tata Communications  
(Hong Kong) Limited  
Room 3702, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

#### FRANCE

Tata Communications  
(France) SAS  
66 Avenue Charles de Gaulle  
92200 Neuilly sur Seine  
France

# A NEW WORLD OF COMMUNICATIONS™

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<http://tatacommunications-newworld.com> |  
[www.youtube.com/tatacomms](http://www.youtube.com/tatacomms)

Tata Communications Limited  
VSB, Mahatma Gandhi Road,  
Fort Mumbai, 400 001  
India

#### About Tata Communications

Tata Communications Limited (CIN no: L64200MH1986PLC039266) along with its subsidiaries (Tata Communications) is a leading global provider of A New World of Communications™. With a leadership position in emerging markets, Tata Communications leverages its advanced solutions capabilities and domain expertise across its global network to deliver managed solutions to multi-national enterprises and communications service providers.

The Tata Communications global network includes one of the most advanced and largest submarine cable networks and a Tier-1 IP network with connectivity to more than 240 countries and territories across 400 PoPs, as well as nearly 1 million square feet of data centre and colocation space worldwide.

Tata Communications' depth and breadth of reach in emerging markets includes leadership in Indian enterprise data services and leadership in global international voice communications.

Tata Communications Limited is listed on the Bombay Stock Exchange and the National Stock Exchange of India.

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)

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