



TATA COMMUNICATIONS LIMITED

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CIN:L64200MH1986PLC039266

EXTRACT OF STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2019

(₹ in Lakhs)

Standalone	For the quarter ended			For the nine months ended		For the year ended
	December 31 2019 (Unaudited)	September 30 2019 (Unaudited)	December 31 2018 (Unaudited)	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	March 31 2019 (Audited)
Total Income from operations (net)	144956	151329	142947	441263	401261	548136
Profit before exceptional items and tax	15666	17661	8151	57109	24616	39120
Profit / (Loss) before tax	15666	17069	8151	56517	24244	(27577)
Profit / (Loss) after tax	11354	7515	6107	35567	16450	(44232)
Total Comprehensive Income / (Loss) for the period	10823	6639	4931	32928	15842	(45118)
Equity share capital	28500	28500	28500	28500	28500	28500
Earnings per share (of ₹10/- each) (Not Annualised)						
Basic and Diluted (₹)	3.98	2.64	2.14	12.48	5.77	(15.52)

(₹ in Lakhs)

Consolidated	For the quarter ended			For the half year ended		For the year ended
	December 31 2019 (Unaudited)	September 30 2019 (Unaudited)	December 31 2018 (Unaudited)	December 31 2019 (Unaudited)	December 31 2018 (Unaudited)	March 31 2019 (Audited)
Total Income from operations (net)	424269	428230	428865	1270245	1230223	1658521
Profit from operations before exceptional items, tax and share of profit/(loss) of associate	9815	16916	23426	43389	27874	34096
Profit from operations before tax and share of profit/(loss) of associate	9815	16324	23426	42149	28031	34320
Profit / (Loss) from operations	5885	5431	17382	19016	11802	(8043)
Total Comprehensive Income / (Loss) for the period	958	(13389)	38322	(6975)	(30974)	(52579)
Equity share capital	28500	28500	28500	28500	28500	28500
Earnings per Share (of ₹10/-each) (Not Annualised)						
Basic and Diluted (₹)	2.05	1.89	6.08	6.63	4.09	(2.89)

Notes :-

- The above Standalone and Consolidated results for the quarter and nine months ended December 31, 2019 were taken on record and approved by the Board of Directors at their meeting held on January 22, 2020. These results have been reviewed by the audit committee and have been subjected to a limited review by the statutory auditors.
- During the quarter ended September 30, 2019, the Company has received demands from Department of Telecommunications (DOT) aggregating to ₹ 663343 lakhs towards License Fee on its Adjusted Gross Revenue (AGR) for the financial years 2006-07 till 2017-18. This includes an amount of ₹ 543370 lakhs which were disallowed by the DOT towards the cost adjusted to Gross Revenues by the Company that were claimed on accrual basis instead of actual payment, for which a revised statement on the basis of actual payment has been submitted. On October 24, 2019, the Honorable Supreme Court has given ruling on the AGR. Subsequently, based on media reports, the Company understands that certain ISPs have got demands for payment of AGR on non-telecom income by the DOT and these ISP's have sought clarifications which is pending before Hon'ble Supreme Court. The Company has existing appeals relating to its ILD & NLD licenses which were filed in the past and are pending at the Hon'ble Supreme Court and Hon'ble Madras High Court and the Company's appeal is not included in the Hon'ble Supreme Court ruling of October 24, 2019. Further, the Company believes that all its licenses are different from UASL, which was the subject matter of Supreme Court judgement. The Company has responded to the DOT denying and disputing the amounts claimed by the DOT in the demand cum show cause notice. The Company has not received any response from the DOT after the submission.
- During the quarter ended September 30, 2019, a subsidiary domiciled abroad, has received a final VAT assessment from VAT authorities for ₹ 12397 lakhs, during the quarter ended December 31, 2019 a final penalty assessment of ₹ 14477 lakhs was also received. The Group has filed a notice of intention to appeal the final VAT and penalty assessment which is currently pending with the Economic Administrative Court. The management believes that there are grounds to defend its position.
- On March 5, 2018, the Company filed with the National Company Law Tribunal, Mumbai Bench ('NCLT'), a scheme of arrangement and reconstruction among the Company and Hemisphere Properties India Limited ('HPIL') and their respective shareholders and creditors for demerger of surplus land ("Scheme"). By order of the NCLT, a meeting of the shareholders of the Company was held on May 10, 2018, at which the shareholders approved the Scheme. On July 12, 2018, the NCLT approved the Scheme. HPIL, being a 'government company', as defined under Section 2(45) of the Companies Act, 2013, had filed its petition seeking sanction to the Scheme, before the Central Government through the Ministry of Corporate Affairs, New Delhi ("MCA"). The MCA has approved the Scheme through its order dated August 5, 2019 and HPIL has filed the order with the Registrar of Companies, New Delhi. Consequent to the receipt of the approvals of the NCLT and the MCA, to the Scheme, the Board of Directors of the Company fixed September 18, 2019 as the "Record Date" for the Scheme, for determining the shareholders of the Company who shall be eligible to receive the equity shares of HPIL. The Company and HPIL are working towards giving effect to the Scheme in accordance with its terms.
Accordingly, during the quarter ended September 30, 2019, the Company has recorded an expense of ₹ 592 lakhs relating to such demerger under exceptional items. Further, the carrying value of surplus land and fixed deposits amounting to ₹ 306 lakhs has been derecognised and the same is adjusted in retained earnings.
- The Company and the Group has adopted Ind AS 116 using the modified retrospective approach from April 1, 2019 and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for previous periods have not been retrospectively adjusted. On adoption of this standard following are the impact on Standalone and Consolidated Financial Statements:

(₹ in Lakhs)

Particulars	Standalone	Consolidated
Right-of-use (ROU) assets	6117	92872
Lease liability	7885	115155
Retained earnings (net of taxes) (note a)	(1150)	(14890)
Non-current/current prepaid operating lease assets reclassified to ROU assets	16614	16614
Increase/ (decrease) of profit from operations before taxes for the nine months ended December 31, 2019	(472)	(463)

- The retained earnings of consolidated financial statements is also adjusted for previously recognised lease equalisation liability of ₹ 4384 lakhs that has been derecognised on adoption of this standard.
- The above is an extract of the detailed format of standalone and consolidated unaudited financial results for the quarter and nine months ended December 31, 2019, filed with the Stock Exchange under Regulation 33 of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no CIR/CFD/FAC/62/2016 dated July 5, 2016. The full format of the standalone and consolidated financial results for the quarter and nine months ended December 31, 2019 are available on the stock exchange websites, www.nseindia.com and www.bseindia.com and on the Company's website www.tatacommunications.com

For **TATA COMMUNICATIONS LIMITED**

AMUR S. LAKSHMINARAYANAN
MANAGING DIRECTOR & CEO

Place: Mumbai

Date: January 22, 2020