

# **TATA COMMUNICATIONS SUBSIDIARY ACCOUNTS 2015-16**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 and the Order under section 143 (11) of the Act.



We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 the 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 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 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 the 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 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March, 2016, and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

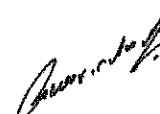
1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

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- 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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 financial statements as referred to in Note 27(1) to the financial statements.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There are no amount which are required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Gurvinder Singh**  
Partner  
(Membership No.110128)

Mumbai, 10 May, 2016

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**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 PAYMENT SOLUTIONS LIMITED** ("the Company") as of 31 March, 2016 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 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 Companies Act, 2013.

**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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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.

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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 Company's 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.

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Haskins & Sells LLP**

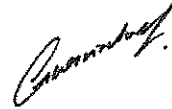
**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March, 2016, 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 **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**Gurvinder Singh**

Partner

(Membership No.110128)

Mumbai, 10 May, 2016

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**ANNEXURE “B” TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

**Report on Companies (Auditor’s Report) Order, 2016 (‘the Order’) issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 (‘the Act’) of Tata Communications Payment Solutions Limited (‘the Company’)**

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees which are covered under section 185 and 186 of the Companies Act, 2013, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2016 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148 (1) of the Companies Act, 2013 and therefore reporting under clause 3(vi) of the Order is not applicable to the Company.

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(vii) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of income-tax, sales tax, service tax, customs duty, excise duty and value added tax which have not been deposited as on 31 March, 2016 on account of disputes are given below:

| Name of statute      | Nature of dues | Forum where dispute is pending                        | Period to which the amount relates (Financial Year) | Amount Involved (Rs. in Lakhs) |
|----------------------|----------------|---|---|--------------------------------|
| Income Tax Act, 1961 | Income Tax     | Rectification Application before TDS officers         | 2012-13 and 2013-14                                 | 52.38                          |
| VAT Laws             | VAT            | High Court, Orissa                                    | 2009-10   | 1.75                           |
| Sales Tax Laws       | Sales Tax      | Assessing Officer, Cochin                             | 2009-10   | 1.46                           |
| Sales Tax Laws       | Sales Tax      | Assistant Commissioner, UP                            | 2010-11   | 1.40                           |
| Sales Tax Laws       | Sales Tax      | Intelligence Inspector - Sales Tax - Aluva            | 2010-11   | 1.13                           |
| Sales Tax Laws       | Sales Tax      | Intelligence Squad - Squad VIII - Sales Tax - Walayar | 2011-12   | 1.03                           |
| Sales Tax Laws       | Sales Tax      | Deputy Commissioner (Appeals) Sales Tax               | 2011-12   | 1.23                           |
| Sales Tax Laws       | Sales Tax      | Commercial Tax officer - Walayar                      | 2011-12   | 1.01                           |
| Sales Tax Laws       | Sales Tax      | JC - Comm. Tax - Vellore - TN                         | 2012-13   | 13.23                          |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

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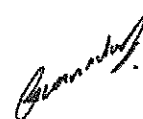
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**Haskins & Sells LLP**

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**Gurvinder Singh**

Partner

(Membership No.110128)

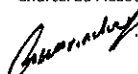
Mumbai, 10 May, 2016

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| TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED |   |          |                                    |                                    |
|---|---|----------|------------------------------------|------------------------------------|
| BALANCE SHEET AS AT 31 MARCH, 2016            |   |          |                                    |                                    |
|   | Particulars   | Note No. | As at 31 March, 2016<br>₹ in Lakhs | As at 31 March, 2015<br>₹ in Lakhs |
| <b>A</b>                                      | <b>EQUITY AND LIABILITIES</b>   |          |                                    |                                    |
| (1)   | <b>Shareholders' funds</b>  |          |                                    |                                    |
| (a)   | Share capital   | 3        | 1,15,771.43                        | 1,22,271.43                        |
| (b)   | Reserves and surplus  | 4        | (40,512.02)                        | (37,695.52)                        |
|   |   |          | <b>75,259.41</b>                   | <b>84,575.91</b>                   |
| (2)   | <b>Non-current liabilities</b>  |          |                                    |                                    |
| (a)   | Other long term liability   | 5        | 35.26                              | -                                  |
| (b)   | Long-term provisions  | 6        | 391.70                             | 831.55                             |
|   |   |          | <b>426.96</b>                      | <b>831.55</b>                      |
| (3)   | <b>Current liabilities</b>  |          |                                    |                                    |
| (a)   | Short-term borrowings   | 7        | 36,631.38                          | 7,303.67                           |
| (b)   | Trade payables  |          |                                    |                                    |
|   | (i) total outstanding dues of micro enterprises and small enterprises                       | 8(a)     | 205.98                             | 71.47                              |
|   | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 8(b)     | 18,301.79                          | 14,708.82                          |
| (c)   | Other current liabilities   | 9        | 3,089.08                           | 5,657.45                           |
| (d)   | Short-term provisions   | 10       | 36.70                              | 35.75                              |
|   |   |          | <b>58,264.93</b>                   | <b>27,777.16</b>                   |
|   | <b>Total</b>  |          | <b>1,33,951.30</b>                 | <b>1,13,184.62</b>                 |
| <b>B</b>                                      | <b>ASSETS</b>   |          |                                    |                                    |
| (1)   | <b>Non-current assets</b>   |          |                                    |                                    |
| (a)   | Fixed assets  |          |                                    |                                    |
|   | (i) Tangible assets   | 11       | 55,946.40                          | 60,824.08                          |
|   | (ii) Intangible assets  |          | 240.73                             | 167.17                             |
|   | (iii) Capital work-in-progress  |          | 394.78                             | 1,655.45                           |
|   | (iv) Intangible assets under development  |          | 38.99                              | -                                  |
|   |   |          | <b>56,620.90</b>                   | <b>62,646.70</b>                   |
| (b)   | Long-term loans and advances  | 12       | 6,430.76                           | 5,590.57                           |
|   |   |          | <b>6,430.76</b>                    | <b>5,590.57</b>                    |
| (2)   | <b>Current assets</b>   |          |                                    |                                    |
| (a)   | Trade receivables   | 13       | 7,358.20                           | 8,121.96                           |
| (b)   | Cash and bank balances  | 14       | 60,457.77                          | 32,298.22                          |
| (c)   | Short-term loans and advances   | 15       | 3,083.67                           | 4,527.17                           |
|   |   |          | <b>70,899.64</b>                   | <b>44,947.35</b>                   |
|   | <b>Total</b>  |          | <b>1,33,951.30</b>                 | <b>1,13,184.62</b>                 |
|   | See accompanying notes forming part of the financial statements                             |          |                                    |                                    |

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Gurvinder Singh  
Partner

Place : Mumbai  
Dated: 10 May 2016

  
Rishabh Aditya  
Company Secretary

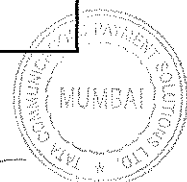
For and on Behalf of the Board of Directors

  
Director

  
Sanjeev Patel  
Chief Executive Officer

  
Director

  
Sanjay Agarwal  
Chief Financial Officer

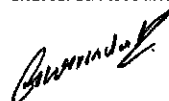


# TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016

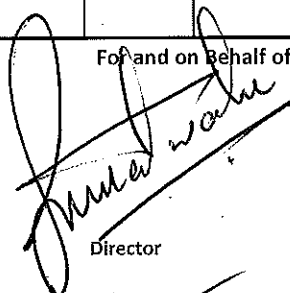
|      | Particulars   | Note No. | Year ended<br>31 March, 2016<br>₹ in Lakhs | Year ended<br>31 March, 2015<br>₹ in Lakhs |
|------|---|----------|--|--|
| I    | Revenue from operations<br>(net of amortisation of upfront fees to customers)<br><b>Net Revenue</b> | 16       | 56,652.46                                  | 51,566.72                                  |
| II   | Other Income  |          | 658.70                                     | 225.03                                     |
| III  | <b>Total Revenue (I + II)</b>   |          | <b>57,311.16</b>                           | <b>51,791.75</b>                           |
| IV   | <b>EXPENSES:</b>  |          |  |  |
|      | Operating and other expense   | 17       | 53,773.43                                  | 53,824.16                                  |
|      | Employee benefit expense  | 18       | 3,681.31                                   | 3,555.75                                   |
|      | Finance cost  | 19       | 1,307.11                                   | 1,337.82                                   |
|      | Depreciation and amortization expense   | 11       | 15,682.06                                  | 10,237.65                                  |
|      | <b>Total Expenses</b>   |          | <b>74,443.91</b>                           | <b>68,955.38</b>                           |
| V    | <b>Loss before exceptional items and tax (III - IV)</b>   |          | <b>(17,132.75)</b>                         | <b>(17,163.63)</b>                         |
| VI   | <b>Exceptional Items</b>  |          |  |  |
|      | Staff optimisation cost   | 20       | 183.75                                     | -  |
| VII  | <b>Loss before tax (V - VI)</b>   |          | <b>(17,316.50)</b>                         | <b>(17,163.63)</b>                         |
| VIII | Tax expense   |          | -  | -  |
| IX   | <b>Loss after tax (VII - VIII)</b>  |          | <b>(17,316.50)</b>                         | <b>(17,163.63)</b>                         |
|      | <b>Basic/Diluted Earnings per share (of ₹ 10 each)</b>  | 22       | <b>(4.48)</b>                              | <b>(5.77)</b>                              |
|      | See accompanying notes forming part of the financial statements                                     |          |  |  |

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants



Gurvinder Singh  
Partner

For and on Behalf of the Board of Directors



Director

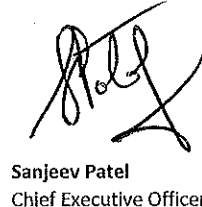


Director

Place : Mumbai  
Dated: 10 May 2016



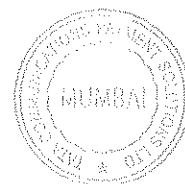
Rishabh Aditya  
Company Secretary



Sanjeev Patel  
Chief Executive Officer



Sanjay Agarwal  
Chief Financial Officer



**TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

| Particulars  | Year Ended         | Year Ended         |
|--|--------------------|--------------------|
|  | 31 March, 2016     | 31 March 2015      |
|  | Rs. in Lakhs       | Rs. in Lakhs       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                            |                    |                    |
| LOSS BEFORE TAX  | (17,316.50)        | (17,163.63)        |
| Adjustments for :  |                    |                    |
| Depreciation and amortisation expense                                  | 15,682.06          | 10,237.65          |
| Finance cost   | 1,307.11           | 1,337.82           |
| Loss on sale of fixed assets/write off/damage                          | 39.77              | 132.67             |
| Provision for doubtful advances  | 99.91              | 53.20              |
| Provision for trade receivables  | 1,437.70           | 340.00             |
| Net gain on sale of current investments                                | (45.08)            | (216.48)           |
| Provision/Liabilities no longer required written back                  | 591.47             | -                  |
| <b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>          | <b>1,796.44</b>    | <b>(5,278.77)</b>  |
| Adjustment For   |                    |                    |
| Trade receivables  | (673.94)           | 4,721.24           |
| Short-term loans and advances  | 1,369.05           | 1,229.55           |
| Long-term loans and advances   | 5.78               | 1,973.19           |
| Trade payables   | 3,648.53           | (4,051.78)         |
| Other long term liability  | 35.26              | -                  |
| Other Current Liabilities  | (445.27)           | (40.84)            |
| Long-term Provisions   | (944.28)           | (32.63)            |
| Short-term Provisions  | 0.94               | 1.76               |
| Cash generated from Operations before taxation                         | 4,792.52           | (1,478.28)         |
| Income tax paid (net)  | (763.63)           | (957.37)           |
| <b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)</b>           | <b>4,028.89</b>    | <b>(2,435.65)</b>  |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                             |                    |                    |
| Capital expenditure on fixed assets (including capital advances)       | (12,000.16)        | (39,427.77)        |
| Proceeds from sale of fixed assets                                     | 67.63              | 40.36              |
| Purchase of current investment (mutual fund)                           | (41,849.99)        | (1,78,105.00)      |
| Sale of current investment (mutual fund)                               | 41,895.08          | 1,79,821.47        |
| <b>NET CASH (USED IN) INVESTING ACTIVITIES (B)</b>                     | <b>(11,887.44)</b> | <b>(37,670.94)</b> |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                             |                    |                    |
| Proceeds from issue of equity shares                                   | -                  | 3,500.00           |
| Proceeds from issue of preference shares                               | 8,000.00           | 85,000.00          |
| Proceeds from short-term borrowings                                    | 29,327.71          | 7,233.06           |
| Proceeds from long-term borrowings (holding company)                   | -                  | 13,000.00          |
| Repayment of long-term borrowings (holding company)                    | -                  | (35,500.00)        |
| Repayment of long-term borrowings (bank)                               | -                  | (6,700.00)         |
| Finance cost   | (1,309.62)         | (2,032.40)         |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>                     | <b>36,018.09</b>   | <b>64,500.66</b>   |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>               | <b>28,159.55</b>   | <b>24,394.07</b>   |
| CASH AND CASH EQUIVALENTS as at beginning of the year                  | 32,298.22          | 7,904.15           |
| <b>CASH AND CASH EQUIVALENTS as at end of the year (refer note 14)</b> | <b>60,457.77</b>   | <b>32,298.22</b>   |

**Note:**

- Figures in bracket represent outflows.
- During the year, 12% Convertible Preference shares amounting to ₹ 43,500 lakhs has been converted into equity share capital.

See accompanying notes forming part of the financial statements

In terms of our report attached  
For Deloitte Haskins & Sells LLP  
Chartered Accountants

Gurvinder Singh  
Partner

Place : Mumbai  
Dated: 10 May 2016

Rishabh Aditya  
Company Secretary

For and on Behalf of the Board of Directors

Director

Director

Sanjeev Patel  
Chief Executive Officer

Sanjay Agarwal  
Chief Financial Officer



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 1. Corporate information

**TATA Communications Payment Solutions Limited** ('the Company') was incorporated in India on 28 February 2008 to engage in the business of providing infrastructure managed services and incidental activities to banking sector and has obtained authorization from Reserve Bank of India to set up, own and operate White Label ATMs subject to the terms and conditions laid down under the Payment and Settlement Systems Act, 2007. The Company operates under the brand name 'Indicash'. The company is responsible for 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 and in turn is paid by the card issuer bank on a pay per use model. The Company is a wholly owned subsidiary of **Tata Communications Limited**.

### 2. Significant accounting policies

#### a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with Accounting Standards prescribed under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.

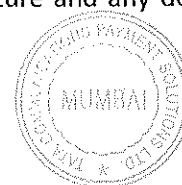
The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the difference between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

#### c) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand (including cash in ATM and cash in transit) and demand deposits with banks. 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.

#### d) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or





# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### e) Fixed assets

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes, any directly attributable expenditure on making the asset ready for its intended use and all incidental expenses incurred on making the asset ready for its intended use.

Intangible assets are recognized only if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Capital work-in-progress includes projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost and related incidental expenses and attributable interest.

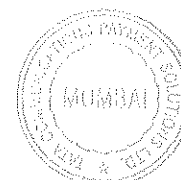
Intangible assets under development includes expenditure on software development eligible for capitalisation which are carried as Intangible assets under development where such assets are not yet ready for their intended use.

### f) Depreciation / Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets where the life of assets is lower than the prescribed life or otherwise no specific life has been prescribed in Schedule II to the Companies Act, 2013.

| Tangible and Intangible assets |   | Useful life of Assets   |
|--------------------------------|---|---|
| I.                             | Plant and Machinery (Refer 1 below)                                     |   |
|                                | - ATM & Cash Dispensers   | 10 years  |
|                                | - Other Equipment & accessories at ATM Site<br>(UPS, AC, Battery, VSAT) | 3 to 8 years  |
|                                | - Other General Plant & Machinery                                       | 5 to 8 years  |
| II.                            | Leasehold Improvements  | Over the customer contract or<br>term of the lease of the site<br>whichever is less |
| III.                           | Computer Software (Refer 2 below)                                       | 3 to 6 years  |

1. In these cases, the life of the assets has 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.



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

2. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

### **g) Impairment**

The carrying values of assets / cash generating units 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 the 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 that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amounts 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 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 net selling price and their 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.

### **h) Operating Leases**

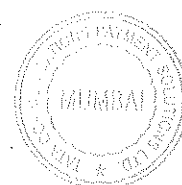
Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases.

Rental income and rental expenses on assets given or obtained under operating lease arrangements are recognised on a straight line basis over the term of the lease. The initial direct costs relating to operating leases are recorded as expenses as they are incurred.

### **i) Investments**

Long-term investments are valued at cost less provision for other than temporary diminution in value.

Current investments comprising investments in mutual funds are stated at the lower of cost and fair value, determined on an individual investment basis.



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### j) Employee benefits

Employee benefits include provident fund, gratuity, compensated absences and performance incentives.

#### Defined contribution plans

The Company makes contribution towards provident fund under a defined contribution retirement benefit plan for qualifying employees and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The provident fund is administered 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.

#### Defined benefit plans

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 in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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.

#### i. Short term employment benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### ii. Long term employment 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 service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.



*[Signature]*

# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### k) Revenue recognition

Revenues are recognised (net of deduction) on the basis of the contract with the customers:

- a) On the basis of number of transactions in such month.
- b) On the basis of fixed service charge for the number of days of usage.

### l) Other income

Dividends from investments are recognized when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists. Interest income is recognized on accrual basis.

### m) Taxation

- i. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, and items relating to capital losses deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.
- iii. Current and deferred tax relating to items directly recognised in the reserves are recognised in the reserves and not in the Statement of Profit and Loss.

### n) Foreign currency transactions

- i. Transactions in foreign currencies entered into by the Company are accounted 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.
- ii. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.
- iii. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

### o) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.





# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

### p) *Contingent Liabilities and Provisions*

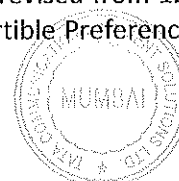
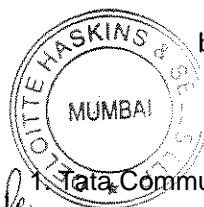
A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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.

### 3. Share capital

|  | (₹ in lakhs)           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>a. Authorised:</b>  |                        |                        |
| 700,000,000 (2015: 400,000,000) Equity shares of ₹10 each (Note a)                             | 70,000.00              | 40,000.00              |
| Nil (2015: 1,100,000,000) 12% Cumulative Redeemable Preference Shares of ₹10 each (Note b)     | -                      | 1,10,000.00            |
| 1,100,000,000 (2015: Nil) 12% Convertible Preference Shares of ₹10 each (Note b)               | 1,10,000.00            | -                      |
|  | <b>1,80,000.00</b>     | <b>1,50,000.00</b>     |
| <b>b. Issued, Subscribed and Paid up:</b>  |                        |                        |
| 662,714,284 (2015: 372,714,284) Equity shares of ₹10 each, fully paid up                       | 66,271.43              | 37,271.43              |
| Nil (2015: 850,000,000) 12% Cumulative Redeemable Preference shares of ₹10 each, fully paid up | -                      | 85,000.00              |
| 495,000,000 (2015: Nil) 12% Convertible Preference Shares of ₹10 each, fully paid up           | 49,500.00              | -                      |
| <b>Total</b>   | <b>115,771.43</b>      | <b>122,271.43</b>      |

a. During the year, the Authorised equity share capital of the Company increased by 3000 lakhs shares as approved by the shareholders of the Company at the Extra-ordinary General Meeting held on 11 March, 2016

b. During the year, the terms of issue of Preference Shares have been revised from 12% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10/- each to 12% Convertible Preference Shares (CPS)



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

of ₹ 10/- each vide special resolution passed by the Equity Shareholders at their Extra-ordinary General Meeting held on 8 March, 2016 and special resolution passed by the Preference Shareholders at their General Meeting held on 8 March, 2016

- c. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

| Equity shares                                       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---|---------------------|------------------|---------------------|------------------|
|   | No of shares        | ₹ in lakhs       | No of shares        | ₹ in lakhs       |
| At the beginning of the year                        | 372,714,284         | 37,271.43        | 362,714,284         | 36,271.43        |
| Add: Issued during the year<br>(Refer note i)       | -                   | -                | 10,000,000          | 1,000.00         |
| Add: Converted from CPS<br>(Refer note ii)          | 290,000,000         | 29,000.00        | -                   | -                |
| <b>Outstanding at the end of the year</b>           | <b>662,714,284</b>  | <b>66,271.43</b> | <b>372,714,284</b>  | <b>37,271.43</b> |
| 12% Cumulative Redeemable Preference Shares (CRPS)  | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|   | No of shares        | ₹ in lakhs       | No of shares        | ₹ in lakhs       |
| At the beginning of the year                        | 850,000,000         | 85,000           | -                   | -                |
| Add: Issued during the year                         | 80,000,000          | 8,000            | 850,000,000         | 85,000           |
| Less: Converted to CPS                              | (930,000,000)       | (93,000)         | -                   | -                |
| <b>Outstanding at the end of the year</b>           | <b>-</b>            | <b>-</b>         | <b>850,000,000</b>  | <b>85,000</b>    |
| 12% Convertible Preference Shares (CPS)             | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|   | No of shares        | ₹ in lakhs       | No of shares        | ₹ in lakhs       |
| At the beginning of the year                        | -                   | -                | -                   | -                |
| Add: Converted from CRPS                            | 930,000,000         | 93,000           | -                   | -                |
| Less: Converted to Equity shares<br>(Refer note ii) | (435,000,000)       | (43,500)         | -                   | -                |
| <b>Outstanding at the end of the year</b>           | <b>495,000,000</b>  | <b>49,500</b>    | <b>-</b>            | <b>-</b>         |

- i. During the previous year, the Company had issued 100 lakhs equity shares of ₹ 10 each at premium of ₹ 25 per share
- ii. During the current year, 43,500 lakhs 12% convertible preference shares have been converted into 2,900 lakhs equity shares of ₹ 10 each at premium of ₹ 5 per share.

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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

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

| Tata Communications Limited<br>(Holding Company) | As at 31 March 2016 |            | As at 31 March 2015 |            |
|--|---------------------|------------|---------------------|------------|
|  | No of shares        | Percentage | No of shares        | Percentage |
| Equity shares                                    | 662,714,284         | 100%       | 372,714,284         | 100%       |
| 12% Cumulative Redeemable Preference shares      | -                   | -          | 850,000,000         | 100%       |
| 12% Convertible Preference shares                | 495,000,000         | 100%       | -                   | -          |

e. Terms/Rights attached to shares:

i. The Company has only one class of equity shares having a face value of ₹10 per share. Equity shareholders are entitled to one vote per share at any General Meeting of Shareholders.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

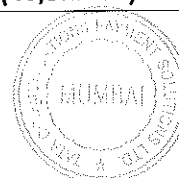
ii. The Preference Shares shall carry 12% preference dividend and shall be convertible at option of the Company. The shares shall rank for dividend in priority to the equity shares for the time being of the Company. The voting rights of the persons holding the said shares shall be in accordance with the provisions of Section 47 of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof for the time being in force)

Arrears of fixed cumulative dividend on preference shares as at 8 March, 2016 amounting to ₹ 14,103.12 lakhs has been waived off by the preference shareholders post the change in the terms of the preference shares at the extra-ordinary general meeting held on 8 March, 2016.

#### 4. Reserves and surplus

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>Deficit in Statement of Profit and Loss</b>  |                        |                        |
| Opening balance   | (51,624.09)            | (34,391.35)            |
| Add: Loss for the year  | (17,316.50)            | (17,163.63)            |
| Add: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (refer note 11) | -                      | (69.11)                |
| <b>Closing balance</b>  | <b>(68,940.59)</b>     | <b>(51,624.09)</b>     |
| <b>Securities Premium</b>   |                        |                        |
| Opening balance   | 13,928.57              | 11,428.57              |
| Add: Premium on shares issued during the year(Refer note 3c (i) and (ii))   | 14,500.00              | 2,500.00               |
| <b>Closing balance</b>  | <b>28,428.57</b>       | <b>13,928.57</b>       |
| <b>Total</b>  | <b>(40,512.02)</b>     | <b>(37,695.52)</b>     |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 5. Other long-term liability

(₹ in lakhs)

|                           | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---------------------------|------------------------|------------------------|
| Accrued employee benefits | 35.26                  | -                      |
| <b>Total</b>              | <b>35.26</b>           | <b>-</b>               |

### 6. Long-term provisions

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Provision for employee benefits (Refer note 21) |                        |                        |
| Provision for gratuity                             | 185.40                 | 149.70                 |
| Provision for compensated absences                 | 206.30                 | 175.20                 |
| b. Other provisions                                | -                      | 506.65                 |
| <b>Total</b>                                       | <b>391.70</b>          | <b>831.55</b>          |

### 7. Short-term borrowings

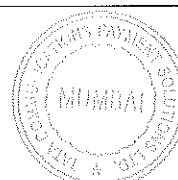
(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>Short term loans (unsecured)</b>                           |                        |                        |
| Bank overdraft  | 36,631.38              | 7,303.67               |
| (Rate of interest: 9.40 % to 11.35% (2015: 10.15% to 10.80%)) |                        |                        |
| <b>Total</b>  | <b>36,631.38</b>       | <b>7,303.67</b>        |

### 8. Trade payables

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Total outstanding dues of micro enterprises and small enterprises (Refer note 28)      | 205.98                 | 71.47                  |
| (A)   | 205.98                 | 71.47                  |
| b. Total outstanding dues of creditors other than micro enterprises and small enterprises |                        |                        |
| i. Trade payables   | 16,613.22              | 13,465.38              |
| ii. Payable to related parties(Refer note 24)   | 848.04                 | 627.16                 |
| iii. Accrued employee benefits  | 840.53                 | 616.28                 |
| (B)   | 18,301.79              | 14,708.82              |
| <b>Total</b>  | <b>18,507.77</b>       | <b>14,780.29</b>       |
| (A+B)   |                        |                        |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 9. Other current liabilities

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Other Payables   |                        |                        |
| i. Payables on Purchase of fixed assets<br>(Refer note i below) | 2,760.46               | 5,367.88               |
| ii. Statutory remittances                                       | 313.12                 | 271.50                 |
| iii. Other liabilities  | 11.90                  | 18.08                  |
| b. Customer advance   | 3.60                   | -                      |
| <b>Total</b>  | <b>3,089.08</b>        | <b>5,657.46</b>        |

- i. Payables on purchase of fixed assets includes payable to holding Company ₹ 57.82 lakhs as on 31 March 2016.

### 10. Short-term provisions

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| Provision for employee benefit (Refer note 21) |                        |                        |
| a. Provision for gratuity                      | 10.20                  | 7.40                   |
| b. Provision for compensated absences          | 26.50                  | 28.35                  |
| <b>Total</b>                                   | <b>36.70</b>           | <b>35.75</b>           |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 11. Fixed assets

#### a. Tangible assets

(₹ in lakhs)

|                                 | Plant and Machinery | Office Equipment | Computers | Furniture and Fixtures | Leasehold Improvements | Total      |
|---------------------------------|---------------------|------------------|-----------|------------------------|------------------------|------------|
| <b>Gross block</b>              |                     |                  |           |                        |                        |            |
| At 1 April 2014                 | 22,734.63           | 30.96            | 468.25    | 180.48                 | 10,493.85              | 33,908.17  |
| Additions                       | 30,134.81           | 16.76            | 260.44    | 0.49                   | 11,159.78              | 41,572.28  |
| Disposals                       | (306.96)            | -                | (2.63)    | (2.39)                 | (1,094.96)             | (1,406.94) |
| Adjustments                     | 28.58               | 27.91            | (57.94)   | (1.19)                 | 2.64                   | -          |
| At 31 March 2015                | 52,591.06           | 75.63            | 668.12    | 177.39                 | 20,561.31              | 74,073.51  |
| Additions                       | 7,156.44            | 0.17             | 91.33     | 4.55                   | 3,570.06               | 10,822.55  |
| Disposals                       | (522.80)            | -                | (7.83)    | -                      | (1,882.63)             | (2,413.26) |
| Adjustments                     | 4.77                | -                | (4.77)    | -                      | -                      | -          |
| At 31 March 2016                | 59,229.47           | 75.80            | 746.85    | 181.94                 | 22,248.74              | 82,482.80  |
| <b>Accumulated Depreciation</b> |                     |                  |           |                        |                        |            |
| At 1 April 2014                 | 2,773.04            | 0.84             | 104.97    | 14.95                  | 1,326.39               | 4,220.19   |
| Depreciation                    | 5,836.88            | 20.79            | 223.80    | 17.09                  | 4,162.18               | 10,260.74  |
| Disposals                       | (143.69)            | -                | (1.47)    | -                      | (1,086.35)             | (1,231.51) |
| Adjustments                     | 4.40                | 7.28             | (11.93)   | (0.01)                 | 0.26                   | -          |
| At 31 March 2015                | 8,470.63            | 28.91            | 315.37    | 32.03                  | 4,402.48               | 13,249.42  |
| Depreciation                    | 9,453.22            | 16.55            | 181.42    | 18.40                  | 5,926.05               | 15,595.64  |
| Disposals                       | (423.85)            | -                | (7.33)    | -                      | (1,877.49)             | (2,308.67) |
| Adjustments                     | 0.75                | -                | (0.75)    | -                      | -                      | -          |
| At 31 March 2016                | 17,500.75           | 45.46            | 488.71    | 50.43                  | 8,451.04               | 26,536.39  |
| <b>Net Block</b>                |                     |                  |           |                        |                        |            |
| At 31 March 2015                | 44,120.43           | 46.72            | 352.75    | 145.36                 | 16,158.83              | 60,824.09  |
| At 31 March 2016                | 41,728.72           | 30.34            | 258.14    | 131.51                 | 13,797.70              | 55,946.41  |

#### b. Intangible assets

(₹ in lakhs)

|                                 | Computer Software |
|---------------------------------|-------------------|
| <b>Gross block</b>              |                   |
| At 1 April 2014                 | 236.77            |
| Additions                       | 56.92             |
| At 31 March 2015                | 293.69            |
| Additions                       | 162.78            |
| Adjustments                     | (25.69)           |
| At 31 March 2016                | 430.78            |
| <b>Accumulated amortization</b> |                   |
| At 1 April 2014                 | 80.49             |
| Amortisation Expense            | 46.03             |
| At 31 March 2015                | 126.52            |
| Amortisation Expense            | 86.42             |
| Adjustments                     | (22.89)           |
| At 31 March 2016                | 190.05            |
| <b>Net Block</b>                |                   |
| At 31 March 2015                | 167.17            |
| At 31 March 2016                | 240.73            |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### Note:

- a. Depreciation on fixed assets has been provided on the straight-line method from the month of addition. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II or as estimated by management in case of asset where no specific life has been prescribed in Schedule II.
- b. Depreciation and amortisation expenses

|  | (₹ in lakhs)                |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
| Depreciation and amortisation for the year on tangible assets as per note 11(a) above        | 15,595.64                   | 10,260.73                   |
| Amortisation for the year on intangible assets as per note 11(b) above                       | 86.42                       | 46.03                       |
| Less : Deprecation on tangible assets transferred to Surplus in Statement of Profit and Loss | -                           | 69.11                       |
| Depreciation and amortisation expenses   | 15,682.06                   | 10,237.65                   |

### 12. Long terms loans and advances

|  | (₹ in lakhs)           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>Unsecured – considered good</b>     |                        |                        |
| a. Prepaid expenses                    | 44.44                  | 129.64                 |
| b. Capital Advances                    | 150.00                 | 42.16                  |
| c. Advance tax                         | 3,241.04               | 2,477.41               |
| d. Security deposits                   | 2,995.28               | 2,941.36               |
| <b>Doubtful Security deposits:</b>     |                        |                        |
| Security deposits                      | 25.49                  | -                      |
| Less : Provision for Security deposits | (25.49)                | -                      |
| <b>Total</b>                           | <b>6,430.76</b>        | <b>5,590.57</b>        |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 13. Trade receivables

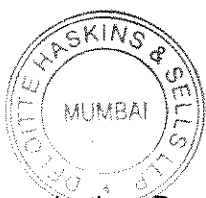
(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b> |                        |                        |
| Unsecured, considered good   | 385.09                 | 1,229.71               |
| Doubtful   | 1,777.70               | 340.00                 |
|  | <b>2,162.79</b>        | <b>1,569.71</b>        |
| Less: Provision for doubtful trade receivables   | (1,777.70)             | (340.00)               |
| <b>A</b>   | <b>385.09</b>          | <b>1,229.71</b>        |
| <b>Other trade receivables</b>   |                        |                        |
| Unsecured, considered good   | 6,973.11               | 6,892.25               |
| <b>B</b>   | <b>6,973.11</b>        | <b>6,892.25</b>        |
| <b>Total (A + B)</b>   | <b>7,358.20</b>        | <b>8,121.96</b>        |

### 14. Cash and bank balances

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| Balances at Automatic Teller Machines (ATMs)   | 46,414.64              | 22,649.07              |
| Cash in transit  | 8,837.28               | 4,673.44               |
| Balances with banks in current accounts  | 5,205.85               | 4,975.71               |
| <b>Total</b>   | <b>60,457.77</b>       | <b>32,298.22</b>       |
| Of the above, the balance that meets the definition of cash and cash equivalent as per AS3 – Cash flow statement | <b>60,457.77</b>       | <b>32,298.22</b>       |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 15. Short term loans and advances

(₹ in lakhs)

|                                     | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-------------------------------------|------------------------|------------------------|
| <b>Unsecured - considered good:</b> |                        |                        |
| a. Advances to employees            | -                      | 9.15                   |
| b. Advance to vendors               | 2,096.73               | 2,681.21               |
| c. Prepaid expenses                 | 325.92                 | 574.97                 |
| d. Service tax credit receivable    | 661.02                 | 1,261.84               |
| <b>Doubtful advances:</b>           |                        |                        |
| e. Advance to vendors               | 127.63                 | 53.20                  |
| Less : Provision for advances       | (127.63)               | (53.20)                |
| <b>Total</b>                        | <b>3,083.67</b>        | <b>4,527.17</b>        |

- i. Prepaid expenses includes ₹ 145.55 lakhs paid to holding Company and ₹ 22.90 lakhs paid to fellow subsidiary as on 31 March 2016.

### 16. Other income

(₹ in lakhs)

|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| a. Net gain on sale of current investments (mutual funds) | 45.08                       | 216.48                      |
| b. Provisions/Liabilities no longer required written back | 591.47                      | -                           |
| c. Miscellaneous income (net)                             | 22.15                       | 8.55                        |
| <b>Total</b>  | <b>658.70</b>               | <b>225.03</b>               |



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 17. Operating and other expenses

(₹ in lakhs)

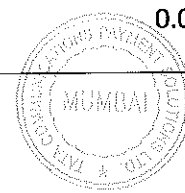
|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| a. Bandwidth expense  | 1,647.36                    | 1,488.08                    |
| b. Cash management fees   | 14,044.34                   | 14,533.65                   |
| c. Caretaker charges  | 6,038.65                    | 9,172.75                    |
| d. Lease rental (refer note ii below)                                 |                             |                             |
| i. Site rent charges  | 9,268.52                    | 8,313.49                    |
| ii. Lease rental  | -                           | 5,835.47                    |
| iii. Rent on hired building   | 524.82                      | 530.38                      |
| e. Electricity expenses   | 4,417.52                    | 3,380.97                    |
| f. Consumables  | 686.56                      | 1,157.74                    |
| g. Cash handling loss   | 628.48                      | 333.30                      |
| h. Repairs and maintenance  | 6,115.71                    | 3,859.42                    |
| i. Legal and professional fees  | 470.55                      | 575.81                      |
| j. Services rendered by agencies                                      | 5,690.86                    | 2,881.48                    |
| k. Stamp duty   | -                           | (512.58)                    |
| l. Rates and taxes  | 95.53                       | 61.10                       |
| m. Travelling expenses  | 495.32                      | 536.60                      |
| n. Advertising and publicity  | 124.02                      | 128.30                      |
| o. Insurance  | 139.46                      | 119.51                      |
| p. Loss on sale of fixed assets /write off/damage (net)               | 39.77                       | 132.67                      |
| q. Freight and transport expenses                                     | 618.61                      | 445.96                      |
| r. Provision for doubtful trade receivables                           | 1,437.70                    | 340.00                      |
| s. Provision for doubtful advances                                    | 99.92                       | 53.20                       |
| t. Telephone expenses   | 79.51                       | 101.40                      |
| u. Printing, postage and stationery                                   | 35.74                       | 26.06                       |
| v. Other expenses (refer note i below)                                | 1,306.27                    | 641.63                      |
| <b>Total</b>  | <b>54,005.22</b>            | <b>54,136.39</b>            |
| Less: Services rendered by agencies and site rent charges capitalized | (231.79)                    | (312.23)                    |
| <b>Net Total</b>  | <b>53,773.43</b>            | <b>53,824.16</b>            |

#### Note:

i. Other expenses include Auditor's remuneration as follows:

(₹ in lakhs)

|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| <b>Auditor's remuneration and expenses</b><br>(excluding service tax) |                             |                             |
| ■ Audit fees  | 18.00                       | 18.00                       |
| ■ Tax Audit fees  | 3.50                        | 3.50                        |
| ■ Other professional services   | 10.79                       | 10.50                       |
| ■ Out of Pocket expenses (OPE)  | 0.03                        | -                           |



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

- ii. Lease rentals comprises of Site rent Charges in respect of various ATM sites taken on lease, Lease rental for rent on ATMs and ATM related equipment's taken on lease and Rent of hired building for various offices premises taken on lease.

### 18. Employee benefit expenses

|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| a. Salaries and related costs                 | 3,865.51                    | 3,834.41                    |
| b. Contributions to provident and other funds | 140.90                      | 145.15                      |
| c. Gratuity expense                           | 47.30                       | 68.50                       |
| d. Staff welfare expenses                     | 212.13                      | 194.40                      |
| Less: Capitalization of employee cost         | (584.53)                    | (686.71)                    |
| <b>Total</b>                                  | <b>3,681.31</b>             | <b>3,555.75</b>             |

### 19. Finance costs

|  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| <b>Interest expense on:</b>                  |                             |                             |
| a. Overdraft facility with banks             | 1,278.65                    | 244.82                      |
| b. Loan from holding company (Refer note 24) | -                           | 1,093.00                    |
| c. Others                                    | 28.46                       | -                           |
| <b>Total</b>                                 | <b>1,307.11</b>             | <b>1,337.82</b>             |

### 20. Exceptional Items

|  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| a. Staff optimisation cost (Refer i below) | 183.75                      | -                           |
| <b>Total</b>                               | <b>183.75</b>               | <b>-</b>                    |

- i. As part of its initiative to enhance the long term efficiency of the business, during the year the Company undertook organisational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred a one-time charge.

### 21. Employee Benefits

#### i. Defined Contribution Plan - Provident Fund:

The Company makes contribution towards Provident fund under a defined contribution retirement benefit plan for employees. The Provident Fund is administered 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. Provident fund contributions amounting to ₹ 140.80 lakhs (2015: ₹ 145.02 lakhs) have been charged to the Statement of Profit and Loss.



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# TATA Communications Payment Solutions Limited

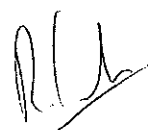
## Notes forming part of the financial statements

for the year ended 31 March 2016

### ii. Defined Benefit Obligation - Gratuity

The plan provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The cost of providing benefits for defined benefit schemes is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

The details in respect of the unfunded amounts recognised in the Company's financial statements for these defined benefit schemes are as under:



# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

(₹ in lakhs)

|  |   | As at 31 March<br>(Unfunded) |                                |             |             |             |
|--|---|------------------------------|--------------------------------|-------------|-------------|-------------|
|  |   | 2016                         | 2015                           |             |             |             |
| I  | <b>Change in the Defined Benefit Obligation (DBO)</b>         |                              |                                |             |             |             |
|  | <b>Present value of DBO at the beginning of the year</b>      | 157.10                       | 119.70                         |             |             |             |
|  | Current service cost  | 40.00                        | 32.50                          |             |             |             |
|  | Interest cost   | 11.80                        | 10.50                          |             |             |             |
|  | Liability transfer in/(out) from/to other company             | 3.60                         | (17.80)                        |             |             |             |
|  | Actuarial (gain) / loss on obligations                        | (4.50)                       | 25.50                          |             |             |             |
|  | Benefits paid   | (12.40)                      | (13.30)                        |             |             |             |
|  | <b>Present value of DBO at the end of the year</b>            | <b>195.60</b>                | <b>157.10</b>                  |             |             |             |
|  |   | <b>2016</b>                  | <b>2015</b>                    |             |             |             |
| II   | <b>Amount recognized in the balance sheet</b>                 |                              |                                |             |             |             |
|  | Liability at the end of the year                              | 195.60                       | 157.10                         |             |             |             |
|  | <b>Net liability in the balance sheet</b>                     | <b>195.60</b>                | <b>157.10</b>                  |             |             |             |
|  | Short Term provision (Refer note 10)                          | 10.20                        | 7.40                           |             |             |             |
|  | Long Term provision (Refer note 6)                            | 185.40                       | 149.70                         |             |             |             |
|  |   | <b>2016</b>                  | <b>2015</b>                    |             |             |             |
| III  | <b>Expenses recognised in the statement profit and loss</b>   |                              |                                |             |             |             |
|  | Current service cost  | 40.00                        | 32.50                          |             |             |             |
|  | Interest cost   | 11.80                        | 10.50                          |             |             |             |
|  | Net actuarial loss /(gain) to be recognized                   | (4.50)                       | 25.50                          |             |             |             |
|  | <b>Expense recognised in the statement of profit and loss</b> | <b>47.30</b>                 | <b>68.50</b>                   |             |             |             |
|  | <b>Employee benefit expense</b><br>(Refer note 18)            | 47.30                        | 68.50                          |             |             |             |
|  |   | <b>2016</b>                  | <b>2015</b>                    |             |             |             |
| IV   | <b>Principal Actuarial assumptions :</b>                      |                              |                                |             |             |             |
|  | Discount rate   | 7.90%                        | 7.80%                          |             |             |             |
|  | Salary Escalation Rate  | 10%                          | 10% for 2015 and 9% thereafter |             |             |             |
|  | <u>Withdrawal rate</u>  |                              |                                |             |             |             |
|  | Less than 5 years   | 15%                          | 15%                            |             |             |             |
|  | 5 years and more  | 8%                           | 8%                             |             |             |             |
| 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. |   |                              |                                |             |             |             |
| V  | <b>Experience adjustment</b>                                  | <b>2016</b>                  | <b>2015</b>                    | <b>2014</b> | <b>2013</b> | <b>2012</b> |
|  | Present value of Defined Benefit obligation                   | 195.60                       | 157.10                         | 119.70      | 100.25      | 37.10       |
|  | Surplus / (deficit)   | (195.60)                     | (157.10)                       | (119.74)    | (100.25)    | (37.10)     |
|  | Exp. Adj. on Plan Liabilities (loss)/gain                     | 15.60                        | (4.50)                         | 20.30       | (9.30)      | (10.70)     |
|  | Exp. Adj. on Plan Assets gain/(loss)                          | -                            | -                              | -           | -           | -           |
|  | Actuarial Gain/(Loss) due to change on assumptions            | (11.10)                      | (21.00)                        | 5.90        | (5.40)      | (3.80)      |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### iii. Leave plan and Compensated absences:

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 carry forward/ encashment of leave for 120 days.

The liability for compensated absences as at the year end is ₹ 232.80 lakhs (2015: ₹ 203.55 lakhs) as shown under long term provisions ₹ 206.30 lakhs (2015: ₹ 175.20 lakhs) and short term provisions ₹ 26.50 lakhs (2015: ₹ 28.35 lakhs). Compensated absences expenses amounting to ₹ 78.71 lakhs (2015: ₹ 84.46 lakhs) have been charged to the Statement of Profit and Loss under salaries and related costs in note 18 "Employee Benefit Expenses".

Refer table IV above for actuarial assumptions on compensated absences

### 22. Earnings per share

|  | (₹ in lakhs)           |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
| Loss after tax   | (17,316.50)            | (17,163.63)            |
| Less : Preference dividend (note no 26)                                      | -                      | (4,202.30)             |
| Net Loss after tax attributable to the equity shareholders (A)               | (17,316.50)            | (21,365.93)            |
| Number of equity shares outstanding at the end of the year                   | 662,714,284            | 37,27,14,284           |
| Weighted average number of shares outstanding during the year (B)            | 386,184,229            | 37,02,21,133           |
| Basic and diluted earnings per share (₹ per equity share of ₹ 10 each) (A/B) | (4.48)                 | (5.77)                 |

### 23. Segment reporting

The Company is engaged in 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, switching services to banking sector. Considering the nature of the Company's business and operations, there are no other reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17- 'Segment Reporting' prescribed under section 133 of the Companies Act, 2013.

### 24. Related party transactions

#### i. Names of related parties and nature of relationship

| Category of related parties                                    | Names   |
|--|---|
| A Holding Company  | Tata Communications Limited   |
| B Fellow Subsidiaries<br>(where transactions have taken place) | Tata Communications Data Centers Private Limited<br>Tata Communications (Ireland) Limited<br>Tata Communications (Canada) Limited |



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# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### ii. Summary of transactions and balances with related parties

(₹ in lakhs)

| Particulars   | Holding Company | Key Management Personnel | Fellow Subsidiaries | Total     |
|---|-----------------|--------------------------|---------------------|-----------|
| Equity share capital contribution (including premium) | 43,500.00       |                          |                     | 43,500.00 |
|   | 3,500.00        |                          |                     | 3,500.00  |
| Preference Share capital                              | 8,000.00        |                          |                     | 8,000.00  |
|   | 85,000.00       |                          |                     | 85,000.00 |
| Preference Share capital converted                    | 43,500.00       |                          |                     | 43,500.00 |
|   | -               |                          |                     | -         |
| Loan taken  | -               |                          |                     | -         |
|   | 13,000.00       |                          |                     | 13,000.00 |
| Loan repaid to holding company                        | -               |                          |                     | -         |
|   | 35,500.00       |                          |                     | 35,500.00 |
| Intangible assets purchased                           | 86.73           |                          |                     | 86.73     |
|   | -               |                          |                     | -         |
| Fixed assets purchased                                | 0.02            |                          |                     | 0.02      |
|   | 38.62           |                          |                     | 38.62     |
| Fixed assets sold                                     | 0.13            |                          |                     | 0.13      |
|   | -               |                          |                     | -         |
| Operating and other expenses                          |                 |                          |                     |           |
| Network cost  | 706.92          |                          | 202.60              | 909.52    |
|   | 667.02          |                          | 193.02              | 860.04    |
| Rent on hired building                                | 492.65          |                          |                     | 492.65    |
|   | 507.78          |                          |                     | 507.78    |
| Outsource Manpower                                    | 210.41          |                          |                     | 210.41    |
|   | 203.53          |                          |                     | 203.53    |
| Other expenses  | 33.44           |                          |                     | 33.44     |
|   | 45.39           |                          |                     | 45.39     |
| Finance costs   | -               |                          |                     | -         |
|   | 1,093.00        |                          |                     | 1,093.00  |

Balance with related parties as at 31 March 2016

(₹ in lakhs)

| Particulars   | Holding Company | Key Management Personnel | Fellow Subsidiaries | Total  |
|---|-----------------|--------------------------|---------------------|--------|
| Trade payables and payables on purchase of fixed assets | 755.11          |                          | 150.75              | 905.86 |
|   | 431.10          |                          | 196.06              | 627.16 |
| Prepaid Expense   | 145.55          |                          | 22.90               | 145.55 |
|   | -               |                          | -                   | -      |



*[Signature]*

# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 25. Operating lease arrangements

#### As lessee:

Operating lease payments represent rentals payable by the Company for certain ATMs, related equipment's and ATM sites.

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| Minimum lease payments under operating leases recognized as expense in the year (including amount capitalized in 2016 : ₹14.18 lakhs (2015 : ₹ 31.47 lakhs)) | 9,268.52               | 14,148.96              |

At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| Due not later than one year                           | 8,556.23               | 8,568.76               |
| Due later than one year but not later than five years | 21,147.31              | 24,213.20              |
| Later than five years                                 | 3,283.19               | 7,114.21               |
| <b>Total</b>  | <b>32,986.73</b>       | <b>39,896.17</b>       |





# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 26. Contingent liabilities and commitments:

#### I. Contingent liabilities:

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Cash handling loss<br>(Refer Note i)  | -                      | 146.43                 |
| b. Entry Tax / Value Added Tax / Sales<br>Tax/Income Tax<br>(Refer Note ii)      | 82.88                  | 91.37                  |
| c. Other Claims (Refer Note iii)   | 271                    | 3,957.90               |
| d. Dividend payable on 12% Cumulative<br>Preference shares (Refer note 3(e)(ii)) | -                      | 4,202.30               |

#### Notes:

- Claims of cash handling loss against the Company of ₹ 2,004.32 lakhs (2015: ₹ 1,220.94 lakhs) are disputed by the Company of which an amount of ₹ 914.06 lakhs (2015: ₹ 471.51 lakhs) has been provided for and ₹ 1090.26 lakhs (2015: ₹ 603 lakhs) has been recovered by way of debit notes from CRAs.
- The Company has various claims from authorities for entry taxes, Value Added Tax and sales taxes related to various states on account of movement of ATM machines and related equipment's from one state to another. The Company has contested the claims with the relevant authorities and preferred appeals which are pending.
- The Company contracted with the customer for setting up and operation of their ATMs, within a specified period. Due to a change in the mandate from customer, the geographical spread of the sites was changed from a PAN India to metro cities only due to which the project became unviable. During the previous year, customer has sent notices terminating the contract and claiming ₹ 3,957.90 lakhs for non-compliance within the Contract as well as for SLA violations. During the year, based on discussions and understanding between the Company and the customer entire claim has been waived off by the customer.
- Future cash outflow in respect of above matters are determinable only on receipt of judgments/ decisions pending at various forums / authority.

#### II. Commitments:

##### Capital commitments:

Estimated amount of contracts remaining (net of advances) to be executed on capital account not provided for ₹ 1,546.91 lakhs (2015: ₹ 3,362.10 lakhs).



*[Handwritten signature]*

# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 27. Supplementary statutory information

|   | (₹ in lakhs)                |                             |
|---|-----------------------------|-----------------------------|
|   | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
| <i>a. Value of imports calculated on CIF basis (on accrual basis)</i> |                             |                             |
| i. Capital goods  | 619.07                      | 562.28                      |
|   | <b>619.07</b>               | <b>562.28</b>               |
| <i>b. Expenditure in foreign currency (on accrual basis)</i>          |                             |                             |
| i. Staff Welfare expense  | 8.78                        | 20.08                       |
| ii. Repairs and Maintenance   | 160.17                      | 17.75                       |
| iii. Travelling expense   | 1.04                        | 1.02                        |
| iv. Legal and Professional  | 17.29                       | 3.53                        |
| v. Others   | -                           | 0.01                        |
|   | <b>187.28</b>               | <b>42.39</b>                |

### 28. Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

|   | (₹ in lakhs)           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year                                   | <b>180.21</b>          | 66.41                  |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year   | <b>25.77</b>           | 5.06                   |
| c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                                | <b>4,058.52</b>        | 4,755.58               |
| d. The amount of interest due and payable for the year  | <b>25.77</b>           | 5.06                   |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year  | <b>25.77</b>           | 5.06                   |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interests dues as above are actually paid | -                      | -                      |
| g. Total outstanding dues of micro and small enterprises  | <b>205.98</b>          | 71.47                  |

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. This has been relied upon by the auditors.



*R. J.*

# TATA Communications Payment Solutions Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 29. Derivative transactions

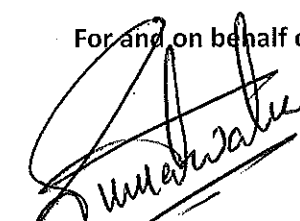
|  | As at 31 March 2016   |                        |
|--|-----------------------|------------------------|
|  | (Amount in USD<br>mn) | (Amount in<br>₹ lakhs) |
| a. Foreign exchange currency exposures not covered by derivative instruments |                       |                        |
| Amount payable on account of import of assets and services                   | 0.08                  | 52.42                  |

|  | As at 31 March 2015   |                        |
|--|-----------------------|------------------------|
|  | (Amount in USD<br>mn) | (Amount in<br>₹ lakhs) |
| a. Foreign exchange currency exposures not covered by derivative instruments |                       |                        |
| Amount payable on account of import of assets and services                   | 0.31                  | 192.73                 |

30. Previous year's figures have been regrouped/ re-classified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors



  
Director

  
Director

  
Sanjeev Patel  
Chief Executive Officer

  
Sanjay Agarwal  
Chief Financial Officer

  
Rishabh Aditya  
Company Secretary

Place: Mumbai  
Dated: 10 May 2016

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF TATA COMMUNICATIONS TRANSFORMATION SERVICES  
LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 and the Order under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 misstatements.



# **S.B.Billimoria & Co.**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the 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 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 financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March, 2016, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

# **S.B.Billimoria & Co.**

- 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 financial statements as referred to in Note 27(a) to the financial statements.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There are no amount which are required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **S. B. BILLIMORIA & CO.**

Chartered Accountants

(Firm's Registration No. 101496W)



**Gurvinder Singh**

Partner

(Membership No.110128)

Mumbai, 10 May, 2016



# **S.B.Billimoria & Co.**

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting 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 TRANSFORMATION SERVICES LIMITED** ("the Company") as of 31 March, 2016 in conjunction with our audit of the 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 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 Companies Act, 2013.

#### **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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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.



# **S.B. Billimoria & Co.**

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 Company's 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.

9/1



# **S.B.Billimoria & Co.**

## **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March, 2016, 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. B. BILLIMORIA & CO.**

Chartered Accountants

(Firm's Registration No. 101496W)



**Gurvinder Singh**

Partner

(Membership No.110128)

Mumbai, 10 May, 2016

# **S.B.Billimoria & Co.**

## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Tata Communications Transformation Services Limited ('the Company')**

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees which are covered under section 185 and 186 of the Companies Act, 2013, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2016 and therefore reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148 (1) of the Companies Act, 2013 and therefore reporting under clause 3(vi) of the Order is not applicable to the Company.

# S.B.Billimoria & Co.

(vii) According to the information and explanations given to us in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of income-tax, sales tax, service tax, customs duty, excise duty and value added tax which have not been deposited as on 31 March, 2016 on account of disputes are given below:

| Name of the statute | Nature of the dues | Forum where dispute is pending | Period to which the amount relates (Financial Year)     | Rupees In lakhs |
|---------------------|--------------------|--------------------------------|---|-----------------|
| Income tax Act      | Income Tax         | ITAT, Mumbai                   | 2007-08   | 202.65          |
| Income tax Act      | Income Tax         | CIT(A), Mumbai                 | 2009-10 and 2011-12                                     | 374.09          |
| Income tax Act      | TDS                | CIT(A), Mumbai                 | 2008-09   | 165.21          |
| Income tax Act      | TDS                | AO Mumbai                      | 2009-10, 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 | 16.15           |

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.



## **S.B.Billimoria & Co.**

- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For S. B. BILLIMORIA & CO.**

Chartered Accountants

(Firm's Registration No. 101496W)



**Gurvinder Singh**

Partner

(Membership No.110128)

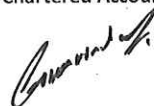
Mumbai, 10 May, 2016

## TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED

Balance Sheet as at 31 March 2016

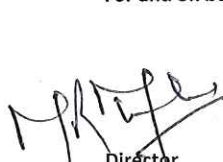
| Particulars   | Note No | As at            | As at            |
|---|---------|------------------|------------------|
|   |         | 31 March, 2016   | 31 March, 2015   |
|   |         | ₹ in Lakhs       | ₹ in Lakhs       |
| <b>I. EQUITY AND LIABILITIES</b>  |         |                  |                  |
| <b>(1) Shareholders' Funds</b>  |         |                  |                  |
| (a) Share Capital   | 3       | 50.00            | 50.00            |
| (b) Reserves and Surplus  | 4       | 18,576.96        | 11,127.37        |
|   |         | <b>18,626.96</b> | <b>11,177.37</b> |
| <b>(2) Non-Current Liabilities</b>  |         |                  |                  |
| (a) Other Long term liabilities   | 5       | 406.77           | -                |
| (b) Long term provisions  | 6       | 2,108.10         | 1,621.90         |
|   |         | <b>2,514.87</b>  | <b>1,621.90</b>  |
| <b>(3) Current Liabilities</b>  |         |                  |                  |
| (a) Trade payables  |         |                  |                  |
| (i) Total outstanding dues of micro enterprises and small enterprises                       | 7(i)    | 70.66            | 14.80            |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 7(ii)   | 17,691.47        | 10,532.99        |
| (b) Other current liabilities   | 8       | 2,220.47         | 901.19           |
| (c) Short-term provisions   | 9       | 658.48           | 606.62           |
|   |         | <b>20,641.08</b> | <b>12,055.60</b> |
| <b>Total</b>  |         | <b>41,782.91</b> | <b>24,854.87</b> |
| <b>II. Assets</b>   |         |                  |                  |
| <b>(1) Non-current assets</b>   |         |                  |                  |
| (a) Fixed assets  |         |                  |                  |
| (i) Tangible assets   | 10 (i)  | 3,357.21         | 1,966.91         |
| (ii) Intangible assets  | 10 (ii) | 794.47           | 132.39           |
| (iii) Capital work-in-progress  |         | 722.33           | 271.46           |
| (b) Deferred tax assets (net)   | 11      | 1,344.18         | 2,616.00         |
| (c) Long term loans and advances  | 12      | 4,065.29         | 2,049.53         |
|   |         | <b>10,283.48</b> | <b>7,036.29</b>  |
| <b>(2) Current assets</b>   |         |                  |                  |
| (a) Current investments   | 13      | 2,700.00         | -                |
| (b) Trade receivables   | 14      | 27,750.72        | 16,691.57        |
| (c) Cash and bank balances  | 15      | 438.75           | 263.37           |
| (d) Short-term loans and advances   | 16      | 560.81           | 856.43           |
| (e) Other current assets  | 17      | 49.15            | 7.21             |
|   |         | <b>31,499.43</b> | <b>17,818.58</b> |
| <b>Total</b>  |         | <b>41,782.91</b> | <b>24,854.87</b> |
| See accompanying notes forming part of the financial statements                             |         |                  |                  |

In terms of our report attached  
For S.B.BILLIMORIA & CO.  
Chartered Accountants

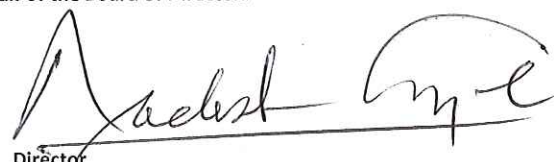


Gurvinder Singh  
Partner

For and on behalf of the Board of Directors



Director



Director



Sandeep Bhatnagar  
Chief Executive Officer



Umasree Kotamraju  
Chief Financial Officer

Mumbai  
Dated: 10 May 2016

Mumbai  
Dated: 10 May 2016



**TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED**

**Statement of Profit and Loss for the year ended 31 March 2016**

| Particulars   | Note No | For the year ended | For the year ended |
|---|---------|--------------------|--------------------|
|   |         | 31 March, 2016     | 31 March, 2015     |
|   |         | ₹ in Lakhs         | ₹ in Lakhs         |
| I. Revenue from operations<br>(Telecommunication network management and support services) |         | 75,183.36          | 52,962.68          |
| II. Other Income  | 18      | 403.25             | 394.22             |
| <b>III. Total Revenue (I + II)</b>  |         | <b>75,586.61</b>   | <b>53,356.90</b>   |
| <b>IV. Expenses:</b>  |         |                    |                    |
| Operating and other expenses  | 19      | 31,638.56          | 24,599.83          |
| Employee benefits   | 20      | 30,193.40          | 21,036.00          |
| Finance cost  | 21      | 11.51              | 7.35               |
| Depreciation and amortisation   | 10      | 1,483.85           | 849.25             |
| <b>Total Expenses</b>   |         | <b>63,327.32</b>   | <b>46,492.43</b>   |
| V. Profit before exceptional items and tax (III - IV)                                     |         | 12,259.29          | 6,864.47           |
| VI. Exceptional Items   |         |                    |                    |
| (a) Staff optimisation expenses   | 22      | 696.85             | -                  |
| <b>VII. Profit before tax (V - VI)</b>  |         | <b>11,562.44</b>   | <b>6,864.47</b>    |
| <b>VIII. Tax expense:</b>   |         |                    |                    |
| (a) Current tax expense   |         | 2,841.03           | 4,395.00           |
| (b) Deferred tax expense/(benefit)  |         | 1,271.82           | (2,156.02)         |
| <b>IX. Profit after tax (VII - VIII)</b>  |         | <b>7,449.59</b>    | <b>4,625.49</b>    |
| <b>Earning per share</b>  |         |                    |                    |
| Basic / Diluted earnings per share (₹)  | 24      | 1,489.92           | 925.10             |
| (Face value per share ₹ 10/-)   |         |                    |                    |
| <b>See accompanying notes forming part of the financial statements</b>                    |         |                    |                    |

In terms of our report attached.  
For **S.B.BILLIMORIA & CO.**  
Chartered Accountants



**Gurvinder Singh**  
Partner

**For and on behalf of the Board of Directors**



Director



Director



**Sandeep Bhatnagar**  
Chief Executive Officer



**Umasree Kotamraju**  
Chief Financial Officer

Mumbai  
Dated: 10 May 2016

Mumbai  
Dated: 10 May 2016





**TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED**  
**Cash Flow Statement for the year ended 31 March 2016**

| Particulars  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
|  | ₹ in Lakhs                  | ₹ in Lakhs                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                             |                             |                             |
| NET PROFIT BEFORE TAX  | 11,562.44                   | 6,864.47                    |
| Adjustments for :  |                             |                             |
| Depreciation and amortisation expense                                    | 1,483.85                    | 849.25                      |
| Finance cost   | 11.51                       | 7.35                        |
| Loss on write off Assets   | -                           | 0.18                        |
| Exchange fluctuation on cash and cash equivalents                        | (1.88)                      | 3.30                        |
| Net Gain on sale of Investments  | (66.33)                     | (216.06)                    |
| Provision /(writeback) of doubtful trade receivables                     | (2,082.81)                  | 1,977.32                    |
| Provision for doubtful advances  | 0.28                        | -                           |
| Bad debts written off  | 2,103.31                    | -                           |
| Unrealised gain/(loss) on forward contract (net)                         | (41.94)                     | 0.71                        |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL ADJUSTMENTS</b>               | <b>12,968.43</b>            | <b>9,486.52</b>             |
| Changes in working capital   |                             |                             |
| Adjustment For (increase) / decrease in operating assets:                |                             |                             |
| Trade receivables  | (11,079.65)                 | (5,623.71)                  |
| Short term loans and advances  | 295.34                      | 18.34                       |
| Long term loans and advances   | (14.68)                     | 5.35                        |
| Adjustment For increase / (decrease) in operating liabilities:           |                             |                             |
| Trade payables   | 7,212.12                    | 2,372.44                    |
| Other current liabilities  | 307.60                      | 334.69                      |
| Other long term liabilities  | 73.01                       | -                           |
| Short-term provisions  | 51.86                       | 59.35                       |
| Long-term provisions   | 486.20                      | 820.50                      |
| <b>Cash generated from Operations</b>                                    | <b>10,300.23</b>            | <b>7,473.48</b>             |
| Income Tax paid (net)  | (4,855.69)                  | (5,955.24)                  |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                           | <b>5,444.54</b>             | <b>1,518.24</b>             |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                               |                             |                             |
| Purchase of Fixed Assets   | (2,629.07)                  | (1,227.29)                  |
| Sale Proceeds - Fixed Assets   | 0.99                        | -                           |
| Purchase of current investment (mutual fund)                             | (32,300.00)                 | (30,785.06)                 |
| Sale of current investment (mutual fund)                                 | 29,666.33                   | 36,512.38                   |
| <b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES</b>               | <b>(5,261.75)</b>           | <b>4,500.03</b>             |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                               |                             |                             |
| Finance Cost   | (9.29)                      | (7.35)                      |
| Dividend paid  | -                           | (5,000.00)                  |
| Tax on Dividend  | -                           | (849.75)                    |
| <b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>                        | <b>(9.29)</b>               | <b>(5,857.10)</b>           |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                         | <b>173.50</b>               | <b>161.17</b>               |
| CASH AND CASH EQUIVALENTS as at beginning of the year                    | 263.37                      | 105.50                      |
| Effect of exchange difference on cash and cash equivalents               | 1.88                        | (3.30)                      |
| <b>CASH AND CASH EQUIVALENTS as at end of the year ( Refer note 15 )</b> | <b>438.75</b>               | <b>263.37</b>               |
| <b>Note</b>  |                             |                             |
| 1. Figures in bracket represent outflows.                                |                             |                             |
| See accompanying notes forming part of the financial statements          |                             |                             |

In terms of our report attached  
For **S.B.BILLIMORIA & CO.**  
Chartered Accountants

*Gurvinder Singh*

**GURVINDER SINGH**  
Partner

For and on behalf of the Board of Directors

*Sandeep Bhatnagar*  
Director

**Sandeep Bhatnagar**  
Chief Executive Officer

*Umasree Kotamraju*  
Director

**Umasree Kotamraju**  
Chief Financial Officer

Mumbai  
Dated: 10 May 2016

Mumbai  
Dated: 10 May 2016



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 1. Corporate Information

**TATA Communications Transformation Services Limited** ('the Company'), was incorporated on 6 October 2006 to engage in the business of providing telecommunication network management and support services and is a wholly owned subsidiary of **Tata Communications Limited**.

### 2. Significant Accounting Policies

#### a. *Basis of preparation of financial statements*

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with Accounting Standards specified under Section 133 of the Companies Act, 2013, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b. *Use of estimates*

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provision for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.

The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c. *Cash and cash equivalents (for purposes of Cash Flow Statement)*

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.

#### d. *Cash flow statement*

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### e. Fixed assets

Tangible and Intangible assets are 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 for making the asset ready for its intended use.

Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### f. Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets where the life of assets is lower than the prescribed life or otherwise no specific life has been prescribed in Schedule II to the Companies Act, 2013.

|      | Tangible and Intangible assets      | Useful life of Assets |
|------|-------------------------------------|-----------------------|
| i.   | Plant and Machinery                 |                       |
|      | - Network Equipment (Refer 1 below) | 4 to 8 years          |
| ii.  | Leasehold Land                      | Over the lease period |
| iii. | Software (Refer 2 below)            | 3 to 6 years          |

1. In case the life of the assets has 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.
2. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

### g. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and

(b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

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 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.



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

The recoverable amount is the greater of the net selling price and their 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.

### ***h. Leases***

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases.

Lease rentals under operating lease are recognised in the Statement of Profit and Loss on a straight line basis. The initial direct costs relating to operating leases are recorded as expenses as they are incurred.

### ***i. Investments***

Long term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments comprising of investments in Mutual Funds are stated at the lower of cost and fair value, determined on individual investment basis.

### ***j. Employee benefits***

Employee benefits include provident fund, gratuity fund, compensated absences and performance incentives.

#### ***i. Defined contribution plan***

The Company makes contribution towards provident fund under a defined contribution retirement benefit plan for qualifying employees and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The provident fund is administered 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.

#### ***ii. Defined benefit plans***

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. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

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. Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

### iv. 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 service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

## k. Revenue recognition

- i. The Company derives its revenues from telecommunication network management and support services. Revenues from the said services are derived from unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.
- ii. Revenue from fixed fee based service contracts is recognised on achievement of performance milestones as specified in Customer Contracts.
- Revenue in respect of annual maintenance service charges is recognised over the period for which services are provided.

## l. Other Income

Dividends from investments are recognised when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists. Interest income is recognised on accrual basis.

## m. Taxation

- i. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

- iii. Current and deferred tax relating to items directly recognised in the reserves are recognised in the reserves and not in the Statement of Profit and Loss.

### **n. Foreign Currency Transactions and translations**

- i. Transactions in foreign currencies entered into by the Company are accounted 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.
- ii. Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.
- iii. Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.
- iv. Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

### **o. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 bonus issue to existing shareholders and share split.

### **p. Provisions and contingencies**

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. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 3. Share capital

(₹ in lakhs)

|   | As at<br>31 March 2016       | As at<br>31 March 2015       |
|---|------------------------------|------------------------------|
| <b>A Authorised:</b>  |                              |                              |
| 500,000 (2015: 500,000) Equity shares of ₹10 each                   | 50.00                        | 50.00                        |
| <b>B Issued, subscribed and paid up:</b>                            |                              |                              |
| 500,000 (2015: 500,000) Equity shares of ₹10 each,<br>fully paid up | <u>50.00</u><br><u>50.00</u> | <u>50.00</u><br><u>50.00</u> |

#### a. Issued, Subscribed and Paid up:

There was no movement in the issued, subscribed and paid up share capital of the Company during the year.

#### b. Number of shares held by each shareholder holding more than 5% of the issued share capital:

|  | As at 31 March 2016 |            | As at 31 March 2015 |            |
|--|---------------------|------------|---------------------|------------|
|  | No of shares        | Percentage | No of shares        | Percentage |
| Tata Communications Limited<br>(Holding Company) | 500,000             | 100%       | 500,000             | 100%       |

#### c. The Company has only one class of equity shares having a face value of ₹ 10 per share. Equity shareholders are entitled to one vote per share at any General Meeting of Shareholders. 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 of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 4. Reserves and surplus

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. <b>General Reserve</b>  |                        |                        |
| Opening Balance  | 1,381.97               | 1,381.97               |
| Closing Balance  | <b>1,381.97</b>        | <b>1,381.97</b>        |
| b. <b>Surplus in Statement of Profit and Loss</b>  |                        |                        |
| Opening Balance  | 9,745.40               | 5,319.41               |
| Add: Profit for the year   | 7,449.59               | 4,625.49               |
| Less: Depreciation on transition to Schedule II of<br>the Companies Act 2013 on fixed assets with<br>Nil remaining useful life (Net of deferred tax)<br>(Refer note 10a) | -                      | 199.50                 |
| Closing Balance  | <b>17,194.99</b>       | <b>9,745.40</b>        |
|  | <b>18,576.96</b>       | <b>11,127.37</b>       |

### 5. Other Long Term Liabilities

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Accrued employee benefits   | 73.01                  | -                      |
| b. Creditors for Capital Goods –<br>Payable to related parties (Refer note 26) | 333.76                 | -                      |
|  | <b>406.77</b>          | <b>-</b>               |

### 6. Long term provisions

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Provision for Employee Benefits (Refer Note 23)</b> |                        |                        |
| a. Provision for Compensated absences                  | 2,108.10               | 1,621.90               |
|  | <b>2,108.10</b>        | <b>1,621.90</b>        |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 7. Trade Payables

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| i. total outstanding dues of micro enterprises and small enterprises (Refer note 29)       | 70.66                  | 14.80                  |
|  | 70.66                  | 14.80                  |
| ii. total outstanding dues of creditors other than micro enterprises and small enterprises |                        |                        |
| a. Trade payables  | 8,464.23               | 5,068.48               |
| b. Payable to related parties(Refer note 26)   | 4,876.41               | 2,809.60               |
| c. Accrued employee benefits   | 4,350.83               | 2,654.91               |
|  | 17,691.47              | 10,532.99              |
| <b>Total</b>   | <b>17,762.13</b>       | <b>10,547.79</b>       |

### 8. Other Current Liabilities

(₹ in lakhs)

|                                | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--------------------------------|------------------------|------------------------|
| a. Unearned Revenue            | -                      | 15.58                  |
| b. Statutory liabilities       |                        |                        |
| - TDS payable                  | 327.87                 | 300.87                 |
| - Other taxes                  | 1.36                   | 6.70                   |
| c. Other payables              | 5.59                   | 2.77                   |
| d. Gratuity (Refer note 23)    | 522.00                 | 223.30                 |
| e. Creditors for Capital Goods |                        |                        |
| - Payable to related parties   | 333.76                 | -                      |
| - Others                       | 1,029.89               | 351.97                 |
|                                | <b>2,220.47</b>        | <b>901.19</b>          |

### 9. Short-term provisions

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Provision for employee benefits (Refer note 23)                                |                        |                        |
| Provision for compensated absences  | 216.90                 | 165.05                 |
| b. Provision for tax (Net of advance tax of ₹2,642.54 lakhs 2015: ₹2642.54 lakhs) | 441.58                 | 441.57                 |
|   | <b>658.48</b>          | <b>606.62</b>          |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 10. Fixed Assets

#### i. Tangible assets

(₹ in lakhs)

|  | Leasehold<br>Improvements | Plant and<br>Machinery | Furniture<br>and<br>Fixtures | Office<br>Equipment | Computers       | Total           |
|--|---------------------------|------------------------|------------------------------|---------------------|-----------------|-----------------|
| <b>Gross Block</b>                             |                           |                        |                              |                     |                 |                 |
| <b>At 31 March 2014</b>                        | <b>1,543.30</b>           | <b>633.43</b>          | <b>309.56</b>                | <b>292.18</b>       | <b>1,729.82</b> | <b>4,508.29</b> |
| Additions                                      | 294.45                    | 128.21                 | 91.07                        | 107.16              | 611.40          | 1,232.29        |
| Disposals                                      | -                         | -                      | -                            | -                   | -               | -               |
| Adjustments                                    | -                         | (0.36)                 | -                            | 92.12               | (92.12)         | (0.36)          |
| <b>At 31 March 2015</b>                        | <b>1,837.75</b>           | <b>761.28</b>          | <b>400.63</b>                | <b>491.46</b>       | <b>2,249.10</b> | <b>5,740.22</b> |
| Additions                                      | 934.83                    | 482.80                 | 180.85                       | 144.40              | 774.72          | 2,517.60        |
| Disposals                                      | -                         | -                      | -                            | -                   | (3.34)          | (3.34)          |
| Adjustments                                    | -                         | -                      | -                            | -                   | -               | -               |
| <b>At 31 March 2016</b>                        | <b>2,772.58</b>           | <b>1244.08</b>         | <b>581.48</b>                | <b>635.86</b>       | <b>3020.48</b>  | <b>8254.48</b>  |
| <b>Accumulated depreciation and impairment</b> |                           |                        |                              |                     |                 |                 |
| <b>At 31 March 2014</b>                        | <b>1,102.43</b>           | <b>244.82</b>          | <b>148.48</b>                | <b>95.54</b>        | <b>1,113.53</b> | <b>2,704.80</b> |
| Depreciation                                   | 260.21                    | 74.57                  | 66.69                        | 184.45              | 482.77          | 1,068.69        |
| Disposals                                      | -                         | -                      | -                            | -                   | -               | -               |
| Adjustments                                    | -                         | (0.18)                 | -                            | 56.01               | (56.01)         | (0.18)          |
| <b>At 31 March 2015</b>                        | <b>1,362.64</b>           | <b>319.21</b>          | <b>215.17</b>                | <b>336.00</b>       | <b>1,540.29</b> | <b>3,773.31</b> |
| Depreciation                                   | 407.15                    | 121.43                 | 88.87                        | 82.64               | 426.22          | 1,126.31        |
| Disposals                                      | -                         | -                      | -                            | -                   | (2.35)          | (2.35)          |
| Adjustments                                    | -                         | -                      | -                            | -                   | -               | -               |
| <b>At 31 March 2016</b>                        | <b>1,769.79</b>           | <b>440.64</b>          | <b>304.04</b>                | <b>418.64</b>       | <b>1,964.16</b> | <b>4,897.27</b> |
| <b>Net Block</b>                               |                           |                        |                              |                     |                 |                 |
| <b>At 31 March 2015</b>                        | <b>475.11</b>             | <b>442.07</b>          | <b>185.46</b>                | <b>155.46</b>       | <b>708.81</b>   | <b>1,966.91</b> |
| <b>At 31 March 2016</b>                        | <b>1,002.79</b>           | <b>803.44</b>          | <b>277.44</b>                | <b>217.22</b>       | <b>1,056.32</b> | <b>3,357.21</b> |





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### ii. Intangible assets

(₹ in lakhs)

|  | Purchased Software |
|--|--------------------|
| <b>Gross Block</b>                             |                    |
| At 31 March 2014                               | 499.84             |
| Additions                                      | 35.40              |
| At 31 March 2015                               | 535.24             |
| Additions                                      | 1,019.62           |
| At 31 March 2016                               | 1,554.86           |
| <b>Accumulated amortisation and impairment</b> |                    |
| At 31 March 2014                               | 317.21             |
| Amortisation                                   | 85.64              |
| At 31 March 2015                               | 402.85             |
| Amortisation                                   | 357.54             |
| At 31 March 2016                               | 760.39             |
| <b>Net Block</b>                               |                    |
| At 31 March 2015                               | 132.39             |
| At 31 March 2016                               | 794.47             |

### Note

- (a) During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company has revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 199.50 lakhs (net of deferred tax of ₹ 105.58 lakhs) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus in financial year 2014-15. The depreciation expense in the Statement of Profit and Loss for the previous year is higher by ₹ 180.18 lakhs consequent to the change in the useful life of the assets.

- (b)

|  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Depreciation and amortisation for the year on tangible assets as per note 10(i) above        | 1,126.31                    | 1,068.69                    |
| Amortisation for the year on intangible assets as per note 10(ii) above                      | 357.54                      | 85.64                       |
| Less : Deprecation on tangible assets transferred to Surplus in Statement of Profit and Loss | -                           | 305.08                      |
| Depreciation and amortisation expenses   | 1,483.85                    | 849.25                      |



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# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 11. Deferred tax assets (net)

(₹ in lakhs)

| A. Major components of deferred tax asset consist of the following: |                           |                           |
|---|---------------------------|---------------------------|
|   | As at<br>31 March 2016    | As at<br>31 March 2015    |
| <b>Deferred tax assets arising out of timing differences on:</b>    |                           |                           |
| Difference between accounting and tax depreciation                  | 209.15                    | 236.47                    |
| Provision for doubtful trade receivables                            | 7.10                      | 727.92                    |
| Provision for compensated absences                                  | 804.64                    | 709.69                    |
| Expenditure allowed u/s 40 (a)(ia)                                  | 323.29                    | 941.12                    |
| Others  | -                         | 0.80                      |
| <b>Total deferred tax assets</b>                                    | <b>1,344.18</b>           | <b>2,616.00</b>           |
| B. Statement of Deferred tax charge for the year:                   |                           |                           |
|   | As at<br>31 March<br>2016 | As at<br>31 March<br>2015 |
| Opening Deferred tax asset  | 2,616.00                  | 354.40                    |
| Add: Deferred tax benefit/(liability)                               | (1,271.82)                | 2,156.02                  |
| Deferred tax benefit on depreciation (Refer note 10a)               | -                         | 105.58                    |
| <b>Closing Deferred tax assets (net)</b>                            | <b>1,344.18</b>           | <b>2,616.00</b>           |

### 12. Long-term loans and advances

(₹ in lakhs)

|  | As at<br>31 March 2015 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Unsecured – Considered good</b>   |                        |                        |
| A Advance income tax (net of provisions ₹ 12,287.47 lakhs)<br>(2015: ₹ 9,446.44 lakhs) | 4,027.35               | 2,012.69               |
| b Capital advances   | 0.14                   | 13.72                  |
| C Deposits-Others  | 37.80                  | 23.12                  |
|  | <b>4,065.29</b>        | <b>2,049.53</b>        |

### 13. Current investments

(₹ in lakhs)

|   | As at 31 March 2016 |                 | As at 31 March 2015 |            |
|---|---------------------|-----------------|---------------------|------------|
|   | No. of Units        | ₹ in lakhs      | No. of Units        | ₹ in lakhs |
| <b>Investments in Mutual Funds<br/>(Unquoted)<br/>(at lower of cost and fair value)</b> |                     |                 |                     |            |
| Kotak Floater Short term - Growth   | 108,866             | 2,700.00        | -                   | -          |
|   |                     | <b>2,700.00</b> |                     | <b>-</b>   |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 14. Trade receivables - Unsecured

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b> |                        |                        |
| Considered good  | 1,563.63               | 344.04                 |
| Doubtful   | 20.59                  | 2,103.40               |
|  | 1584.22                | 2,447.44               |
| Less: Provision for doubtful trade receivables   | (20.59)                | (2,103.40)             |
| <b>A</b>   | <b>1,563.63</b>        | <b>344.04</b>          |
| <b>Other Trade receivables</b>   |                        |                        |
| Considered good  | 26,187.09              | 16,347.53              |
| <b>B</b>   | <b>26,187.09</b>       | <b>16,347.53</b>       |
| <b>(A + B)</b>   | <b>27,750.72</b>       | <b>16,691.57</b>       |

### 15. Cash and bank balances

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Balances with banks in current accounts   | 438.75                 | 263.37                 |
|  | <b>438.75</b>          | <b>263.37</b>          |
| Of the above, the balance that meets the definition of cash and cash equivalent as per AS3 – Cash flow statement | <b>438.75</b>          | <b>263.37</b>          |

### 16. Short-term loans and advances

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| (i) <b>Unsecured, considered good</b>     |                        |                        |
| a. Service tax recoverable                | 267.48                 | 360.49                 |
| b. Advances to employees                  | 151.49                 | 382.80                 |
| c. Prepaid Expenses                       | 89.03                  | 76.44                  |
| d. Advances recoverable in cash or kind   | 17.73                  | -                      |
| e. Advances to related parties            | 18.12                  | 23.19                  |
| f. Advances to contractors and vendors    | 16.96                  | 13.51                  |
| (ii) <b>Unsecured considered Doubtful</b> |                        |                        |
| a. Advances to contractors and vendors    | 0.28                   | -                      |
| Less: Provision for doubtful advances     | (0.28)                 | -                      |
| b. Advances to employees                  | 5.01                   | -                      |
| Less: Provision for doubtful advances     | (5.01)                 | -                      |
|   | <b>560.81</b>          | <b>856.43</b>          |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 17. Other current assets

| (₹ in lakhs)                                |                        |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| a. Unamortized premium on forward contracts | 49.15                  | 7.21                   |
|   | <b>49.15</b>           | <b>7.21</b>            |

### 18. Other income

| (₹ in lakhs)   |                             |                             |
|--|-----------------------------|-----------------------------|
|  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
| a. Net gain on sale of current investments (Mutual Funds)    | 66.33                       | 216.06                      |
| b. Net gain on foreign currency transactions and translation | 172.58                      | 41.58                       |
| c. Shared service income                                     | 35.98                       | 69.39                       |
| d. Miscellaneous income (Net)                                | 128.36                      | 67.19                       |
|  | <b>403.25</b>               | <b>394.22</b>               |

### 19. Operating and other expenses

| (₹ in lakhs)   |                             |                             |
|--|-----------------------------|-----------------------------|
|  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
| a. Power and fuel                                      | 558.52                      | 360.01                      |
| b. <u>Repairs and Maintenance:</u>                     |                             |                             |
| Building   | 130.32                      | 92.84                       |
| Plant and Machinery                                    | 316.46                      | 188.25                      |
| Others   | 38.82                       | 18.39                       |
| c. Provision/(writeback) of doubtful trade receivables | (2,082.81)                  | 1,977.32                    |
| d. Bad Debts written off                               | 2,103.31                    | -                           |
| e. Provision for doubtful advances                     | 0.28                        | -                           |
| f. Rent  | 1,486.64                    | 1,250.83                    |
| g. Network management sub-contracting charges          | 13,123.06                   | 10,069.67                   |
| h. Rates and taxes                                     | 30.78                       | 23.49                       |
| i. Travelling expenses                                 | 1,579.64                    | 2,650.22                    |
| j. Local Conveyance                                    | 767.40                      | 560.79                      |
| k. Telephone expenses                                  | 708.61                      | 536.67                      |
| l. Printing, postage and stationery                    | 20.64                       | 22.55                       |
| m. Outsourced manpower cost                            | 10,200.96                   | 5,963.30                    |
| n. Legal and Professional charges                      | 1,289.97                    | 147.99                      |
| o. Brand equity and business promotion expenses        | 157.94                      | 104.12                      |
| p. Advertising and publicity                           | 480.43                      | 137.33                      |
| q. Insurance   | 10.29                       | 35.93                       |
| r. Corporate Social Responsibility (Refer Note i)      | 263.86                      | 49.99                       |
| s. Other expenses (Refer Note ii)                      | 453.44                      | 410.14                      |
|  | <b>31,638.56</b>            | <b>24,599.83</b>            |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

- i. As per Section 135 of the Companies Act, 2013 and rules thereon, gross amount required to be spend by the Company during the year towards Corporate Social Responsibility (CSR) amounting to ₹174.42 lakhs (2015: ₹138.66 lakhs). The Company spent ₹263.86 lakhs (2015: ₹49.99 lakhs) during the year for the purpose of CSR activities mainly under promotion of education and employability.
- ii. **Auditors' remuneration: (excluding service tax)**  
(Included in Other expenses)

(₹ in lakhs)

|  | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| <b>Auditors' remuneration and expenses</b> |                             |                             |
| i. Audit fees                              | 14.25                       | 14.25                       |
| ii. Tax Audit fees                         | 2.50                        | 2.50                        |
| iii. Other professional services           | 3.75                        | 3.75                        |
| iv. For reimbursement of expenses          | 0.72                        | 0.72                        |

### 20. Employee benefits

(₹ in lakhs)

|   | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| a. Salaries and related costs                           | 26,305.27                   | 18,763.29                   |
| b. Contributions to provident, gratuity and other funds | 1610.73                     | 992.53                      |
| c. Staff welfare expenses                               | 2,277.40                    | 1,280.18                    |
|   | <b>30,193.40</b>            | <b>21,036.00</b>            |


### 21. Finance Cost

(₹ in lakhs)

|  | Year Ended<br>31 March 2016 | Year Ended<br>31 March 2015 |
|--|-----------------------------|-----------------------------|
| Interest on credit facilities from banks | 9.29                        | 5.57                        |
| Interest expense – others                | 2.22                        | 1.78                        |
|  | <b>11.51</b>                | <b>7.35</b>                 |

### 22. Exceptional items

As part of its initiative to enhance the long-term efficiency of the business, during the year the Company undertook certain organizational changes to align to the Company's current and prospective business requirements. These changes involved certain positions in the Company becoming redundant and the Company incurred one time charge of ₹ 696.85 Lakhs (2015 : Nil) in respect of this exercise which is included in exceptional item as staff optimization expenses in statement of profit and loss.



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 23. Employee Benefits

#### i. Defined Contribution Plan - Provident Fund:


The Company makes contribution towards provident fund under a defined contribution retirement benefit plan for employees. The provident fund is administered 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.

Provident fund contributions amounting to ₹ 1,085.03 lakhs (2015: ₹ 696.73 lakhs) lakhs have been charged to the Statement of Profit and Loss, under Contributions to provident, gratuity and other funds in note 19 "Employee benefits"

#### ii Defined benefit plans – Gratuity

For defined benefit plans in the form of gratuity fund benefits, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. 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, 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 schemes.

The Company makes annual contributions under the Employees Gratuity scheme to a fund administered by Trustees covering all eligible employees. The plan provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

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 2016 for defined benefit scheme is as under:

(₹ in lakhs)

|            |   | <b>Gratuity (Funded)<br/>As at 31 March</b> |                 |
|------------|---|---|-----------------|
|            |   | <b>2016</b>                                 | <b>2015</b>     |
| <b>I</b>   | <b>Change in the defined benefit obligation</b>                       |   |                 |
|            | Liability at the beginning of the period                              | 2,284.60                                    | 1,069.97        |
|            | Current service cost  | 247.50                                      | 137.30          |
|            | Interest cost   | 170.40                                      | 96.00           |
|            | Transfer In/(Out)   | 556.20                                      | 887.30          |
|            | Actuarial (gain) / loss on obligations                                | 174.90                                      | 168.53          |
|            | Benefits paid   | (199.70)                                    | (74.50)         |
|            | <b>Liability at the end of the period</b>                             | <b>3,233.90</b>                             | <b>2,284.60</b> |
| <b>II</b>  | <b>Change in Fair Value of Assets</b>                                 | <b>2016</b>                                 | <b>2015</b>     |
|            | Opening Fair Value of Plan Assets                                     | 2,061.30                                    | 1,142.47        |
|            | Transfer In/ (Out)  | 556.20                                      | 887.73          |
|            | Expected Return on Plan Assets  | 166.00                                      | 88.40           |
|            | Employer's contribution   | 227.00                                      | -               |
|            | Actuarial Gain / (Loss)   | (98.90)                                     | 17.20           |
|            | Benefits paid   | (199.70)                                    | (74.50)         |
|            | <b>Closing Fair Value of Plan Assets</b>                              | <b>2,711.90</b>                             | <b>2,061.30</b> |
|            |   | <b>Gratuity<br/>As at 31 March</b>          |                 |
|            |   | <b>2016</b>                                 | <b>2015</b>     |
| <b>III</b> | <b>Amount recognised in the balance sheet</b>                         |   |                 |
|            | Liability at the end of the period                                    | 3,233.90                                    | 2,284.60        |
|            | Fair value of plan assets at the end of the period                    | 2,711.90                                    | 2,061.30        |
|            | <b>Net (asset)/ liability in the balance sheet</b>                    | <b>522.00</b>                               | <b>223.30</b>   |
| <b>IV</b>  | <b>Expenses recognised in the Statement of Profit and Loss</b>        | <b>2016</b>                                 | <b>2015</b>     |
|            | Current service cost  | 247.50                                      | 137.30          |
|            | Interest cost   | 170.40                                      | 96.00           |
|            | Expected return on plan assets  | (166.00)                                    | (88.40)         |
|            | Net actuarial loss /(gain) to be recognised                           | 273.80                                      | 150.90          |
|            | <b>Expense recognised in the Statement of Profit and Loss</b>         | <b>525.70</b>                               | <b>295.80</b>   |
| <b>V</b>   | <b>Categories of plan assets as a percentage of total plan assets</b> | <b>2016</b>                                 | <b>2015</b>     |
|            | Corporate bonds   | 27.60%                                      | -               |
|            | State Government  | 43.42%                                      | -               |
|            | Debt Funds  | 4.85%                                       | 57.74%          |
|            | Bank deposits   | 2.94%                                       | 8.73%           |
|            | Others  | 21.19%                                      | 33.53%          |
|            | <b>Total</b>  | <b>100%</b>                                 | <b>100%</b>     |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

| VI | Principal Actuarial assumptions : | 2016   | 2015                           |
|----|-----------------------------------|--------|--------------------------------|
|    | Discount rate                     | 7.90%  | 7.80%                          |
|    | Expected return on plan assets    | 8.00%  | 8.00%                          |
|    | Salary Escalation Rate            | 10.00% | 10% for 2015 and 9% thereafter |
|    | <u>Withdrawal Rate</u>            |        |                                |
|    | Less than 5 years of service      | 15.00% | 15.00%                         |
|    | 5 years or more                   | 8.00%  | 8.00%                          |

| VII | Experience adjustment                              | 2016     | 2015     | 2014     | 2013    | 2012    |
|-----|--|----------|----------|----------|---------|---------|
|     | Defined Benefit obligation                         | 3,233.90 | 2,284.60 | 1,069.97 | 609.97  | 329.07  |
|     | Plan assets  | 2,711.90 | 2,061.30 | 1,142.47 | 607.16  | 275.96  |
|     | Surplus / (deficit)                                | (522.00) | (223.50) | 72.50    | (2.81)  | (53.11) |
|     | Exp. Adj. on Plan Liabilities (loss)/ gain         | (361.00) | 92.50    | (48.80)  | (43.10) | 5.84    |
|     | Exp. Adj. on Plan Assets gain/ (loss)              | (98.90)  | 17.60    | 78.10    | 24.30   | 6.72    |
|     | Actuarial Gain/(Loss) due to change on assumptions | (138.80) | (261.00) | 55.90    | (31.60) | (33.40) |

The discount rate is based on the prevailing market yields of the Government of India Securities as at Balance sheet date for the estimated term of the obligation.

The estimation of the future salary increase is considered by taking into account the inflation, seniority, promotion, increments and other relevant factors.

### iii) Compensated absences

Eligible employees can carry forward and encash leave on death, permanent disablement and resignation subject to maximum accumulation of 120 days.

The liability for compensated absences as at the year end is ₹2,325.00 lakhs (2015: ₹1,786.95 lakhs) as shown under long term provisions ₹ 2,108.10 lakhs (2015: ₹ 1,621.90 lakhs) and short term provisions ₹ 216.90 lakhs (2015: ₹ 165.05 lakhs). The amount charged to the Statement of Profit and Loss under Salaries and related costs in note 20 "Employee benefits" is ₹ 629.94 lakhs (2015: ₹ 532.64 lakhs)

Refer table VI under note 23(ii) above for actuarial assumptions on compensated absences.

### 24. Earnings per share

|   |  | (₹ in lakhs)           |                        |
|---|--|------------------------|------------------------|
|   |  | As at<br>31 March 2016 | As at<br>31 March 2015 |
| Net Profit after tax attributable to the equity shareholders (A)                |  | 7,449.59               | 4,625.49               |
| Number of equity shares outstanding at the end of the year                      |  | 500,000                | 500,000                |
| Weighted average number of shares outstanding during the year (B)               |  | 500,000                | 500,000                |
| Basic and diluted earnings per share (₹ per equity share of ₹ 10 each)<br>(A/B) |  | 1,489.92               | 925.10                 |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 25. Segment reporting

#### a. Business Segments

The Company is engaged primarily in the business of providing telecommunication network management and support services. This in context of Accounting Standard 17 on Segment Reporting is considered to constitute one single reportable primary segment. Hence no separate disclosure under Accounting Standard 17 is considered necessary.

#### b. Geographical Segments

The secondary reportable segments are Geographical. Revenues have been allocated to countries based on location of the customers and are as follows:

(₹ in lakhs)

|                | As at<br>31 March 2016 | As at<br>31 March 2015 |
|----------------|------------------------|------------------------|
| India          | 43,229.35              | 26,526.90              |
| United Kingdom | 16,612.67              | 13,495.65              |
| South Africa   | 3,070.23               | 2,490.77               |
| Canada         | 4,602.02               | 2,473.44               |
| Others         | 7,669.09               | 7,975.92               |
|                | <b>75,183.36</b>       | <b>52,962.68</b>       |

The carrying amount of assets in respect of each geographical segment is not identifiable hence the same is not reported.



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 26. Related party transactions

#### i. Names of related parties and nature of relationship

| Sr. No | Category of related parties                               | Names  |
|--------|---|--|
| A      | Holding Company   | Tata Communications Limited  |
| B      | Investing Parties (Promoters) of Holding Company          | Tata Sons Limited  |
| C      | Fellow Subsidiaries (Where transactions have taken place) | Tata Communications International Pte. Limited<br>Tata Communications (Australia) Pty Limited<br>Tata Communications (America) Inc.<br>Tata Communications (Bermuda) Limited<br>Tata Communications (Canada) Limited<br>Tata Communications (Netherlands) B.V.<br>Tata Communications (UK) Limited<br>Tata Communications (Middle East) FZ-LLC<br>Neotel (Pty) Ltd.<br>Tata Communications Data Centers Private Limited<br>Tata Com (Ireland) Limited<br>Tata Communications (Poland) SPZOO<br>Tata Communications (Spain) SL<br>Tata Communication (NZ) Ltd.<br>Tata Communications Deutschland GmbH.<br>Tata Communications (France) SAS<br>Tata Communications Hongkong Limited |





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### ii. Summary of transactions and balances with related parties

(₹ in lakhs)

| Particulars                                 | Holding Company       | Investing Company | Fellow Subsidiaries  | Key Management Personnel | Total                 |
|---|-----------------------|-------------------|----------------------|--------------------------|-----------------------|
| <b>Revenue from operations</b>              |                       |                   |                      |                          |                       |
| Tata Communications Limited                 | 11,936.79<br>7,518.97 |                   |                      |                          | 11,936.79<br>7,518.97 |
| Neotel (Pty) Ltd.                           |                       |                   | 3,070.23<br>2,490.77 |                          | 3,070.23<br>2,490.77  |
| Tata Communications (Bermuda) Limited       |                       |                   | 414.45<br>249.79     |                          | 414.45<br>249.79      |
| Tata Communications (Netherlands) B.V.      |                       |                   | 1574.26<br>1,632.80  |                          | 1574.26<br>1,632.80   |
| Tata Communications (Australia) Pty Ltd     |                       |                   | 100.41<br>90.00      |                          | 100.41<br>90.00       |
| Tata Communications Deutschland GmbH        |                       |                   | 41.01<br>-           |                          | 41.01<br>-            |
| Tata Communications International Pte. Ltd. |                       |                   | 221.73<br>-          |                          | 221.73<br>-           |
| <b>Shared service income</b>                |                       |                   |                      |                          |                       |
| Tata Communications Limited                 | 35.98<br>69.39        |                   |                      |                          | 35.98<br>69.39        |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

|   | Holding<br>Company | Investing<br>Company | Fellow<br>Subsidiaries | Key Management<br>Personnel | Total  |
|---|--------------------|----------------------|------------------------|-----------------------------|--------|
| <b>Lease rent</b>                       |                    |                      |                        |                             |        |
| Tata                                    |                    |                      |                        |                             |        |
| Communications                          | 939.85             |                      |                        |                             | 939.85 |
| Limited                                 | 884.45             |                      |                        |                             | 884.45 |
| <b>Internet lease<br/>line expenses</b> |                    |                      |                        |                             |        |
| Tata                                    |                    |                      |                        |                             |        |
| Communications                          | 250.30             |                      |                        |                             | 250.30 |
| Limited                                 | 241.00             |                      |                        |                             | 241.00 |
| Tata                                    |                    |                      |                        |                             |        |
| Communications                          |                    |                      | 9.70                   |                             | 9.70   |
| Data Centers                            |                    |                      |                        |                             |        |
| Private Limited                         |                    |                      | 22.49                  |                             | 22.49  |
| <b>Brand equity<br/>Expenses</b>        |                    |                      |                        |                             |        |
| Tata Sons                               |                    |                      |                        |                             |        |
| Limited                                 |                    | 157.94               |                        |                             | 157.44 |
|   |                    | 104.12               |                        |                             | 104.12 |
| <b>Manpower<br/>Expenses</b>            |                    |                      |                        |                             |        |
| Neotel (Pty) Ltd                        |                    |                      | 150.90                 |                             | 150.90 |
|   |                    |                      | 130.48                 |                             | 130.48 |
| <b>For Service Fees</b>                 |                    |                      |                        |                             |        |
| Tata Com (Middle East) FZ –<br>LLC      |                    |                      | 771.78                 |                             | 771.78 |
|   |                    |                      | 448.26                 |                             | 448.26 |
| Tata Communications                     |                    |                      | 636.82                 |                             | 636.82 |
| Services (America) Inc                  |                    |                      | 495.94                 |                             | 495.94 |
| Tata Communications                     |                    |                      | 389.64                 |                             | 389.64 |
| (Canada) Limited                        |                    |                      | 237.24                 |                             | 237.24 |
| Tata Communications (UK)<br>Ltd         |                    |                      | 899.68                 |                             | 899.68 |
|   |                    |                      | 658.61                 |                             | 658.61 |
| Tata Communications                     |                    |                      | 301.86                 |                             | 301.86 |
| International Pte. Ltd.                 |                    |                      | 106.89                 |                             | 106.89 |
| Tata Communications                     |                    |                      | 99.05                  |                             | 99.05  |
| (Poland) SPZOO                          |                    |                      | 6.97                   |                             | 6.97   |
| Tata Communications                     | 278.64             |                      |                        |                             | 278.64 |
| Limited                                 | 206.61             |                      |                        |                             | 206.61 |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

| Particulars                                      | Holding Company | Investing Company | Fellow Subsidiaries | Key Management Personnel | Total     |
|--|-----------------|-------------------|---------------------|--------------------------|-----------|
| Tata Communications (Australia) Pty Limited      |                 |                   | 64.00               |                          | 64.00     |
|  |                 |                   | -                   |                          | -         |
| Tata Communications Deutschland GmbH             |                 |                   | 55.27               |                          | 55.27     |
|  |                 |                   | -                   |                          | -         |
| Tata Communications (Spain) SL                   |                 |                   | 114.91              |                          | 114.91    |
|  |                 |                   | -                   |                          | -         |
| Tata Communications (NZ) Ltd.                    |                 |                   | 91.08               |                          | 91.08     |
|  |                 |                   | -                   |                          | -         |
| <b>Intangible Assets</b>                         |                 |                   |                     |                          |           |
| <b>Purchased</b>                                 |                 |                   |                     |                          |           |
| Tata Communications Limited                      | 1,001.29        |                   |                     |                          | 1,001.29  |
|  | -               |                   |                     |                          | -         |
| <b>Assets – Transfer in / (Out)</b>              |                 |                   |                     |                          |           |
| Tata Communications Limited                      | (0.15)          |                   |                     |                          | (0.15)    |
|  | -               |                   |                     |                          | -         |
| Tata Communications (Australia) Pty Limited      |                 |                   | (0.76)              |                          | (0.76)    |
|  |                 |                   | -                   |                          | -         |
| Tata Communications Limited                      | 302.89          |                   |                     |                          | 302.89    |
|  | -               |                   |                     |                          | -         |
| <b>For Amounts written off</b>                   |                 |                   |                     |                          |           |
| Tata Communications (UK) Limited                 |                 |                   | 1,998.77*           |                          | 1,998.77* |
|  |                 |                   | -                   |                          | -         |
| <b>Receivables</b>                               |                 |                   |                     |                          |           |
| Tata Communications Limited                      | 1,373.21        |                   |                     |                          | 1,373.21  |
|  | 1,363.61        |                   |                     |                          | 1,363.61  |
| Neotel Pty Ltd                                   |                 |                   | 3,103.60            |                          | 3,103.60  |
|  |                 |                   | 673.79              |                          | 673.79    |
| Tata Communications Data Centers Private Limited |                 |                   | 0.02                |                          | 0.02      |
|  |                 |                   | -                   |                          | -         |
| Private Limited (Netherlands) B.V.               |                 |                   | 397.88              |                          | 397.88    |
|  |                 |                   | 574.89              |                          | 574.89    |
| Tata Communications (Bermuda) Limited            |                 |                   | 12.81               |                          | 12.81     |
|  |                 |                   | 8.37                |                          | 8.37      |
| Tata Communications (Australia) Pty Ltd.         |                 |                   | 16.91               |                          | 16.91     |
|  |                 |                   | -                   |                          | -         |





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

| Particulars                                   | Holding Company | Investing Company | Fellow Subsidiaries | Key Management Personnel | Total    |
|---|-----------------|-------------------|---------------------|--------------------------|----------|
| Tata Communications Deutschland GmbH          |                 |                   | 41.08               |                          | 41.08    |
| Tata Communications International Pte Limited |                 |                   | 13.86               |                          | 13.86    |
| Tata Communications (UK) Limited              |                 |                   | 1,997.01            |                          | 1,997.01 |

\*Amount written off pertains to receivable from third party by TC UK on behalf of TCTSL

| Particulars                                      | Holding Company | Investing Company | Fellow Subsidiaries | Key Management Personnel | Total  |
|--|-----------------|-------------------|---------------------|--------------------------|--------|
| <b>Advances</b>                                  |                 |                   |                     |                          |        |
| Tata Communications (UK) Limited                 |                 |                   | 71.56               |                          | 71.56  |
| Tata Communications (Australia) Pty Ltd.         |                 |                   | 40.94               |                          | 40.94  |
| Tata Communications Deutschland GmbH             |                 |                   | 86.17               |                          | 86.17  |
| Tata Communications International Pte Limited    |                 |                   | 29.00               |                          | 29.00  |
| Tata Com (Middle East) FZ – LLC                  |                 |                   | 1.26                |                          | 1.26   |
| Tata Communications Services (America) Inc       |                 |                   | 28.16               |                          | 28.16  |
| Tata Communications (Canada) Limited             |                 |                   | 124.57              |                          | 124.57 |
| Tata Communications (Poland) SPZOO               |                 |                   | 75.96               |                          | 75.96  |
| Tata Communications (Ireland) Limited            |                 |                   | -                   |                          | -      |
| Tata Communications (Spain) SL                   |                 |                   | 4.66                |                          | 4.66   |
| Tata Communications Hongkong Limited             |                 |                   | 1.89                |                          | 1.89   |
| Tata Communications Data Centers Private Limited |                 |                   | 17.76               |                          | 17.76  |
|  |                 |                   | 0.01                |                          | 0.01   |
|  |                 |                   | 0.03                |                          | 0.03   |
|  |                 |                   | 0.06                |                          | 0.06   |
|  |                 |                   | 0.33                |                          | 0.33   |
|  |                 |                   | 3.72                |                          | 3.72   |

# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

| Particulars                                      | Holding Company    | Investing Company | Fellow Subsidiaries | Key Management Personnel | Total              |
|--|--------------------|-------------------|---------------------|--------------------------|--------------------|
| <b>Payables</b>                                  |                    |                   |                     |                          |                    |
| Tata Communications Services (America) Inc       |                    |                   | 582.20<br>525.07    |                          | 582.20<br>525.07   |
| Tata Communications (UK) Limited                 |                    |                   | 897.78<br>494.71    |                          | 897.78<br>494.71   |
| Tata Communications Limited                      | 1,927.88<br>314.50 |                   |                     |                          | 1,927.88<br>314.50 |
| Tata Communications Data Centers Private Limited |                    |                   | 1.04<br>22.49       |                          | 1.04<br>22.49      |
| Neotel (Pty) Ltd                                 |                    |                   | 198.93<br>64.53     |                          | 198.93<br>64.53    |
| Tata Communications (Canada) Limited             |                    |                   | 201.89<br>336.60    |                          | 201.89<br>336.60   |
| Tata Communications (Australia) Pty Ltd          |                    |                   | 120.46<br>3.18      |                          | 120.46<br>3.18     |
| Tata Communications (Middle East) FZ – LLC       |                    |                   | 659.95<br>771.93    |                          | 659.95<br>771.93   |
| Tata Communications International Pte. Ltd.      |                    |                   | 276.05<br>165.49    |                          | 276.05<br>165.49   |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

| Particulars                           | Holding Company | Investing Company | Fellow Subsidiaries | Key Management Personnel | Total  |
|---------------------------------------|-----------------|-------------------|---------------------|--------------------------|--------|
| Tata Communications (Ireland) Limited |                 |                   | 47.71               |                          | 47.71  |
|                                       |                 |                   | -                   |                          | -      |
| Tata Communications (POLAND) SPZOO    |                 |                   | 112.07              |                          | 112.07 |
|                                       |                 |                   | 6.97                |                          | 6.97   |
| Tata Communications Deutschland GmbH  |                 |                   | 75.33               |                          | 75.33  |
|                                       |                 |                   | -                   |                          | -      |
| Tata Communications (Spain) SL        |                 |                   | 151.17              |                          | 151.17 |
|                                       |                 |                   | -                   |                          | -      |
| Tata Communications (NZ) Ltd.         |                 |                   | 130.93              |                          | 130.93 |
|                                       |                 |                   | -                   |                          | -      |
| Tata Communications (France) SAS      |                 |                   | 0.02                |                          | 0.02   |
|                                       |                 |                   | -                   |                          | -      |
| Tata Sons Limited                     |                 | 152.34            |                     |                          | 152.34 |
|                                       |                 | 104.12            |                     |                          | 104.12 |

\*Amount in italics denote previous year figures.





# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 27. Contingent Liabilities and Commitments:

#### a. Contingent Liabilities:

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| Claims against the Company not acknowledged as debt |                        |                        |
| - Claims for taxes on income (Refer i)              | 961.41                 | 771.66                 |

- (i) These pertain to demand notices in respect of certain transfer pricing adjustments carried out by Revenue authorities and non-compliance of TDS for which the Company has preferred appeals and/ or filed rectifications which are pending. Future cash outflow in respect of above matters are determinable only on receipt of judgments / decisions pending at various forums / authority

#### b. Commitments:

##### Capital Commitments:

Estimated amount of contracts remaining (net of advances) to be executed on capital account, not provided for ₹1,449.87 lakhs (2015: ₹290.62 lakhs).

### 28. Supplementary statutory information

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Value of imports calculated on CIF basis (on accrual basis) |                        |                        |
| i. Capital Goods   | 931.66                 | 711.28                 |
| b. Earnings in Foreign Currency                                |                        |                        |
| i. Revenue   | 32,702.11              | 26,442.89              |
| ii. Other Income   | 11.18                  | -                      |
| c. Expenditure in foreign currency (on accrual basis)          |                        |                        |
| i. Outsourced manpower cost                                    | 4,482.09               | 2,151.87               |
| ii. Travelling Expenses  | 1,013.66               | 1,723.29               |
| iii. Legal and professional fees                               | 195.07                 | 112.39                 |
| iv. Telephone Expenses   | 73.58                  | 32.63                  |
| v. Others  | 652.07                 | 338.41                 |
|  | <b>6,416.48</b>        | <b>4,358.59</b>        |



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 29. Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in lakhs)

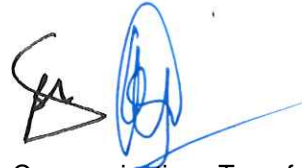
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year                                   | 68.44                  | 14.38                  |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year   | 2.22                   | 0.42                   |
| c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                                | 1,260.63               | 207.87                 |
| d. The amount of interest due and payable for the year  | 2.22                   | 0.42                   |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year  | 2.22                   | 0.42                   |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interests dues as above are actually paid | -                      | -                      |
| g. Total outstanding dues of micro and small enterprises  | 70.66                  | 14.80                  |

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. This has been relied upon by the auditors.

### 30. Derivative Transactions

The Company uses forward exchange contracts to hedge its exposure in foreign currency. The information on derivative instrument is as follows:

|  | As at 31 March 2016             |                        |
|--|---------------------------------|------------------------|
|  | (Amount in foreign<br>currency) | (Amount in<br>₹ lakhs) |
| a. Outstanding derivatives instruments                                       |                                 |                        |
| i. Forward exchange contract (Sell )   | AUD 416,000                     | 205.21                 |
|  | CAD 11,00,000                   | 554.62                 |
|  | GBP 60,80,000                   | 5,901.07               |
| b. Foreign exchange currency exposures not covered by derivative instruments |                                 |                        |
| i. Trade Receivables (Net)   | AED 515                         | 0.09                   |
|  | SGD 7,568                       | 3.72                   |
|  | AUD 46,716                      | 23.77                  |
|  | USD 304,330                     | 201.60                 |
|  | EUR 354,059                     | 266.62                 |
|  | GBP 942,563                     | 897.90                 |
|  | CAD 14,27,218                   | 729.86                 |
|  | OMR 88,78,128                   | 1,527.61               |
| ii. Trade Payables (Net)   | PLN 42,524                      | 7.50                   |
|  | SAR 71,833                      | 12.69                  |
|  | PHP 87,300                      | 1.26                   |

  
Tata Communications Transformation Services Limited



# TATA Communications Transformation Services Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

|   | As at 31 March 2015          |                     |
|---|------------------------------|---------------------|
|   | (Amount in foreign currency) | (Amount in ₹ lakhs) |
| <i>a. Outstanding derivatives instruments</i>                                       |                              |                     |
| ii. Forward exchange contract (Sell )   | CAD 700,000                  | 343.63              |
| <i>b. Foreign exchange currency exposures not covered by derivative instruments</i> |                              |                     |
| iii. Trade Receivables (Net)  | EUR 138,000                  | 92.62               |
|   | OMR 160,575                  | 260.88              |
|   | AUD 669,432                  | 318.47              |
|   | CAD 848,854                  | 416.70              |
|   | USD 25,50,305                | 1,595.22            |
|   | GBP 81,03,993                | 7,493.05            |
|   | SAR 41,21,250                | 687.22              |

31. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of Board of Directors

  
Director

  
Director

  
Sandeep Bhatnagar  
Chief Executive Officer

  
Umasree Kotamraju  
Chief Financial Officer

Mumbai  
Dated: 10 May 2016



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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TATA COMMUNICATIONS DATA CENTERS PRIVATE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **TATA COMMUNICATIONS DATA CENTERS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 and the Order under section 143(11) of the Act.



## **Deloitte Haskins & Sells LLP**

We conducted our audit of the financial statements in accordance with the Standards on Auditing 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the 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 the 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 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31 March, 2016, and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.



**Deloitte  
Haskins & Sells LLP**

- 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 A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
  - 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP.**

Chartered Accountants

(Firm’s Registration No. 117366W/W-100018)



**Gurvinder Singh**

Partner

(Membership No.110128)

Mumbai, 13 May, 2016

**Deloitte**  
**Haskins & Sells LLP**

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting 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 DATA CENTERS PRIVATE LIMITED** ("the Company") as of 31 March, 2016 in conjunction with our audit of the 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 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 Companies Act, 2013.

**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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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.

## **Deloitte Haskins & Sells LLP**

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 Company's 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.

**Deloitte**  
**Haskins & Sells LLP**  
**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 31 March, 2016, 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 **DELOITTE HASKINS & SELLS LLP.**

Chartered Accountants

(Firm's Registration No. 1173666W/W-100018)



**Gurvinder Singh**

Partner

(Membership No.110128)

Mumbai, 13 May, 2016

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government in terms of Section 143(11) of the Companies Act, 2013 ('the Act') of Tata Communications Data Centers Private Limited ('the Company')**

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees which are covered under section 185 and 186 of the Companies Act, 2013, and hence reporting under clause 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have unclaimed deposits as at 31 March, 2016 and therefore reporting under clause 3(v) of the order is not applicable to the Company.
- (vi) The maintenance of cost of records has not been specified by the Central Government under section 148 (1) of the Companies Act, 2013 and therefore reporting under clause 3(vi) of the order is not applicable to the Company.



**Deloitte**  
**Haskins & Sells LLP**

- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no undisputed dues outstanding as at 31 March, 2016.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3(viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the CARO 2016 order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

**Deloitte  
Haskins & Sells LLP**

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP.**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



**Gurvinder Singh**

Partner

(Membership No.110128)


Mumbai, 13 May, 2016

**TATA COMMUNICATIONS DATA CENTERS PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH 2016**

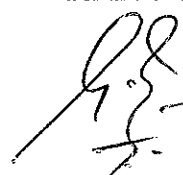
Amount in ₹ lakhs

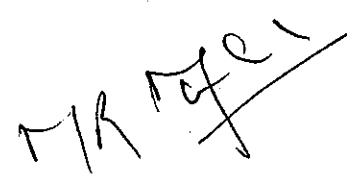
|           |  | Note No. | As at<br>31 March, 2016 | As at<br>31 March, 2015 |
|-----------|--|----------|-------------------------|-------------------------|
| <b>I</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                         |                         |
|           | <b>1 Shareholders' fund</b>  |          |                         |                         |
|           | (a) Share capital  | 3        | 1.00                    | 5.00                    |
|           | (b) Reserves and surplus   | 4        | 8,910.44                | 5,636.69                |
|           |  |          | <b>8,911.44</b>         | <b>5,641.69</b>         |
|           | <b>2 Non-current liabilities</b>   |          |                         |                         |
|           | (a) Long term borrowings   | 5        | 35,000.00               | 35,000.00               |
|           | (b) Other long term liabilities  | 6        | 1,628.98                | 1,305.30                |
|           | (c) Long term provisions   | 7        | 233.10                  | 232.60                  |
|           |  |          | <b>36,862.08</b>        | <b>36,537.90</b>        |
|           | <b>3 Current liabilities</b>   |          |                         |                         |
|           | (a) Short term borrowings  | 8        | 32,400.00               | 9,400.00                |
|           | (b) Trade payables   |          |                         |                         |
|           | (i) total outstanding due of micro enterprises and small enterprises                       | 9 (a)    | 50.75                   | 2.31                    |
|           | (ii) total outstanding due of creditors other than micro enterprises and small enterprises | 9 (b)    | 4,686.97                | 3,431.75                |
|           | (c) Other current liabilities  | 10       | 7,863.29                | 6,884.62                |
|           | (d) Short term provisions  | 11       | 22.10                   | 23.08                   |
|           |  |          | <b>45,023.11</b>        | <b>19,741.76</b>        |
|           | <b>Total</b>   |          | <b>90,796.63</b>        | <b>61,921.35</b>        |
| <b>II</b> | <b>ASSETS</b>  |          |                         |                         |
|           | <b>1 Non-current assets</b>  |          |                         |                         |
|           | (a) Fixed assets   |          |                         |                         |
|           | (i) Tangible Assets  | 12(i)    | 59,222.62               | 41,800.54               |
|           | (ii) Intangible assets   | 12(ii)   | 151.95                  | 222.71                  |
|           | (iii) Capital work in progress   |          | 7,837.78                | 1,730.65                |
|           |  |          | <b>67,212.35</b>        | <b>43,753.90</b>        |
|           | (b) Deferred tax assets (net)  | 13       | 1,804.88                | 1,497.51                |
|           | (c) Long term loans and advances   | 14       | 3,520.05                | 2,370.97                |
|           |  |          | <b>5,324.93</b>         | <b>3,868.48</b>         |
|           | <b>2 Current assets</b>  |          |                         |                         |
|           | (a) Current investment   | 15       | 3,150.00                | 3,200.00                |
|           | (b) Inventories - stores and spares  |          | -                       | 0.66                    |
|           | (c) Trade receivables  | 16       | 12,798.98               | 8,984.11                |
|           | (d) Cash and bank balances   | 17       | 691.34                  | 391.62                  |
|           | (e) Short term loans and advances  | 18       | 1,619.03                | 1,722.58                |
|           |  |          | <b>18,259.35</b>        | <b>14,298.97</b>        |
|           | <b>Total</b>   |          | <b>90,796.63</b>        | <b>61,921.35</b>        |
|           | See accompanying notes forming part of the financial statements                            |          |                         |                         |

In terms of our report attached  
For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**GURVINDER SINGH**  
Partner

For and on behalf of the Board of Directors

  
Director

  
Director

  
Company Secretary

MUMBAI  
DATED: 13 May 2016

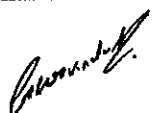
MUMBAI  
DATED: 13 May 2016

**TATA COMMUNICATIONS DATA CENTERS PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016**

*Amount in ₹ lakhs*


|     |   | Note No. | Year Ended<br>31 March, 2016 | Year Ended<br>31 March, 2015 |
|-----|---|----------|------------------------------|------------------------------|
| I   | Revenue from operations   |          | 62,292.28                    | 43,599.30                    |
| II  | Other Income  | 19       | 432.42                       | 268.69                       |
| III | <b>Total Revenue (I + II)</b>                                   |          | <b>62,724.70</b>             | <b>43,867.99</b>             |
| IV  | <b>EXPENSES:</b>  |          |                              |                              |
|     | Employee benefits   | 20       | 1,581.10                     | 1,199.57                     |
|     | Operating and other expenses                                    | 21       | 40,989.64                    | 30,490.39                    |
|     | Finance cost  | 22       | 5,525.38                     | 3,473.84                     |
|     | Depreciation and amortisation expense                           | 12       | 9,388.76                     | 7,213.02                     |
|     | <b>Total Expenses</b>   |          | <b>57,484.88</b>             | <b>42,376.82</b>             |
| V   | <b>Profit before tax (III-IV)</b>                               |          | <b>5,239.82</b>              | <b>1,491.17</b>              |
| VI  | <b>Tax expense</b>  |          |                              |                              |
| (a) | Current tax expense   |          | 2,272.63                     | 704.75                       |
| (b) | Deferred tax  |          | (307.37)                     | 25.40                        |
|     | <b>Net tax expense</b>  |          | <b>1,965.26</b>              | <b>730.15</b>                |
| VII | <b>Profit for the year (V - VI)</b>                             |          | <b>3,274.56</b>              | <b>761.02</b>                |
|     | <b>Earnings per share</b>                                       |          |                              |                              |
|     | <b>Basic / Diluted earnings per share (₹)</b>                   | 25       | <b>9,233.32</b>              | <b>1,522.04</b>              |
|     | (Face value per share ₹ 10/-)                                   |          |                              |                              |
|     | See accompanying notes forming part of the financial statements |          |                              |                              |

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**GURVINDER SINGH**  
Partner

For and on behalf of the Board of Directors

  
Director

  
Director

  
Company Secretary

MUMBAI  
DATED: 13 May 2016

MUMBAI  
DATED: 13 May 2016

**TATA COMMUNICATIONS DATA CENTERS PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016**

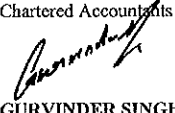
Amount in ₹ lakhs

| Particulars  | Year Ended<br>31 March, 2016 | Year Ended<br>31 March, 2015 |
|--|------------------------------|------------------------------|
| <b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>   |                              |                              |
| Profit before tax  | 5,239.82                     | 1,491.17                     |
| Adjustments for:   |                              |                              |
| Depreciation / Amortisation expense  | 9,388.76                     | 7,213.02                     |
| Profit on sale of fixed assets (net)   | (177.26)                     | (100.22)                     |
| Finance cost   | 5,525.38                     | 3,473.84                     |
| Gain on sale of current investments  | (170.70)                     | (101.81)                     |
| Provision for doubtful trade receivables   | 13.11                        | 162.18                       |
| Fixed assets written down  | -                            | 13.21                        |
| Bad Debts written off  | 80.61                        | -                            |
| Operating profit before working capital changes  | 19,899.72                    | 12,151.39                    |
| Changes in working capital:  |                              |                              |
| Adjustments for (increase) / decrease in operating assets:                                   |                              |                              |
| Inventories - stores and spares  | 0.66                         | (0.66)                       |
| Trade receivables  | (3,908.59)                   | 360.12                       |
| Short term loans and advances  | 103.55                       | (1,707.94)                   |
| Long-term loans and advances   | (318.91)                     | -                            |
| Adjustments for increase / (decrease) in operating liabilities:                              |                              |                              |
| Trade payables   | 1,274.68                     | (868.18)                     |
| Other current liabilities  | (1,712.73)                   | 2,493.86                     |
| Other Long term liabilities  | 316.95                       | 1,305.30                     |
| Short term provisions  | (0.98)                       | 3.38                         |
| Long term provisions   | 0.50                         | 72.40                        |
| Cash Generated from operations before tax  | 15,654.85                    | 13,809.67                    |
| Net Income tax paid  | (3,195.62)                   | (4,086.27)                   |
| Net Cash flow from operating activities (A)  | 12,459.23                    | 9,723.40                     |
| <b><u>CASH FLOW FROM INVESTING ACTIVITIES:</u></b>   |                              |                              |
| Capital expenditure on fixed assets (including capital advances)                             | (30,169.33)                  | (13,932.70)                  |
| Proceeds from sale of fixed assets   | 290.34                       | 166.25                       |
| Purchase of current investments  | (47,755.00)                  | (25,965.00)                  |
| Proceeds from sale of current investments  | 47,975.70                    | 22,866.81                    |
| Net Cash flow used in investing activities (B)   | (29,658.29)                  | (16,864.64)                  |
| <b><u>CASH FLOW FROM FINANCING ACTIVITIES:</u></b>   |                              |                              |
| Proceeds from long term borrowings from Holding Company                                      | -                            | 35,000.00                    |
| Proceeds from short term borrowings from Holding Company                                     | 23,000.00                    | 9,400.00                     |
| Repayment of short term borrowings from Holding Company                                      | -                            | (33,900.00)                  |
| Reduction of share capital and dividend distribution tax thereon (Refer note 3 (i) and 4(i)) | (4.81)                       | -                            |
| Finance Cost   | (5,496.41)                   | (3,533.63)                   |
| Net Cash flow from financing activities (C)  | 17,498.78                    | 6,966.37                     |
| Net Increase / (Decrease) in Cash and Cash Equivalent (A)+(B)+(C)                            | 299.72                       | (174.87)                     |
| Cash and Cash Equivalent at the beginning of the Year  | 391.62                       | 566.49                       |
| Cash and Cash Equivalents at the end of the Year (Refer note 17 Cash and bank balances)      | 691.34                       | 391.62                       |

Note: Figures in brackets represent outflows.

See accompanying notes forming part of the financial statements


In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

  
**GURVINDER SINGH**  
Partner

For and on behalf of the Board of Directors

  
Director

  
Director

  
Company Secretary

MUMBAI  
DATED: 13 May 2016

MUMBAI  
DATED: 13 May 2016



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

### 1. Corporate information

Tata Communications Data Centers Private Limited ('the Company') was incorporated in India on 13 December 2007. The name of the company was changed from S & A Internet Services Private Limited to Tata Communications Data Centers Private Limited vide SRN number B96598917 dated 27 February 2014. The company provides data center colocation services and manage hosting and infrastructure services in India

### 2. Significant accounting policies

#### a. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b. Use of estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c. Cash and cash equivalents (for purposes of Cash Flow Statement)

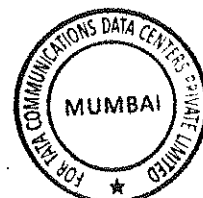
Cash comprises cash on hand. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### d. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### e. Fixed assets

- i. Tangible and intangible assets are 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 to their present location and condition.
- ii. Capital work-in-progress includes projects under which assets are not yet ready for their intended use and are carried at cost, comprising direct cost, directly attributable cost and attributable interest.



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### *f. Depreciation/ amortisation*

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets where the lives of assets is lower than the prescribed lives or otherwise no specific lives has been prescribed in Schedule II to the Companies Act, 2013.

| Tangible and Intangible assets           | Useful lives of Assets |
|--|------------------------|
| i. Plant and Machinery (Refer 1 below)   |                        |
| — Network Equipment                      | 3 to 8 years           |
| — Integrated Building Management Systems | 8 years                |
| ii. Leaschold Land                       | Over the lease period  |
| iii. Software (Refer 2 below)            | 3 to 6 years           |

1. In these cases, the lives of the assets has 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.
2. The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### *g. Impairment*

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment 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 that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amounts 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 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.

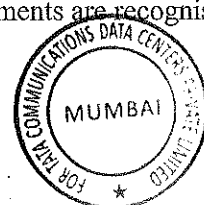
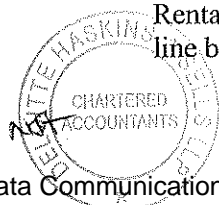
The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

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.

### *h. Operating leases*

Lease arrangements where the risk and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating leases.

Rental expenses on assets given or obtained under operating lease arrangements are recognised on a straight line basis over the term of the lease.



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### i. Employee benefits

Employee benefits include provident fund, gratuity fund, compensated absences and performance incentives.

#### a. Defined contribution plans

The Company makes contribution towards provident fund under a defined contribution retirement benefit plan for qualifying employees and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees. The provident fund is administered 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.

#### b. Defined benefit plans

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. Actuarial gains and losses are recognised in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

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.

#### i. Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- 1) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- 2) in case of non-accumulating compensated absences, when the absences occur.

#### ii. 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 service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### j. Revenue recognition

- i. Revenues for colocation services are recognised over the period of the respective arrangements based on contracted fee schedules.



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

- ii. Revenues from long term contracts of co-location and managed service arrangements are recognised on a straight line basis over the period of the contracts. Amounts received in advance for any services are recorded as deferred revenue.

### k. Taxation

- i. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, and items relating to capital losses deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### l. Foreign currency transactions and translations

Foreign currency transactions are converted into Indian Rupees 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 are outstanding as at the balance sheet date are translated to Indian Rupees 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.

### m. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### n. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 bonus issue to existing shareholders and share split.

### o. Contingent liabilities and provisions

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



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. 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.

### 3. Share capital

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. <b>Authorised:</b>   |                        |                        |
| 50,000 (2015: 50,000) Equity shares of ₹ 10 each                                    | 5.00                   | 5.00                   |
| b. <b>Issued, Subscribed and Paid up:</b>   |                        |                        |
| 10,000 (2015: 50,000) Equity shares of ₹ 10 each fully paid up (Refer note i below) | 1.00                   | 5.00                   |

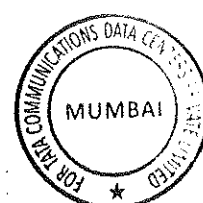
#### i. Issued, Subscribed and Paid up:

| Equity shares                             | As at 31 March 2016 |             | As at 31 March 2015 |             |
|---|---------------------|-------------|---------------------|-------------|
|   | No of shares        | ₹ in lakhs  | No of shares        | ₹ in lakhs  |
| At the beginning of the year              | 50,000              | 5.00        | 50,000              | 5.00        |
| Add: Issued during the year               | -                   | -           | -                   | -           |
| Less: Capital reduction during the year   | 40,000              | 4.00        | -                   | -           |
| <b>Outstanding at the end of the year</b> | <b>10,000</b>       | <b>1.00</b> | <b>50,000</b>       | <b>5.00</b> |

Vide its order dated 20 November 2015, the Hon'ble High Court of Bombay had passed an order for reduction of 40,000 equity shares of ₹ 10 each bearing distinctive numbers 10,001 to 50,000 out of the existing issued and paid up share capital comprising of 50,000 equity shares of ₹ 10 each, thereby reducing the issued and paid up share capital of the Company to ₹ 100,000 comprising of 10,000 equity shares of ₹ 10 each with effect from the date of the order. The aforesaid order had been taken on record by the Registrar of Companies, Mumbai, Maharashtra on 11 December 2015.

#### ii. 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 dividend 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.





# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### iii. Number of shares held by each shareholder holding more than 5% of the issued share capital:

|   | As at 31 March 2016 |            | As at 31 March 2015 |            |
|---|---------------------|------------|---------------------|------------|
|   | No of shares        | Percentage | No of shares        | Percentage |
| Tata Communications Limited (Holding Company) | 10,000              | 100%       | 50,000              | 100%       |

### 4. Reserves and surplus

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>a. Debenture Redemption Reserve</b>  |                        |                        |
| Opening Balance   | 4,375.00               | -                      |
| Add: Transferred from Surplus in Statement of Profit and Loss (refer note 5(i))                         | 4,375.00               | 4,375.00               |
| Closing Balance   | <b>8,750.00</b>        | <b>4,375.00</b>        |
| <b>b. Surplus in Statement of Profit and Loss</b>   |                        |                        |
| Opening balance   | 1,261.69               | 5,569.96               |
| Less: Impact on depreciation as per revised Companies Act 2013 (net of deferred tax) (Refer note 12(b)) | -                      | (694.29)               |
| Add: Profit for the year  | 3,274.56               | 761.02                 |
| Less : Dividend distribution Tax (Refer note i below)   | (0.81)                 | -                      |
| Less: Transfer to Debenture redemption reserve (refer note 5(i))  | (4,375.00)             | (4,375.00)             |
| Closing balance   | <b>160.44</b>          | <b>1,261.69</b>        |
| <b>Total</b>  | <b>8,910.44</b>        | <b>5,636.69</b>        |

- i. An amount of ₹ 0.81 lakh dividend distribution tax is paid on account of capital reduction from ₹ 5.00 lakhs to ₹ 1.00 lakh

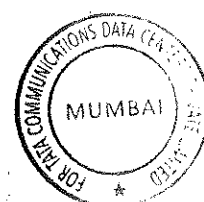
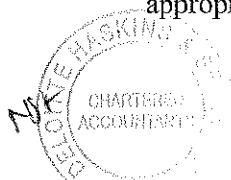
### 5. Long term borrowings

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>Unsecured Debentures</b>   |                        |                        |
| a. 3,500, 9.75% Rated Non-Convertible Redeemable Debentures of Face Value ₹ 10 lakhs each (refer i) | 35,000.00              | 35,000.00              |
| <b>Total</b>  | <b>35,000.00</b>       | <b>35,000.00</b>       |

- (i) During the previous year, the Company has issued Unsecured Non-Convertible Redeemable Debentures in Demat form for cash at par to holding Company on a private placement basis aggregating to ₹ 35,000.00 lakhs. Debentures are due for redemption on 26 June 2017.

For facilitating the above redemption, the Company has a Debenture Redemption Reserve of ₹ 8,750.00 lakhs (2015: ₹ 4,375.00 lakhs) and an amount of ₹ 4,375.00 lakhs (2015: ₹ 4,375.00 lakhs) has been appropriated during the current year.



*[Signature]*

# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 6. Other long term liabilities

(₹ in lakhs)

|                              | As at<br>31 March 2016 | As at<br>31 March 2015 |
|------------------------------|------------------------|------------------------|
| a. Deferred revenue          | 1,608.70               | 1,305.30               |
| b. Accrued employee benefits | 13.55                  | -                      |
| c. Capital creditors         |                        |                        |
| - Payable to related parties | 6.73                   | -                      |
|                              | <b>1,628.98</b>        | <b>1,305.30</b>        |

### 7. Long term provisions

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Provision for employee benefits (Refer note 23)</b> |                        |                        |
| a. Provision for compensated absences                  | 110.30                 | 103.90                 |
| b. Provision for gratuity                              | 122.80                 | 128.70                 |
|  | <b>233.10</b>          | <b>232.60</b>          |

### 8. Short term borrowings

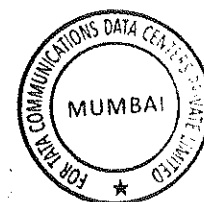
(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Short term loans (Unsecured)</b>  |                        |                        |
| a. Loan from Holding Company<br>(Rate of interest – 9.50% (2015 - 8.50 %)) | 32,400.00              | 9,400.00               |
| <b>Total</b>   | <b>32,400.00</b>       | <b>9,400.00</b>        |

### 9. Trade payables

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Total outstanding dues of micro enterprises and small enterprises (Refer note 32)      | 50.75                  | 2.31                   |
| b. Total outstanding dues of creditors other than micro enterprises and small enterprises |                        |                        |
| - Payable to related parties  | 1,553.26               | 1,458.39               |
| - Other creditors   | 2,888.26               | 1,792.00               |
| - Accrued employee benefits   | 245.45                 | 181.36                 |
|   | <b>4,686.97</b>        | <b>3,431.75</b>        |
| <b>Total</b>  | <b>4,737.72</b>        | <b>3,434.06</b>        |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 10. Other current liabilities

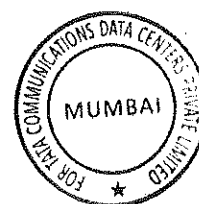
(₹ in lakhs)

|                              | As at<br>31 March 2016 | As at<br>31 March 2015 |
|------------------------------|------------------------|------------------------|
| a. Deferred revenue          | 1,198.58               | 3,003.13               |
| b. Statutory liabilities     |                        |                        |
| - Service tax                | -                      | 4.26                   |
| - Tax deducted at source     | 421.68                 | 321.99                 |
| c. Capital creditors         |                        |                        |
| - Payable to related parties | 6.73                   | -                      |
| - Others                     | 6,217.69               | 3,533.02               |
| d. Others                    | 18.61                  | 22.22                  |
| <b>Total</b>                 | <b>7,863.29</b>        | <b>6,884.62</b>        |

### 11. Short-term provisions

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>Provisions for employee benefits (Refer note 23)</b> |                        |                        |
| a. Provision for compensated absences                   | 10.00                  | 9.28                   |
| b. Provision for gratuity                               | 12.10                  | 13.80                  |
| <b>Total</b>  | <b>22.10</b>           | <b>23.08</b>           |



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# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 12. Fixed assets

#### i. Tangible assets

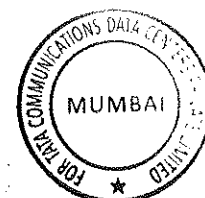
(₹ in lakhs)

|                                 | Leasehold Land | Leasehold Improvement | Building | Plant and Machinery | Furniture and Fixtures | Office Equipment | Computers | Total       |
|---------------------------------|----------------|-----------------------|----------|---------------------|------------------------|------------------|-----------|-------------|
| <b>Gross Block</b>              |                |                       |          |                     |                        |                  |           |             |
| At 31 March 2014                | -              | -                     | -        | 57,526.15           | 2,975.19               | 6,324.31         | 605.14    | 67,430.79   |
| Additions                       | 340.25         | -                     | 1,553.53 | 15,570.74           | 1,479.28               | 2,039.15         | 13.58     | 20,996.53   |
| Disposals                       | -              | -                     | -        | (452.89)            | -                      | -                | -         | (452.89)    |
| Other adjustments               | -              | -                     | -        | (149.98)            | (1.30)                 | -                | -         | (151.28)    |
| As 31 March 2015                | 340.25         | -                     | 1,553.53 | 72,494.02           | 4,453.17               | 8,363.46         | 618.72    | 87,823.15   |
| Additions                       | 337.69         | 2,229.56              | 259.04   | 19,938.00           | 704.64                 | 3,321.88         | 5.14      | 26,795.95   |
| Disposals                       | -              | -                     | -        | (640.56)            | -                      | -                | (544.98)  | (1,185.54)  |
| Other adjustments               | -              | 1,457.17              | -        | -                   | (1,457.17)             | -                | -         | -           |
| As 31 March 2016                | 677.94         | 3,686.73              | 1,812.57 | 91,791.46           | 3,700.64               | 11,685.34        | 78.88     | 1,13,433.56 |
| <b>Accumulated Depreciation</b> |                |                       |          |                     |                        |                  |           |             |
| At 31 March 2014                | -              | -                     | -        | 35,484.06           | 1,081.17               | 1,496.41         | 410.85    | 38,472.49   |
| Depreciation/ Amortisation      | 3.44           | -                     | 2.05     | 5,246.13            | 418.78                 | 2,300.06         | 124.99    | 8,095.45    |
| Disposals                       | -              | -                     | -        | (407.27)            | -                      | -                | -         | (407.27)    |
| Other adjustments               | -              | -                     | -        | (136.82)            | (1.24)                 | -                | -         | (138.06)    |
| As 31 March 2015                | 3.44           | -                     | 2.05     | 40,186.10           | 1,498.71               | 3,796.47         | 535.84    | 46,022.61   |
| Depreciation/ Amortisation      | 6.89           | 350.11                | 28.77    | 7,050.27            | 315.62                 | 1,489.15         | 44.31     | 9,285.12    |
| Disposals                       | -              | -                     | -        | (584.45)            | -                      | -                | (512.34)  | (1,096.79)  |
| Other adjustments               | -              | 51.30                 | -        | -                   | (51.30)                | -                | -         | -           |
| As 31 March 2016                | 10.33          | 401.41                | 30.82    | 46,651.92           | 1,763.03               | 5,285.62         | 67.81     | 54,210.94   |
| At 31 March 2015                | 336.81         | -                     | 1,551.48 | 32,307.92           | 2,954.46               | 4,566.99         | 82.88     | 41,800.54   |
| At 31 March 2016                | 667.61         | 3,285.32              | 1,781.75 | 45,139.54           | 1,937.61               | 6,399.72         | 11.07     | 59,222.62   |

#### ii. Intangible assets

(₹ in lakhs)

|                            | Software | Total    |
|----------------------------|----------|----------|
| <b>Gross Block</b>         |          |          |
| At 31 March 2014           | 938.01   | 938.01   |
| Additions                  | 65.05    | 65.05    |
| Disposals                  | -        | -        |
| At 31 March 2015           | 1,003.06 | 1,003.06 |
| Additions                  | 57.22    | 57.22    |
| Disposals                  | (790.35) | (790.35) |
| At 31 March 2016           | 269.93   | 269.93   |
| At 31 March 2014           | 610.99   | 610.99   |
| Depreciation/ Amortisation | 169.36   | 169.36   |
| Disposals                  | -        | -        |
| As 31 March 2015           | 780.35   | 780.35   |
| Depreciation/ Amortisation | 103.64   | 103.64   |
| Disposals                  | (766.01) | (766.01) |
| As 31 March 2016           | 117.98   | 117.98   |
| At 31 March 2015           | 222.71   | 222.71   |
| At 31 March 2016           | 151.95   | 151.95   |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### Note

- (a) Depreciation on fixed assets has been provided on the straight-line method from the month of addition. During the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from 1 April 2014, the Company had revised the estimated useful lives of some of its assets to align the useful lives with those prescribed in Schedule II.
- (b) During the previous year, pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company had fully depreciated the carrying value of assets, net of residual value, where the remaining useful lives of the asset was determined to be nil as on 1 April 2014, and has adjusted an amount of ₹ 694.29 lakhs (net of deferred tax of ₹ 357.50 lakhs) against the opening Surplus balance in Statement of Profit and Loss under Reserves and Surplus.

The Depreciation expense in the Statement of Profit and Loss for the previous years is lower by ₹ 800.95 lakhs consequent to the change in the useful lives of the assets.

- (c) Depreciation and amortisation expenses:

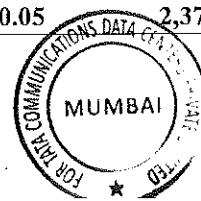
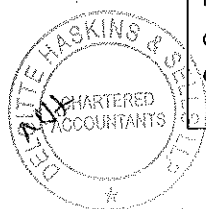
|   | (₹ in lakhs)                |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
| Depreciation and amortisation for the year on tangible assets as per note 12(i) above         | 9,285.12                    | 8,095.45                    |
| Amortisation for the year on intangible assets as per note 12(ii) above                       | 103.64                      | 169.36                      |
| Less : Depreciation on tangible assets transferred to Surplus in Statement of Profit and Loss | -                           | 1,051.79                    |
| Depreciation and amortisation expenses  | 9,388.76                    | 7,213.02                    |

### 13. Deferred tax assets (net)

|   | (₹ in lakhs)           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>Major components of deferred tax asset and liability consist of the following:</b> |                        |                        |
| Difference between accounting and tax depreciation/ amortisation                      | 1,299.14               | 1,115.31               |
| Provision for doubtful trade receivables  | 237.74                 | 233.20                 |
| Provision for leave encashment  | 41.63                  | 39.17                  |
| Provision for gratuity  | 46.69                  | 49.32                  |
| Provision for stamp duty  | 102.44                 | -                      |
| Others  | 77.24                  | 60.51                  |
|   | 1,804.88               | 1,497.51               |

### 14. Long term loans and advances

|   | (₹ in lakhs)           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>Unsecured – Considered good</b>  |                        |                        |
| a. Advance tax (net of provisions of ₹ 7,188.98 lakhs (2015: ₹ 7,180.86 lakhs)) | 3,187.50               | 2,264.51               |
| b. Advance for Capital goods  | 13.64                  | 106.46                 |
| c. Prepaid Expenses   | 254.91                 | -                      |
| d. Others   | 64.00                  | -                      |
| <b>Total</b>  | 3,520.05               | 2,370.97               |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 15. Current investment

(₹ in lakhs)

|  | As at 31 March 2016 |                 | As at 31 March 2015 |                 |
|--|---------------------|-----------------|---------------------|-----------------|
|  | No of units         | ₹ in lakhs      | No of units         | ₹ in lakhs      |
| <b>Investment in Mutual Funds (Unquoted)</b> |                     |                 |                     |                 |
| a. Kotak Floater – ST –Growth Plan           | 127,010             | 3,150.00        | -                   | -               |
| b. LIC Nomura Liquid Fund – Growth Plan      | -                   | -               | 126,399             | 3,200.00        |
| <b>Total</b>                                 |                     | <b>3,150.00</b> |                     | <b>3,200.00</b> |

### 16. Trade receivables – Unsecured

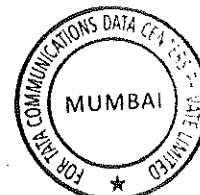
(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b> |                        |                        |
| Considered good  | 1,250.26               | 1,460.07               |
| Doubtful   | 683.86                 | 673.83                 |
|  | <u>1,934.12</u>        | <u>2,133.90</u>        |
| Less : Provision for doubtful trade receivables  | (683.86)               | (673.83)               |
|  | <u>1,250.26</u>        | <u>1,460.07</u>        |
| <b>Other trade receivables</b>   |                        |                        |
| Considered good  | 11,548.72              | 7,524.04               |
| Doubtful   | 3.08                   | -                      |
|  | <u>11,551.80</u>       | <u>7,524.04</u>        |
| Less : Provision for doubtful trade receivables  | (3.08)                 | -                      |
|  | <u>11,548.72</u>       | <u>-</u>               |
| <b>Total</b>   | <b>12,798.98</b>       | <b>8,984.11</b>        |

### 17. Cash and bank balances

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Cash and cash equivalents</b>         |                        |                        |
| a. Current accounts with scheduled banks | 691.34                 | 328.73                 |
| b. Remittances in transit                | -                      | 62.89                  |
| <b>Total</b>                             | <b>691.34</b>          | <b>391.62</b>          |





# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 18. Short term loans and advances

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| <b>Unsecured – Considered good</b>  |                        |                        |
| a. Prepaid expenses   | 115.19                 | 43.48                  |
| b. Cenvat credit receivable   | 1,333.32               | 1,452.08               |
| c. Advance to contractors and vendors   | 170.33                 | 132.22                 |
| d. Export incentive receivable (net of provision of ₹ 105.20 lakhs) (2015: Nil) | -                      | 84.31                  |
| e. Others   | 0.19                   | 10.49                  |
| <b>Total</b>  | <b>1,619.03</b>        | <b>1,722.58</b>        |

### 19. Other income

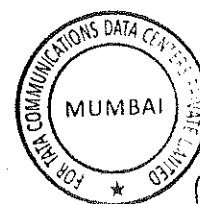
(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Exchange gain / (loss) (net)         | 21.24                  | (43.18)                |
| b. Profit on sale of fixed assets (net) | 177.26                 | 100.22                 |
| c. Profit on sale of mutual funds       | 170.70                 | 101.81                 |
| d. Others                               | 63.22                  | 109.84                 |
| <b>Total</b>                            | <b>432.42</b>          | <b>268.69</b>          |

### 20. Employee benefits

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Salaries and related costs                      | 1,453.03               | 1,092.05               |
| b. Contribution to provident funds (Refer note 23) | 48.06                  | 38.38                  |
| c. Gratuity expense                                | 27.60                  | 36.40                  |
| d. Staff welfare expenses                          | 52.41                  | 32.74                  |
| <b>Total</b>                                       | <b>1,581.10</b>        | <b>1,199.57</b>        |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 21. Operating and other expenses

(₹ in lakhs)

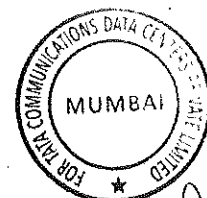
|  | As at<br>31 March, 2016 | As at<br>31 March, 2015 |
|--|-------------------------|-------------------------|
| a. Power and fuel  | 20,215.07               | 13,887.56               |
| b. Repairs and maintenance:                                    |                         |                         |
| (i) Buildings  | 35.12                   | 19.95                   |
| (ii) Plant and machinery                                       | 2,755.27                | 2,267.12                |
| (iii) Others   | 11.31                   | 8.87                    |
| c. Provision for doubtful trade receivables / (written back)   | 13.11                   | 162.18                  |
| d. Bad debts written off                                       | 80.61                   | -                       |
| e. Network and cable charges                                   | 555.36                  | 501.55                  |
| f. Rent  | 8,068.87                | 6,818.98                |
| g. Rates and taxes   | 408.19                  | 38.30                   |
| h. Travelling  | 86.37                   | 92.60                   |
| i. Services rendered by agencies                               | 8,158.44                | 6,058.38                |
| j. Legal and professional fees                                 | 141.40                  | 189.89                  |
| k. Insurance   | 53.58                   | 34.70                   |
| l. Corporate social responsibility expenditure (Refer i below) | 36.94                   | -                       |
| m. Other expenses (Refer note 24)                              | 370.00                  | 410.31                  |
| <b>Total</b>   | <b>40,989.64</b>        | <b>30,490.39</b>        |

- i. As required by the Companies Act, 2013 and rules thereon, gross amount required to be spent by the Company during the year toward Corporate Social Responsibility (CSR) amount to ₹ 36.00 lakhs. The Company has spent ₹ 36.94 lakhs during the year on CSR activities mainly for skill development training and employment opportunities for marginalised unemployed youth, single women, widows etc. in Maharashtra.

### 22. Finance cost

(₹ in lakhs)

|                                | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--------------------------------|------------------------|------------------------|
| a. Interest to holding company | 5,535.79               | 2,710.39               |
| b. Interest on loan from bank  | 1.92                   | 822.42                 |
| c. Interest capitalisation     | (14.81)                | (196.02)               |
| d. Other interest              | 2.48                   | 137.05                 |
| <b>Total</b>                   | <b>5,525.38</b>        | <b>3,473.84</b>        |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 23. Employee Benefits

#### i. Defined Contribution Plan - Provident Fund:

The Company makes contribution towards provident fund under a defined contribution retirement benefit plan for qualifying employees. The provident fund is administered 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.

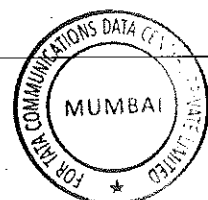
Provident fund contributions amounting to ₹ 48.06 lakhs (2015: ₹ 38.38 lakhs) have been charged to the statement of profit and loss, under Contribution to provident, gratuity and other funds in note 20 "Employee benefits".

#### ii. Defined Benefit Obligation – Gratuity

The plan provides for lump sum payments to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The cost of providing benefits for defined benefit schemes is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

The details in respect of the unfunded amounts recognised in the Company's financial statements for these defined benefit schemes are as under:

| (₹ in lakhs)   |                        |                        |
|--|------------------------|------------------------|
|  | Gratuity (unfunded)    |                        |
|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
| <b>I Change in the defined benefit obligation</b>  |                        |                        |
| Liability at the beginning of the period   | 142.50                 | 105.70                 |
| Current service cost   | 9.70                   | 6.30                   |
| Interest cost  | 10.50                  | 9.20                   |
| Liability transferred from / (to) other companies  | (18.60)                | 14.80                  |
| Actuarial (gain) / loss on obligations   | 7.40                   | 20.90                  |
| Benefit Payments   | (16.60)                | (14.40)                |
| Liability at the end of the period   | 134.90                 | 142.50                 |
| <b>II Amount recognised in the Balance Sheet</b>   |                        |                        |
| Liability at the end of the period   | 134.90                 | 142.50                 |
| Net liability in the Balance Sheet   | 134.90                 | 142.50                 |
| Short term provision (refer note 11)   | 12.10                  | 13.80                  |
| Long term provision (refer note 7)   | 122.80                 | 128.70                 |
| <b>III Expenses recognised in the Statement of Profit and Loss</b>                               |                        |                        |
| Current service cost   | 9.70                   | 6.30                   |
| Interest cost  | 10.50                  | 9.20                   |
| Net actuarial loss /(gain) to be recognised  | 7.40                   | 20.90                  |
| Expense recognised in the Statement of Profit and Loss account (Refer note 20 Employee benefits) | 27.60                  | 36.40                  |



# Tata Communications Data Centers Private Limited.

## Notes forming part of the financial statements for the year ended 31 March 2016

|  | Gratuity (unfunded) |                                |
|--|---------------------|--------------------------------|
|  | As at               | As at                          |
|  | 31 March 2016       | 31 March 2015                  |
| <b>IV Principal Actuarial assumptions :</b>  |                     |                                |
| Discount rate  | 7.90%               | 7.80%                          |
| Increase in compensation cost  | 10%                 | 10% for 2015 and 9% thereafter |
| <u>Withdrawal rate</u>   |                     |                                |
| Less than 5 years of service   | 15%                 | 15%                            |
| 5 years or more  | 8%                  | 8%                             |
| 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. |                     |                                |

|   | As at         | As at         | As at         |
|---|---------------|---------------|---------------|
|   | 31 March 2016 | 31 March 2015 | 31 March 2014 |
| <b>V Experience adjustment</b>                      |               |               |               |
| Defined Benefit obligation                          | (134.90)      | (142.50)      | (105.70)      |
| Surplus / (deficit)                                 | (134.90)      | (142.50)      | (105.70)      |
| Exp. Adj. on Plan Liabilities loss/ (gain)          | 3.20          | 8.10          | 0.20          |
| Actuarial (gain)/ loss due to change of assumptions | (4.20)        | (12.80)       | 5.60          |

### iii. Leave plan and Compensated absences

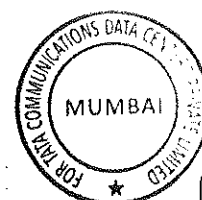
Leave unavailed of by eligible employees may be carried forward / encashed by them/their nominees in the event of death or permanent disablement or resignation, subject to a maximum carry forward/ encashment of leave for 120 days. The liability for compensated absences as at the year end is ₹ 120.30 lakhs (2015: ₹ 113.18 lakhs) as shown under long term provisions ₹ 110.30 lakhs (2015: ₹ 103.90 lakhs) and short term provisions ₹ 10.00 lakhs (2015: ₹ 9.28 lakhs). The amount charged to the Statement of Profit and Loss is ₹ 35.25 lakhs (2015: ₹ 18.57 lakhs)

Refer table IV above for actuarial assumptions on compensated absences.

### 24. Auditors' remuneration:

(Included in Other expenses under operating and other expenses – Refer note 21)

|  | (₹ in lakhs)  |               |
|--|---------------|---------------|
|  | Year ended    | Year ended    |
|  | 31 March 2016 | 31 March 2015 |
| <b>Auditors' remuneration and expenses (excluding service tax)</b> |               |               |
| i. Audit fees  | 15.00         | 15.00         |
| ii. Tax audit fees   | 3.52          | 6.00          |
| iii. Other professional services                                   | 7.51          | 7.50          |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 25. Earnings per share

(₹ in lakhs)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| Net profit after tax attributable to the equity shareholders (A)             | 3,274.56               | 761.02                 |
| Number of equity shares outstanding at the end of the year                   | 10,000                 | 50,000                 |
| Weighted average number of shares outstanding during the year (B)            | 35,465                 | 50,000                 |
| Basic and diluted earnings per share (₹ per equity share of ₹ 10 each) (A/B) | 9,233.32               | 1,522.04               |

### 26. Segment reporting

The Company is engaged in providing data center colocation services, manage hosting and infrastructure services. Considering the nature of the Company's business and operations, there are no other reportable segments (business and/or geographical) in accordance with the requirements of Accounting Standard 17- 'Segment Reporting' prescribed under section 133 of the Companies Act, 2013.

### 27. Related Party Transactions

#### i. Names of related parties and nature of relationship

| Sr No | Category of related parties                               | Names  |
|-------|---|--|
| A     | Holding Company   | Tata Communications Limited  |
| B     | Investing Parties (Promoters) of Holding Company          | Tata Sons Limited  |
| C     | Fellow Subsidiaries (where transactions have taken place) | Tata Communications (Australia) Pty Limited<br>Tata Communications (America) Inc.<br>Tata Communications (Hong Kong) Limited<br>Tata Communications (Canada) Limited<br>Tata Communications International Pte Limited<br>Tata Communications Services International Pte Limited<br>Tata Communications Payment Solutions Limited<br>Tata Communications Transformation Services Limited<br>Tata Communications (UK) Limited<br>Tata Communications (Ireland) Limited<br>Tata Communications (Middle East) FZ – LLC<br>Tata Communications (France) SAS |
| D     | Key Managerial Personnel                                  | Mr Sudipto Das (Company Secretary)   |



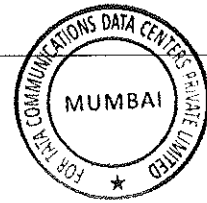
# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### ii. Summary of transactions and balances with related parties

(₹ in lakhs)

| Particulars   | Holding Company | Investing Company | Fellow Subsidiaries | Total     |
|---|-----------------|-------------------|---------------------|-----------|
| <b>Transactions</b>                                 |                 |                   |                     |           |
| <b>Revenue from operations</b>                      |                 |                   |                     |           |
| Tata Communications Limited                         | 8,427.11        |                   |                     | 8,427.11  |
|   | 3,040.12        |                   |                     | 3,040.12  |
| Tata Sons Limited                                   |                 | 3.03              |                     | 3.03      |
|   |                 | 2.27              |                     | 2.27      |
| Tata Communications (America) Inc                   |                 |                   | 87.40               | 87.40     |
|   |                 |                   | 285.11              | 285.11    |
| Tata Communications (Australia) Pty Limited         |                 |                   | (9.57)              | (9.57)    |
|   |                 |                   | 21.13               | 21.13     |
| Tata Communications (Canada) Limited                |                 |                   | 12.99               | 12.99     |
|   |                 |                   | 30.10               | 30.10     |
| Tata Communications (Hong kong) Limited             |                 |                   | 5.83                | 5.83      |
|   |                 |                   | 12.42               | 12.42     |
| Tata Communications International Pte Limited       |                 |                   | 64.40               | 64.40     |
|   |                 |                   | 66.99               | 66.99     |
| Tata Communications Transformation Services Limited |                 |                   | 9.70                | 9.70      |
|   |                 |                   | 22.49               | 22.49     |
| Tata Communications Payment Solutions Limited       |                 |                   | 202.60              | 202.60    |
|   |                 |                   | 194.28              | 194.28    |
| Tata Communications (UK) Limited                    |                 |                   | 182.27              | 182.27    |
|   |                 |                   | 161.08              | 161.08    |
| <b>Services rendered by agencies</b>                |                 |                   |                     |           |
| Tata Communications Limited                         | 7,908.31        |                   |                     | 7,908.31  |
|   | 5,887.71        |                   |                     | 5,887.71  |
| <b>Rent</b>   |                 |                   |                     |           |
| Tata Communications Limited                         | 7,440.50        |                   |                     | 7,440.50  |
|   | 6,202.65        |                   |                     | 6,202.65  |
| <b>Network and cable charges</b>                    |                 |                   |                     |           |
| Tata Communications Limited                         | 435.33          |                   |                     | 435.33    |
|   | 428.00          |                   |                     | 428.00    |
| <b>Other Expenses</b>                               |                 |                   |                     |           |
| Tata Communications Limited                         | 81.37           |                   |                     | 81.37     |
|   | -               |                   |                     | -         |
| <b>Brand equity</b>                                 |                 |                   |                     |           |
| Tata Sons Limited                                   |                 | 137.23            |                     | 137.23    |
|   |                 | 73.60             |                     | 73.60     |
| <b>Finance costs</b>                                |                 |                   |                     |           |
| Tata Communications Limited                         | 5,535.79        |                   |                     | 5,535.79  |
|   | 2,710.39        |                   |                     | 2,710.39  |
| <b>Debentures Issued</b>                            |                 |                   |                     |           |
| Tata Communications Limited                         | -               |                   |                     | -         |
|   | 35,000.00       |                   |                     | 35,000.00 |
| <b>Loan taken</b>                                   |                 |                   |                     |           |
| Tata Communications Limited                         | 23,000.00       |                   |                     | 23,000.00 |
|   | 9,400.00        |                   |                     | 9,400.00  |

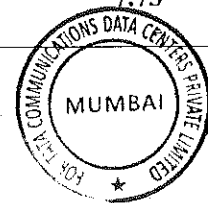
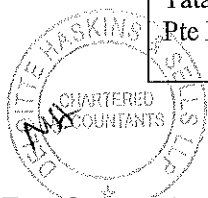




# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

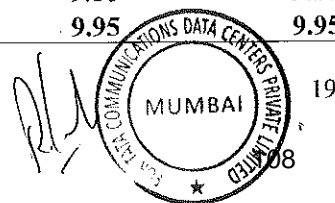
| Particulars  | Holding Company | Investing Company | Fellow Subsidiaries | Total     |
|--|-----------------|-------------------|---------------------|-----------|
| <b>Equity capital reduction</b>                        |                 |                   |                     |           |
| Tata Communications Limited                            | 4.00            |                   |                     | 4.00      |
|  | -               |                   |                     | -         |
| <b>Advances given</b>                                  |                 |                   |                     |           |
| Tata Communications Limited                            | 13,756.35       |                   |                     | 13,756.35 |
|  | 28,109.20       |                   |                     | 28,109.20 |
| Tata Communications (UK) Limited                       |                 |                   | 4.75                | 4.75      |
|  |                 |                   | 4.75                | 4.75      |
| Tata Communications (Canada) Limited                   |                 |                   | @                   | @         |
|  |                 |                   | 0.05                | 0.05      |
| Tata Communications (America) Inc                      |                 |                   | 16.32               | 16.32     |
|  |                 |                   | -                   | -         |
| Tata Communications (Ireland) Limited                  |                 |                   | 5.31                | 5.31      |
|  |                 |                   | -                   | -         |
| Tata Communications International Pte Limited          |                 |                   | 7.73                | 7.73      |
|  |                 |                   | -                   | -         |
| Tata Communications Payment Solutions Limited          |                 |                   | 0.42                | 0.42      |
|  |                 |                   | -                   | -         |
| Tata Communications Transformation Services Limited    |                 |                   | 1.21                | 1.21      |
|  |                 |                   | -                   | -         |
| Tata Communications Services International Pte Limited |                 |                   | 314.26              | 314.26    |
|  |                 |                   | -                   | -         |
| <b>Advances taken</b>                                  |                 |                   |                     |           |
| Tata Communications (America) Inc                      |                 |                   | 18.70               | 18.70     |
|  |                 |                   | 2.78                | 2.78      |
| Tata Communications Limited                            | 27,660.70       |                   |                     | 27,660.70 |
|  | 21,318.17       |                   |                     | 21,318.17 |
| Tata Communications (Canada) Limited                   |                 |                   | @                   | @         |
|  |                 |                   | 0.06                | 0.06      |
| Tata Communications (UK) Limited                       |                 |                   | 4.75                | 4.75      |
|  |                 |                   | 4.75                | 4.75      |
| Tata Communications Services International Pte Limited |                 |                   | 305.15              | 305.15    |
|  |                 |                   | 9.11                | 9.11      |
| Tata Communications (Ireland) Limited                  |                 |                   | 3.93                | 3.93      |
|  |                 |                   | 2.05                | 2.05      |
| Tata Communications (Middle East) FZ – LLC             |                 |                   | 0.01                | 0.01      |
|  |                 |                   | -                   | -         |
| Tata Communications International Pte Limited          |                 |                   | 7.73                | 7.73      |
|  |                 |                   | -                   | -         |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

| Particulars  | Holding Company | Investing Company | Fellow Subsidiaries | Total    |
|--|-----------------|-------------------|---------------------|----------|
| Tata Communications Payment Solutions Limited          |                 |                   | 0.42                | 0.42     |
|  |                 |                   | -                   | -        |
| Tata Communications Transformation Services Limited    |                 |                   | 3.95                | 3.95     |
|  |                 |                   | -                   | -        |
| Tata Communications (France) SAS                       |                 |                   | @                   | @        |
|  |                 |                   | -                   | -        |
| <b>Fixed assets Purchased*</b>                         |                 |                   |                     |          |
| Tata Communications Limited                            | 45.76           |                   |                     | 45.76    |
|  | 816.06          |                   |                     | 816.06   |
| <b>Fixed assets sold*</b>                              |                 |                   |                     |          |
| Tata Communications Limited                            | 87.17           |                   |                     | 87.17    |
|  | 43.20           |                   |                     | 43.20    |
| <b>Balances</b>  |                 |                   |                     |          |
| <b>Receivables</b>                                     |                 |                   |                     |          |
| Tata Sons Limited                                      |                 | 1.72              |                     | 1.72     |
|  |                 | 5.00              |                     | 5.00     |
| Tata Communications (UK) Limited                       |                 |                   | 16.70               | 16.70    |
|  |                 |                   | 137.50              | 137.50   |
| Tata Communications (Canada) Limited                   |                 |                   | -                   | -        |
|  |                 |                   | 15.04               | 15.04    |
| Tata Communications (America) Inc                      |                 |                   | -                   | -        |
|  |                 |                   | 148.51              | 148.51   |
| Tata Communications (Australia) Pty Limited            |                 |                   | -                   | -        |
|  |                 |                   | 11.05               | 11.05    |
| Tata Communications (Hong kong) Limited                |                 |                   | -                   | -        |
|  |                 |                   | 6.23                | 6.23     |
| Tata Communications International Pte Limited          |                 |                   | 19.79               | 19.79    |
|  |                 |                   | 26.51               | 26.51    |
| Tata Communications Transformation Services Limited    |                 |                   | 3.17                | 3.17     |
|  |                 |                   | 3.07                | 3.07     |
| Tata Communications Payment Solutions Limited          |                 |                   | 146.44              | 146.44   |
|  |                 |                   | 222.72              | 222.72   |
| <b>Payables</b>  |                 |                   |                     |          |
| Tata Communications Limited                            | 1,342.83        |                   |                     | 1,342.83 |
|  | 1,368.74        |                   |                     | 1,368.74 |
| Tata Sons Limited                                      |                 | 133.31            |                     | 133.31   |
|  |                 | 78.48             |                     | 78.48    |
| Tata Communications (Ireland) Limited                  |                 |                   | 0.67                | 0.67     |
|  |                 |                   | 2.07                | 2.07     |
| Tata Communications Services International Pte Limited |                 |                   | -                   | -        |
|  |                 |                   | 9.10                | 9.10     |
| Tata Communications (Canada) Limited                   |                 |                   | 9.95                | 9.95     |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

| Particulars   | Holding Company | Investing Company | Fellow Subsidiaries | Total     |
|---|-----------------|-------------------|---------------------|-----------|
| Tata Communications (America) Inc                   |                 |                   | 79.93               | 79.93     |
| Tata Communications (Middle East) FZ – LLC          |                 |                   | 0.01                | 0.01      |
| Tata Communications Transformation Services Limited |                 |                   | 0.02                | 0.02      |
| Tata Communications (France) SAS                    |                 |                   | @                   | @         |
| <b>Letter of Comfort provided to third parties</b>  |                 |                   |                     |           |
| Tata Communications Limited                         | 5,600.00        |                   |                     | 5,600.00  |
|   | 5,600.00        |                   |                     | 5,600.00  |
| <b>Loan Balances</b>                                |                 |                   |                     |           |
| Tata Communications Limited                         | 32,400.00       |                   |                     | 32,400.00 |
|   | 9400.00         |                   |                     | 9400.00   |

*Note: Previous year figures are in italics*

@ represents amounts less than ₹1,000

\* Figure are inclusive of VAT & Swachh Bharat Cess (SBC)

### 28. Operating lease arrangements

Operating lease payments represent rentals payable by the Company for certain buildings to set up internet data centers/colocation services

#### a. As lessee:

|   | (₹ in lakhs)           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| Minimum lease payments under operating leases recognised as expense in the year | 7,278.93               | 6,202.65               |

At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

|   | (₹ in lakhs)           |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| Due not later than one year                           | 7,440.39               | 6,317.82               |
| Due later than one year but not later than five years | 20,461.08              | 23,535.62              |
| Later than five years                                 | -                      | -                      |
|   | <b>27,901.47</b>       | <b>29,853.44</b>       |



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### b. As lessor:

The Company has leased certain facilities under non-cancellable operating lease arrangements to its customers. Future lease income in respect of these leases will be recognised in the Statement of profit and loss of subsequent years as follows:

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| Due not later than one year                           | 14,473.73              | 5,915.44               |
| Due later than one year but not later than five years | 52,805.40              | 23,265.56              |
| Later than five years                                 | 6,593.07               | 8,728.63               |
|   | <b>73,872.20</b>       | <b>37,909.63</b>       |

(₹ in lakhs)

29. Contingent Liabilities as at 31 March 2016 is ₹ Nil (2015: ₹ Nil).

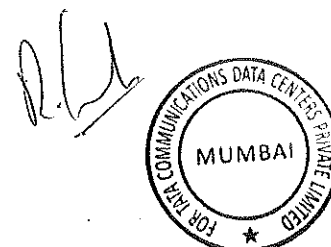
### 30. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹ 5,402.78 lakhs (2015: ₹ 18,308.65 lakhs)

### 31. Supplementary statutory information

|   | Year ended<br>31 March 2016 | Year ended<br>31 March 2015 |
|---|-----------------------------|-----------------------------|
| <b>a. Value of imports calculated on CIF basis (on accrual basis)</b> |                             |                             |
| i. Stores and spares  | -                           | 0.75                        |
| ii. Capital goods   | 157.92                      | 58.81                       |
| <b>b. Earnings in foreign currency</b>                                |                             |                             |
| i. Revenue from operations  | 860.47                      | 2,203.47                    |
|   | <b>860.47</b>               | <b>2,203.47</b>             |
| <b>c. Expenditure in foreign currency (on accrual basis)</b>          |                             |                             |
| i. Repairs and maintenance  | 16.76                       | 22.40                       |
| ii. Travelling expense  | 5.80                        | 6.72                        |
| iii. Legal and Professional fees                                      | -                           | 9.11                        |
| iv. Others  | 9.92                        | 3.00                        |
|   | <b>32.48</b>                | <b>41.23</b>                |

(₹ in lakhs)



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 32. 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. This has been relied upon by the auditors

(₹ in lakhs)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year                                   | 46.16                  | 2.03                   |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year   | 2.48                   | 0.28                   |
| c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day                                | 1,439.93               | 831.87                 |
| d. The amount of interest due and payable for the year  | 2.48                   | 0.28                   |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year  | 2.48                   | 0.28                   |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interests dues as above are actually paid | -                      | -                      |
| g. Total outstanding dues of micro and small enterprises*   | 50.75                  | 2.31                   |

\* Includes principal amount of ₹ 2.11 lakhs remaining unpaid to supplier prior to scheduled date

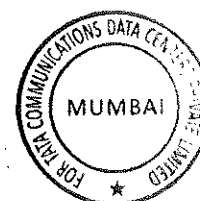
### 33. Derivative transactions

The Company uses forward exchange contracts and currency options to hedge its exposure in foreign currency and interest rates. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

|  | As at 31 March 2016<br>(Amount in millions) | (Amount in ₹ lakhs) |
|--|---|---------------------|
| a. Foreign exchange currency exposures not covered by derivative instruments |   |                     |
| Amount receivable on account of export of services (net)                     |   |                     |
| EUR  | @   | 2.24                |
| SGD  | @   | 2.02                |
| USD  | 0.35  | 233.53              |

|  | As at 31 March 2015<br>(Amount in millions) | (Amount in ₹ lakhs) |
|--|---|---------------------|
| a. Foreign exchange currency exposures not covered by derivative instruments |   |                     |
| Amount receivable on account of export of services (net)                     |   |                     |
| USD  | 1.11  | 694.23              |
| EUR  | @   | 0.66                |
| ZAR  | 9.05  | 463.41              |
| Amount payable on account of import of services (net)                        |   |                     |
| SGD  | 0.01  | 4.28                |

Note: @ represents amounts less than foreign currency 0.01 million



# Tata Communications Data Centers Private Limited

## Notes forming part of the financial statements

for the year ended 31 March 2016

34. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

For and on behalf of the Board of Directors



Director



Director



Company Secretary

MUMBAI

Dated: 13 May 2016





**SANJAY RAJA JAIN & CO.**  
**CHARTERED ACCOUNTANTS**

**G-02, HANUMANT BHAVAN, 306 J.S.S. ROAD, THAKURDWAR, MUMBAI - 02**

**INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF TATA COMMUNICATION COLLABORATION SERVICES  
PRIVATE LIMITED (Formerly know as Wirefree Internet Services Private Limited)

**Report on the Financial Statements**

We have audited the accompanying financial statements of TATA COMMUNICATION COLLABORATION SERVICES PRIVATE LIMITED (Formerly know as Wirefree Internet Services Private Limited). (the "Company"), which comprises of the Balance Sheet as of March 31, 2016 and Statement of Profit and Loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the 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 and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 in accordance with the Standards on Auditing 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 the 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 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the

appropriateness of the 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 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31st March, 2016 and its loss for the year ended on that date.

### **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 A, 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:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (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 and the Statement of Profit and Loss 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 Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) 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 does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company during the year.



(g) 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 B.

**For SANJAY RAJA JAIN & CO.**

**Chartered Accountants**

FRN No. 120132W



**SURJEET JAIN**

Partner

M. No. 129531

Place : Mumbai

Dated: 09/05/2016



## ANNEXURE A TO THE AUDITOR'S REPORT

Referred to in paragraph 1 on Report on Other Legal and Regulatory Requirements in our report of even date to the members of TATA COMMUNICATIONS COLLABORATION SERVICES PRIVATE LIMITED (Formerly know as Wirefree Internet Services Private Limited) on the financial statement for the year ended on March 31, 2016, we report that:

- (i) (a) The company has a maintained proper record showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of one year. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
  
(c) According to the information and explanations received by us, as the company owns no immovable properties, the requirement on reporting whether title deeds of immovable properties held in the name of the company is not applicable.
- (ii) The Company does not have any inventory and hence the clause (ii) of Paragraph 3 of the said order, is not applicable.
- (iii) The company has not granted any loans or advances in the nature of loans to party covered in the register maintained under section 189 of the Companies Act, 2013. Hence, clause (ii) of Paragraph 3 is not applicable to the company.
- (iv) In our opinion and according to the information and explanation give to us, the company has complied with section 185 and section 186 of the companies Act 2013 in respect of corporate guarantee given in connection with the loan taken by the others from bank or financial institutions and investment in other related party.
- (v) The Company has not accepted any deposits from public in terms of the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013. We are informed that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or Court or any other tribunal. Accordingly, the Company has complied with the provisions of section 73 to 76 of the Companies Act, 2013.
- (vi) Central Government has not prescribed/specified the maintenance of cost records under sub-section (l) of section 148 of the Companies Act, 2013, hence clause (vi) of Paragraph 3 is not applicable to the company.
- (vii) (a) According to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax and any other statutory dues with the appropriate authorities.  
  
(b) According to the information and explanations given to us, there are no dues of income-tax, service tax, wealth tax, which have not been deposited on account of any dispute.

- (viii) Based on our audit procedures and on the information and explanation give to us by the management, the company has not borrowed any amount from financial institutions or bank or Government issued debentures till 31<sup>st</sup> March 2016. hence clause (viii) of Paragraph 3 is not applicable to the company.
- (ix) In our opinion and according to the information and explanation give to us, the company has not raised money by way of public issue/ follow-on offer (including debt instruments) and any term loans hence clause (ix) of Paragraph 3 is not applicable to the company.
- (x) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud by the company or any fraud on the Company by its officers/ employees was noticed or reported during the course of our audit
- (xi) To the best of our knowledge and belief, and according to the information and explanations given to us the company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act.
- (xii) According to the record of the Company and the information and explanations given to us the company, the company is not the Nidhi Company, hence the clause (xii) of Paragraph 3 is not applicable to the company.
- (xiii) To the best of our knowledge and belief, and according to the information and explanations given to us, the company has complied with Section 188 and 177 of Companies Act, 2013 where applicable in respect of all transactions with the related parties and the details have been disclosed in the Financial Statements etc. as required by the accounting standards and Companies Act, 2013.
- (xiv) According to the record of the Company and the information and explanations given to us the company, the company has not made preferential allotment / private placement of shares during the year under review and the requirement of Section 42 of the Companies Act, 2013. hence the clause (xiv) of Paragraph 3 is not applicable to the company.
- (xv) According to the record of the Company and the information and explanations given to us the company, the company has not entered into any non-cash transactions with directors or persons connected with him hence the clause (xv) of Paragraph 3 is not applicable to the company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.



## **ANNEXURE B TO THE AUDITOR'S REPORT**

### **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 COLLABORATION SERVICES PRIVATE LIMITED (Formerly know as Wirefree Internet Services Private Limited) ("the Company") as of 31 March, 2016 in conjunction with our audit of the 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 ("ICAI"). 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 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 Companies Act, 2013.

#### **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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the ICAI. 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 were 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 Company's 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.

### **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 31 March, 2016, 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 SANJAY RAJA JAIN & CO.**

**Chartered Accountants**

FRN No. 120132W



**SURJEET JAIN**

Partner

M. No. 129531

Place: Mumbai

Dated: 09/05/2016



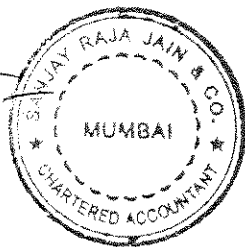
**Tata Communications Collaborations Service Private Limited (Formerly known as Wirefree Internet Services Private Limited)**

**BALANCE SHEET AS AT 31 MARCH 2016**

|           |  | Note No. | As at<br>31-03-2016   | As at<br>31-03-2015 |
|-----------|--|----------|-----------------------|---------------------|
| <b>I</b>  | <b>EQUITY AND LIABILITIES</b>                                    |          |                       |                     |
|           | <b>1 Shareholders fund</b>                                       |          |                       |                     |
|           | (a) Share capital  | 3        | 2,00,000.00           | 2,00,000.00         |
|           | (b) Reserves and surplus   | 4        | -11,31,310.02         | -1,56,995.14        |
|           |  |          | <b>-9,31,310.02</b>   | <b>43,004.86</b>    |
|           | <b>2 Current liabilities</b>                                     |          |                       |                     |
|           | (a) Short term borrowings  | 5        | 12,13,000.00          | 12,13,000.00        |
|           | (b) Trade payables   | 6        | 1,16,18,885.07        | 99,861.00           |
|           | (c) Other current liabilities                                    | 7        | 2,30,453.38           | -                   |
|           | (d) Short term provisions  | 8        | -                     | 6,112.00            |
|           |  |          | <b>1,30,62,338.45</b> | <b>13,18,973.00</b> |
|           | <b>Total</b>   |          | <b>1,21,31,028.43</b> | <b>13,61,977.86</b> |
| <b>II</b> | <b>ASSETS</b>  |          |                       |                     |
|           | <b>1 Non-current assets</b>                                      |          |                       |                     |
|           | (a) Fixed assets   | 9        |                       |                     |
|           | (i) Tangible Assets  |          | 1,04,92,173.46        | -                   |
|           | <b>2 Current assets</b>  |          |                       |                     |
|           | (a) Cash and bank balances                                       | 10       | 12,54,145.13          | 12,81,173.33        |
|           | (b) Short term loans and advances                                | 11       | 2,19,346.22           | 6,958.00            |
|           | (c) Other current assets   | 12       | 1,65,363.63           | 73,846.53           |
|           |  |          | <b>16,38,854.97</b>   | <b>13,61,977.86</b> |
|           | <b>Total</b>   |          | <b>1,21,31,028.43</b> | <b>13,61,977.86</b> |
|           | See accompanying notes forming part of the financial statements. |          |                       |                     |

In terms of our report attached  
For **SANJAY RAJA JAIN & CO.**  
Chartered Accountants  
FRN - 120132W

**Surjeet Jain**  
Partner  
M.No. 129531



MUMBAI  
Date: - 9 MAY 2016

For and on behalf of the Board of Directors

*[Signature]*  
Director

*[Signature]*  
Director

MUMBAI  
Date:

**Tata Communications Collaborations Service Private Limited (Formerly known as Wirefree Internet Services Private Limited)**

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 25 FEBRUARY 2016 TO 31 MARCH 2016**

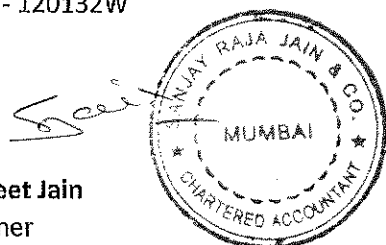
|  | Note No. | For the period<br>25 Feb 16 to<br>31 Mar 16 | Period ended<br>31-03-2015 |
|--|----------|---|----------------------------|
| I Revenue from operations  |          | -   | -                          |
| II Other Income  | 13       | 2,195.45                                    | 69,580.00                  |
| III Total Revenue (I + II)                                       |          | 2,195.45                                    | 69,580.00                  |
| IV EXPENSES:   |          |   |                            |
| Operating and other expenses                                     | 14       | 4,476.13                                    | 49,801.14                  |
| Finance costs  | 15       | 13,758.41                                   | -                          |
| Depreciation and amortisation expense                            | 9        | 1,55,281.46                                 | -                          |
| Total Expenses   |          | 1,73,516.00                                 | 49,801.14                  |
| V (Loss)/ Profit before tax (III-IV)                             |          | -1,71,320.55                                | 19,778.86                  |
| VI Tax expense   |          |   |                            |
| (a) Current tax expense  |          | -   | 6,112.00                   |
| (b) Deferred tax   |          | -   | -                          |
| VII (Loss)/ Profit for the year (V - VI)                         |          | -1,71,320.55                                | 13,666.86                  |
| Earnings per share   |          |   |                            |
| Basic / Diluted earnings per share (₹)                           | 17       | -8.57                                       | 1.37                       |
| (Face vale per share ₹ 10/-)                                     |          |   |                            |
| See accompanying notes forming part of the financial statements. |          |   |                            |

In terms of our report attached

**For SANJAY RAJA JAIN & CO.**

Chartered Accountants

FRN - 120132W



**Surjeet Jain**

Partner

M.No. 129531

MUMBAI

Date: - 9 MAY 2016

**For and on behalf of the Board of Directors**

*[Signature]*  
Director

*[Signature]*  
Director

MUMBAI

Date:

# Tata Communications Collaborations Services Private Limited (Formerly known as Wireless Internet Services Private Limited)

## Notes forming part of the financial statements for the period ended 31 March 2016

### 1. Corporate information

Tata Communications Collaborations Services Private Limited (*formerly known as Wirefree Internet Services Private Limited*) ('the Company') was incorporated in India on 24 April 2008. The name of the company was changed from Wirefree Internet Services Private Limited to Tata Communications Collaborations Services Private Limited vide SRN number C78744844 dated 15 February 2016. The Company provides telecommunication services, voice mail, audiotex services in India including but not limited to cellular telephony, wireless and wireless services, cable television, internet and cable delivered multimedia; to build own and operate such networks and to undertake related management consultancy.

### 2. Significant accounting policies

#### a. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention and as a going concern. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b. Use of estimates

The preparation of the financial statements requires the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to the contingent liabilities as at the date of financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful trade receivables and advances, employee benefits, provision for income taxes, impairment of assets and useful lives of fixed assets.

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c. Fixed assets

- i. Tangible and intangible assets are stated at cost of acquisition or construction, less accumulated depreciation/ amortization and impairment loss, if any. Cost includes inward freight, duties, taxes and all incidental expenses incurred to bring the assets to their present location and condition.
- ii. Capital work-in-progress includes projects under which assets are not yet ready for their intended use and are carried at cost, comprising direct cost, directly attributable cost and attributable interest.

# Tata Communications Collaborations Services Private Limited (Formerly known as Wireless Internet Services Private Limited)

## Notes forming part of the financial statements for the period ended 31 March 2016

### d. Depreciation/ amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets where the lives of assets is lower than the prescribed lives in Schedule II to the Companies Act, 2013.

| Tangible and Intangible assets         | Useful lives of Assets |
|--|------------------------|
| i. Plant and Machinery (Refer 1 below) |                        |
| – Network Equipment                    | 3 to 8 years           |

1. In these cases, the lives of the assets has 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.

### e. Impairment

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any indication of impairment exists. The following intangible assets are tested for impairment 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 that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amounts 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 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 net selling price and their 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.

### f. Other Income

- i. Interest income is accounted on an accrual basis.

# Tata Communications Collaborations Services Private Limited (Formerly known as Wireless Internet Services Private Limited)

## Notes forming part of the financial statements for the period ended 31 March 2016

### g. Taxation

- i. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.
- ii. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, and items relating to capital losses deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders 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 bonus issue to existing shareholders and share split.

### 3. Share capital

|    |   | (Amount in ₹)          |                        |
|----|---|------------------------|------------------------|
|    |   | As at<br>31 March 2016 | As at<br>31 March 2015 |
| a. | <b>Authorized:</b>  |                        |                        |
|    | 150,000 (2015:150,000) Equity shares of ₹ 10 each             | 1,500,000.00           | 1,500,000.00           |
| b. | <b>Issued, Subscribed and Paid up:</b>                        |                        |                        |
|    | 20,000 (2015:20,000) Equity shares of ₹ 10 each fully paid up | 200,000.00             | 200,000.00             |

#### a. Issued, Subscribed and Paid up:

There has been no change in the issued, subscribed and paid up share capital of the Company during the current year.



# Tata Communications Collaborations Services Private Limited (Formerly known as Wireless Internet Services Private Limited)

## Notes forming part of the financial statements for the period ended 31 March 2016

### 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 dividend 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. Number of shares held by each shareholder holding more than 5% of the issued share capital:

|   | As at 31 March 2016 |            | As at 31 March 2015 |            |
|---|---------------------|------------|---------------------|------------|
|   | No of shares        | Percentage | No of shares        | Percentage |
| Tata Communications Limited (Holding Company) | 20,000              | 100%       | -                   | -          |
| Manik Abhyankar                               | -                   | -          | 19,500              | 95%        |

### 4. Reserves and surplus

(Amount in ₹)

|   | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---|------------------------|------------------------|
| a. (Deficit) in Statement of Profit and Loss              |                        |                        |
| Opening Balance   | (156,995.14)           | (170,662.00)           |
| Add: (Loss) up to the date of acquisition (refer i below) | (802,994.33)           | -                      |
| Add: (Loss)/ Profit for the period                        | (171,320.55)           | 13,666.86              |
| Closing Balance   | (1,131,310.02)         | (156,995.14)           |
| <b>Total</b>  | <b>(1,131,310.02)</b>  | <b>(156,995.14)</b>    |

i. The Company was acquired on 25 February 2016 by Tata Communications Limited

### 5. Short term borrowings

(Amount in ₹)

|                                 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---------------------------------|------------------------|------------------------|
| a. Short term loans (Unsecured) |                        |                        |
| Loan from Holding Company       | 1,213,000.00           | 1,213,000.00           |
| (Rate of interest – 11.50 %)    |                        |                        |
| <b>Total</b>                    | <b>1,213,000.00</b>    | <b>1,213,000.00</b>    |

### 6. Trade payables

(Amount in ₹)

|                               | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-------------------------------|------------------------|------------------------|
| a. Payable to Holding Company | 10,855,385.40          | -                      |
| b. Others                     | 763,499.67             | 99,861.00              |
| <b>Total</b>                  | <b>11,618,885.07</b>   | <b>99,861.00</b>       |

**Tata Communications Collaborations Services Private Limited**  
(Formerly known as Wireless Internet Services Private Limited)

**Notes forming part of the financial statements**  
for the period ended 31 March 2016

7. **Other current liabilities**

(Amount in ₹)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| a. Interest payable to Holding Company | 230,453.38             | -                      |
| <b>Total</b>                           | <b>230,453.38</b>      | <b>-</b>               |

8. **Short-term provisions**

(Amount in ₹)

|                       | As at<br>31 March 2016 | As at<br>31 March 2015 |
|-----------------------|------------------------|------------------------|
| a. Provisions for tax | -                      | 6,112.00               |
| <b>Total</b>          | <b>-</b>               | <b>6,112.00</b>        |

9. **Fixed assets**

i. **Tangible assets**

(Amount in ₹)

|                                 | Plant &<br>Machinery | Computers        | Total                |
|---------------------------------|----------------------|------------------|----------------------|
| <b>Gross Block</b>              |                      |                  |                      |
| Additions                       | 10,590,839.16        | 56,615.76        | 10,647,454.92        |
| <b>At 31 March 2016</b>         | <b>10,590,839.16</b> | <b>56,615.76</b> | <b>10,647,454.92</b> |
| <b>Accumulated Depreciation</b> |                      |                  |                      |
| Depreciation/ Amortisation      | 153,708.80           | 1,572.66         | 155,281.46           |
| <b>As 31 March 2016</b>         | <b>153,708.80</b>    | <b>1,572.66</b>  | <b>155,281.46</b>    |
| <b>Net Block</b>                |                      |                  |                      |
| <b>As 31 March 2016</b>         | <b>10,437,130.36</b> | <b>55,043.10</b> | <b>10,492,173.46</b> |

10. **Cash and bank balances**

(Amount in ₹)

|  | As at<br>31 March 2016 | As at<br>31 March 2015 |
|--|------------------------|------------------------|
| <b>Cash and cash equivalents</b>         |                        |                        |
| a. Cash on Hand                          | -                      | 2,600.00               |
| b. Current account with scheduled banks  | 54,145.13              | 78,573.33              |
| c. Deposits account with scheduled banks | 1,200,000.00           | 1,200,000.00           |
| <b>Total</b>                             | <b>1,254,145.13</b>    | <b>1,281,173.33</b>    |

R. L.

**Tata Communications Collaborations Services Private Limited**  
(Formerly known as Wireless Internet Services Private Limited)

**Notes forming part of the financial statements**  
for the period ended 31 March 2016

**11. Short term loans and advances**

(Amount in ₹)

|                                    | As at<br>31 March 2016 | As at<br>31 March 2015 |
|------------------------------------|------------------------|------------------------|
| <b>Unsecured – Considered good</b> |                        |                        |
| a. Advance tax                     | 11,415.74              | 6,958.00               |
| b. Cenvat credit receivable        | 207,930.48             | -                      |
| <b>Total</b>                       | <b>219,346.22</b>      | <b>6,958.00</b>        |

**12. Other current assets**

(Amount in ₹)

|                                 | As at<br>31 March 2016 | As at<br>31 March 2015 |
|---------------------------------|------------------------|------------------------|
| a. Miscellaneous expenditure    | -                      | 11,225.00              |
| b. Interest accrued but not due | 165,363.63             | 62,622.00              |
| <b>Total</b>                    | <b>165,363.63</b>      | <b>73,847.00</b>       |

**13. Other income**

(Amount in ₹)

|                              | For the period<br>25 February 2016<br>to 31 March 2016 | Year ended<br>31 March 2015 |
|------------------------------|--|-----------------------------|
| a. Interest on bank deposits | 2,195.45   | 69,580.00                   |
| <b>Total</b>                 | <b>2,195.45</b>  | <b>69,580.00</b>            |

**14. Operating and other expenses**

(Amount in ₹)

|                                | For the period<br>25 February 2016<br>to 31 March 2016 | Year ended<br>31 March, 2015 |
|--------------------------------|--|------------------------------|
| a. Audit fees (refer note 16)  | 4,333.00   | 10,000.00                    |
| b. Legal and professional fees | -  | 28,891.00                    |
| c. Other expenses              | 143.13   | 10,820.14                    |
| <b>Total</b>                   | <b>4,476.13</b>  | <b>49,801.14</b>             |

*R/L*

**Tata Communications Collaborations Services Private Limited**  
(Formerly known as Wireless Internet Services Private Limited)

**Notes forming part of the financial statements**  
for the period ended 31 March 2016

**15. Finance costs**

| (Amount in ₹)                  |  |                        |
|--------------------------------|--|------------------------|
|                                | For the period<br>25 February 2016<br>to 31 March 2016 | As at<br>31 March 2015 |
| a. Interest to holding company | 13,758.41  | -                      |
| <b>Total</b>                   | <b>13,758.41</b>                                       | <b>-</b>               |

**16. Auditors remuneration:**

| (Amount in ₹)  |  |                             |
|--|--|-----------------------------|
|  | For the period<br>25 February 2016<br>to 31 March 2016 | Year ended<br>31 March 2015 |
| <i>Auditor's remuneration and expenses (excluding service tax)</i> |  |                             |
| i. Audit fees  | 4,333.00   | 10,000.00                   |

**17. Earnings per share**

| (Amount in ₹)  |  |                             |
|--|--|-----------------------------|
|  | For the period<br>25 February 2016<br>to 31 March 2016 | Year ended<br>31 March 2015 |
| Net Profit after tax attributable to the equity shareholders (A)             | (171,320.55)   | 13,666.86                   |
| Number of equity shares outstanding at the end of the year                   | 20,000   | 10,000                      |
| Weighted average number of shares outstanding during the year (B)            | 20,000   | 10,000                      |
| Basic and diluted earnings per share (₹ per equity share of ₹ 10 each) (A/B) | (8.57)   | 1.37                        |

*[Handwritten signature]*

# Tata Communications Collaborations Services Private Limited (Formerly known as Wireless Internet Services Private Limited)

**Notes forming part of the financial statements**  
*for the period ended 31 March 2016*

## 18. Related Party Disclosures

### i. Names of related parties and nature of relationship

| Sr No | Category of related parties | Names                       |
|-------|-----------------------------|-----------------------------|
| A     | Holding Company             | Tata Communications Limited |

### ii. Summary of transactions and balances with related parties


(Amount in ₹)

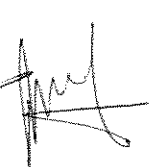
| Particulars                           | Holding Company |
|---------------------------------------|-----------------|
| <b>Transactions during the period</b> |                 |
| <b>Finance costs</b>                  |                 |
| Tata Communications Limited           | 13,758.41       |
|                                       | -               |
| <b>Fixed assets purchased</b>         |                 |
| Tata Communications Limited           | 10,492,173.46   |
|                                       | -               |
| <b>Closing balances</b>               |                 |
| <b>Loan taken</b>                     |                 |
| Tata Communications Limited           | 1,213,000.00    |
|                                       | -               |
| <b>Payables</b>                       |                 |
| Tata Communications Limited           | 10,855,385.40   |
|                                       | -               |
| <b>Interest payable</b>               |                 |
| Tata Communications Limited           | 230,453.38      |
|                                       | -               |

*Note: Previous year figures are in italics*

19. Previous year's figures have been regrouped / reclassified wherever necessary to conform to the current year's classification.

**For and on behalf of the Board**

  
Director

  
Director

**MUMBAI**  
**Date:**



Suresh Surana & Associates LLP

13th Floor, Bakhfawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91 (22) 6121 4444

e-mails: [ssa-associates.com](mailto:ssa-associates.com) [www.ss-associates.com](http://www.ss-associates.com)  
LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **VSNL SNOSPV Pte Ltd** ("the subsidiary") registered in Singapore as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar V*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545

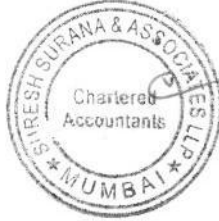


Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| PARTICULARS                      | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                       |
|----------------------------------|----------|---------------------|----------------------|---------------------|-----------------------|
|                                  |          | USD                 | INR*                 | USD                 | INR*                  |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                      |                     |                       |
| <b>1 Shareholders' funds</b>     |          |                     |                      |                     |                       |
| Share capital                    | 1        | 25,449,416          | 1,686,023,810        | 25,449,333          | 1,591,855,779         |
| Reserves and surplus             | 2        | (628,230,686)       | (41,620,282,948)     | (478,184,432)       | (29,910,436,222)      |
|                                  |          | (602,781,270)       | (39,934,259,138)     | (452,735,099)       | (28,318,580,443)      |
| <b>2 Non-current liabilities</b> |          |                     |                      |                     |                       |
| Long term borrowings             | 3        | 629,824,415         | 41,725,867,494       | 571,627,021         | 35,755,270,164        |
|                                  |          | 629,824,415         | 41,725,867,494       | 571,627,021         | 35,755,270,164        |
| <b>3 Current liabilities</b>     |          |                     |                      |                     |                       |
| Trade payables                   | 4        | 8,777,582           | 581,514,808          | 12,204,522          | 763,392,851           |
| Other current liabilities        | 5        | 38,039,924          | 2,520,144,965        | 30,321,091          | 1,896,584,242         |
|                                  |          | 46,817,506          | 3,101,659,773        | 42,525,613          | 2,659,977,093         |
| <b>Total</b>                     |          | <b>73,860,651</b>   | <b>4,893,268,129</b> | <b>161,417,535</b>  | <b>10,096,666,814</b> |
| <b>II. ASSETS</b>                |          |                     |                      |                     |                       |
| <b>1 Non-current assets</b>      |          |                     |                      |                     |                       |
| Non-current investments          | 6        | -                   | -                    | 87,353,854          | 5,463,983,568         |
| Long term loans and advances     | 7        | 1,222,759           | 81,007,784           | -                   | -                     |
|                                  |          | 1,222,759           | 81,007,784           | 87,353,854          | 5,463,983,568         |
| <b>2 Current assets</b>          |          |                     |                      |                     |                       |
| Cash and cash equivalents        | 8        | 72,637,892          | 4,812,260,345        | 69,896,636          | 4,372,034,582         |
| Short term loans and advances    | 9        | -                   | -                    | 504,939             | 31,583,934            |
| Other current assets             | 10       | -                   | -                    | 3,662,106           | 229,064,730           |
|                                  |          | 72,637,892          | 4,812,260,345        | 74,063,681          | 4,632,683,246         |
| <b>Total</b>                     |          | <b>73,860,651</b>   | <b>4,893,268,129</b> | <b>161,417,535</b>  | <b>10,096,666,814</b> |

\*Exchange rate as at 31 March 2016 1 USD= INR 66.25 (as at 31 March 2015 1 USD= INR 62.55)



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

| PARTICULARS   | Note No. | Current Year 2015-16 |                 | Previous Year 2014-15 |                 |
|---|----------|----------------------|-----------------|-----------------------|-----------------|
|   |          | USD                  | INR*            | USD                   | INR*            |
| I. Revenue  |          |                      |                 |                       |                 |
| Other income  | 11       | 5,877,875            | 389,409,219     | 6,170,620             | 385,972,281     |
| Total revenue   |          | 5,877,875            | 389,409,219     | 6,170,620             | 385,972,281     |
| II. Expenses  |          |                      |                 |                       |                 |
| Finance costs   | 12       | 21,238,059           | 1,407,021,409   | 32,352,507            | 2,023,649,313   |
| Other expenses  | 13       | 7,898,370            | 523,267,013     | 8,502,779             | 531,848,827     |
| Total expenses  |          | 29,136,429           | 1,930,288,422   | 40,855,286            | 2,555,498,140   |
| III. Profit / (Loss) before tax & exceptional item (I-II)         |          | (23,258,554)         | (1,540,879,203) | (34,684,666)          | (2,169,525,859) |
| IV. Exceptional item<br>- Provision for impairment of investments |          | (124,319,700)        | (8,236,180,125) | -                     | -               |
| V. Profit / (loss) before tax ( III-IV)                           |          | (147,578,254)        | (9,777,059,328) | (34,684,666)          | (2,169,525,859) |
| VI. Tax expenses<br>Current tax                                   |          | -                    | -               | 52,487                | 3283062         |
| VII. Profit / (loss) for the year (V-VI)                          |          | (147,578,254)        | (9,777,059,328) | (34,737,153)          | (2,172,808,921) |

\*Exchange rate as at 31 March 2016 1 USD= INR 66.25 (as at 31 March 2015 1 USD= INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | USD                 | INR                  | USD                 | INR                  |
| Equity share capital     | 769,416             | 50,973,810           | 769,333             | 48,121,779           |
| Preference share capital | 24,680,000          | 1,635,050,000        | 24,680,000          | 1,543,734,000        |
| <b>Total</b>             | <b>25,449,416</b>   | <b>1,686,023,810</b> | <b>25,449,333</b>   | <b>1,591,855,779</b> |

## 2 Reserves and surplus

| Particulars                          | As at 31 March 2016  |                         | As at 31 March 2015  |                         |
|--------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                                      | USD                  | INR                     | USD                  | INR                     |
| Surplus/(Deficit)                    |                      |                         |                      |                         |
| Opening balance                      | (445,594,313)        | (29,520,623,236)        | (408,389,160)        | (25,544,741,958)        |
| Profit / (loss) for the year         | (147,578,254)        | (9,777,059,328)         | (34,737,153)         | (2,172,808,921)         |
| Proposed dividend                    | (2,468,000)          | (163,505,000)           | (2,468,000)          | (154,373,400)           |
| Closing balance                      | (595,640,567)        | (39,461,187,564)        | (445,594,313)        | (27,871,924,279)        |
| Foreign currency translation reserve | (32,590,119)         | (2,159,095,384)         | (32,590,119)         | (2,038,511,943)         |
| <b>Total</b>                         | <b>(628,230,686)</b> | <b>(41,620,282,948)</b> | <b>(478,184,432)</b> | <b>(29,910,436,222)</b> |

## 3 Long term borrowings

| Particulars        | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|--------------------|---------------------|-----------------------|---------------------|-----------------------|
|                    | USD                 | INR                   | USD                 | INR                   |
| Intercompany loans | 629,824,415         | 41,725,867,494        | 571,627,021         | 35,755,270,164        |
| <b>Total</b>       | <b>629,824,415</b>  | <b>41,725,867,494</b> | <b>571,627,021</b>  | <b>35,755,270,164</b> |

## 4 Trade payables

| Particulars            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------|---------------------|--------------------|---------------------|--------------------|
|                        | USD                 | INR                | USD                 | INR                |
| Trade payables         | 336,370             | 22,284,513         | 801,582             | 50,138,954         |
| Inter company payables | 8,441,212           | 559,230,295        | 11,402,940          | 713,253,897        |
| <b>Total</b>           | <b>8,777,582</b>    | <b>581,514,808</b> | <b>12,204,522</b>   | <b>763,392,851</b> |

## 5 Other current liabilities

| Particulars                       | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                   | USD                 | INR                  | USD                 | INR                  |
| Interest payable                  | 13,694,716          | 907,274,935          | 13,370,727          | 836,338,974          |
| Intercompany loans                | 2,061,365           | 136,565,431          | 2,000,369           | 125,123,081          |
| Dividend payable                  | 17,417,995          | 1,153,942,169        | 14,949,995          | 935,122,187          |
| MTM on Foreign exchange Contracts | 4,865,848           | 322,362,430          | -                   | -                    |
| <b>Total</b>                      | <b>38,039,924</b>   | <b>2,520,144,965</b> | <b>30,321,091</b>   | <b>1,896,584,242</b> |

## 6 Non-current investment

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |                      |
|---------------------------|---------------------|------------------|---------------------|----------------------|
|                           | USD                 | INR              | USD                 | INR                  |
| Investments               | 422,655,151         | 28,000,903,754   | 422,655,151         | 26,437,079,695       |
| Impairment of investments | (422,655,151)       | (28,000,903,754) | (335,301,297)       | (20,973,096,127)     |
| <b>Total</b>              | <b>-</b>            | <b>-</b>         | <b>87,353,854</b>   | <b>5,463,983,568</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans &amp; advances

| Particulars                              | As at 31 March 2016 |                   | As at 31 March 2015 |                 |
|--|---------------------|-------------------|---------------------|-----------------|
|  | USD                 | INR               | USD                 | INR             |
| Advance Tax (net)                        | 2,018               | 133,693           | -                   | -               |
| Other long term loan and advances        | 27,359,693          | 1,812,579,661     | 23,819,252          | 1,489,894,213   |
| Provision for doubtful loans and advance | (26,138,952)        | (1,731,705,570)   | (23,819,252)        | (1,489,894,213) |
| <b>Total</b>                             | <b>1,222,759</b>    | <b>81,007,784</b> | <b>-</b>            | <b>-</b>        |

## 8 Cash and cash equivalents

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | USD                 | INR                  | USD                 | INR                  |
| Balance with bank        | 62,248              | 4,123,930            | 178,709             | 11,178,248           |
| Fixed deposits           | 107,221,790         | 7,103,443,588        | 69,717,927          | 4,360,856,334        |
| Provision for Impairment | (34,646,146)        | (2,295,307,173)      | -                   | -                    |
| <b>Total</b>             | <b>72,637,892</b>   | <b>4,812,260,345</b> | <b>69,896,636</b>   | <b>4,372,034,582</b> |

## 9 Short Term Loans &amp; Advances

| Particulars      | As at 31 March 2016 |          | As at 31 March 2015 |                   |
|------------------|---------------------|----------|---------------------|-------------------|
|                  | USD                 | INR      | USD                 | INR               |
| Prepaid expenses | -                   | -        | 504,939             | 31,583,934        |
| <b>Total</b>     | <b>-</b>            | <b>-</b> | <b>504,939</b>      | <b>31,583,934</b> |

## 10 Other Current Assets

| Particulars                       | As at 31 March 2016 |          | As at 31 March 2015 |                    |
|-----------------------------------|---------------------|----------|---------------------|--------------------|
|                                   | USD                 | INR      | USD                 | INR                |
| Interest Receivable-Others        | -                   | -        | 1,524,331           | 95,346,904         |
| MTM on Foreign exchange Contracts | -                   | -        | 2,137,775           | 133,717,826        |
| <b>Total</b>                      | <b>-</b>            | <b>-</b> | <b>3,662,106</b>    | <b>229,064,730</b> |

## 11 Other income

| Particulars                  | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------------------------------|----------------------|--------------------|-----------------------|--------------------|
|                              | USD                  | INR                | USD                   | INR                |
| Interest on security deposit | 5,877,875            | 389,409,219        | 6,170,620             | 385,972,281        |
| <b>Total</b>                 | <b>5,877,875</b>     | <b>389,409,219</b> | <b>6,170,620</b>      | <b>385,972,281</b> |

## 12 Finance costs

| Particulars                           | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---------------------------------------|----------------------|----------------------|-----------------------|----------------------|
|                                       | USD                  | INR                  | USD                   | INR                  |
| Guarantee fees                        | (5,770,084)          | (382,268,065)        | 5,827,315             | 364,498,553          |
| Interest on loan from related parties | 27,008,143           | 1,789,289,474        | 26,525,192            | 1,659,150,760        |
| <b>Total</b>                          | <b>21,238,059</b>    | <b>1,407,021,409</b> | <b>32,352,507</b>     | <b>2,023,649,313</b> |

## 13 Other expenses

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | USD                  | INR                | USD                   | INR                |
| Legal & professional charges               | 2,184,165            | 144,700,931        | 2,500,588             | 156,411,779        |
| Exchange rate difference (gain)/loss (net) | 5,608,251            | 371,546,629        | 5,991,523             | 374,769,764        |
| Miscellaneous expenses                     | 2,233                | 147,936            | 1,806                 | 112,966            |
| Audit Fees                                 | 7,126                | 472,098            | 8,862                 | 554,318            |
| Travelling and conveyance expenses         | 96,595               | 6,399,419          | -                     | -                  |
| <b>Total</b>                               | <b>7,898,370</b>     | <b>523,267,013</b> | <b>8,502,779</b>      | <b>531,848,827</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point,  
Mumbai - 400 021, India

T +91 (22) 6121 4444

emails@ss-associates.com www.ss-associates.com  
LLP identity No. AAB-7509

## **ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications International Pte. Ltd.** ("the subsidiary") registered in Singapore as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Varma. V V*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                              | Note No. | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|--|----------|---------------------|-----------------------|---------------------|-----------------------|
|  |          | USD                 | INR*                  | USD                 | INR*                  |
| <b>I. EQUITY AND LIABILITIES</b>         |          |                     |                       |                     |                       |
| <b>1 Shareholders' funds</b>             |          |                     |                       |                     |                       |
| Share capital                            | 1        | 141,765,250         | 9,391,947,813         | 141,765,250         | 8,867,416,388         |
| Reserves and surplus                     | 2        | (459,508,342)       | (30,442,427,657)      | (315,633,891)       | (19,742,899,881)      |
|  |          | (317,743,092)       | (21,050,479,844)      | (173,868,641)       | (10,875,483,493)      |
| <b>2 Non-current liabilities</b>         |          |                     |                       |                     |                       |
| Long-term borrowings                     | 3        | 19,595,800          | 1,298,221,750         | 107,537,282         | 6,726,456,989         |
| Other long term liabilities              | 4        | 101,213,924         | 6,705,422,465         | 112,386,728         | 7,029,789,837         |
| Long-term provisions                     | 5        | 9,990,072           | 661,842,270           | 12,484,962          | 780,934,373           |
|  |          | 130,799,796         | 8,665,486,485         | 232,408,972         | 14,537,181,199        |
| <b>3 Current liabilities</b>             |          |                     |                       |                     |                       |
| Short-term borrowings                    | 6        | 461,192,360         | 30,553,993,850        | 443,337,930         | 27,730,787,522        |
| Trade payables                           | 7        | 29,890,428          | 1,980,240,855         | 25,872,436          | 1,618,320,872         |
| Other current liabilities                | 8        | 115,218,745         | 7,633,241,857         | 36,733,237          | 2,297,663,975         |
| Short-term provisions                    | 9        | 436,225             | 28,899,906            | 378,865             | 23,698,006            |
|  |          | 606,737,758         | 40,196,376,468        | 506,322,468         | 31,670,470,375        |
| <b>Total</b>                             |          | <b>419,794,462</b>  | <b>27,811,383,109</b> | <b>564,862,799</b>  | <b>35,332,168,081</b> |
| <b>II. ASSETS</b>                        |          |                     |                       |                     |                       |
| <b>1 Non-current assets</b>              |          |                     |                       |                     |                       |
| Fixed assets                             |          |                     |                       |                     |                       |
| (i) Tangible assets                      | 10       | 100,100,462         | 6,631,655,608         | 105,769,347         | 6,615,872,656         |
| (ii) Intangible assets                   | 11       | 266,875             | 17,680,469            | 1,009,656           | 63,153,982            |
| (iii) Capital work-in-progress           |          | 2,685,230           | 177,896,488           | 2,823,810           | 176,629,316           |
| (iv) Intangible assets under development |          | 95,199              | 6,306,934             | 170,962             | 10,693,673            |
| Non-current investments                  | 12       | 203,126,193         | 13,457,110,286        | 202,940,001         | 12,693,897,063        |
| Long-term loans and advances             | 13       | 75,257,478          | 4,985,807,917         | 210,756,069         | 13,182,792,117        |
|  |          | 381,531,437         | 25,276,457,702        | 523,469,845         | 32,743,038,807        |
| <b>2 Current assets</b>                  |          |                     |                       |                     |                       |
| Trade receivables                        | 14       | 31,180,372          | 2,065,699,645         | 26,701,401          | 1,670,172,633         |
| Cash and cash equivalents                | 15       | 1,497,575           | 99,214,344            | 3,876,641           | 242,483,895           |
| Short-term loans and advances            | 16       | 5,577,801           | 369,529,317           | 8,969,306           | 561,030,091           |
| Other current assets                     | 17       | 7,277               | 482,101               | 1,845,606           | 115,442,655           |
|  |          | 38,263,025          | 2,534,925,407         | 41,392,954          | 2,589,129,274         |
| <b>Total</b>                             |          | <b>419,794,462</b>  | <b>27,811,383,109</b> | <b>564,862,799</b>  | <b>35,332,168,081</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                        | Previous year 2014-15 |                      |
|------|---|----------|----------------------|------------------------|-----------------------|----------------------|
|      |   |          | USD                  | INR*                   | USD                   | INR*                 |
| I.   | Revenue   |          |                      |                        |                       |                      |
|      | Revenue from operations   | 18       | 138,162,249          | 9,153,248,996          | 143,135,875           | 8,953,148,981        |
|      | Other income  | 19       | 2,730,082            | 180,867,933            | 4,039,163             | 252,649,646          |
|      | <b>Total revenue</b>  |          | <b>140,892,331</b>   | <b>9,334,116,929</b>   | <b>147,175,038</b>    | <b>9,205,798,627</b> |
| II.  | Expenses  |          |                      |                        |                       |                      |
|      | Employee benefits expense                                       | 20       | 21,060,811           | 1,395,278,730          | 23,485,449            | 1,469,014,835        |
|      | Finance costs   | 21       | 17,376,014           | 1,151,160,928          | 25,867,714            | 1,618,025,511        |
|      | Network costs   | 22       | 55,061,897           | 3,647,850,677          | 54,869,997            | 3,432,118,313        |
|      | Depreciation and amortization expenses                          |          | 16,123,068           | 1,068,153,255          | 13,373,109            | 836,487,968          |
|      | Other expenses  | 23       | 40,995,901           | 2,715,978,438          | 37,743,108            | 2,360,831,403        |
|      | <b>Total expenses</b>   |          | <b>150,617,691</b>   | <b>9,978,422,028</b>   | <b>155,339,377</b>    | <b>9,716,478,030</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax (I-II)</b> |          | <b>(9,725,360)</b>   | <b>(644,305,099)</b>   | <b>(8,164,339)</b>    | <b>(510,679,403)</b> |
| IV.  | <b>Exceptional item</b>   |          | <b>129,992,628</b>   | <b>8,612,011,605</b>   | <b>3,500,000</b>      | <b>218,925,000</b>   |
| V.   | <b>Profit / (loss) before tax (III-IV)</b>                      |          | <b>(139,717,988)</b> | <b>(9,256,316,704)</b> | <b>(11,664,339)</b>   | <b>(729,604,403)</b> |
| VI.  | Tax expenses  |          |                      |                        |                       |                      |
|      | Current Tax   |          | 1,060,938            | 70,287,143             | 125,402               | 7,843,895            |
| VII. | <b>Profit / (loss) for the year (V-VI)</b>                      |          | <b>(140,778,926)</b> | <b>(9,326,603,847)</b> | <b>(11,789,741)</b>   | <b>(737,448,298)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | USD                 | INR                  | USD                 | INR                  |
| Equity share capital     | 110,810,000         | 7,341,162,500        | 110,810,000         | 6,931,165,500        |
| Preference share capital | 30,955,250          | 2,050,785,313        | 30,955,250          | 1,936,250,888        |
| <b>Total</b>             | <b>141,765,250</b>  | <b>9,391,947,813</b> | <b>141,765,250</b>  | <b>8,867,416,388</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016  |                         | As at 31 March 2015  |                         |
|------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                              | USD                  | INR                     | USD                  | INR                     |
| Surplus / (Deficit)          |                      |                         |                      |                         |
| Opening balance              | (315,633,891)        | (20,910,745,279)        | (300,748,625)        | (18,811,826,494)        |
| Profit / (loss) for the year | (140,778,926)        | (9,326,603,847)         | (11,789,741)         | (737,448,298)           |
| Closing balance              | (456,412,817)        | (30,237,349,126)        | (312,538,366)        | (19,549,274,792)        |
| Dividend                     | (3,095,525)          | (205,078,531)           | (3,095,525)          | (193,625,089)           |
| <b>Total</b>                 | <b>(459,508,342)</b> | <b>(30,442,427,657)</b> | <b>(315,633,891)</b> | <b>(19,742,899,881)</b> |

## 3 Long term borrowings

| Particulars     | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------|---------------------|----------------------|---------------------|----------------------|
|                 | USD                 | INR                  | USD                 | INR                  |
| Loan from banks | 19,595,800          | 1,298,221,750        | 107,537,282         | 6,726,456,989        |
| <b>Total</b>    | <b>19,595,800</b>   | <b>1,298,221,750</b> | <b>107,537,282</b>  | <b>6,726,456,989</b> |

## 4 Other Long term liabilities

| Particulars            | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------|---------------------|----------------------|---------------------|----------------------|
|                        | USD                 | INR                  | USD                 | INR                  |
| Dividend payable       | 30,881,399          | 2,045,892,684        | 27,785,874          | 1,738,006,419        |
| Derivative liabilities | -                   | -                    | 7,528,390           | 470,900,795          |
| Unearned revenue       | 62,340,660          | 4,130,068,725        | 70,160,596          | 4,388,545,280        |
| Lease equalisation     | 7,991,865           | 529,461,056          | 6,911,868           | 432,337,343          |
| <b>Total</b>           | <b>101,213,924</b>  | <b>6,705,422,465</b> | <b>112,386,728</b>  | <b>7,029,789,837</b> |

## 5 Long term provisions

| Particulars                            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | USD                 | INR                | USD                 | INR                |
| Asset retirement obligation and others | 9,990,072           | 661,842,270        | 12,484,962          | 780,934,373        |
| <b>Total</b>                           | <b>9,990,072</b>    | <b>661,842,270</b> | <b>12,484,962</b>   | <b>780,934,373</b> |

## 6 Short term borrowings

| Particulars               | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|---------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                           | USD                 | INR                   | USD                 | INR                   |
| Loan from bank            | 65,000,000          | 4,306,250,000         | 119,376,280         | 7,466,986,314         |
| Inter company loans taken | 396,192,360         | 26,247,743,850        | 305,998,938         | 19,140,233,572        |
| Bank Overdraft            | -                   | -                     | 17,962,712          | 1,123,567,636         |
| <b>Total</b>              | <b>461,192,360</b>  | <b>30,553,993,850</b> | <b>443,337,930</b>  | <b>27,730,787,522</b> |

## 7 Trade payables

| Particulars           | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------------|---------------------|----------------------|---------------------|----------------------|
|                       | USD                 | INR                  | USD                 | INR                  |
| Trade payables        | 24,471,452          | 1,621,233,695        | 18,281,461          | 1,143,505,386        |
| Employee dues         | 5,418,976           | 359,007,160          | 6,952,015           | 434,848,538          |
| Intercompany payables | -                   | -                    | 638,960             | 39,966,948           |
| <b>Total</b>          | <b>29,890,428</b>   | <b>1,980,240,855</b> | <b>25,872,436</b>   | <b>1,618,320,872</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 8 Other current liabilities

| Particulars                        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                    | USD                 | INR                  | USD                 | INR                  |
| Current portion of long term loans | 89,493,482          | 5,928,943,183        | 13,752,095          | 860,193,542          |
| Capital Creditors                  | 62,868              | 4,165,005            | -                   | -                    |
| Other liabilities                  | 842,373             | 55,807,211           | 701,360             | 43,870,068           |
| Deferred revenue                   | 11,616,592          | 769,599,220          | 11,414,401          | 713,970,783          |
| VAT payable                        | 25,903              | 1,716,074            | -                   | -                    |
| Interest payable- Others           | 709,914             | 47,031,803           | 1,216,262           | 76,077,188           |
| Interest payable- Inter company    | 5,761,297           | 381,685,926          | 4,600,076           | 287,734,754          |
| Derivative Liabilities             | 6,706,316           | 444,293,435          | 5,049,043           | 315,817,640          |
| <b>Total</b>                       | <b>115,218,745</b>  | <b>7,633,241,857</b> | <b>36,733,237</b>   | <b>2,297,663,975</b> |

## 9 Short term provisions

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Leave entitlement | 436,225             | 28,899,906        | 378,865             | 23,698,006        |
| <b>Total</b>      | <b>436,225</b>      | <b>28,899,906</b> | <b>378,865</b>      | <b>23,698,006</b> |

## 10 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Lease hold improvement           | 38,340,802          | 2,540,078,133        | 37,743,201          | 2,360,837,223        |
| Cables                           | 75,478,877          | 5,000,475,601        | 72,102,401          | 4,510,005,183        |
| Plant and machinery              | 75,602,275          | 5,008,650,719        | 69,928,107          | 4,374,003,093        |
| Furniture and fixtures           | 158,126             | 10,475,848           | 139,083             | 8,699,642            |
| Computers                        | 3,466,107           | 229,629,589          | 4,321,067           | 270,282,741          |
| Office equipment                 | 868,485             | 57,537,131           | 835,425             | 52,255,834           |
| (a)                              | 193,914,672         | 12,846,847,021       | 185,069,284         | 11,576,083,716       |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Lease hold improvement           | 7,772,430           | 514,923,488          | 4,524,278           | 282,993,589          |
| Cables                           | 44,604,023          | 2,955,016,524        | 40,298,850          | 2,520,693,068        |
| Plant and machinery              | 37,933,077          | 2,513,066,351        | 30,550,600          | 1,910,940,030        |
| Furniture and fixtures           | 69,384              | 4,596,690            | 52,334              | 3,273,492            |
| Computers                        | 2,986,432           | 197,851,120          | 3,514,867           | 219,854,931          |
| Office equipment                 | 448,864             | 29,737,240           | 359,008             | 22,455,950           |
| (b)                              | 93,814,210          | 6,215,191,413        | 79,299,937          | 4,960,211,060        |
| <b>Net block (a) - (b)</b>       | <b>100,100,462</b>  | <b>6,631,655,608</b> | <b>105,769,347</b>  | <b>6,615,872,656</b> |

## 11 Intangible assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Computer software                | 2,034,652           | 134,795,695       | 1,830,088           | 114,472,004       |
| (a)                              | 2,034,652           | 134,795,695       | 1,830,088           | 114,472,004       |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Computer software                | 1,767,777           | 117,115,226       | 820,432             | 51,318,022        |
| (b)                              | 1,767,777           | 117,115,226       | 820,432             | 51,318,022        |
| <b>Net block (a) - (b)</b>       | <b>266,875</b>      | <b>17,680,469</b> | <b>1,009,656</b>    | <b>63,153,982</b> |

## 12 Non-current investments

| Particulars              | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|--------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                          | USD                 | INR                   | USD                 | INR                   |
| Investment in subsidiary | 203,126,193         | 13,457,110,286        | 202,940,001         | 12,693,897,063        |
| <b>Total</b>             | <b>203,126,193</b>  | <b>13,457,110,286</b> | <b>202,940,001</b>  | <b>12,693,897,063</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Long term loans and advances

| Particulars                     | As at 31 March 2016 |                      | As at 31 March 2015 |                       |
|---------------------------------|---------------------|----------------------|---------------------|-----------------------|
|                                 | USD                 | INR                  | USD                 | INR                   |
| Inter company loans given       | 581,372,431         | 38,515,923,554       | 585,508,565         | 36,623,560,741        |
| Allowances for loan receivables | (514,817,155)       | (34,106,636,519)     | (385,874,455)       | (24,136,447,160)      |
| Vendor deposit                  | 141,625             | 9,382,656            | 4,940               | 308,997               |
| Prepaid expenses                | 8,399,261           | 556,451,041          | 9,851,092           | 616,185,805           |
| Advance tax (net)               | 161,316             | 10,687,185           | 1,265,927           | 79,183,734            |
| <b>Total</b>                    | <b>75,257,478</b>   | <b>4,985,807,917</b> | <b>210,756,069</b>  | <b>13,182,792,117</b> |

## 14 Trade receivables

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| Trade receivables            | 28,864,023          | 1,912,241,524        | 28,884,996          | 1,806,756,500        |
| Provision for doubtful debts | (954,366)           | (63,226,748)         | (2,183,595)         | (136,583,867)        |
| Intercompany receivables     | 3,270,715           | 216,684,869          | -                   | -                    |
| <b>Total</b>                 | <b>31,180,372</b>   | <b>2,065,699,645</b> | <b>26,701,401</b>   | <b>1,670,172,633</b> |

## 15 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                    |
|-------------------|---------------------|-------------------|---------------------|--------------------|
|                   | USD                 | INR               | USD                 | INR                |
| Balance with bank | 1,497,575           | 99,214,344        | 3,876,641           | 242,483,895        |
| <b>Total</b>      | <b>1,497,575</b>    | <b>99,214,344</b> | <b>3,876,641</b>    | <b>242,483,895</b> |

## 16 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Advances to employees           | 8,038               | 532,518            | 5,362               | 335,393            |
| Other advances                  | 215,525             | 14,278,531         | 129,164             | 8,079,208          |
| Provision for doubtful advances | 2,467               | 163,439            | 2,467               | 154,311            |
| Security deposit                | 245                 | 16,231             | 8,414               | 526,296            |
| Prepaid expenses                | 4,390,111           | 290,844,854        | 7,557,900           | 472,746,645        |
| Taxes recoverable               | 961,415             | 63,693,744         | 1,257,847           | 78,678,330         |
| VAT receivable                  | -                   | -                  | 8,152               | 509,908            |
| <b>Total</b>                    | <b>5,577,801</b>    | <b>369,529,317</b> | <b>8,969,306</b>    | <b>561,030,091</b> |

## 17 Other current assets

| Particulars          | As at 31 March 2016 |                | As at 31 March 2015 |                    |
|----------------------|---------------------|----------------|---------------------|--------------------|
|                      | USD                 | INR            | USD                 | INR                |
| Other current assets | 7,277               | 482,101        | 1,845,606           | 115,442,655        |
| <b>Total</b>         | <b>7,277</b>        | <b>482,101</b> | <b>1,845,606</b>    | <b>115,442,655</b> |

## 18 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 138,162,249          | 9,153,248,996        | 143,135,875           | 8,953,148,981        |
| <b>Total</b>           | <b>138,162,249</b>   | <b>9,153,248,996</b> | <b>143,135,875</b>    | <b>8,953,148,981</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 19 Other income

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Dividend income                           | -                    | -                  | 2,508,047             | 156,878,340        |
| Interest income - others                  | -                    | -                  | 40                    | 2,502              |
| Interest on loan to subsidiaries          | 510,200              | 33,800,750         | 1,091,716             | 68,286,836         |
| Profit on sale of fixed assets            | -                    | -                  | 1                     | 63                 |
| Exchange rate difference gain/(loss) -net | 920,635              | 60,992,069         | -                     | -                  |
| Miscellaneous income                      | 1,299,247            | 86,075,114         | 439,359               | 27,481,905         |
| <b>Total</b>                              | <b>2,730,082</b>     | <b>180,867,933</b> | <b>4,039,163</b>      | <b>252,649,646</b> |

## 20 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Salaries, bonus and allowances            | 19,853,154           | 1,315,271,453        | 22,489,724            | 1,406,732,236        |
| Contribution to provident and other funds | 961,155              | 63,676,519           | 839,821               | 52,530,804           |
| Staff welfare expenses                    | 246,502              | 16,330,758           | 155,904               | 9,751,795            |
| <b>Total</b>                              | <b>21,060,811</b>    | <b>1,395,278,730</b> | <b>23,485,449</b>     | <b>1,469,014,835</b> |

## 21 Finance costs

| Particulars       | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|-------------------|----------------------|----------------------|-----------------------|----------------------|
|                   | USD                  | INR                  | USD                   | INR                  |
| Interest expenses | 22,439,882           | 1,486,642,183        | 20,486,512            | 1,281,431,326        |
| Guarantee fees    | (5,063,868)          | (335,481,255)        | 5,381,202             | 336,594,185          |
| <b>Total</b>      | <b>17,376,014</b>    | <b>1,151,160,928</b> | <b>25,867,714</b>     | <b>1,618,025,511</b> |

## 22 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 54,943,975           | 3,640,038,344        | 54,263,641            | 3,394,190,745        |
| Rent of satellite channels                 | 117,922              | 7,812,333            | 606,356               | 37,927,568           |
| <b>Total</b>                               | <b>55,061,897</b>    | <b>3,647,850,677</b> | <b>54,869,997</b>     | <b>3,432,118,313</b> |

## 23 Other expenses

| Particulars                                 | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Advertising and publicity                   | 1,043,478            | 69,130,418           | 1,235,256             | 77,265,263           |
| Auditors remuneration                       | 56,946               | 3,772,673            | 49,930                | 3,123,122            |
| Bad debts                                   | 1,417,936            | 93,938,260           | -                     | -                    |
| Sundry balances written off                 | 6,454                | 427,578              | 162,744               | 10,179,637           |
| Provision for doubtful debts                | (1,229,229)          | (81,436,421)         | 119,782               | 7,492,364            |
| Communication expenses                      | 454,798              | 30,130,368           | 514,142               | 32,159,582           |
| Directors fees                              | 47,955               | 3,177,019            | 74,642                | 4,668,857            |
| Donations                                   | 42,466               | 2,813,373            | -                     | -                    |
| Electricity                                 | 7,551,370            | 500,278,263          | 8,117,358             | 507,740,743          |
| Entertainment expenses                      | 88,123               | 5,838,149            | 66,475                | 4,158,011            |
| Exchange rate difference (gain)/loss -net   | -                    | -                    | 1,054,226             | 65,941,836           |
| Insurance expenses                          | 62,046               | 4,110,548            | 153,708               | 9,614,435            |
| IT consumables                              | 31,258               | 2,070,843            | 12,246                | 765,987              |
| Legal and professional fees                 | 4,360,346            | 288,872,923          | 1,793,300             | 112,170,915          |
| Loss on sale of fixed assets (net)          | -                    | -                    | 27,675                | 1,731,071            |
| Miscellaneous expenses                      | 4,836,431            | 320,413,543          | 4,941,035             | 309,061,738          |
| Printing and stationery                     | 43,453               | 2,878,761            | 51,019                | 3,191,238            |
| Rates and Taxes                             | 27,271               | 1,806,704            | 723,656               | 45,264,683           |
| Recruitment expenses                        | 499,368              | 33,083,130           | 289,636               | 18,116,732           |
| Rent  | 1,527,714            | 101,211,053          | 1,659,546             | 103,804,602          |
| Repairs and Maintenance - Plant & Machinery | 16,305,419           | 1,080,234,009        | 13,618,258            | 851,822,038          |
| Repairs and Maintenance - Buildings         | 67,570               | 4,476,513            | 41,456                | 2,593,073            |
| Relocation Expense                          | 147,858              | 9,795,593            | 72,401                | 4,528,683            |
| Security charges                            | -                    | -                    | 16,202                | 1,013,435            |
| Seminars, trainings and conferences         | 284,123              | 18,823,149           | 134,137               | 8,390,269            |
| Services rendered by agencies               | 1,013,894            | 67,170,478           | 420,488               | 26,301,524           |
| Travelling and conveyance expenses          | 2,308,853            | 152,961,511          | 2,393,790             | 149,731,565          |
| <b>Total</b>                                | <b>40,995,901</b>    | <b>2,715,978,438</b> | <b>37,743,108</b>     | <b>2,360,831,403</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T: 91(22) 61214444

email: [ss-associates@ss-associates.com](mailto:ss-associates@ss-associates.com) www: [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Lanka Limited** ("the subsidiary") registered in Colombo as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar Varma*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|                                  | Particulars | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|-------------|----------|---------------------|----------------------|---------------------|----------------------|
|                                  |             |          | USD                 | INR*                 | USD                 | INR*                 |
| <b>I. EQUITY AND LIABILITIES</b> |             |          |                     |                      |                     |                      |
| <b>1 Shareholders' funds</b>     |             |          |                     |                      |                     |                      |
| Share capital                    | 1           |          | 1,197,348           | 79,324,305           | 1,197,348           | 74,894,117           |
| Reserves and surplus             | 2           |          | 12,829,220          | 849,935,819          | 11,238,695          | 702,979,318          |
|                                  |             |          | 14,026,568          | 929,260,124          | 12,436,043          | 777,873,435          |
| <b>2 Non-current liabilities</b> |             |          |                     |                      |                     |                      |
| Deferred tax liabilities (net)   |             |          | 235,849             | 15,624,996           | 235,621             | 14,738,094           |
| Long-term provisions             | 3           |          | 9,774               | 647,528              | -                   | -                    |
|                                  |             |          | 245,623             | 16,272,524           | 235,621             | 14,738,094           |
| <b>3 Current liabilities</b>     |             |          |                     |                      |                     |                      |
| Trade payables                   | 4           |          | 6,412,755           | 424,845,019          | 6,767,467           | 423,305,061          |
| Other current liabilities        | 5           |          | 370,317             | 24,533,503           | 443,268             | 27,726,413           |
| Short-term provisions            | 6           |          | 72,656              | 4,813,461            | 58,001              | 3,627,963            |
|                                  |             |          | 6,855,728           | 454,191,983          | 7,268,736           | 454,659,437          |
| <b>Total</b>                     |             |          | <b>21,127,919</b>   | <b>1,399,724,631</b> | <b>19,940,400</b>   | <b>1,247,270,966</b> |
| <b>II. ASSETS</b>                |             |          |                     |                      |                     |                      |
| <b>1 Non-current assets</b>      |             |          |                     |                      |                     |                      |
| Fixed assets                     |             |          |                     |                      |                     |                      |
| (i) Tangible assets              | 7           |          | 1,618,340           | 107,215,024          | 2,063,012           | 129,041,401          |
| (ii) Intangible assets           | 8           |          | 6,037               | 399,951              | 8,667               | 542,121              |
| (iii) Capital work-in-progress   |             |          | 41,921              | 2,777,266            | 21,123              | 1,320,188            |
| Long-term loans and advances     | 9           |          | 292,117             | 19,352,751           | 365,246             | 22,846,137           |
| Other non-current assets         |             |          | 33                  | 2,186                | -                   | -                    |
|                                  |             |          | 1,958,448           | 129,747,178          | 2,458,048           | 153,749,847          |
| <b>2 Current assets</b>          |             |          |                     |                      |                     |                      |
| Inventories                      |             |          | 199,876             | 13,241,785           | 159,829             | 9,997,304            |
| Trade receivables                | 10          |          | 6,683,374           | 442,773,527          | 8,039,551           | 502,873,916          |
| Cash and cash equivalents        | 11          |          | 11,474,532          | 760,187,745          | 8,453,447           | 528,763,110          |
| Short-term loans and advances    | 12          |          | 775,188             | 51,356,205           | 765,131             | 47,858,944           |
| Other current assets             | 13          |          | 36,501              | 2,418,191            | 64,394              | 4,027,845            |
|                                  |             |          | 19,169,471          | 1,269,977,453        | 17,482,352          | 1,093,521,119        |
| <b>Total</b>                     |             |          | <b>21,127,919</b>   | <b>1,399,724,631</b> | <b>19,940,400</b>   | <b>1,247,270,966</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|   | Particulars | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|-------------|----------|----------------------|----------------------|-----------------------|----------------------|
|   |             |          | USD                  | INR*                 | USD                   | INR*                 |
| <b>I. Revenue</b>   |             |          |                      |                      |                       |                      |
| Revenue from operations                                     | 14          |          | 23,204,454           | 1,537,295,078        | 30,063,708            | 1,880,484,935        |
| Other income  | 15          |          | 374,372              | 24,802,145           | 337,959               | 21,139,335           |
| <b>Total revenue</b>  |             |          | <b>23,578,826</b>    | <b>1,562,097,223</b> | <b>30,401,667</b>     | <b>1,901,624,270</b> |
| <b>II. Expenses</b>   |             |          |                      |                      |                       |                      |
| Employee benefits expense                                   | 16          |          | 699,771              | 46,359,829           | 767,837               | 48,028,204           |
| Network costs   | 17          |          | 17,903,930           | 1,186,135,363        | 25,018,560            | 1,564,910,928        |
| Depreciation and amortization expenses                      |             |          | 467,407              | 30,965,714           | 347,852               | 21,758,143           |
| Other expenses  | 18          |          | 1,664,122            | 110,248,088          | 1,342,163             | 83,953,349           |
| <b>Total expenses</b>                                       |             |          | <b>20,735,230</b>    | <b>1,373,708,994</b> | <b>27,476,412</b>     | <b>1,718,650,624</b> |
| <b>III. Profit before exceptional item &amp; tax( I-II)</b> |             |          | <b>2,843,596</b>     | <b>188,388,229</b>   | <b>2,925,255</b>      | <b>182,973,646</b>   |
| <b>IV. Tax expenses</b>                                     |             |          |                      |                      |                       |                      |
| Current Tax   |             |          | 118,565              | 7,854,931            | (76,497)              | (4,784,887)          |
| Deferred Tax  |             |          | 228                  | 15,105               | 62,187                | 3,889,797            |
| <b>V. Profit / (loss) for the year (III-IV)</b>             |             |          | <b>2,724,803</b>     | <b>180,518,193</b>   | <b>2,939,565</b>      | <b>183,868,736</b>   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 1,197,348           | 79,324,305        | 1,197,348           | 74,894,117        |
| <b>Total</b>         | <b>1,197,348</b>    | <b>79,324,305</b> | <b>1,197,348</b>    | <b>74,894,117</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | 11,238,695          | 744,563,544        | 11,787,347          | 737,298,555        |
| Profit / (loss) for the year | 2,724,803           | 180,518,193        | 2,939,565           | 183,868,736        |
| <b>Closing balance</b>       | <b>13,963,498</b>   | <b>925,081,737</b> | <b>14,726,912</b>   | <b>921,167,291</b> |
| Dividend                     | (1,134,278)         | (75,145,918)       | (3,488,217)         | (218,187,973)      |
| <b>Total</b>                 | <b>12,829,220</b>   | <b>849,935,819</b> | <b>11,238,695</b>   | <b>702,979,318</b> |

## 3 Long term provisions

| Particulars                            | As at 31 March 2016 |                | As at 31 March 2015 |          |
|--|---------------------|----------------|---------------------|----------|
|  | USD                 | INR            | USD                 | INR      |
| Asset retirement obligation and others | 9,774               | 647,528        | -                   | -        |
| <b>Total</b>                           | <b>9,774</b>        | <b>647,528</b> | <b>-</b>            | <b>-</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | USD                 | INR                | USD                 | INR                |
| Trade payables | 6,330,730           | 419,410,863        | 6,672,452           | 417,361,873        |
| Employee dues  | 82,025              | 5,434,156          | 95,015              | 5,943,188          |
| <b>Total</b>   | <b>6,412,755</b>    | <b>424,845,019</b> | <b>6,767,467</b>    | <b>423,305,061</b> |

## 5 Other current liabilities

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Deferred revenue  | 161,202             | 10,679,633        | 155,524             | 9,728,026         |
| Taxes payable     | 196,574             | 13,023,028        | 248,978             | 15,573,574        |
| Capital Creditors | 6,663               | 441,424           | 25,473              | 1,593,336         |
| Bank overdraft    | 10                  | 663               | 11,399              | 713,007           |
| Other liabilities | 5,868               | 388,755           | 1,894               | 118,470           |
| <b>Total</b>      | <b>370,317</b>      | <b>24,533,503</b> | <b>443,268</b>      | <b>27,726,413</b> |

## 6 Short term provisions

| Particulars            | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------|---------------------|------------------|---------------------|------------------|
|                        | USD                 | INR              | USD                 | INR              |
| Leave entitlement      | 29,950              | 1,984,188        | 34,900              | 2,182,995        |
| Provision for gratuity | 42,706              | 2,829,273        | 23,101              | 1,444,968        |
| <b>Total</b>           | <b>72,656</b>       | <b>4,813,461</b> | <b>58,001</b>       | <b>3,627,963</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |             | As at 31 March 2015 |             |
|----------------------------------|---------------------|-------------|---------------------|-------------|
|                                  | USD                 | INR         | USD                 | INR         |
| <b>Gross block:</b>              |                     |             |                     |             |
| Plant and machinery              | 3,226,353           | 213,745,886 | 3,833,354           | 239,776,293 |
| Furniture and fixtures           | 96,560              | 6,397,100   | 94,020              | 5,880,951   |
| Computers                        | 188,648             | 12,497,930  | 181,095             | 11,327,492  |
| Office equipment                 | 45,214              | 2,995,428   | 45,153              | 2,824,320   |
| (a)                              | 3,556,775           | 235,636,344 | 4,153,622           | 259,809,056 |
| <b>Accumulated depreciation:</b> |                     |             |                     |             |
| Plant and machinery              | 1,783,211           | 118,137,729 | 1,976,587           | 123,635,517 |
| Furniture and fixtures           | 28,320              | 1,876,200   | 22,268              | 1,392,863   |
| Computers                        | 115,622             | 7,659,958   | 85,117              | 5,324,068   |
| Office equipment                 | 11,282              | 747,433     | 6,638               | 415,207     |
| (b)                              | 1,938,435           | 128,421,320 | 2,090,610           | 130,767,655 |
| <b>Net block (a) - (b)</b>       | 1,618,340           | 107,215,024 | 2,063,012           | 129,041,401 |

## 8 Intangible assets

| Particulars                      | As at 31 March 2016 |           | As at 31 March 2015 |           |
|----------------------------------|---------------------|-----------|---------------------|-----------|
|                                  | USD                 | INR       | USD                 | INR       |
| <b>Gross block:</b>              |                     |           |                     |           |
| Computer software                | 16,436              | 1,088,885 | 16,436              | 1,028,072 |
| (a)                              | 16,436              | 1,088,885 | 16,436              | 1,028,072 |
| <b>Accumulated depreciation:</b> |                     |           |                     |           |
| Computer software                | 10,399              | 688,934   | 7,769               | 485,951   |
| (b)                              | 10,399              | 688,934   | 7,769               | 485,951   |
| <b>Net block (a) - (b)</b>       | 6,037               | 399,951   | 8,667               | 542,121   |

## 9 Long term loans and advances

| Particulars      | As at 31 March 2016 |            | As at 31 March 2015 |            |
|------------------|---------------------|------------|---------------------|------------|
|                  | USD                 | INR        | USD                 | INR        |
| Advance tax(net) | 292,117             | 19,352,751 | 365,246             | 22,846,137 |
| <b>Total</b>     | 292,117             | 19,352,751 | 365,246             | 22,846,137 |

## 10 Trade receivables

| Particulars                  | As at 31 March 2016 |              | As at 31 March 2015 |              |
|------------------------------|---------------------|--------------|---------------------|--------------|
|                              | USD                 | INR          | USD                 | INR          |
| Trade receivables            | 2,227,893           | 147,597,911  | 2,193,161           | 137,182,221  |
| Provision for doubtful debts | (243,059)           | (16,102,659) | (168,286)           | (10,526,289) |
| Intercompany receivables     | 4,698,540           | 311,278,275  | 6,014,676           | 376,217,984  |
| <b>Total</b>                 | 6,683,374           | 442,773,527  | 8,039,551           | 502,873,916  |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|
|                   | USD                 | INR                | USD                 | INR                |
| Balance with bank | 11,474,532          | 760,187,745        | 8,453,447           | 528,763,110        |
| <b>Total</b>      | <b>11,474,532</b>   | <b>760,187,745</b> | <b>8,453,447</b>    | <b>528,763,110</b> |

## 12 Short term loans and advances

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Advance to suppliers | 20,327              | 1,346,664         | 19,205              | 1,201,273         |
| Security deposit     | 38,124              | 2,525,715         | 36,894              | 2,307,720         |
| Prepaid expenses     | 712,977             | 47,234,726        | 705,035             | 44,099,939        |
| VAT receivable       | 3,760               | 249,100           | 3,997               | 250,012           |
| <b>Total</b>         | <b>775,188</b>      | <b>51,356,205</b> | <b>765,131</b>      | <b>47,858,944</b> |

## 13 Other current assets

| Particulars         | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------|---------------------|------------------|---------------------|------------------|
|                     | USD                 | INR              | USD                 | INR              |
| Interest receivable | 36,501              | 2,418,191        | 64,394              | 4,027,845        |
| <b>Total</b>        | <b>36,501</b>       | <b>2,418,191</b> | <b>64,394</b>       | <b>4,027,845</b> |

## 14 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 23,204,454           | 1,537,295,078        | 30,063,708            | 1,880,484,935        |
| <b>Total</b>           | <b>23,204,454</b>    | <b>1,537,295,078</b> | <b>30,063,708</b>     | <b>1,880,484,935</b> |

## 15 Other income

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Interest income - others       | 216,079              | 14,315,234        | 265,386               | 16,599,894        |
| Profit on sale of fixed assets | 40,497               | 2,682,926         | 10,769                | 673,601           |
| Miscellaneous income           | 117,796              | 7,803,985         | 61,804                | 3,865,840         |
| <b>Total</b>                   | <b>374,372</b>       | <b>24,802,145</b> | <b>337,959</b>        | <b>21,139,335</b> |

## 16 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances            | 586,049              | 38,825,746        | 650,046               | 40,660,377        |
| Contribution to provident and other funds | 69,408               | 4,598,280         | 76,426                | 4,780,446         |
| Staff welfare expenses                    | 44,314               | 2,935,803         | 41,365                | 2,587,381         |
| <b>Total</b>                              | <b>699,771</b>       | <b>46,359,829</b> | <b>767,837</b>        | <b>48,028,204</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 17,903,930           | 1,186,135,363        | 25,018,560            | 1,564,910,928        |
| <b>Total</b>                               | <b>17,903,930</b>    | <b>1,186,135,363</b> | <b>25,018,560</b>     | <b>1,564,910,928</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|---|----------------------|--------------------|-----------------------|-------------------|
|   | USD                  | INR                | USD                   | INR               |
| Advertising and publicity                   | 33,351               | 2,209,504          | 26,107                | 1,632,993         |
| Auditors remuneration                       | 4,876                | 323,035            | 3,350                 | 209,543           |
| Provision for Doubtful Debts                | 74,772               | 4,953,645          | 48,404                | 3,027,670         |
| Communication expenses                      | 20,024               | 1,326,590          | 16,321                | 1,020,879         |
| Directors fees                              | 2,458                | 162,843            | 2,621                 | 163,944           |
| Electricity                                 | 74,895               | 4,961,794          | 88,132                | 5,512,657         |
| Entertainment expenses                      | 1,572                | 104,145            | 2,223                 | 139,049           |
| Exchange rate difference (gain)/loss -net   | 116,009              | 7,685,596          | 37,071                | 2,318,791         |
| Insurance expenses                          | 8,106                | 537,023            | 9,107                 | 569,643           |
| Legal and professional fees                 | 141,748              | 9,390,805          | 9,683                 | 605,672           |
| Printing and stationery                     | 1,278                | 84,668             | 2,142                 | 133,982           |
| Rates and Taxes                             | -                    | -                  | 573                   | 35,841            |
| Recruitment expenses                        | 303                  | 20,074             | 136                   | 8,507             |
| Rent  | 97,308               | 6,446,655          | 94,546                | 5,913,852         |
| Repairs and Maintenance - IT systems        | 10,797               | 715,301            | 9,317                 | 582,778           |
| Repairs and Maintenance - Plant & Machinery | 904,944              | 59,952,540         | 822,359               | 51,438,555        |
| Repairs and Maintenance - Buildings         | 12,424               | 823,090            | 17,068                | 1,067,603         |
| Seminars, trainings and conferences         | 13,409               | 888,346            | 22,150                | 1,385,483         |
| Services rendered by agencies               | 69,716               | 4,618,685          | 53,240                | 3,330,162         |
| Subscription Charges                        | 3,745                | 248,106            | 3,910                 | 244,571           |
| Travelling and conveyance expenses          | 48,269               | 3,197,821          | 43,821                | 2,741,004         |
| Miscellaneous expenses                      | 24,118               | 1,597,822          | 29,882                | 1,870,170         |
| <b>Total</b>                                | <b>1,664,122</b>     | <b>110,248,088</b> | <b>1,342,163</b>      | <b>83,953,349</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021 India

T +91 (22) 61214444

email@ss-associates.com www.ss-associates.com  
LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Netherlands) BV** ("the subsidiary") registered in Netherlands as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                    | Note No. | As at 31 March 2016  |                       | As at 31 March 2015  |                       |
|-----|--------------------------------|----------|----------------------|-----------------------|----------------------|-----------------------|
|     |                                |          | USD                  | INR*                  | USD                  | INR*                  |
| I.  | <b>EQUITY AND LIABILITIES</b>  |          |                      |                       |                      |                       |
| 1   | <b>Shareholders' funds</b>     |          |                      |                       |                      |                       |
|     | Share capital                  | 1        | 179,800,561          | 11,911,787,166        | 179,800,561          | 11,246,525,091        |
|     | Reserves and surplus           | 2        | (80,860,034)         | (5,356,977,251)       | (79,829,796)         | (4,993,353,739)       |
|     |                                |          | 98,940,527           | 6,554,809,915         | 99,970,765           | 6,253,171,352         |
| 2   | <b>Non-current liabilities</b> |          |                      |                       |                      |                       |
|     | Long-term borrowings           | 3        | 1,236,666,667        | 81,929,166,689        | 706,666,667          | 44,202,000,021        |
|     | Other long term liabilities    | 4        | 7,470,503            | 494,920,824           | 597,395              | 37,367,058            |
|     |                                |          | 1,244,137,170        | 82,424,087,513        | 707,264,062          | 44,239,367,079        |
| 3   | <b>Current liabilities</b>     |          |                      |                       |                      |                       |
|     | Trade payables                 | 5        | 7,567,977            | 501,378,476           | 2,645,036            | 165,447,002           |
|     | Other current liabilities      | 6        | 132,520,003          | 8,779,450,200         | 540,708,653          | 33,821,326,244        |
|     | Short-term provisions          | 7        | 27,081               | 1,794,116             | 2,220,528            | 138,894,027           |
|     |                                |          | 140,115,061          | 9,282,622,792         | 545,574,217          | 34,125,667,273        |
|     | <b>Total</b>                   |          | <b>1,483,192,758</b> | <b>98,261,520,220</b> | <b>1,352,809,044</b> | <b>84,618,205,704</b> |
| II. | <b>ASSETS</b>                  |          |                      |                       |                      |                       |
| 1   | <b>Non-current assets</b>      |          |                      |                       |                      |                       |
|     | Fixed assets                   |          |                      |                       |                      |                       |
|     | (i) Tangible assets            | 8        | 3,749,070            | 248,375,888           | 4,059,593            | 253,927,544           |
|     | (ii) Intangible assets         | 9        | 92,734               | 6,143,627             | -                    | -                     |
|     | (iii) Capital work-in-progress |          | 60,437               | 4,003,951             | 67,764               | 4,238,638             |
|     | Non-current investments        | 10       | 273,097,152          | 18,092,686,320        | 273,097,151          | 17,082,226,795        |
|     | Deferred tax assets (net)      |          | 1,014,682            | 67,222,683            | 2,347,417            | 146,830,933           |
|     | Long-term loans and advances   | 11       | 988,895,125          | 65,514,302,032        | 935,628,355          | 58,523,553,605        |
|     | Other non-current assets       | 12       | 265                  | 17,556                | -                    | -                     |
|     |                                |          | 1,266,909,465        | 83,932,752,057        | 1,215,200,280        | 76,010,777,515        |
| 2   | <b>Current assets</b>          |          |                      |                       |                      |                       |
|     | Trade receivables              | 13       | 1,317,092            | 87,257,345            | 4,350,402            | 272,117,645           |
|     | Cash and cash equivalents      | 14       | 16,904,275           | 1,119,908,219         | 23,921,874           | 1,496,313,219         |
|     | Short-term loans and advances  | 15       | 175,767,017          | 11,644,564,877        | 84,739,874           | 5,300,479,119         |
|     | Other current assets           | 16       | 22,294,909           | 1,477,037,722         | 24,596,614           | 1,538,518,206         |
|     |                                |          | 216,283,293          | 14,328,768,163        | 137,608,764          | 8,607,428,189         |
|     | <b>Total</b>                   |          | <b>1,483,192,758</b> | <b>98,261,520,220</b> | <b>1,352,809,044</b> | <b>84,618,205,704</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------|--|----------|----------------------|-----------------------|-----------------------|-----------------------|
|      |  |          | USD                  | INR*                  | USD                   | INR*                  |
| I.   | Revenue                                      |          |                      |                       |                       |                       |
|      | Revenue from operations                      | 17       | 345,376,506          | 22,881,193,523        | 323,906,355           | 20,260,342,505        |
|      | Other income                                 | 18       | 58,575,568           | 3,880,631,381         | 52,181,332            | 3,263,942,316         |
|      | <b>Total revenue</b>                         |          | <b>403,952,074</b>   | <b>26,761,824,904</b> | <b>376,087,687</b>    | <b>23,524,284,821</b> |
| II.  | Expenses                                     |          |                      |                       |                       |                       |
|      | Employee benefits expense                    | 19       | 617,763              | 40,926,799            | 892,348               | 55,816,368            |
|      | Finance costs                                | 20       | 48,201,762           | 3,193,366,733         | 48,423,053            | 3,028,861,965         |
|      | Network costs                                | 21       | 337,761,336          | 22,376,688,510        | 297,001,885           | 18,577,467,907        |
|      | Depreciation and amortization expenses       |          | 913,567              | 60,523,814            | 814,757               | 50,963,050            |
|      | Other expenses                               | 22       | 11,018,095           | 729,948,793           | 21,684,161            | 1,356,344,268         |
|      | <b>Total expenses</b>                        |          | <b>398,512,523</b>   | <b>26,401,454,649</b> | <b>368,816,204</b>    | <b>23,069,453,558</b> |
| III. | <b>Profit / (loss) before tax (I-II)</b>     |          | <b>5,439,551</b>     | <b>360,370,255</b>    | <b>7,271,483</b>      | <b>454,831,263</b>    |
| IV.  | Tax expenses                                 |          |                      |                       |                       |                       |
|      | Current Tax                                  |          | (1,765,415)          | (116,958,744)         | 2,603,262             | 162,834,038           |
|      | Deferred Tax                                 |          | 1,332,735            | 88,293,694            | (2,343,477)           | (146,584,486)         |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>5,872,231</b>     | <b>389,035,305</b>    | <b>7,011,698</b>      | <b>438,581,711</b>    |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|----------------------|---------------------|-----------------------|---------------------|-----------------------|
|                      | USD                 | INR                   | USD                 | INR                   |
| Equity share capital | 179,800,561         | 11,911,787,166        | 179,800,561         | 11,246,525,091        |
| <b>Total</b>         | <b>179,800,561</b>  | <b>11,911,787,166</b> | <b>179,800,561</b>  | <b>11,246,525,091</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
|                              | USD                 | INR                    | USD                 | INR                    |
| <b>Surplus / (Deficit)</b>   |                     |                        |                     |                        |
| Opening balance              | (79,501,498)        | (5,266,974,243)        | (86,513,196)        | (5,411,400,410)        |
| Profit / (loss) for the year | 5,872,231           | 389,035,305            | 7,011,698           | 438,581,711            |
| <b>Closing balance</b>       | <b>(73,629,267)</b> | <b>(4,877,938,938)</b> | <b>(79,501,498)</b> | <b>(4,972,818,699)</b> |
| Capital reserves             | 27,274              | 1,806,903              | 27,274              | 1,705,989              |
| OCI - Reserves derivatives   | (7,258,041)         | (480,845,216)          | (355,572)           | (22,241,029)           |
| <b>Total</b>                 | <b>(80,860,034)</b> | <b>(5,356,977,251)</b> | <b>(79,829,796)</b> | <b>(4,993,353,739)</b> |

## 3 Long term borrowings

| Particulars     | As at 31 March 2016  |                       | As at 31 March 2015 |                       |
|-----------------|----------------------|-----------------------|---------------------|-----------------------|
|                 | USD                  | INR                   | USD                 | INR                   |
| Loan from banks | 1,236,666,667        | 81,929,166,689        | 706,666,667         | 44,202,000,021        |
| <b>Total</b>    | <b>1,236,666,667</b> | <b>81,929,166,689</b> | <b>706,666,667</b>  | <b>44,202,000,021</b> |

## 4 Other Long term liabilities

| Particulars            | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|------------------------|---------------------|--------------------|---------------------|-------------------|
|                        | USD                 | INR                | USD                 | INR               |
| Derivative liabilities | 7,258,041           | 480,845,216        | 355,572             | 22,241,029        |
| Unearned revenue       | 212,462             | 14,075,608         | 241,823             | 15,126,029        |
| <b>Total</b>           | <b>7,470,503</b>    | <b>494,920,824</b> | <b>597,395</b>      | <b>37,367,058</b> |

## 5 Trade payables

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Trade payables        | 2,588,207           | 171,468,714        | 2,600,021           | 162,631,314        |
| Employee dues         | 48,525              | 3,214,781          | 45,015              | 2,815,688          |
| Intercompany payables | 4,931,245           | 326,694,981        | -                   | -                  |
| <b>Total</b>          | <b>7,567,977</b>    | <b>501,378,476</b> | <b>2,645,036</b>    | <b>165,447,002</b> |

## 6 Other current liabilities

| Particulars                        | As at 31 March 2016 |                      | As at 31 March 2015 |                       |
|------------------------------------|---------------------|----------------------|---------------------|-----------------------|
|                                    | USD                 | INR                  | USD                 | INR                   |
| Current portion of long term loans | 130,000,000         | 8,612,500,000        | 499,821,666         | 31,263,845,208        |
| Capital Creditors                  | 89,025              | 5,897,906            | -                   | -                     |
| Other liabilities                  | 2                   | 133                  | 259,585             | 16,237,042            |
| Deferred revenue                   | 76,918              | 5,095,818            | 94,635              | 5,919,419             |
| VAT payable                        | -                   | -                    | 105,673             | 6,609,846             |
| Interest payable-Others            | 2,354,058           | 155,956,343          | 5,440,755           | 340,319,225           |
| Derivative Liabilities             | -                   | -                    | 34,986,339          | 2,188,395,504         |
| <b>Total</b>                       | <b>132,520,003</b>  | <b>8,779,450,200</b> | <b>540,708,653</b>  | <b>33,821,326,244</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                    |
|-------------------------|---------------------|------------------|---------------------|--------------------|
|                         | USD                 | INR              | USD                 | INR                |
| Provision for tax (net) | -                   | -                | 2,167,794           | 135,595,515        |
| Leave entitlement       | 27,081              | 1,794,116        | 52,734              | 3,298,512          |
| <b>Total</b>            | <b>27,081</b>       | <b>1,794,116</b> | <b>2,220,528</b>    | <b>138,894,027</b> |

## 8 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | USD                 | INR                | USD                 | INR                |
| <b>Gross block:</b>              |                     |                    |                     |                    |
| Lease hold improvement           | 21,973              | 1,455,711          | 21,973              | 1,374,411          |
| Cables                           | 3,111,590           | 206,142,838        | 2,804,703           | 175,434,173        |
| Plant and machinery              | 7,854,699           | 520,373,809        | 7,843,471           | 490,609,111        |
| Furniture and fixtures           | 7,154               | 473,953            | 7,154               | 447,483            |
| Computers                        | 383,958             | 25,437,218         | 496,471             | 31,054,261         |
| Office equipment                 | 67,655              | 4,482,144          | 35,365              | 2,212,081          |
| (a)                              | 11,447,029          | 758,365,673        | 11,209,137          | 701,131,520        |
| <b>Accumulated depreciation:</b> |                     |                    |                     |                    |
| Lease hold improvement           | 21,345              | 1,414,106          | 19,838              | 1,240,867          |
| Cables                           | 2,017,690           | 133,671,963        | 1,823,057           | 114,032,215        |
| Plant and machinery              | 5,254,712           | 348,124,670        | 4,860,971           | 304,053,736        |
| Furniture and fixtures           | 3,114               | 206,303            | 2,248               | 140,612            |
| Computers                        | 381,984             | 25,306,440         | 429,959             | 26,893,935         |
| Office equipment                 | 19,114              | 1,266,303          | 13,471              | 842,611            |
| (b)                              | 7,697,959           | 509,989,785        | 7,149,544           | 447,203,976        |
| <b>Net block (a) - (b)</b>       | <b>3,749,070</b>    | <b>248,375,888</b> | <b>4,059,593</b>    | <b>253,927,544</b> |

## 9 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |          |
|----------------------------------|---------------------|------------------|---------------------|----------|
|                                  | USD                 | INR              | USD                 | INR      |
| <b>Gross block:</b>              |                     |                  |                     |          |
| Computer software                | 133,537             | 8,846,826        | -                   | -        |
| (a)                              | 133,537             | 8,846,826        | -                   | -        |
| <b>Accumulated depreciation:</b> |                     |                  |                     |          |
| Computer software                | 40,803              | 2,703,199        | -                   | -        |
| (b)                              | 40,803              | 2,703,199        | -                   | -        |
| <b>Net block (a) - (b)</b>       | <b>92,734</b>       | <b>6,143,627</b> | <b>-</b>            | <b>-</b> |

## 10 Non-current investments

| Particulars              | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|--------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                          | USD                 | INR                   | USD                 | INR                   |
| Investment in subsidiary | 273,097,152         | 18,092,686,320        | 273,097,151         | 17,082,226,795        |
| <b>Total</b>             | <b>273,097,152</b>  | <b>18,092,686,320</b> | <b>273,097,151</b>  | <b>17,082,226,795</b> |

## 11 Long term loans and advances

| Particulars               | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|---------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                           | USD                 | INR                   | USD                 | INR                   |
| Inter company loans given | 975,757,731         | 64,643,949,679        | 928,406,938         | 58,071,853,972        |
| Vendor deposit            | 5,011               | 331,979               | 58,377              | 3,651,481             |
| Prepaid expenses          | 10,554,516          | 699,236,685           | 7,163,040           | 448,048,152           |
| Advance tax (net)         | 2,577,867           | 170,783,689           | -                   | -                     |
| <b>Total</b>              | <b>988,895,125</b>  | <b>65,514,302,032</b> | <b>935,628,355</b>  | <b>58,523,553,605</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Other non-current assets

| Particulars  | As at 31 March 2016 |               | As at 31 March 2015 |          |
|--------------|---------------------|---------------|---------------------|----------|
|              | USD                 | INR           | USD                 | INR      |
| Others       | 265                 | 17,556        | -                   | -        |
| <b>Total</b> | <b>265</b>          | <b>17,556</b> | <b>-</b>            | <b>-</b> |

## 13 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                    |
|------------------------------|---------------------|-------------------|---------------------|--------------------|
|                              | USD                 | INR               | USD                 | INR                |
| Trade receivables            | 1,425,728           | 94,454,480        | 1,309,736           | 81,923,987         |
| Provision for doubtful debts | (108,636)           | (7,197,135)       | (174,192)           | (10,895,710)       |
| Intercompany receivables     | -                   | -                 | 3,214,858           | 201,089,368        |
| <b>Total</b>                 | <b>1,317,092</b>    | <b>87,257,345</b> | <b>4,350,402</b>    | <b>272,117,645</b> |

## 14 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-------------------|---------------------|----------------------|---------------------|----------------------|
|                   | USD                 | INR                  | USD                 | INR                  |
| Balance with bank | 16,904,275          | 1,119,908,219        | 23,921,874          | 1,496,313,219        |
| <b>Total</b>      | <b>16,904,275</b>   | <b>1,119,908,219</b> | <b>23,921,874</b>   | <b>1,496,313,219</b> |

## 15 Short term loans and advances

| Particulars               | As at 31 March 2016 |                       | As at 31 March 2015 |                      |
|---------------------------|---------------------|-----------------------|---------------------|----------------------|
|                           | USD                 | INR                   | USD                 | INR                  |
| Inter company loans given | 171,331,766         | 11,350,729,498        | 79,456,582          | 4,970,009,204        |
| Advances to employees     | 2,557               | 169,401               | 1,609               | 100,643              |
| Prepaid expenses          | 4,340,110           | 287,532,288           | 5,281,683           | 330,369,272          |
| VAT receivable            | 92,584              | 6,133,690             | -                   | -                    |
| <b>Total</b>              | <b>175,767,017</b>  | <b>11,644,564,877</b> | <b>84,739,874</b>   | <b>5,300,479,119</b> |

## 16 Other current assets

| Particulars                        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                    | USD                 | INR                  | USD                 | INR                  |
| Interest receivable- Others        | -                   | -                    | 18,516              | 1,158,176            |
| Interest receivable- Inter company | 22,259,275          | 1,474,676,969        | 24,578,098          | 1,537,360,030        |
| Other current assets               | 35,634              | 2,360,753            | -                   | -                    |
| <b>Total</b>                       | <b>22,294,909</b>   | <b>1,477,037,722</b> | <b>24,596,614</b>   | <b>1,538,518,206</b> |

## 17 Revenue from operations

| Particulars            | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                        | USD                  | INR                   | USD                   | INR                   |
| Data and voice revenue | 345,376,506          | 22,881,193,523        | 323,906,355           | 20,260,342,505        |
| <b>Total</b>           | <b>345,376,506</b>   | <b>22,881,193,523</b> | <b>323,906,355</b>    | <b>20,260,342,505</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 18 Other income

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Interest income - others                  | 45,850               | 3,037,563            | 53,759                | 3,362,625            |
| Interest on loan to subsidiaries          | 50,044,647           | 3,315,457,864        | 52,074,107            | 3,257,235,393        |
| Exchange rate difference gain/(loss) -net | 8,485,071            | 562,135,954          | -                     | -                    |
| Miscellaneous income                      | -                    | -                    | 53,466                | 3,344,298            |
| <b>Total</b>                              | <b>58,575,568</b>    | <b>3,880,631,381</b> | <b>52,181,332</b>     | <b>3,263,942,316</b> |

## 19 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances            | 607,288              | 40,232,830        | 832,465               | 52,070,686        |
| Contribution to provident and other funds | -                    | -                 | 52,627                | 3,291,819         |
| Staff welfare expenses                    | 10,475               | 693,969           | 7,256                 | 453,863           |
| <b>Total</b>                              | <b>617,763</b>       | <b>40,926,799</b> | <b>892,348</b>        | <b>55,816,368</b> |

## 20 Finance costs

| Particulars       | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|-------------------|----------------------|----------------------|-----------------------|----------------------|
|                   | USD                  | INR                  | USD                   | INR                  |
| Interest expenses | 48,196,394           | 3,193,011,103        | 48,423,053            | 3,028,861,965        |
| Guarantee fees    | 5,368                | 355,630              | -                     | -                    |
| <b>Total</b>      | <b>48,201,762</b>    | <b>3,193,366,733</b> | <b>48,423,053</b>     | <b>3,028,861,965</b> |

## 21 Network costs

| Particulars                                | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|--|----------------------|-----------------------|-----------------------|-----------------------|
|  | USD                  | INR                   | USD                   | INR                   |
| Charges for use of transmission facilities | 337,761,336          | 22,376,688,510        | 296,933,795           | 18,573,208,877        |
| Rent of satellite channels                 | -                    | -                     | 68,090                | 4,259,030             |
| <b>Total</b>                               | <b>337,761,336</b>   | <b>22,376,688,510</b> | <b>297,001,885</b>    | <b>18,577,467,907</b> |

## 22 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                      |
|---|----------------------|--------------------|-----------------------|----------------------|
|   | USD                  | INR                | USD                   | INR                  |
| Advertising and publicity                   | 5,974                | 395,778            | 33,090                | 2,069,780            |
| Auditors remuneration                       | 183,615              | 12,164,494         | 193,994               | 12,134,325           |
| Bad debts                                   | 80,755               | 5,350,019          | -                     | -                    |
| Provision for doubtful debts                | (65,556)             | (4,343,085)        | 4,381                 | 274,032              |
| Communication expenses                      | 18,353               | 1,215,886          | 32,332                | 2,022,367            |
| Donations                                   | 7                    | 464                | 404                   | 25,270               |
| Electricity                                 | 75,427               | 4,997,039          | 89,391                | 5,591,407            |
| Entertainment expenses                      | 1,341                | 88,841             | 2,317                 | 144,928              |
| Exchange rate difference (gain)/loss -net   | -                    | -                  | 11,518,047            | 720,453,840          |
| Insurance expenses                          | 5,636                | 373,385            | 5,728                 | 358,286              |
| IT consumables                              | 13                   | 861                | -                     | -                    |
| Legal and professional fees                 | 2,371,952            | 157,141,820        | 1,145,054             | 71,623,128           |
| Miscellaneous expenses                      | 131,880              | 8,737,047          | 199,843               | 12,500,175           |
| Printing and stationery                     | 1,456                | 96,460             | 4,227                 | 264,399              |
| Rates and Taxes                             | 11,439               | 757,834            | 16,601                | 1,038,393            |
| Rent  | 664,993              | 44,055,786         | 813,232               | 50,867,662           |
| Repairs and Maintenance - Plant & Machinery | 624,122              | 41,348,083         | 178,492               | 11,164,675           |
| Repairs and Maintenance - Buildings         | 598                  | 39,618             | 3,189                 | 199,472              |
| Relocation Expense                          | 7,571                | 501,579            | -                     | -                    |
| Security charges                            | 259                  | 17,159             | 215                   | 13,448               |
| Seminars, trainings and conferences         | 26,853               | 1,779,011          | 93,279                | 5,834,601            |
| Services rendered by agencies               | 6,808,232            | 451,045,370        | 7,264,562             | 454,398,353          |
| Travelling and conveyance expenses          | 63,175               | 4,185,344          | 85,783                | 5,365,727            |
| <b>Total</b>                                | <b>11,018,095</b>    | <b>729,948,793</b> | <b>21,684,161</b>     | <b>1,356,344,268</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 6121-4444

emails: ss-associates@ssllp.com www:ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (America) Inc.** ("the subsidiary") registered in Delaware, USA as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

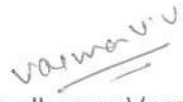
The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|  | Particulars | Note No. | As at 31 March 2016 |                 | As at 31 March 2015 |                 |
|--|-------------|----------|---------------------|-----------------|---------------------|-----------------|
|  |             |          | USD                 | INR*            | USD                 | INR*            |
| <b>I. EQUITY AND LIABILITIES</b>         |             |          |                     |                 |                     |                 |
| <b>1 Shareholders' funds</b>             |             |          |                     |                 |                     |                 |
| Share capital                            | 1           |          | 226,603,995         | 15,012,514,669  | 226,603,995         | 14,174,079,887  |
| Reserves and surplus                     | 2           |          | (116,923,393)       | (7,746,174,788) | (132,054,258)       | (8,259,993,839) |
|  |             |          | 109,680,602         | 7,266,339,881   | 94,549,737          | 5,914,086,048   |
| <b>2 Non-current liabilities</b>         |             |          |                     |                 |                     |                 |
| Deferred tax liabilities (net)           |             |          | 11,729              | 777,046         | 11,729              | 733,649         |
| Other long term liabilities              | 3           |          | 100,021,993         | 6,626,457,039   | 106,478,074         | 6,660,203,529   |
| Long-term provisions                     | 4           |          | 1,351,314           | 89,524,553      | 677,178             | 42,357,484      |
|  |             |          | 101,385,036         | 6,716,758,638   | 107,166,981         | 6,703,294,662   |
| <b>3 Current liabilities</b>             |             |          |                     |                 |                     |                 |
| Trade payables                           | 5           |          | 94,122,567          | 6,235,620,064   | 83,182,624          | 5,203,073,131   |
| Other current liabilities                | 6           |          | 27,507,316          | 1,822,359,686   | 26,557,277          | 1,661,157,676   |
| Short-term provisions                    | 7           |          | 1,923,768           | 127,449,630     | 1,995,319           | 124,807,203     |
|  |             |          | 123,553,651         | 8,185,429,380   | 111,735,220         | 6,989,038,010   |
| <b>Total</b>                             |             |          | 334,619,289         | 22,168,527,899  | 313,451,938         | 19,606,418,720  |
| <b>II. ASSETS</b>                        |             |          |                     |                 |                     |                 |
| <b>1 Non-current assets</b>              |             |          |                     |                 |                     |                 |
| Fixed assets                             |             |          |                     |                 |                     |                 |
| (i) Tangible assets                      | 8           |          | 151,294,622         | 10,023,268,708  | 162,572,110         | 10,168,885,479  |
| (ii) Intangible assets                   | 9           |          | 26,254,885          | 1,739,386,131   | 23,919,617          | 1,496,172,043   |
| (iii) Capital work-in-progress           |             |          | 12,636,251          | 837,151,629     | 7,159,397           | 447,820,282     |
| (iv) Intangible assets under development |             |          | 3,070,241           | 203,403,466     | 5,127,616           | 320,732,381     |
| Non-current investments                  | 10          |          | 12,678,602          | 839,957,383     | 8                   | 500             |
| Long-term loans and advances             | 11          |          | 5,052,510           | 334,728,788     | 4,556,395           | 285,002,507     |
|  |             |          | 210,987,111         | 13,977,896,105  | 203,335,143         | 12,718,613,192  |
| <b>2 Current assets</b>                  |             |          |                     |                 |                     |                 |
| Trade receivables                        | 12          |          | 39,579,591          | 2,622,147,904   | 41,303,325          | 2,583,522,979   |
| Cash and cash equivalents                | 13          |          | 48,132              | 3,188,745       | 42,486              | 2,657,500       |
| Short-term loans and advances            | 14          |          | 82,510,964          | 5,466,351,366   | 67,610,949          | 4,229,064,860   |
| Other current assets                     | 15          |          | 1,493,491           | 98,943,779      | 1,160,035           | 72,560,189      |
|  |             |          | 123,632,178         | 8,190,631,794   | 110,116,795         | 6,887,805,528   |
| <b>Total</b>                             |             |          | 334,619,289         | 22,168,527,899  | 313,451,938         | 19,606,418,720  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------|---|----------|----------------------|-----------------------|-----------------------|-----------------------|
|      |   |          | USD                  | INR*                  | USD                   | INR*                  |
| I.   | Revenue   |          |                      |                       |                       |                       |
|      | Revenue from operations   | 16       | 478,679,105          | 31,712,490,706        | 541,462,425           | 33,868,474,684        |
|      | Other income  | 17       | 19,526,383           | 1,293,622,875         | 10,322,401            | 645,666,183           |
|      | <b>Total revenue</b>  |          | <b>498,205,488</b>   | <b>33,006,113,581</b> | <b>551,784,826</b>    | <b>34,514,140,867</b> |
| II.  | Expenses  |          |                      |                       |                       |                       |
|      | Employee benefits expense                                       | 18       | 99,649,685           | 6,601,791,631         | 86,036,773            | 5,381,600,151         |
|      | Finance costs   | 19       | 3,356,630            | 222,376,738           | 4,657,471             | 291,324,811           |
|      | Network costs   | 20       | 259,870,196          | 17,216,400,485        | 324,739,138           | 20,312,433,082        |
|      | Depreciation and amortization expenses                          |          | 36,571,284           | 2,422,847,565         | 45,339,057            | 2,835,958,015         |
|      | Other expenses  | 21       | 79,274,320           | 5,251,923,701         | 89,854,953            | 5,620,427,312         |
|      | <b>Total expenses</b>   |          | <b>478,722,115</b>   | <b>31,715,340,120</b> | <b>550,627,392</b>    | <b>34,441,743,371</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax (I-II)</b> |          | <b>19,483,373</b>    | <b>1,290,773,461</b>  | <b>1,157,434</b>      | <b>72,397,496</b>     |
| IV.  | Exceptional item  |          | 4,041,162            | 267,726,983           | -                     | -                     |
| V.   | <b>Profit / (loss) before tax (III-IV)</b>                      |          | <b>15,442,211</b>    | <b>1,023,046,478</b>  | <b>1,157,434</b>      | <b>72,397,496</b>     |
| VI.  | Tax expenses  |          |                      |                       |                       |                       |
|      | Current Tax   |          | 311,346              | 20,626,673            | 481,038               | 30,088,927            |
| VII. | <b>Profit / (loss) for the year (V-VI)</b>                      |          | <b>15,130,865</b>    | <b>1,002,419,805</b>  | <b>676,396</b>        | <b>42,308,569</b>     |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|----------------------|---------------------|-----------------------|---------------------|-----------------------|
|                      | USD                 | INR                   | USD                 | INR                   |
| Equity share capital | 226,603,995         | 15,012,514,669        | 226,603,995         | 14,174,079,887        |
| <b>Total</b>         | <b>226,603,995</b>  | <b>15,012,514,669</b> | <b>226,603,995</b>  | <b>14,174,079,887</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016  |                        | As at 31 March 2015  |                        |
|------------------------------|----------------------|------------------------|----------------------|------------------------|
|                              | USD                  | INR                    | USD                  | INR                    |
| Surplus / (Deficit)          |                      |                        |                      |                        |
| Opening balance              | (132,054,258)        | (8,748,594,593)        | (132,730,654)        | (8,302,302,408)        |
| Profit / (loss) for the year | 15,130,865           | 1,002,419,805          | 676,396              | 42,308,569             |
| <b>Closing balance</b>       | <b>(116,923,393)</b> | <b>(7,746,174,788)</b> | <b>(132,054,258)</b> | <b>(8,259,993,839)</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------|---------------------|----------------------|---------------------|----------------------|
|                    | USD                 | INR                  | USD                 | INR                  |
| Unearned revenue   | 94,967,321          | 6,291,585,019        | 100,014,898         | 6,255,931,870        |
| Lease equalisation | 5,054,672           | 334,872,020          | 6,463,176           | 404,271,659          |
| <b>Total</b>       | <b>100,021,993</b>  | <b>6,626,457,039</b> | <b>106,478,074</b>  | <b>6,660,203,529</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 1,351,314           | 89,524,553        | 677,178             | 42,357,484        |
| <b>Total</b>                           | <b>1,351,314</b>    | <b>89,524,553</b> | <b>677,178</b>      | <b>42,357,484</b> |

## 5 Trade payables

| Particulars           | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------------|---------------------|----------------------|---------------------|----------------------|
|                       | USD                 | INR                  | USD                 | INR                  |
| Trade payables        | 64,631,664          | 4,281,847,740        | 60,269,179          | 3,769,837,146        |
| Employee dues         | 15,542,238          | 1,029,673,268        | 10,809,323          | 676,123,154          |
| Intercompany payables | 13,948,665          | 924,099,056          | 12,104,122          | 757,112,831          |
| <b>Total</b>          | <b>94,122,567</b>   | <b>6,235,620,064</b> | <b>83,182,624</b>   | <b>5,203,073,131</b> |

## 6 Other current liabilities

| Particulars             | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-------------------------|---------------------|----------------------|---------------------|----------------------|
|                         | USD                 | INR                  | USD                 | INR                  |
| Capital Creditors       | 642,646             | 42,575,298           | -                   | -                    |
| Other liabilities       | 1,013,773           | 67,162,461           | 989,848             | 61,914,992           |
| Deferred revenue        | 25,493,608          | 1,688,951,530        | 23,002,758          | 1,438,822,513        |
| VAT payable             | 277,110             | 18,358,538           | 2,473,575           | 154,722,116          |
| Interest payable-Others | 784                 | 51,940               | -                   | -                    |
| Bank overdraft          | 79,395              | 5,259,919            | 91,096              | 5,698,055            |
| <b>Total</b>            | <b>27,507,316</b>   | <b>1,822,359,686</b> | <b>26,557,277</b>   | <b>1,661,157,676</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Short term provisions

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|
|                   | USD                 | INR                | USD                 | INR                |
| Leave entitlement | 1,923,768           | 127,449,630        | 1,995,319           | 124,807,203        |
| <b>Total</b>      | <b>1,923,768</b>    | <b>127,449,630</b> | <b>1,995,319</b>    | <b>124,807,203</b> |

## 8 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|----------------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                                  | USD                 | INR                   | USD                 | INR                   |
| <b>Gross block:</b>              |                     |                       |                     |                       |
| Land                             | 1,498,991           | 99,308,154            | 520,715             | 32,570,723            |
| Leasehold land                   | 33,027              | 2,188,039             | 1,089,906           | 68,173,620            |
| Building                         | 5,609,046           | 371,599,298           | 6,464,444           | 404,350,972           |
| Lease hold improvement           | 5,701,768           | 377,742,130           | 11,853,530          | 741,438,302           |
| Cables                           | 121,337,079         | 8,038,581,484         | 113,709,004         | 7,112,498,200         |
| Plant and machinery              | 306,403,482         | 20,299,230,683        | 317,056,614         | 19,831,891,206        |
| Furniture and fixtures           | 1,001,262           | 66,333,608            | 973,234             | 60,875,787            |
| Computers                        | 23,283,256          | 1,542,515,710         | 27,928,061          | 1,746,900,216         |
| Office equipment                 | 1,051,309           | 69,649,221            | 1,395,019           | 87,258,438            |
| Vehicles                         | 28,208              | 1,868,780             | 28,208              | 1,764,410             |
| (a)                              | 465,947,428         | 30,869,017,107        | 481,018,735         | 30,087,721,874        |
| <b>Accumulated depreciation:</b> |                     |                       |                     |                       |
| Leasehold land                   | 2,178               | 144,293               | 1,056,878           | 66,107,719            |
| Building                         | 2,417,063           | 160,130,424           | 4,029,852           | 252,067,243           |
| Lease hold improvement           | 4,744,822           | 314,344,458           | 10,983,058          | 686,990,278           |
| Cables                           | 73,421,443          | 4,864,170,599         | 67,434,967          | 4,218,057,186         |
| Plant and machinery              | 211,697,909         | 14,024,986,471        | 208,797,129         | 13,060,260,419        |
| Furniture and fixtures           | 765,311             | 50,701,854            | 696,594             | 43,571,955            |
| Computers                        | 20,848,159          | 1,381,190,534         | 24,400,810          | 1,526,270,666         |
| Office equipment                 | 727,713             | 48,210,986            | 1,019,129           | 63,746,519            |
| Vehicles                         | 28,208              | 1,868,780             | 28,208              | 1,764,410             |
| (b)                              | 314,652,806         | 20,845,748,399        | 318,446,625         | 19,918,836,395        |
| <b>Net block (a) - (b)</b>       | <b>151,294,622</b>  | <b>10,023,268,708</b> | <b>162,572,110</b>  | <b>10,168,885,479</b> |

## 9 Intangible assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Goodwill                         | 14,567,055          | 965,067,394          | 14,567,055          | 911,169,290          |
| Computer software                | 57,703,908          | 3,822,883,905        | 51,177,445          | 3,201,149,185        |
| (a)                              | 72,270,963          | 4,787,951,299        | 65,744,500          | 4,112,318,475        |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Goodwill                         | -                   | -                    | -                   | -                    |
| Computer software                | 46,016,078          | 3,048,565,168        | 41,824,883          | 2,616,146,432        |
| (b)                              | 46,016,078          | 3,048,565,168        | 41,824,883          | 2,616,146,432        |
| <b>Net block (a) - (b)</b>       | <b>26,254,885</b>   | <b>1,739,386,131</b> | <b>23,919,617</b>   | <b>1,496,172,043</b> |

## 10 Non-current investments

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |            |
|----------------------|---------------------|--------------------|---------------------|------------|
|                      | USD                 | INR                | USD                 | INR        |
| Investment in others | 12,678,602          | 839,957,383        | 8                   | 500        |
| <b>Total</b>         | <b>12,678,602</b>   | <b>839,957,383</b> | <b>8</b>            | <b>500</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Long term loans and advances

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|
|                   | USD                 | INR                | USD                 | INR                |
| Vendor deposit    | 1,208,753           | 80,079,886         | 1,130,686           | 70,724,409         |
| Prepaid expenses  | 921,175             | 61,027,844         | 784,331             | 49,059,904         |
| Advance tax (net) | 2,922,582           | 193,621,058        | 2,641,378           | 165,218,194        |
| <b>Total</b>      | <b>5,052,510</b>    | <b>334,728,788</b> | <b>4,556,395</b>    | <b>285,002,507</b> |

## 12 Trade receivables

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| Trade receivables            | 44,040,319          | 2,917,671,134        | 67,007,944          | 4,191,346,897        |
| Provision for doubtful debts | (4,460,728)         | (295,523,230)        | (25,704,619)        | (1,607,823,918)      |
| <b>Total</b>                 | <b>39,579,591</b>   | <b>2,622,147,904</b> | <b>41,303,325</b>   | <b>2,583,522,979</b> |

## 13 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Cash in hand      | 11,351              | 752,004          | 34,412              | 2,152,471        |
| Balance with bank | 36,781              | 2,436,741        | 8,074               | 505,029          |
| <b>Total</b>      | <b>48,132</b>       | <b>3,188,745</b> | <b>42,486</b>       | <b>2,657,500</b> |

## 14 Short term loans and advances

| Particulars               | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
|                           | USD                 | INR                  | USD                 | INR                  |
| Inter company loans given | 76,729,495          | 5,083,329,044        | 60,532,314          | 3,786,296,241        |
| Advances to employees     | 75,839              | 5,024,334            | 102,260             | 6,397,614            |
| Other advances            | 1,705,502           | 112,989,508          | 2,421,238           | 151,448,437          |
| Security deposit          | 91,839              | 6,084,334            | 144,829             | 9,059,054            |
| Prepaid expenses          | 3,908,289           | 258,924,146          | 4,410,288           | 275,863,514          |
| <b>Total</b>              | <b>82,510,964</b>   | <b>5,466,351,366</b> | <b>67,610,949</b>   | <b>4,229,064,860</b> |

## 15 Other current assets

| Particulars                        | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                    | USD                 | INR               | USD                 | INR               |
| Interest receivable- Others        | -                   | -                 | (358)               | (22,393)          |
| Interest receivable- Inter company | 1,493,491           | 98,943,779        | 1,160,393           | 72,582,582        |
| <b>Total</b>                       | <b>1,493,491</b>    | <b>98,943,779</b> | <b>1,160,035</b>    | <b>72,560,189</b> |

## 16 Revenue from operations

| Particulars            | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                        | USD                  | INR                   | USD                   | INR                   |
| Data and voice revenue | 478,679,105          | 31,712,490,706        | 541,462,425           | 33,868,474,684        |
| <b>Total</b>           | <b>478,679,105</b>   | <b>31,712,490,706</b> | <b>541,462,425</b>    | <b>33,868,474,684</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Other income

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                    |
|---|----------------------|----------------------|-----------------------|--------------------|
|   | USD                  | INR                  | USD                   | INR                |
| Interest income - others                  | 438                  | 29,018               | 1                     | 63                 |
| Interest on loan to subsidiaries          | 8,130,498            | 538,645,493          | 6,274,334             | 392,459,592        |
| Profit on sale of fixed assets            | -                    | -                    | 10,004                | 625,750            |
| Exchange rate difference gain/(loss) -net | 2,755,572            | 182,556,645          | -                     | -                  |
| Miscellaneous income                      | 8,639,875            | 572,391,719          | 4,038,062             | 252,580,778        |
| <b>Total</b>                              | <b>19,526,383</b>    | <b>1,293,622,875</b> | <b>10,322,401</b>     | <b>645,666,183</b> |

## 18 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Salaries, bonus and allowances            | 96,597,619           | 6,399,592,259        | 83,276,215            | 5,208,927,248        |
| Contribution to provident and other funds | 2,618,369            | 173,466,946          | 2,295,489             | 143,582,837          |
| Staff welfare expenses                    | 433,697              | 28,732,426           | 465,069               | 29,090,066           |
| <b>Total</b>                              | <b>99,649,685</b>    | <b>6,601,791,631</b> | <b>86,036,773</b>     | <b>5,381,600,151</b> |

## 19 Finance costs

| Particulars       | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|-------------------|----------------------|--------------------|-----------------------|--------------------|
|                   | USD                  | INR                | USD                   | INR                |
| Interest expenses | 5,320,570            | 352,487,763        | 3,601,931             | 225,300,784        |
| Guarantee fees    | (1,963,940)          | (130,111,025)      | 1,055,540             | 66,024,027         |
| <b>Total</b>      | <b>3,356,630</b>     | <b>222,376,738</b> | <b>4,657,471</b>      | <b>291,324,811</b> |

## 20 Network costs

| Particulars                                | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|--|----------------------|-----------------------|-----------------------|-----------------------|
|  | USD                  | INR                   | USD                   | INR                   |
| Charges for use of transmission facilities | 259,810,245          | 17,212,428,731        | 324,637,028           | 20,306,046,101        |
| Rent of satellite channels                 | 59,951               | 3,971,754             | 102,110               | 6,386,981             |
| <b>Total</b>                               | <b>259,870,196</b>   | <b>17,216,400,485</b> | <b>324,739,138</b>    | <b>20,312,433,082</b> |

## 21 Other expenses

| Particulars                                 | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Advertising and publicity                   | 3,776,757            | 250,210,151          | 4,568,600             | 285,765,930          |
| Auditors remuneration                       | 21,605               | 1,431,331            | 28,167                | 1,761,846            |
| Bad debts                                   | 22,345,929           | 1,480,417,796        | -                     | -                    |
| Provision for doubtful debts                | (21,243,891)         | (1,407,407,779)      | 441,772               | 27,632,839           |
| Communication expenses                      | 1,669,940            | 110,633,525          | 1,027,257             | 64,254,925           |
| CSR expenses                                | 1,958                | 129,718              | 1,150                 | 71,933               |
| Donations                                   | 2,000                | 132,500              | 7,000                 | 437,850              |
| Electricity                                 | 7,468,868            | 494,812,505          | 7,373,634             | 461,220,807          |
| Entertainment expenses                      | 223,241              | 14,789,716           | 223,799               | 13,998,627           |
| Exchange rate difference (gain)/loss -net   | -                    | -                    | 11,297,364            | 706,650,118          |
| Insurance expenses                          | 852,116              | 56,452,685           | 829,521               | 51,886,539           |
| IT consumables                              | 69,778               | 4,622,793            | 58,650                | 3,668,558            |
| Legal and professional fees                 | 6,214,860            | 411,734,475          | 4,134,793             | 258,631,302          |
| Miscellaneous expenses                      | 2,904,574            | 192,428,027          | 1,460,685             | 91,365,847           |
| Printing and stationery                     | 191,202              | 12,667,133           | 201,114               | 12,579,680           |
| Rates and Taxes                             | 5,208,436            | 345,058,885          | 8,075,825             | 505,142,854          |
| Recruitment expenses                        | 1,047,061            | 69,367,791           | 997,607               | 62,400,318           |
| Rent  | 12,645,535           | 837,766,694          | 12,772,221            | 798,902,424          |
| Repairs and Maintenance - Plant & Machinery | 23,229,950           | 1,538,984,188        | 24,313,747            | 1,520,824,875        |
| Repairs and Maintenance - Buildings         | 112,234              | 7,435,503            | 50,674                | 3,169,659            |
| Relocation Expense                          | 517,598              | 34,290,868           | 423,857               | 26,512,255           |
| Security charges                            | 115,677              | 7,863,601            | 324,491               | 20,296,912           |
| Seminars, trainings and conferences         | 1,420,884            | 94,133,565           | 1,320,607             | 82,603,968           |
| Services rendered by agencies               | 5,522,583            | 365,871,124          | 5,148,724             | 322,052,686          |
| Travelling and conveyance expenses          | 4,955,425            | 328,296,906          | 4,773,694             | 298,594,560          |
| <b>Total</b>                                | <b>79,274,320</b>    | <b>5,251,923,701</b> | <b>89,854,953</b>     | <b>5,620,427,312</b> |



Suresh Surana & Associates LLP

13th Floor, Bakti Tower

229, Nariman Point

Mumbai - 400 021 India

T +91 (22) 6121 4444

Email: [sss-associates.com](mailto:sss-associates.com) www: [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No: AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Australia) Pty. Ltd.** ("the subsidiary") registered in Australia as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

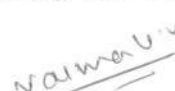
This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                               | Note No. | As at 31 March 2016 |             | As at 31 March 2015 |             |
|-----|---|----------|---------------------|-------------|---------------------|-------------|
|     |   |          | USD                 | INR*        | USD                 | INR*        |
| I.  | <b>EQUITY AND LIABILITIES</b>             |          |                     |             |                     |             |
| 1   | <b>Shareholders' funds</b>                |          |                     |             |                     |             |
|     | Share capital                             | 1        | 357,000             | 23,651,250  | 357,000             | 22,330,350  |
|     | Reserves and surplus                      | 2        | 1,418,852           | 93,998,944  | 1,396,321           | 87,339,879  |
|     |   |          | 1,775,852           | 117,650,194 | 1,753,321           | 109,670,229 |
| 2   | <b>Non-current liabilities</b>            |          |                     |             |                     |             |
|     | Other long term liabilities               | 3        | 15,702              | 1,040,258   | 14,048              | 878,702     |
|     |   |          | 15,702              | 1,040,258   | 14,048              | 878,702     |
| 3   | <b>Current liabilities</b>                |          |                     |             |                     |             |
|     | Trade payables                            | 4        | 8,336,528           | 552,294,980 | 5,954,065           | 372,426,765 |
|     | Other current liabilities                 | 5        | 282,491             | 18,715,031  | 805,327             | 50,373,204  |
|     | Short-term provisions                     | 6        | 211,855             | 14,035,394  | 331,951             | 20,763,535  |
|     |   |          | 8,830,874           | 585,045,405 | 7,091,343           | 443,563,504 |
|     | <b>Total</b>                              |          | 10,622,428          | 703,735,857 | 8,858,712           | 554,112,435 |
| II. | <b>ASSETS</b>                             |          |                     |             |                     |             |
| 1   | <b>Non-current assets</b>                 |          |                     |             |                     |             |
|     | Fixed assets                              |          |                     |             |                     |             |
|     | (i) Tangible assets                       | 7        | 1,431,302           | 94,823,756  | 1,460,047           | 91,325,940  |
|     | (ii) Capital work-in-progress             |          | 170,025             | 11,264,156  | 3,414               | 213,546     |
|     | (iii) Intangible assets under development |          | 24,735              | 1,638,694   | 568                 | 35,528      |
|     | Deferred tax assets (net)                 |          | 288,986             | 19,145,323  | 556,378             | 34,801,444  |
|     | Long-term loans and advances              | 8        | 2,147,728           | 142,286,980 | 1,051,476           | 65,769,824  |
|     |   |          | 4,062,776           | 269,158,909 | 3,071,883           | 192,146,282 |
| 2   | <b>Current assets</b>                     |          |                     |             |                     |             |
|     | Trade receivables                         | 9        | 5,420,134           | 359,083,878 | 4,841,509           | 302,836,388 |
|     | Cash and cash equivalents                 | 10       | 938,569             | 62,180,197  | 663,108             | 41,477,405  |
|     | Short-term loans and advances             | 11       | 128,538             | 8,515,644   | 242,456             | 15,165,622  |
|     | Other current assets                      | 12       | 72,411              | 4,797,229   | 39,756              | 2,486,738   |
|     |   |          | 6,559,652           | 434,576,948 | 5,786,829           | 361,966,153 |
|     | <b>Total</b>                              |          | 10,622,428          | 703,735,857 | 8,858,712           | 554,112,435 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|--|----------|----------------------|----------------------|-----------------------|----------------------|
|      |  |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>                               |          |                      |                      |                       |                      |
|      | Revenue from operations                      | 13       | 29,915,581           | 1,981,907,241        | 24,984,557            | 1,562,784,040        |
|      | Other income                                 | 14       | 352,555              | 23,356,768           | 60,383                | 3,776,957            |
|      | <b>Total revenue</b>                         |          | <b>30,268,136</b>    | <b>2,005,264,009</b> | <b>25,044,940</b>     | <b>1,566,560,997</b> |
| II.  | <b>Expenses</b>                              |          |                      |                      |                       |                      |
|      | Employee benefits expense                    | 15       | 1,897,221            | 125,690,892          | 1,698,750             | 106,256,812          |
|      | Finance costs                                | 16       | 31                   | 2,054                | -                     | -                    |
|      | Network costs                                | 17       | 25,097,600           | 1,662,716,000        | 19,354,581            | 1,210,629,042        |
|      | Depreciation and amortization expenses       |          | 421,805              | 27,944,581           | 560,006               | 35,028,375           |
|      | Other expenses                               | 18       | 2,547,104            | 168,745,639          | 3,158,861             | 197,586,757          |
|      | <b>Total expenses</b>                        |          | <b>29,963,761</b>    | <b>1,985,099,166</b> | <b>24,772,198</b>     | <b>1,549,500,986</b> |
| III. | <b>Profit / (loss) before tax (I-II)</b>     |          | <b>304,375</b>       | <b>20,164,843</b>    | <b>272,742</b>        | <b>17,060,011</b>    |
| IV.  | <b>Tax expenses</b>                          |          |                      |                      |                       |                      |
|      | Current Tax                                  |          | 14,452               | 957,445              | 508,744               | 31,821,937           |
|      | Deferred Tax                                 |          | 267,392              | 17,714,720           | (39,826)              | (2,491,116)          |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>22,531</b>        | <b>1,492,678</b>     | <b>(196,176)</b>      | <b>(12,270,810)</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 357,000             | 23,651,250        | 357,000             | 22,330,350        |
| <b>Total</b>         | <b>357,000</b>      | <b>23,651,250</b> | <b>357,000</b>      | <b>22,330,350</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| <b>Surplus / (Deficit)</b>   |                     |                   |                     |                   |
| Opening balance              | 1,286,009           | 85,198,096        | 1,482,185           | 92,710,672        |
| Profit / (loss) for the year | 22,531              | 1,492,678         | (196,176)           | (12,270,810)      |
| <b>Closing balance</b>       | <b>1,308,540</b>    | <b>86,690,774</b> | <b>1,286,009</b>    | <b>80,439,862</b> |
| Capital reserves             | 110,312             | 7,308,170         | 110,312             | 6,900,017         |
| <b>Total</b>                 | <b>1,418,852</b>    | <b>93,998,944</b> | <b>1,396,321</b>    | <b>87,339,879</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|--------------------|---------------------|------------------|---------------------|----------------|
|                    | USD                 | INR              | USD                 | INR            |
| Lease equalisation | 15,702              | 1,040,258        | 14,048              | 878,702        |
| <b>Total</b>       | <b>15,702</b>       | <b>1,040,258</b> | <b>14,048</b>       | <b>878,702</b> |

## 4 Trade payables

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Trade payables        | 2,273,593           | 150,625,536        | 1,978,759           | 123,771,375        |
| Employee dues         | 163,624             | 10,840,090         | 181,427             | 11,348,259         |
| Intercompany payables | 5,899,311           | 390,829,354        | 3,793,879           | 237,307,131        |
| <b>Total</b>          | <b>8,336,528</b>    | <b>552,294,980</b> | <b>5,954,065</b>    | <b>372,426,765</b> |

## 5 Other current liabilities

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Other liabilities | 250,219             | 16,577,011        | 496,126             | 31,032,681        |
| Deferred revenue  | 32,272              | 2,138,020         | 285,834             | 17,878,917        |
| VAT payable       | -                   | -                 | 23,367              | 1,461,606         |
| <b>Total</b>      | <b>282,491</b>      | <b>18,715,031</b> | <b>805,327</b>      | <b>50,373,204</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
|                         | USD                 | INR               | USD                 | INR               |
| Provision for tax (net) | -                   | -                 | 102,388             | 6,404,369         |
| Leave entitlement       | 211,855             | 14,035,394        | 229,563             | 14,359,166        |
| <b>Total</b>            | <b>211,855</b>      | <b>14,035,394</b> | <b>331,951</b>      | <b>20,763,535</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|----------------------------------|---------------------|------------------|---------------------|-------------------|
|                                  | USD                 | INR              | USD                 | INR               |
| <b>Gross block:</b>              |                     |                  |                     |                   |
| Cables                           | 365,273             | 24,199,336       | 365,273             | 22,847,826        |
| Plant and machinery              | 6,308,932           | 417,966,745      | 5,820,391           | 364,065,457       |
| Furniture and fixtures           | 19,941              | 1,321,091        | 12,681              | 793,197           |
| Computers                        | 38,789              | 2,569,771        | 66,078              | 4,133,179         |
| Office equipment                 | 647                 | 42,864           | 1,411               | 88,258            |
| (a)                              | 6,733,582           | 446,099,807      | 6,265,834           | 391,927,917       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                   |
| Cables                           | 340,679             | 22,569,984       | 307,708             | 19,247,135        |
| Plant and machinery              | 4,910,137           | 325,296,576      | 4,421,467           | 276,562,761       |
| Furniture and fixtures           | 14,455              | 957,644          | 11,538              | 721,702           |
| Computers                        | 36,362              | 2,408,983        | 63,784              | 3,989,689         |
| Office equipment                 | 647                 | 42,864           | 1,290               | 80,690            |
| (b)                              | 5,302,280           | 351,276,051      | 4,805,787           | 300,601,977       |
| <b>Net block</b>                 | <b>(a) - (b)</b>    | <b>1,431,302</b> | <b>1,460,047</b>    | <b>91,325,940</b> |

## 8 Long term loans and advances

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|---------------------------|---------------------|--------------------|---------------------|-------------------|
|                           | USD                 | INR                | USD                 | INR               |
| Inter company loans given | 1,729,607           | 114,586,464        | 1,040,402           | 65,077,145        |
| Vendor deposit            | -                   | -                  | 11,074              | 692,679           |
| Advance tax (net)         | 418,121             | 27,700,516         | -                   | -                 |
| <b>Total</b>              | <b>2,147,728</b>    | <b>142,286,980</b> | <b>1,051,476</b>    | <b>65,769,824</b> |

## 9 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 5,430,219           | 359,752,009        | 4,942,720           | 309,167,136        |
| Provision for doubtful debts | (10,085)            | (668,131)          | (101,211)           | (6,330,748)        |
| <b>Total</b>                 | <b>5,420,134</b>    | <b>359,083,878</b> | <b>4,841,509</b>    | <b>302,836,388</b> |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Cash in hand      | 7                   | 464               | 175                 | 10,946            |
| Balance with bank | 938,562             | 62,179,733        | 662,933             | 41,466,459        |
| <b>Total</b>      | <b>938,569</b>      | <b>62,180,197</b> | <b>663,108</b>      | <b>41,477,405</b> |

## 11 Short term loans and advances

| Particulars           | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-----------------------|---------------------|------------------|---------------------|-------------------|
|                       | USD                 | INR              | USD                 | INR               |
| Advances to employees | 5,599               | 370,934          | 21,878              | 1,368,469         |
| Other advances        | 14,370              | 952,013          | -                   | -                 |
| Prepaid expenses      | 34,294              | 2,271,978        | 11,519              | 720,513           |
| Taxes recoverable     | 74,275              | 4,920,719        | 209,059             | 13,076,640        |
| <b>Total</b>          | <b>128,538</b>      | <b>8,515,644</b> | <b>242,456</b>      | <b>15,165,622</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------------|---------------------|------------------|---------------------|------------------|
|                                    | USD                 | INR              | USD                 | INR              |
| Interest receivable- Inter company | 51,507              | 3,412,339        | 36,258              | 2,267,938        |
| Other current assets               | 20,904              | 1,384,890        | 3,498               | 218,800          |
| <b>Total</b>                       | <b>72,411</b>       | <b>4,797,229</b> | <b>39,756</b>       | <b>2,486,738</b> |

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 29,915,581           | 1,981,907,241        | 24,984,557            | 1,562,784,040        |
| <b>Total</b>           | <b>29,915,581</b>    | <b>1,981,907,241</b> | <b>24,984,557</b>     | <b>1,562,784,040</b> |

## 14 Other income

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|---|----------------------|-------------------|-----------------------|------------------|
|   | USD                  | INR               | USD                   | INR              |
| Interest income - others                  | 1,836                | 121,635           | 3,162                 | 197,783          |
| Interest on loan to subsidiaries          | 94,325               | 6,249,031         | 57,211                | 3,578,548        |
| Exchange rate difference (gain)/loss -net | 127,365              | 8,437,931         | -                     | -                |
| Miscellaneous income                      | 129,029              | 8,548,171         | 10                    | 626              |
| <b>Total</b>                              | <b>352,555</b>       | <b>23,356,768</b> | <b>60,383</b>         | <b>3,776,957</b> |

## 15 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances            | 1,888,102            | 125,086,758        | 1,519,199             | 95,025,897         |
| Contribution to provident and other funds | -                    | -                  | 163,897               | 10,251,757         |
| Staff welfare expenses                    | 9,119                | 604,134            | 15,654                | 979,158            |
| <b>Total</b>                              | <b>1,897,221</b>     | <b>125,690,892</b> | <b>1,698,750</b>      | <b>106,256,812</b> |

## 16 Finance costs

| Particulars    | Current year 2015-16 |              | Previous year 2014-15 |          |
|----------------|----------------------|--------------|-----------------------|----------|
|                | USD                  | INR          | USD                   | INR      |
| Guarantee fees | 31                   | 2,054        | -                     | -        |
| <b>Total</b>   | <b>31</b>            | <b>2,054</b> | <b>-</b>              | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 25,097,600           | 1,662,716,000        | 19,354,581            | 1,210,629,042        |
| <b>Total</b>                               | <b>25,097,600</b>    | <b>1,662,716,000</b> | <b>19,354,581</b>     | <b>1,210,629,042</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Advertising and publicity                   | 54,116               | 3,585,185          | 56,211                | 3,515,998          |
| Bad debts                                   | 95,909               | 6,353,971          | -                     | -                  |
| Sundry balances written off                 | -                    | -                  | 29,736                | 1,859,987          |
| Provision for doubtful debts                | (91,126)             | (6,037,098)        | (12,200)              | (763,110)          |
| Communication expenses                      | 41,982               | 2,781,308          | 48,238                | 3,017,287          |
| Directors fees                              | 975                  | 64,594             | 2,923                 | 182,834            |
| Donations                                   | 12,290               | 814,213            | 1,082                 | 67,679             |
| Electricity                                 | 173,931              | 11,522,929         | 208,692               | 13,053,685         |
| Entertainment expenses                      | 21,162               | 1,401,983          | 13,227                | 827,349            |
| Exchange rate difference (gain)/loss -net   | -                    | -                  | 325,389               | 20,353,082         |
| Insurance expenses                          | 23,800               | 1,576,750          | 15,900                | 994,545            |
| IT consumables                              | 477                  | 31,601             | 77                    | 4,816              |
| Legal and professional fees                 | 66,553               | 4,409,136          | 131,391               | 8,218,507          |
| Miscellaneous expenses                      | 44,339               | 2,937,457          | 132,043               | 8,259,290          |
| Printing and stationery                     | 11,239               | 744,584            | 13,703                | 857,123            |
| Rates and Taxes                             | 67,340               | 4,461,275          | 55,304                | 3,459,265          |
| Recruitment expenses                        | -                    | -                  | 342                   | 21,392             |
| Rent  | 233,068              | 15,440,755         | 294,048               | 18,392,702         |
| Repairs and Maintenance - Plant & Machinery | 275,977              | 18,283,476         | 405,914               | 25,389,921         |
| Repairs and Maintenance - Buildings         | 617                  | 40,876             | -                     | -                  |
| Relocation Expense                          | 53,695               | 3,557,294          | 43,594                | 2,726,805          |
| Seminars, trainings and conferences         | 25,228               | 1,671,355          | 2,223                 | 139,049            |
| Services rendered by agencies               | 1,230,413            | 81,514,861         | 1,218,744             | 76,232,437         |
| Travelling and conveyance expenses          | 205,119              | 13,589,134         | 172,280               | 10,776,114         |
| <b>Total</b>                                | <b>2,547,104</b>     | <b>168,745,639</b> | <b>3,158,861</b>      | <b>197,586,757</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhawar

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 6121-4444

email: ss-associates@gmail.com, www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Beijing) Technology Limited**. ("the subsidiary") registered in Shanghai The Republic of China as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.


The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.



The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP   
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                   | Note No. | As at 31 March 2016 |             | As at 31 March 2015 |             |
|-----|-------------------------------|----------|---------------------|-------------|---------------------|-------------|
|     |                               |          | USD                 | INR*        | USD                 | INR*        |
| I.  | <b>EQUITY AND LIABILITIES</b> |          |                     |             |                     |             |
| 1   | <b>Shareholders' funds</b>    |          |                     |             |                     |             |
|     | Share capital                 | 1        | 163,081             | 10,804,116  | 24,517              | 1,533,538   |
|     | Reserves and surplus          | 2        | (42,736)            | (2,831,260) | (51,318)            | (3,209,941) |
|     |                               |          | 120,345             | 7,972,856   | (26,801)            | (1,676,403) |
| 2   | <b>Current liabilities</b>    |          |                     |             |                     |             |
|     | Trade payables                | 3        | 45,703              | 3,027,824   | 46,565              | 2,912,641   |
|     | Other current liabilities     | 4        | 534                 | 35,378      | 3                   | 188         |
|     | Short-term provisions         | 5        | 7,307               | 484,089     | -                   | -           |
|     |                               |          | 53,544              | 3,547,291   | 46,568              | 2,912,829   |
|     | <b>Total</b>                  |          | 173,889             | 11,520,147  | 19,767              | 1,236,426   |
| II. | <b>ASSETS</b>                 |          |                     |             |                     |             |
| 1   | <b>Current assets</b>         |          |                     |             |                     |             |
|     | Trade receivables             | 6        | 9,588               | 635,205     | -                   | -           |
|     | Cash and cash equivalents     | 7        | 156,377             | 10,359,976  | 19,767              | 1,236,426   |
|     | Short-term loans and advances | 8        | 7,924               | 524,966     | -                   | -           |
|     |                               |          | 173,889             | 11,520,147  | 19,767              | 1,236,426   |
|     | <b>Total</b>                  |          | 173,889             | 11,520,147  | 19,767              | 1,236,426   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|------|--|----------|----------------------|-------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*              | USD                   | INR*               |
| I.   | <b>Revenue</b>                               |          |                      |                   |                       |                    |
|      | Revenue from operations                      | 9        | 293,805              | 19,464,581        | -                     | -                  |
|      | Other income                                 | 10       | 350                  | 23,188            | 2                     | 125                |
|      | <b>Total revenue</b>                         |          | <b>294,155</b>       | <b>19,487,769</b> | <b>2</b>              | <b>125</b>         |
| II.  | <b>Expenses</b>                              |          |                      |                   |                       |                    |
|      | Employee benefits expense                    | 11       | 175,173              | 11,605,211        | 7,665                 | 479,446            |
|      | Other expenses                               | 12       | 110,571              | 7,325,329         | 43,655                | 2,730,620          |
|      | <b>Total expenses</b>                        |          | <b>285,744</b>       | <b>18,930,540</b> | <b>51,320</b>         | <b>3,210,066</b>   |
| III. | <b>Profit / (loss) for the year (II-III)</b> |          | <b>8,411</b>         | <b>557,229</b>    | <b>(51,318)</b>       | <b>(3,209,941)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------------|---------------------|-------------------|---------------------|------------------|
|                      | USD                 | INR               | USD                 | INR              |
| Equity share capital | 163,081             | 10,804,116        | 24,517              | 1,533,538        |
| <b>Total</b>         | <b>163,081</b>      | <b>10,804,116</b> | <b>24,517</b>       | <b>1,533,538</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (51,318)            | (3,399,818)        | -                   | -                  |
| Profit / (loss) for the year | 8,411               | 557,229            | (51,318)            | (3,209,941)        |
| <b>Closing balance</b>       | <b>(42,907)</b>     | <b>(2,842,589)</b> | <b>(51,318)</b>     | <b>(3,209,941)</b> |
| <b>Capital reserves</b>      | <b>171</b>          | <b>11,329</b>      | <b>-</b>            | <b>-</b>           |
| <b>Total</b>                 | <b>(42,736)</b>     | <b>(2,831,260)</b> | <b>(51,318)</b>     | <b>(3,209,941)</b> |

## 3 Trade payables

| Particulars                           | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------------------|---------------------|------------------|---------------------|------------------|
|                                       | USD                 | INR              | USD                 | INR              |
| Trade payables                        | 25,804              | 1,709,515        | 37,165              | 2,324,671        |
| Employee dues                         | 19,899              | 1,318,309        | 2,948               | 184,397          |
| Intercompany payables / (receivables) | -                   | -                | 6,452               | 403,573          |
| <b>Total</b>                          | <b>45,703</b>       | <b>3,027,824</b> | <b>46,565</b>       | <b>2,912,641</b> |

## 4 Other current liabilities

| Particulars       | As at 31 March 2016 |               | As at 31 March 2015 |            |
|-------------------|---------------------|---------------|---------------------|------------|
|                   | USD                 | INR           | USD                 | INR        |
| Other liabilities | 534                 | 35,378        | 3                   | 188        |
| <b>Total</b>      | <b>534</b>          | <b>35,378</b> | <b>3</b>            | <b>188</b> |

## 5 Short term provisions

| Particulars       | As at 31 March 2016 |                | As at 31 March 2015 |          |
|-------------------|---------------------|----------------|---------------------|----------|
|                   | USD                 | INR            | USD                 | INR      |
| Leave entitlement | 7,307               | 484,089        | -                   | -        |
| <b>Total</b>      | <b>7,307</b>        | <b>484,089</b> | <b>-</b>            | <b>-</b> |

## 6 Trade receivables

| Particulars              | As at 31 March 2016 |                | As at 31 March 2015 |          |
|--------------------------|---------------------|----------------|---------------------|----------|
|                          | USD                 | INR            | USD                 | INR      |
| Intercompany receivables | 9,588               | 635,205        | -                   | -        |
| <b>Total</b>             | <b>9,588</b>        | <b>635,205</b> | <b>-</b>            | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------|---------------------|-------------------|---------------------|------------------|
|                   | USD                 | INR               | USD                 | INR              |
| Balance with bank | 156,377             | 10,359,976        | 19,767              | 1,236,426        |
| <b>Total</b>      | <b>156,377</b>      | <b>10,359,976</b> | <b>19,767</b>       | <b>1,236,426</b> |

## 8 Short term loans and advances

| Particulars      | As at 31 March 2016 |                | As at 31 March 2015 |          |
|------------------|---------------------|----------------|---------------------|----------|
|                  | USD                 | INR            | USD                 | INR      |
| Security deposit | 7,154               | 473,953        | -                   | -        |
| Prepaid expenses | 770                 | 51,013         | -                   | -        |
| <b>Total</b>     | <b>7,924</b>        | <b>524,966</b> | <b>-</b>            | <b>-</b> |

## 9 Revenue from operations

| Particulars                     | Current year 2015-16 |                   | Previous year 2014-15 |          |
|---------------------------------|----------------------|-------------------|-----------------------|----------|
|                                 | USD                  | INR               | USD                   | INR      |
| Management consultancy Services | 293,805              | 19,464,581        | -                     | -        |
| <b>Total</b>                    | <b>293,805</b>       | <b>19,464,581</b> | <b>-</b>              | <b>-</b> |

## 10 Other income

| Particulars                               | Current year 2015-16 |               | Previous year 2014-15 |            |
|---|----------------------|---------------|-----------------------|------------|
|   | USD                  | INR           | USD                   | INR        |
| Interest income - others                  | 148                  | 9,805         | 2                     | 125        |
| Exchange rate difference gain/(loss) -net | 202                  | 13,383        | -                     | -          |
| <b>Total</b>                              | <b>350</b>           | <b>23,188</b> | <b>2</b>              | <b>125</b> |

## 11 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                |
|--------------------------------|----------------------|-------------------|-----------------------|----------------|
|                                | USD                  | INR               | USD                   | INR            |
| Salaries, bonus and allowances | 175,173              | 11,605,211        | 7,665                 | 479,446        |
| <b>Total</b>                   | <b>175,173</b>       | <b>11,605,211</b> | <b>7,665</b>          | <b>479,446</b> |

## 12 Other expenses

| Particulars                        | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|------------------------------------|----------------------|------------------|-----------------------|------------------|
|                                    | USD                  | INR              | USD                   | INR              |
| Auditors remuneration              | 2,648                | 175,430          | 1,613                 | 100,893          |
| Communication expenses             | 829                  | 54,921           | -                     | -                |
| Entertainment expenses             | 35                   | 2,319            | -                     | -                |
| Insurance expenses                 | 1,760                | 116,600          | -                     | -                |
| Legal and professional fees        | 60,134               | 3,983,878        | 34,621                | 2,165,544        |
| Miscellaneous expenses             | 176                  | 11,659           | -                     | -                |
| Printing and stationery            | 15                   | 994              | -                     | -                |
| Rates and Taxes                    | 81                   | 5,366            | 930                   | 58,172           |
| Rent                               | 40,635               | 2,692,069        | 6,452                 | 403,572          |
| Travelling and conveyance expenses | 4,258                | 282,093          | -                     | -                |
| <b>Total</b>                       | <b>110,571</b>       | <b>7,325,329</b> | <b>43,655</b>         | <b>2,730,620</b> |



Suresh Surana & Associates LLP

13th Floor, Baktiswar,

229, Nariman Point

Mumbai - 400 021 India

T: +91 (22) 61214444

email: ss-associates.com | www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Belgium) SPRL** ("the subsidiary") registered in Belgium as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*[Handwritten signature]*

*Vinodkumar V*

(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|                                  | Particulars | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|-------------|----------|---------------------|-------------------|---------------------|-------------------|
|                                  |             |          | USD                 | INR*              | USD                 | INR*              |
| <b>I. EQUITY AND LIABILITIES</b> |             |          |                     |                   |                     |                   |
| <b>1 Shareholders' funds</b>     |             |          |                     |                   |                     |                   |
| Share capital                    | 1           |          | 3,337,592           | 221,115,470       | 3,337,592           | 208,766,380       |
| Reserves and surplus             | 2           |          | (3,250,033)         | (215,314,687)     | (3,256,879)         | (203,717,783)     |
|                                  |             |          | 87,559              | 5,800,783         | 80,713              | 5,048,597         |
| <b>2 Current liabilities</b>     |             |          |                     |                   |                     |                   |
| Short-term borrowings            | 3           |          | 35,310              | 2,339,288         | 6,152               | 384,808           |
| Trade payables                   | 4           |          | 111,426             | 7,381,973         | 156,816             | 9,808,841         |
| Other current liabilities        | 5           |          | 3,862               | 255,857           | 24,268              | 1,517,964         |
|                                  |             |          | 150,598             | 9,977,118         | 187,236             | 11,711,613        |
| <b>Total</b>                     |             |          | <b>238,157</b>      | <b>15,777,901</b> | <b>267,949</b>      | <b>16,760,210</b> |
| <b>II. ASSETS</b>                |             |          |                     |                   |                     |                   |
| <b>1 Non-current assets</b>      |             |          |                     |                   |                     |                   |
| Fixed assets                     |             |          |                     |                   |                     |                   |
| (i) Tangible assets              | 6           |          | 108,986             | 7,220,322         | 177,595             | 11,108,567        |
| (ii) Capital work-in-progress    |             |          | -                   | -                 | 2,254               | 140,988           |
| Long-term loans and advances     | 7           |          | 22,584              | 1,496,190         | 19,979              | 1,249,686         |
|                                  |             |          | 131,570             | 8,716,512         | 199,828             | 12,499,241        |
| <b>2 Current assets</b>          |             |          |                     |                   |                     |                   |
| Trade receivables                | 8           |          | 74,040              | 4,905,150         | 63,861              | 3,994,506         |
| Short-term loans and advances    | 9           |          | 32,547              | 2,156,239         | 4,130               | 258,331           |
| Other current assets             | 10          |          | -                   | -                 | 130                 | 8,132             |
|                                  |             |          | 106,587             | 7,061,389         | 68,121              | 4,260,969         |
| <b>Total</b>                     |             |          | <b>238,157</b>      | <b>15,777,901</b> | <b>267,949</b>      | <b>16,760,210</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                | Note No. | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------|--|----------|----------------------|-------------------|-----------------------|-------------------|
|      |  |          | USD                  | INR*              | USD                   | INR*              |
| I.   | <b>Revenue</b>                             |          |                      |                   |                       |                   |
|      | Revenue from operations                    | 11       | 588,200              | 38,968,250        | 673,687               | 42,139,122        |
|      | Other income                               | 12       | 12,159               | 805,535           | 1,938                 | 121,222           |
|      | <b>Total revenue</b>                       |          | <b>600,359</b>       | <b>39,773,785</b> | <b>675,625</b>        | <b>42,260,344</b> |
| II.  | <b>Expenses</b>                            |          |                      |                   |                       |                   |
|      | Employee benefits expense                  | 13       | -                    | -                 | 605                   | 37,843            |
|      | Finance costs                              | 14       | (19,648)             | (1,301,680)       | 22,452                | 1,404,372         |
|      | Network costs                              | 15       | 380,422              | 25,202,958        | 333,421               | 20,855,484        |
|      | Depreciation and amortization expenses     |          | 82,048               | 5,435,680         | 112,910               | 7,062,521         |
|      | Other expenses                             | 16       | 150,691              | 9,983,280         | 220,601               | 13,798,594        |
|      | <b>Total expenses</b>                      |          | <b>593,513</b>       | <b>39,320,238</b> | <b>689,989</b>        | <b>43,158,814</b> |
| III. | <b>Profit / (loss) for the year (I-II)</b> |          | <b>6,846</b>         | <b>453,547</b>    | <b>(14,364)</b>       | <b>(898,470)</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 3,337,592           | 221,115,470        | 3,337,592           | 208,766,380        |
| <b>Total</b>         | <b>3,337,592</b>    | <b>221,115,470</b> | <b>3,337,592</b>    | <b>208,766,380</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                      |
| Opening balance              | (3,256,879)         | (215,768,234)        | (3,242,515)         | (202,819,313)        |
| Profit / (loss) for the year | 6,846               | 453,547              | (14,364)            | (898,470)            |
| <b>Closing balance</b>       | <b>(3,250,033)</b>  | <b>(215,314,687)</b> | <b>(3,256,879)</b>  | <b>(203,717,783)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|---------------------------|---------------------|------------------|---------------------|----------------|
|                           | USD                 | INR              | USD                 | INR            |
| Inter company loans taken | 35,310              | 2,339,288        | 6,152               | 384,808        |
| <b>Total</b>              | <b>35,310</b>       | <b>2,339,288</b> | <b>6,152</b>        | <b>384,808</b> |

## 4 Trade payables

| Particulars           | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-----------------------|---------------------|------------------|---------------------|------------------|
|                       | USD                 | INR              | USD                 | INR              |
| Trade payables        | 103,876             | 6,881,785        | 131,652             | 8,234,833        |
| Intercompany payables | 7,550               | 500,188          | 25,164              | 1,574,008        |
| <b>Total</b>          | <b>111,426</b>      | <b>7,381,973</b> | <b>156,816</b>      | <b>9,808,841</b> |

## 5 Other current liabilities

| Particulars                    | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|--------------------------------|---------------------|----------------|---------------------|------------------|
|                                | USD                 | INR            | USD                 | INR              |
| Other liabilities              | 888                 | 58,830         | 706                 | 44,160           |
| VAT payable                    | 1,917               | 127,001        | 21,312              | 1,333,066        |
| Interst payable- Inter company | 1,057               | 70,026         | 2,250               | 140,738          |
| <b>Total</b>                   | <b>3,862</b>        | <b>255,857</b> | <b>24,268</b>       | <b>1,517,964</b> |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|----------------------------------|---------------------|------------------|---------------------|-------------------|
|                                  | USD                 | INR              | USD                 | INR               |
| <b>Gross block:</b>              |                     |                  |                     |                   |
| Plant and machinery              | 1,667,484           | 110,470,815      | 1,811,518           | 113,310,451       |
| (a)                              | 1,667,484           | 110,470,815      | 1,811,518           | 113,310,451       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                   |
| Plant and machinery              | 1,558,498           | 103,250,493      | 1,633,923           | 102,201,884       |
| (b)                              | 1,558,498           | 103,250,493      | 1,633,923           | 102,201,884       |
| <b>Net block (a) - (b)</b>       | <b>108,986</b>      | <b>7,220,322</b> | <b>177,595</b>      | <b>11,108,567</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans and advances

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Vendor deposit    | 19,660              | 1,302,475        | 18,557              | 1,160,740        |
| Advance tax (net) | 2,924               | 193,715          | 1,422               | 88,946           |
| <b>Total</b>      | <b>22,584</b>       | <b>1,496,190</b> | <b>19,979</b>       | <b>1,249,686</b> |

## 8 Trade receivables

| Particulars                  | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------|---------------------|------------------|---------------------|------------------|
|                              | USD                 | INR              | USD                 | INR              |
| Trade receivables            | 74,040              | 4,905,150        | 134,989             | 8,443,562        |
| Provision for doubtful debts | -                   | -                | (71,128)            | (4,449,056)      |
| <b>Total</b>                 | <b>74,040</b>       | <b>4,905,150</b> | <b>63,861</b>       | <b>3,994,506</b> |

## 9 Short term loans and advances

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|------------------|---------------------|------------------|---------------------|----------------|
|                  | USD                 | INR              | USD                 | INR            |
| Security deposit | 3,217               | 213,126          | 3,217               | 201,223        |
| Prepaid expenses | 29,330              | 1,943,113        | 913                 | 57,108         |
| <b>Total</b>     | <b>32,547</b>       | <b>2,156,239</b> | <b>4,130</b>        | <b>258,331</b> |

## 10 Other current assets

| Particulars          | As at 31 March 2016 |          | As at 31 March 2015 |              |
|----------------------|---------------------|----------|---------------------|--------------|
|                      | USD                 | INR      | USD                 | INR          |
| Other current assets | -                   | -        | 130                 | 8,132        |
| <b>Total</b>         | <b>-</b>            | <b>-</b> | <b>130</b>          | <b>8,132</b> |

## 11 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 588,200              | 38,968,250        | 673,687               | 42,139,122        |
| <b>Total</b>           | <b>588,200</b>       | <b>38,968,250</b> | <b>673,687</b>        | <b>42,139,122</b> |

## 12 Other income

| Particulars                               | Current year 2015-16 |                | Previous year 2014-15 |                |
|---|----------------------|----------------|-----------------------|----------------|
|   | USD                  | INR            | USD                   | INR            |
| Interest on loan to subsidiaries          | 119                  | 7,884          | -                     | -              |
| Exchange rate difference (gain)/loss -net | 11,662               | 772,608        | -                     | -              |
| Miscellaneous income                      | 378                  | 25,043         | 1,938                 | 121,222        |
| <b>Total</b>                              | <b>12,159</b>        | <b>805,535</b> | <b>1,938</b>          | <b>121,222</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Employee benefit expenses

| Particulars                    | Current year 2015-16 |     | Previous year 2014-15 |        |
|--------------------------------|----------------------|-----|-----------------------|--------|
|                                | USD                  | INR | USD                   | INR    |
| Salaries, bonus and allowances | -                    | -   | 605                   | 37,843 |
| <b>Total</b>                   | -                    | -   | 605                   | 37,843 |

## 14 Finance costs

| Particulars       | Current year 2015-16 |             | Previous year 2014-15 |           |
|-------------------|----------------------|-------------|-----------------------|-----------|
|                   | USD                  | INR         | USD                   | INR       |
| Interest expenses | 1,418                | 93,943      | 15,564                | 973,528   |
| Guarantee fees    | (21,066)             | (1,395,623) | 6,888                 | 430,844   |
| <b>Total</b>      | (19,648)             | (1,301,680) | 22,452                | 1,404,372 |

## 15 Network costs

| Particulars                                | Current year 2015-16 |            | Previous year 2014-15 |            |
|--|----------------------|------------|-----------------------|------------|
|  | USD                  | INR        | USD                   | INR        |
| Charges for use of transmission facilities | 380,422              | 25,202,958 | 333,421               | 20,855,484 |
| <b>Total</b>                               | 380,422              | 25,202,958 | 333,421               | 20,855,484 |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |           | Previous year 2014-15 |            |
|---|----------------------|-----------|-----------------------|------------|
|   | USD                  | INR       | USD                   | INR        |
| Advertising and publicity                   | 1,405                | 93,081    | 6,468                 | 404,573    |
| Auditors remuneration                       | 46,200               | 3,060,750 | 46,200                | 2,889,810  |
| Communication expenses                      | 56                   | 3,710     | 440                   | 27,522     |
| Electricity                                 | 13,416               | 888,810   | 9,074                 | 567,579    |
| Exchange rate difference (gain)/loss -net   | -                    | -         | 16,778                | 1,049,464  |
| Insurance expenses                          | 2,784                | 184,440   | 2,358                 | 147,493    |
| Legal and professional fees                 | 16,611               | 1,100,479 | 41,315                | 2,584,253  |
| Miscellaneous expenses                      | 1,692                | 112,095   | 2,118                 | 132,483    |
| Rates and Taxes                             | 1,815                | 120,244   | 904                   | 56,545     |
| Rent  | 20,864               | 1,382,240 | 25,696                | 1,607,285  |
| Repairs and Maintenance - Plant & Machinery | 44,498               | 2,947,993 | 72,693                | 4,546,947  |
| Services rendered by agencies               | 1,350                | 89,438    | 1,531                 | 95,764     |
| Travelling and conveyance expenses          | -                    | -         | (4,974)               | (311,124)  |
| <b>Total</b>                                | 150,691              | 9,983,280 | 220,601               | 13,798,594 |



Suresh Surana & Associates LLP

13th Floor, Bakhru Tower

229, Nariman Point

Mumbai - 400 021 India

T +91(22) 6121 4444

email: [ssa-associates.com](mailto:ssa-associates.com) www: [ssa-associates.com](http://ssa-associates.com)

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Bermuda) Ltd.** ("the subsidiary") registered in Bermuda as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar V*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016



## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|----------------------------------|----------|---------------------|-----------------------|---------------------|-----------------------|
|                                  |          | USD                 | INR*                  | USD                 | INR*                  |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                       |                     |                       |
| <b>1 Shareholders' funds</b>     |          |                     |                       |                     |                       |
| Share capital                    | 1        | 13,061              | 865,291               | 13,061              | 816,966               |
| Reserves and surplus             | 2        | (290,423,968)       | (19,240,587,879)      | (303,386,785)       | (18,976,843,404)      |
|                                  |          | (290,410,907)       | (19,239,722,588)      | (303,373,724)       | (18,976,026,438)      |
| <b>2 Non-current liabilities</b> |          |                     |                       |                     |                       |
| Long-term borrowings             | 3        | 64,275,380          | 4,258,243,925         | 80,252,854          | 5,019,816,018         |
| Other long term liabilities      | 4        | 244,199,527         | 16,178,218,664        | 239,117,722         | 14,956,813,511        |
| Long-term provisions             | 5        | 577,987             | 38,291,639            | 706,099             | 44,166,492            |
|                                  |          | 309,052,894         | 20,474,754,228        | 320,076,675         | 20,020,796,021        |
| <b>3 Current liabilities</b>     |          |                     |                       |                     |                       |
| Short-term borrowings            | 6        | 638,343,405         | 42,290,250,581        | 671,599,381         | 42,008,541,282        |
| Trade payables                   | 7        | 15,930,414          | 1,055,389,927         | 12,737,052          | 796,702,603           |
| Other current liabilities        | 8        | 54,809,609          | 3,631,136,597         | 64,916,898          | 4,060,551,971         |
| Short-term provisions            |          | -                   | -                     | -                   | -                     |
|                                  |          | 709,083,428         | 46,976,777,105        | 749,253,331         | 46,865,795,856        |
| <b>Total</b>                     |          | <b>727,725,415</b>  | <b>48,211,808,745</b> | <b>765,956,282</b>  | <b>47,910,565,439</b> |
| <b>II. ASSETS</b>                |          |                     |                       |                     |                       |
| <b>1 Non-current assets</b>      |          |                     |                       |                     |                       |
| Fixed assets                     |          |                     |                       |                     |                       |
| (i) Tangible assets              | 9        | 605,710,600         | 40,128,327,250        | 650,500,906         | 40,688,831,670        |
| (ii) Intangible assets           | 10       | 71,967,630          | 4,767,855,488         | 71,967,630          | 4,501,575,257         |
| (iii) Capital work-in-progress   |          | 2,573,316           | 170,482,185           | 1,588,673           | 99,371,496            |
| Non-current investments          | 11       | 21,787,365          | 1,443,412,931         | 17,934,246          | 1,121,787,087         |
| Long-term loans and advances     | 12       | 6,604,258           | 437,532,093           | 7,874,244           | 492,533,962           |
| Other non-current assets         | 13       | -                   | -                     | 45,132              | 2,823,007             |
|                                  |          | 708,643,169         | 46,947,609,947        | 749,910,831         | 46,906,922,479        |
| <b>2 Current assets</b>          |          |                     |                       |                     |                       |
| Trade receivables                | 14       | 13,870,299          | 918,907,309           | 12,562,646          | 785,793,507           |
| Cash and cash equivalents        | 15       | 3,592,028           | 237,971,855           | 242,344             | 15,158,617            |
| Short-term loans and advances    | 16       | 1,615,981           | 107,058,741           | 3,218,236           | 201,300,662           |
| Other current assets             | 17       | 3,938               | 260,893               | 22,225              | 1,390,174             |
|                                  |          | 19,082,246          | 1,264,198,798         | 16,045,451          | 1,003,642,960         |
| <b>Total</b>                     |          | <b>727,725,415</b>  | <b>48,211,808,745</b> | <b>765,956,282</b>  | <b>47,910,565,439</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|--|----------|----------------------|----------------------|-----------------------|----------------------|
|      |  |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>                             |          |                      |                      |                       |                      |
|      | Revenue from operations                    | 18       | 43,066,569           | 2,853,160,196        | 64,496,711            | 4,034,269,273        |
|      | Other income                               | 19       | 59,806,119           | 3,962,155,384        | 83,903,441            | 5,248,160,235        |
|      | <b>Total revenue</b>                       |          | <b>102,872,688</b>   | <b>6,815,315,580</b> | <b>148,400,152</b>    | <b>9,282,429,508</b> |
| II.  | <b>Expenses</b>                            |          |                      |                      |                       |                      |
|      | Employee benefits expense                  | 20       | 410,049              | 27,165,747           | 391,252               | 24,472,812           |
|      | Finance costs                              | 21       | 11,402,560           | 755,419,600          | 56,369,538            | 3,525,914,602        |
|      | Network costs                              | 22       | 2,786,792            | 184,624,970          | 5,893,746             | 368,653,812          |
|      | Depreciation and amortization expenses     |          | 47,170,869           | 3,125,070,071        | 47,260,774            | 2,956,161,414        |
|      | Other expenses                             | 23       | 28,360,115           | 1,878,857,618        | 32,766,895            | 2,049,569,285        |
|      | <b>Total expenses</b>                      |          | <b>90,130,385</b>    | <b>5,971,138,006</b> | <b>142,682,205</b>    | <b>8,924,771,925</b> |
| III. | <b>Profit / (loss) for the year (I-II)</b> |          | <b>12,742,303</b>    | <b>844,177,574</b>   | <b>5,717,947</b>      | <b>357,657,583</b>   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                | As at 31 March 2015 |                |
|----------------------|---------------------|----------------|---------------------|----------------|
|                      | USD                 | INR            | USD                 | INR            |
| Equity share capital | 13,061              | 865,291        | 13,061              | 816,966        |
| <b>Total</b>         | <b>13,061</b>       | <b>865,291</b> | <b>13,061</b>       | <b>816,966</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016  |                         | As at 31 March 2015  |                         |
|------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                              | USD                  | INR                     | USD                  | INR                     |
| <b>Surplus / (Deficit)</b>   |                      |                         |                      |                         |
| Opening balance              | (313,311,677)        | (20,756,898,601)        | (319,029,624)        | (19,955,302,981)        |
| Profit / (loss) for the year | 12,742,303           | 844,177,574             | 5,717,947            | 357,657,583             |
| <b>Closing balance</b>       | <b>(300,569,374)</b> | <b>(19,912,721,027)</b> | <b>(313,311,677)</b> | <b>(19,597,645,398)</b> |
| Share premium                | 10,609,939           | 702,908,459             | 10,609,939           | 663,651,684             |
| OCI - Reserves derivatives   | (464,533)            | (30,775,311)            | (685,047)            | (42,849,690)            |
| <b>Total</b>                 | <b>(290,423,968)</b> | <b>(19,240,587,879)</b> | <b>(303,386,785)</b> | <b>(18,976,843,404)</b> |

## 3 Long term borrowings

| Particulars     | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------|---------------------|----------------------|---------------------|----------------------|
|                 | USD                 | INR                  | USD                 | INR                  |
| Loan from banks | 64,275,380          | 4,258,243,925        | 80,252,854          | 5,019,816,018        |
| <b>Total</b>    | <b>64,275,380</b>   | <b>4,258,243,925</b> | <b>80,252,854</b>   | <b>5,019,816,018</b> |

## 4 Other Long term liabilities

| Particulars            | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                        | USD                 | INR                   | USD                 | INR                   |
| Derivative liabilities | 158,076             | 10,472,535            | 49,295              | 3,083,402             |
| Unearned revenue       | 244,041,451         | 16,167,746,129        | 239,068,427         | 14,953,730,109        |
| <b>Total</b>           | <b>244,199,527</b>  | <b>16,178,218,664</b> | <b>239,117,722</b>  | <b>14,956,813,511</b> |

## 5 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 577,987             | 38,291,639        | 706,099             | 44,166,492        |
| <b>Total</b>                           | <b>577,987</b>      | <b>38,291,639</b> | <b>706,099</b>      | <b>44,166,492</b> |

## 6 Short term borrowings

| Particulars               | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|---------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                           | USD                 | INR                   | USD                 | INR                   |
| Inter company loans taken | 638,343,405         | 42,290,250,581        | 671,599,381         | 42,008,541,282        |
| <b>Total</b>              | <b>638,343,405</b>  | <b>42,290,250,581</b> | <b>671,599,381</b>  | <b>42,008,541,282</b> |

## 7 Trade payables

| Particulars    | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|----------------|---------------------|----------------------|---------------------|--------------------|
|                | USD                 | INR                  | USD                 | INR                |
| Trade payables | 15,893,441          | 1,052,940,466        | 12,704,800          | 794,685,240        |
| Employee dues  | 36,973              | 2,449,461            | 32,252              | 2,017,363          |
| <b>Total</b>   | <b>15,930,414</b>   | <b>1,055,389,927</b> | <b>12,737,052</b>   | <b>796,702,603</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 8 Other current liabilities

| Particulars                        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                    | USD                 | INR                  | USD                 | INR                  |
| Current portion of long term loans | 15,977,475          | 1,058,507,719        | 15,977,475          | 999,391,061          |
| Capital Creditors                  | 2,577,504           | 170,759,640          | 8,510,504           | 532,332,026          |
| Deferred revenue                   | 21,879,384          | 1,449,509,190        | 21,129,725          | 1,321,664,299        |
| Interest payable- Others           | 72,220              | 4,784,575            | 79,680              | 4,983,984            |
| Interest payable- Inter company    | 13,996,570          | 927,272,763          | 18,538,630          | 1,159,591,307        |
| Derivative Liabilities             | 306,456             | 20,302,710           | 680,884             | 42,589,294           |
| <b>Total</b>                       | <b>54,809,609</b>   | <b>3,631,136,597</b> | <b>64,916,898</b>   | <b>4,060,551,971</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                       | As at 31 March 2015 |                       |
|----------------------------------|---------------------|-----------------------|---------------------|-----------------------|
|                                  | USD                 | INR                   | USD                 | INR                   |
| <b>Gross block:</b>              |                     |                       |                     |                       |
| Cables                           | 859,770,403         | 56,959,789,199        | 851,991,985         | 53,292,098,662        |
| Plant and machinery              | 48,941,460          | 3,242,371,725         | 54,777,516          | 3,426,333,626         |
| Computers                        | 800                 | 53,000                | 800                 | 50,040                |
| (a)                              | 908,712,663         | 60,202,213,924        | 906,770,301         | 56,718,482,328        |
| <b>Accumulated depreciation:</b> |                     |                       |                     |                       |
| Cables                           | 273,445,012         | 18,115,732,045        | 230,177,652         | 14,397,612,133        |
| Plant and machinery              | 29,556,251          | 1,958,101,629         | 26,090,943          | 1,631,988,485         |
| Computers                        | 800                 | 53,000                | 800                 | 50,040                |
| (b)                              | 303,002,063         | 20,073,886,674        | 256,269,395         | 16,029,650,658        |
| <b>Net block (a) - (b)</b>       | <b>605,710,600</b>  | <b>40,128,327,250</b> | <b>650,500,906</b>  | <b>40,688,831,670</b> |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Goodwill                         | 71,967,630          | 4,767,855,488        | 71,967,630          | 4,501,575,257        |
| (a)                              | 71,967,630          | 4,767,855,488        | 71,967,630          | 4,501,575,257        |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Goodwill                         | -                   | -                    | -                   | -                    |
| (b)                              | -                   | -                    | -                   | -                    |
| <b>Net block (a) - (b)</b>       | <b>71,967,630</b>   | <b>4,767,855,488</b> | <b>71,967,630</b>   | <b>4,501,575,257</b> |

## 11 Non-current investments

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | USD                 | INR                  | USD                 | INR                  |
| Investment in subsidiary | 21,787,365          | 1,443,412,931        | 17,934,246          | 1,121,787,087        |
| <b>Total</b>             | <b>21,787,365</b>   | <b>1,443,412,931</b> | <b>17,934,246</b>   | <b>1,121,787,087</b> |

## 12 Long term loans and advances

| Particulars      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------|---------------------|--------------------|---------------------|--------------------|
|                  | USD                 | INR                | USD                 | INR                |
| Prepaid expenses | 6,604,258           | 437,532,093        | 7,874,244           | 492,533,962        |
| <b>Total</b>     | <b>6,604,258</b>    | <b>437,532,093</b> | <b>7,874,244</b>    | <b>492,533,962</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Other non-current assets

| Particulars                                | As at 31 March 2016 |     | As at 31 March 2015 |           |
|--|---------------------|-----|---------------------|-----------|
|  | USD                 | INR | USD                 | INR       |
| Fair value of Interest rate swap contracts | -                   | -   | 45,132              | 2,823,007 |
| <b>Total</b>                               | -                   | -   | 45,132              | 2,823,007 |

## 14 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 3,667,195           | 242,951,669        | 5,176,629           | 323,798,144        |
| Provision for doubtful debts | -                   | -                  | (3,749)             | (234,500)          |
| Intercompany receivables     | 10,203,104          | 675,955,640        | 7,389,766           | 462,229,863        |
| <b>Total</b>                 | <b>13,870,299</b>   | <b>918,907,309</b> | <b>12,562,646</b>   | <b>785,793,507</b> |

## 15 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|-------------------|---------------------|--------------------|---------------------|-------------------|
|                   | USD                 | INR                | USD                 | INR               |
| Balance with bank | 3,592,028           | 237,971,855        | 242,344             | 15,158,617        |
| <b>Total</b>      | <b>3,592,028</b>    | <b>237,971,855</b> | <b>242,344</b>      | <b>15,158,617</b> |

## 16 Short term loans and advances

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Advances to employees | -                   | -                  | 2,947               | 184,335            |
| Other advances        | -                   | -                  | 1,152,803           | 72,107,828         |
| Security deposit      | -                   | -                  | 3,500               | 218,925            |
| Prepaid expenses      | 1,615,981           | 107,058,741        | 2,058,986           | 128,789,574        |
| <b>Total</b>          | <b>1,615,981</b>    | <b>107,058,741</b> | <b>3,218,236</b>    | <b>201,300,662</b> |

## 17 Other current assets

| Particulars          | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|----------------------|---------------------|----------------|---------------------|------------------|
|                      | USD                 | INR            | USD                 | INR              |
| Other current assets | 3,938               | 260,893        | 22,225              | 1,390,174        |
| <b>Total</b>         | <b>3,938</b>        | <b>260,893</b> | <b>22,225</b>       | <b>1,390,174</b> |

## 18 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 43,066,569           | 2,853,160,196        | 64,496,711            | 4,034,269,273        |
| <b>Total</b>           | <b>43,066,569</b>    | <b>2,853,160,196</b> | <b>64,496,711</b>     | <b>4,034,269,273</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 19 Other income

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Dividend income                           | 54,850,000           | 3,633,812,500        | 83,775,061            | 5,240,130,066        |
| Interest income - others                  | 136                  | 9,010                | 58                    | 3,628                |
| Interest on loan to subsidiaries          | 3,853,117            | 255,269,001          | -                     | -                    |
| Profit on sale of fixed assets            | 997,387              | 66,076,889           | -                     | -                    |
| Exchange rate difference gain/(loss) -net | 105,479              | 6,987,984            | 108,273               | 6,772,476            |
| Miscellaneous income                      | -                    | -                    | 20,049                | 1,254,065            |
| <b>Total</b>                              | <b>59,806,119</b>    | <b>3,962,155,384</b> | <b>83,903,441</b>     | <b>5,248,160,235</b> |

## 20 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 409,751              | 27,146,004        | 391,208               | 24,470,060        |
| Staff welfare expenses         | 298                  | 19,743            | 44                    | 2,752             |
| <b>Total</b>                   | <b>410,049</b>       | <b>27,165,747</b> | <b>391,252</b>        | <b>24,472,812</b> |

## 21 Finance costs

| Particulars       | Current year 2015-16 |                    | Previous year 2014-15 |                      |
|-------------------|----------------------|--------------------|-----------------------|----------------------|
|                   | USD                  | INR                | USD                   | INR                  |
| Interest expenses | 31,490,822           | 2,086,266,958      | 40,777,468            | 2,550,630,623        |
| Guarantee fees    | (20,088,262)         | (1,330,847,358)    | 15,592,070            | 975,283,979          |
| <b>Total</b>      | <b>11,402,560</b>    | <b>755,419,600</b> | <b>56,369,538</b>     | <b>3,525,914,602</b> |

## 22 Network costs

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | USD                  | INR                | USD                   | INR                |
| Charges for use of transmission facilities | 2,786,792            | 184,624,970        | 5,893,746             | 368,653,812        |
| <b>Total</b>                               | <b>2,786,792</b>     | <b>184,624,970</b> | <b>5,893,746</b>      | <b>368,653,812</b> |

## 23 Other expenses

| Particulars                                 | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Auditors remuneration                       | 5,737                | 380,076              | 5,804                 | 363,040              |
| Asset Retirement Expense                    | 1,738,245            | 115,158,731          | -                     | -                    |
| Bad debts                                   | 3,749                | 248,371              | -                     | -                    |
| Provision for doubtful debts                | (3,749)              | (248,371)            | -                     | -                    |
| Communication expenses                      | 13,112               | 868,670              | 16,583                | 1,037,267            |
| Entertainment expenses                      | 462                  | 30,608               | 434                   | 27,147               |
| Insurance expenses                          | 15,782               | 1,045,558            | -                     | -                    |
| IT consumables                              | 225                  | 14,906               | 750                   | 46,913               |
| Legal and professional fees                 | 15,679               | 1,038,734            | 44,753                | 2,799,300            |
| Loss on sale of fixed assets (net)          | -                    | -                    | 1,286,284             | 80,457,064           |
| Miscellaneous expenses                      | 104,815              | 6,943,992            | 1,554                 | 97,204               |
| Printing and stationery                     | 3,803                | 251,949              | 1,871                 | 117,031              |
| Rates and Taxes                             | 4,166                | 275,998              | 4,070                 | 254,579              |
| Recruitment expenses                        | 650                  | 43,063               | -                     | -                    |
| Rent  | 35,677               | 2,363,601            | 47,820                | 2,991,141            |
| Repairs and Maintenance - Plant & Machinery | 26,304,116           | 1,742,647,685        | 31,223,400            | 1,953,023,670        |
| Repairs and Maintenance - Buildings         | 1,817                | 120,376              | -                     | -                    |
| Seminars, trainings and conferences         | 124                  | 8,215                | 13,327                | 833,604              |
| Services rendered by agencies               | 85,013               | 5,632,111            | 80,053                | 5,007,315            |
| Travelling and conveyance expenses          | 30,692               | 2,033,345            | 40,192                | 2,514,010            |
| <b>Total</b>                                | <b>28,360,115</b>    | <b>1,878,857,618</b> | <b>32,766,895</b>     | <b>2,049,569,285</b> |





Suresh Surana & Associates LLP

13th Floor, Bakhrawar

229, Nariman Point

Mumbai - 400 021 India

T +91 (22) 6121 4444

email: [ssa@ss-associates.com](mailto:ssa@ss-associates.com) / [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Canada) LTD.** ("the subsidiary") registered in Canada as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Va*  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                              | Note No. | As at 31 March 2016 |                       | As at 31 March 2015 |                      |
|------------|--|----------|---------------------|-----------------------|---------------------|----------------------|
|            |  |          | USD                 | INR*                  | USD                 | INR*                 |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>            |          |                     |                       |                     |                      |
| <b>1</b>   | <b>Shareholders' funds</b>               |          |                     |                       |                     |                      |
|            | Share capital                            | 1        | 66,520,000          | 4,406,950,000         | 66,520,000          | 4,160,826,000        |
|            | Reserves and surplus                     | 2        | (247,130,406)       | (16,372,389,400)      | (226,467,441)       | (14,165,538,436)     |
|            |  |          | (180,610,406)       | (11,965,439,400)      | (159,947,441)       | (10,004,712,436)     |
| <b>2</b>   | <b>Non-current liabilities</b>           |          |                     |                       |                     |                      |
|            | Other long term liabilities              | 3        | 1,571,779           | 104,130,359           | 1,733,355           | 108,421,356          |
|            | Long-term provisions                     | 4        | 1,496,131           | 99,118,679            | 3,280,829           | 205,215,854          |
|            |  |          | 3,067,910           | 203,249,038           | 5,014,184           | 313,637,210          |
| <b>3</b>   | <b>Current liabilities</b>               |          |                     |                       |                     |                      |
|            | Short-term borrowings                    | 5        | 205,728,392         | 13,629,505,970        | 129,554,013         | 8,103,603,513        |
|            | Trade payables                           | 6        | 139,874,979         | 9,266,717,359         | 162,106,336         | 10,139,751,317       |
|            | Other current liabilities                | 7        | 7,475,946           | 495,281,425           | 5,873,908           | 367,412,946          |
|            | Short-term provisions                    | 8        | 794,213             | 52,616,611            | 861,000             | 53,855,550           |
|            |  |          | 353,873,530         | 23,444,121,365        | 298,395,257         | 18,664,623,326       |
|            | <b>Total</b>                             |          | <b>176,331,034</b>  | <b>11,681,931,003</b> | <b>143,462,000</b>  | <b>8,973,548,100</b> |
| <b>II.</b> | <b>ASSETS</b>                            |          |                     |                       |                     |                      |
| <b>1</b>   | <b>Non-current assets</b>                |          |                     |                       |                     |                      |
|            | Fixed assets                             |          |                     |                       |                     |                      |
|            | (i) Tangible assets                      | 9        | 31,770,341          | 2,104,785,091         | 37,090,637          | 2,320,019,343        |
|            | (ii) Intangible assets                   | 10       | 17,776,593          | 1,177,699,286         | 18,322,789          | 1,146,090,452        |
|            | (iii) Capital work-in-progress           |          | 2,708,375           | 179,429,844           | 2,737,091           | 171,205,042          |
|            | (iv) Intangible assets under development |          | 5,020,421           | 332,602,891           | 4,430,289           | 277,114,577          |
|            | Long-term loans and advances             | 11       | 14,182,810          | 939,611,163           | 20,192,647          | 1,263,050,070        |
|            |  |          | 71,458,540          | 4,734,128,275         | 82,773,453          | 5,177,479,484        |
| <b>2</b>   | <b>Current assets</b>                    |          |                     |                       |                     |                      |
|            | Trade receivables                        | 12       | 99,630,958          | 6,600,550,968         | 53,723,535          | 3,360,407,115        |
|            | Cash and cash equivalents                | 13       | 289,657             | 19,189,776            | 1,432,101           | 89,577,918           |
|            | Short-term loans and advances            | 14       | 4,865,933           | 322,368,061           | 5,421,238           | 339,098,437          |
|            | Other current assets                     | 15       | 85,946              | 5,693,923             | 111,673             | 6,985,146            |
|            |  |          | 104,872,494         | 6,947,802,728         | 60,688,547          | 3,796,068,616        |
|            | <b>Total</b>                             |          | <b>176,331,034</b>  | <b>11,681,931,003</b> | <b>143,462,000</b>  | <b>8,973,548,100</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars  | Note No. | Current year 2015-16 |                 | Previous year 2014-15 |                 |
|------|--|----------|----------------------|-----------------|-----------------------|-----------------|
|      |  |          | USD                  | INR*            | USD                   | INR*            |
| I.   | Revenue  |          |                      |                 |                       |                 |
|      | Revenue from operations                              | 16       | 565,544,723          | 37,467,337,899  | 606,138,279           | 37,913,949,351  |
|      | Other income   | 17       | 4,792,542            | 317,505,908     | 28,881,813            | 1,806,557,404   |
|      | Total revenue  |          | 570,337,265          | 37,784,843,807  | 635,020,092           | 39,720,506,755  |
| II.  | Expenses   |          |                      |                 |                       |                 |
|      | Employee benefits expense                            | 18       | 32,219,843           | 2,134,564,598   | 31,773,546            | 1,987,435,303   |
|      | Finance costs  | 19       | 8,343,638            | 552,766,018     | 5,690,708             | 355,953,785     |
|      | Network costs  | 20       | 499,815,331          | 33,112,765,679  | 587,132,553           | 36,725,141,190  |
|      | Depreciation and amortization expenses               |          | 14,177,948           | 939,289,055     | 16,268,364            | 1,017,586,169   |
|      | Other expenses                                       | 21       | 29,060,794           | 1,925,277,605   | 23,414,944            | 1,464,604,748   |
|      | Total expenses                                       |          | 583,617,554          | 38,664,662,955  | 664,280,115           | 41,550,721,195  |
| III. | Profit / (loss) before exceptional item & tax( I-II) |          | (13,280,289)         | (879,819,148)   | (29,260,023)          | (1,830,214,440) |
| IV.  | Exceptional item                                     |          | 2,568,799            | 170,182,934     | -                     | -               |
| V.   | Profit / (loss) before tax ( III-IV)                 |          | (15,849,088)         | (1,050,002,082) | (29,260,023)          | (1,830,214,440) |
| VI.  | Tax expenses   |          |                      |                 |                       |                 |
|      | Current Tax  |          | 11,205               | 742,331         | -                     | -               |
| VII. | Profit / (loss) for the year (V-VI)                  |          | (15,860,293)         | (1,050,744,413) | (29,260,023)          | (1,830,214,440) |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------|---------------------|----------------------|---------------------|----------------------|
|                      | USD                 | INR                  | USD                 | INR                  |
| Equity share capital | 66,520,000          | 4,406,950,000        | 66,520,000          | 4,160,826,000        |
| <b>Total</b>         | <b>66,520,000</b>   | <b>4,406,950,000</b> | <b>66,520,000</b>   | <b>4,160,826,000</b> |

## 2 Reserves and surplus

| Particulars                        | As at 31 March 2016  |                         | As at 31 March 2015  |                         |
|------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
|                                    | USD                  | INR                     | USD                  | INR                     |
| <b>Surplus / (Deficit)</b>         |                      |                         |                      |                         |
| Opening balance                    | (199,978,550)        | (13,248,578,938)        | (170,718,527)        | (10,678,443,864)        |
| Profit / (loss) for the year       | (15,860,293)         | (1,050,744,413)         | (29,260,023)         | (1,830,214,440)         |
| <b>Closing balance</b>             | <b>(215,838,843)</b> | <b>(14,299,323,351)</b> | <b>(199,978,550)</b> | <b>(12,508,658,304)</b> |
| OCI Reserves Employee Benefit Plan | (31,291,563)         | (2,073,066,049)         | (26,488,891)         | (1,656,880,132)         |
| <b>Total</b>                       | <b>(247,130,406)</b> | <b>(16,372,389,400)</b> | <b>(226,467,441)</b> | <b>(14,165,538,436)</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--------------------|---------------------|--------------------|---------------------|--------------------|
|                    | USD                 | INR                | USD                 | INR                |
| Unearned revenue   | 819,228             | 54,273,855         | 938,570             | 58,707,554         |
| Lease equalisation | 752,551             | 49,856,504         | 794,785             | 49,713,802         |
| <b>Total</b>       | <b>1,571,779</b>    | <b>104,130,359</b> | <b>1,733,355</b>    | <b>108,421,356</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                    |
|--|---------------------|-------------------|---------------------|--------------------|
|  | USD                 | INR               | USD                 | INR                |
| Asset retirement obligation and others | 440,090             | 29,155,963        | 340,774             | 21,315,414         |
| Pension liability                      | 1,056,041           | 69,962,716        | 2,940,055           | 183,900,440        |
| <b>Total</b>                           | <b>1,496,131</b>    | <b>99,118,679</b> | <b>3,280,829</b>    | <b>205,215,854</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                       | As at 31 March 2015 |                      |
|---------------------------|---------------------|-----------------------|---------------------|----------------------|
|                           | USD                 | INR                   | USD                 | INR                  |
| Inter company loans taken | 205,728,392         | 13,629,505,970        | 129,554,013         | 8,103,603,513        |
| <b>Total</b>              | <b>205,728,392</b>  | <b>13,629,505,970</b> | <b>129,554,013</b>  | <b>8,103,603,513</b> |

## 6 Trade payables

| Particulars           | As at 31 March 2016 |                      | As at 31 March 2015 |                       |
|-----------------------|---------------------|----------------------|---------------------|-----------------------|
|                       | USD                 | INR                  | USD                 | INR                   |
| Trade payables        | 134,624,897         | 8,918,899,426        | 157,217,607         | 9,833,961,318         |
| Employee dues         | 5,250,082           | 347,817,933          | 3,945,722           | 246,804,911           |
| Intercompany payables | -                   | -                    | 943,007             | 58,985,088            |
| <b>Total</b>          | <b>139,874,979</b>  | <b>9,266,717,359</b> | <b>162,106,336</b>  | <b>10,139,751,317</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Capital Creditors               | 134,583             | 8,916,124          | -                   | -                  |
| Other liabilities               | 910,810             | 60,341,164         | 69,437              | 4,343,284          |
| Deferred revenue                | 1,298,667           | 88,036,689         | 1,369,521           | 85,663,539         |
| Interest payable- Inter company | 4,535,332           | 300,465,745        | 3,253,503           | 203,506,613        |
| Bank overdraft                  | 596,554             | 39,521,703         | 1,181,447           | 73,899,510         |
| <b>Total</b>                    | <b>7,475,946</b>    | <b>495,281,425</b> | <b>5,873,908</b>    | <b>367,412,946</b> |

## 8 Short term provisions

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Leave entitlement | 794,213             | 52,616,611        | 861,000             | 53,855,550        |
| <b>Total</b>      | <b>794,213</b>      | <b>52,616,611</b> | <b>861,000</b>      | <b>53,855,550</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Land                             | 7,750,000           | 513,437,500          | 7,750,000           | 484,762,500          |
| Building                         | 6,867,928           | 455,000,230          | 6,726,787           | 420,760,527          |
| Lease hold improvement           | 3,107,125           | 205,847,031          | 3,123,817           | 195,394,753          |
| Cables                           | 1,094,941           | 72,539,841           | 1,094,941           | 68,488,560           |
| Plant and machinery              | 77,101,192          | 5,107,953,970        | 81,678,177          | 5,108,969,971        |
| Furniture and fixtures           | 4,137,472           | 274,107,520          | 4,109,448           | 257,045,972          |
| Computers                        | 15,950,159          | 1,056,698,034        | 22,160,176          | 1,386,119,009        |
| Office equipment                 | 1,123,962           | 74,462,483           | 2,223,151           | 139,058,095          |
| Vehicles                         | -                   | -                    | 1,490               | 93,200               |
| (a)                              | 117,132,779         | 7,760,046,609        | 128,867,987         | 8,060,692,587        |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Building                         | 2,534,571           | 167,915,329          | 2,234,845           | 139,789,555          |
| Lease hold improvement           | 1,954,020           | 129,453,825          | 1,727,187           | 108,034,296          |
| Cables                           | 918,687             | 60,863,014           | 813,447             | 50,881,110           |
| Plant and machinery              | 60,799,028          | 4,027,935,605        | 61,386,311          | 3,839,713,753        |
| Furniture and fixtures           | 3,188,873           | 211,262,836          | 2,857,291           | 178,723,552          |
| Computers                        | 15,382,514          | 1,019,091,553        | 21,334,796          | 1,334,491,490        |
| Office equipment                 | 584,745             | 38,739,356           | 1,422,003           | 88,946,288           |
| Vehicles                         | -                   | -                    | 1,490               | 93,200               |
| (b)                              | 85,362,438          | 5,655,261,518        | 91,777,350          | 5,740,673,244        |
| <b>Net block (a) - (b)</b>       | <b>31,770,341</b>   | <b>2,104,785,091</b> | <b>37,090,637</b>   | <b>2,320,019,343</b> |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Goodwill                         | 10,001,989          | 662,631,771          | 10,001,989          | 625,624,412          |
| Computer software                | 69,476,895          | 4,602,844,294        | 72,235,350          | 4,518,321,143        |
| (a)                              | 79,478,884          | 5,265,476,065        | 82,237,339          | 5,143,945,555        |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Goodwill                         | -                   | -                    | -                   | -                    |
| Computer software                | 61,702,291          | 4,087,776,779        | 63,914,550          | 3,997,855,103        |
| (b)                              | 61,702,291          | 4,087,776,779        | 63,914,550          | 3,997,855,103        |
| <b>Net block (a) - (b)</b>       | <b>17,776,593</b>   | <b>1,177,699,286</b> | <b>18,322,789</b>   | <b>1,146,090,452</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Long term loans and advances

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                      |
|-----------------------|---------------------|--------------------|---------------------|----------------------|
|                       | USD                 | INR                | USD                 | INR                  |
| Vendor deposit        | 2,345               | 155,356            | -                   | -                    |
| Prepaid expenses      | 2,043,937           | 135,410,826        | 2,222,163           | 138,996,296          |
| Prepaid pension asset | 11,695,426          | 774,821,973        | 17,525,749          | 1,096,235,600        |
| Advance tax (net)     | 441,102             | 29,223,008         | 444,735             | 27,818,174           |
| <b>Total</b>          | <b>14,182,810</b>   | <b>939,611,163</b> | <b>20,192,647</b>   | <b>1,263,050,070</b> |

## 12 Trade receivables

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| Trade receivables            | 67,802,550          | 4,491,918,938        | 61,797,081          | 3,865,407,417        |
| Provision for doubtful debts | (1,887,768)         | (125,064,630)        | (8,073,546)         | (505,000,302)        |
| Intercompany receivables     | 33,716,176          | 2,233,696,660        | -                   | -                    |
| <b>Total</b>                 | <b>99,630,958</b>   | <b>6,600,550,968</b> | <b>53,723,535</b>   | <b>3,360,407,115</b> |

## 13 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Cash in hand      | 5,980               | 396,175           | 5,087               | 318,192           |
| Balance with bank | 283,677             | 18,793,601        | 1,427,014           | 89,259,726        |
| <b>Total</b>      | <b>289,657</b>      | <b>19,189,776</b> | <b>1,432,101</b>    | <b>89,577,918</b> |

## 14 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Advances to employees           | 47,374              | 3,138,528          | 51,886              | 3,245,469          |
| Other advances                  | 3,259,153           | 215,918,888        | 3,089,313           | 193,236,528        |
| Provision for doubtful advances | (7,366)             | (487,998)          | (7,366)             | (460,743)          |
| Prepaid expenses                | 1,021,185           | 67,653,506         | 2,287,405           | 143,077,183        |
| Taxes recoverable               | 542,013             | 35,908,361         | -                   | -                  |
| VAT receivable                  | 3,574               | 236,778            | -                   | -                  |
| <b>Total</b>                    | <b>4,865,933</b>    | <b>322,368,061</b> | <b>5,421,238</b>    | <b>339,098,437</b> |

## 15 Other current assets

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Other current assets | 85,946              | 5,693,923        | 111,673             | 6,985,146        |
| <b>Total</b>         | <b>85,946</b>       | <b>5,693,923</b> | <b>111,673</b>      | <b>6,985,146</b> |

## 16 Revenue from operations

| Particulars            | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                        | USD                  | INR                   | USD                   | INR                   |
| Data and voice revenue | 565,544,723          | 37,467,337,899        | 606,138,279           | 37,913,949,351        |
| <b>Total</b>           | <b>565,544,723</b>   | <b>37,467,337,899</b> | <b>606,138,279</b>    | <b>37,913,949,351</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Other income

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                      |
|---|----------------------|--------------------|-----------------------|----------------------|
|   | USD                  | INR                | USD                   | INR                  |
| Interest income - others                  | 472                  | 31,270             | 989                   | 61,862               |
| Interest on loan to subsidiaries          | -                    | -                  | 186,718               | 11,679,211           |
| Profit on sale of fixed assets            | 442                  | 29,283             | 1                     | 63                   |
| Exchange rate difference gain/(loss) -Net | -                    | -                  | 26,545,861            | 1,660,443,606        |
| Miscellaneous income                      | 4,791,628            | 317,445,355        | 2,148,244             | 134,372,662          |
| <b>Total</b>                              | <b>4,792,542</b>     | <b>317,505,908</b> | <b>28,881,813</b>     | <b>1,806,557,404</b> |

## 18 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Salaries, bonus and allowances            | 28,927,989           | 1,916,479,271        | 30,404,941            | 1,901,829,060        |
| Contribution to provident and other funds | 3,025,825            | 200,460,906          | 1,131,242             | 70,759,187           |
| Staff welfare expenses                    | 266,029              | 17,624,421           | 237,363               | 14,847,056           |
| <b>Total</b>                              | <b>32,219,843</b>    | <b>2,134,564,598</b> | <b>31,773,546</b>     | <b>1,987,435,303</b> |

## 19 Finance costs

| Particulars       | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|-------------------|----------------------|--------------------|-----------------------|--------------------|
|                   | USD                  | INR                | USD                   | INR                |
| Interest expenses | 7,885,279            | 522,399,734        | 5,690,708             | 355,953,785        |
| Guarantee fees    | 458,359              | 30,366,284         | -                     | -                  |
| <b>Total</b>      | <b>8,343,638</b>     | <b>552,766,018</b> | <b>5,690,708</b>      | <b>355,953,785</b> |

## 20 Network costs

| Particulars                                | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|--|----------------------|-----------------------|-----------------------|-----------------------|
|  | USD                  | INR                   | USD                   | INR                   |
| Charges for use of transmission facilities | 492,487,095          | 32,627,270,044        | 578,521,829           | 36,186,540,404        |
| Rent of satellite channels                 | 7,328,236            | 485,495,635           | 8,610,724             | 538,600,786           |
| <b>Total</b>                               | <b>499,815,331</b>   | <b>33,112,765,679</b> | <b>587,132,553</b>    | <b>36,725,141,190</b> |

## 21 Other expenses

| Particulars                                 | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Advertising and publicity                   | 1,440,765            | 95,450,681           | 1,465,921             | 91,693,359           |
| Auditors remuneration                       | 17,150               | 1,136,188            | 24,709                | 1,545,548            |
| Bad debts                                   | 6,177,370            | 409,250,763          | -                     | -                    |
| Provision for doubtful debts                | (6,185,777)          | (409,807,726)        | (297,740)             | (18,623,637)         |
| Communication expenses                      | 710,771              | 47,088,579           | 647,109               | 40,476,668           |
| Donations                                   | 1,259                | 83,409               | 7,629                 | 477,194              |
| Electricity                                 | 1,441,070            | 95,470,888           | 1,751,699             | 109,568,772          |
| Entertainment expenses                      | 46,875               | 3,105,469            | 69,539                | 4,349,664            |
| Exchange rate difference (gain)/loss -net   | 7,136,570            | 472,797,763          | -                     | -                    |
| Insurance expenses                          | 208,683              | 13,825,249           | 251,589               | 15,736,892           |
| IT consumables                              | 40,637               | 2,692,201            | 13,751                | 860,125              |
| Legal and professional fees                 | 2,751,445            | 182,283,231          | 2,195,058             | 137,300,878          |
| Loss on sale of fixed assets (net)          | -                    | -                    | 21,555                | 1,348,265            |
| Miscellaneous expenses                      | 480,938              | 31,862,142           | 895,618               | 56,020,906           |
| Printing and stationery                     | 102,600              | 6,797,250            | 84,116                | 5,261,456            |
| Rates and Taxes                             | 1,058,772            | 70,143,645           | 1,915,003             | 119,783,438          |
| Recruitment expenses                        | 14,701               | 973,941              | 24,510                | 1,533,101            |
| Rent  | 1,379,634            | 91,400,753           | 1,670,410             | 104,484,146          |
| Repairs and Maintenance - Plant & Machinery | 8,717,109            | 577,508,471          | 8,367,693             | 523,399,197          |
| Repairs and Maintenance - Buildings         | 261,983              | 17,356,374           | 200,342               | 12,531,392           |
| Relocation Expense                          | 102,997              | 6,823,551            | 48,177                | 3,013,471            |
| Security charges                            | 255,326              | 16,915,348           | 332,098               | 20,772,730           |
| Seminars, trainings and conferences         | 237,497              | 15,734,176           | 212,655               | 13,301,570           |
| Services rendered by agencies               | 1,250,514            | 82,846,553           | 1,739,813             | 108,825,303          |
| Travelling and conveyance expenses          | 1,411,905            | 93,538,706           | 1,773,690             | 110,944,310          |
| <b>Total</b>                                | <b>29,060,794</b>    | <b>1,925,277,605</b> | <b>23,414,944</b>     | <b>1,464,604,748</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 6121 4444

emails@ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (France) SAS** ("the subsidiary") registered in France as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

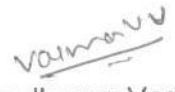
This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                              | Note No. | As at 31 March 2016 |                 | As at 31 March 2015 |                 |
|--|----------|---------------------|-----------------|---------------------|-----------------|
|  |          | USD                 | INR*            | USD                 | INR*            |
| <b>I. EQUITY AND LIABILITIES</b>         |          |                     |                 |                     |                 |
| <b>1 Shareholders' funds</b>             |          |                     |                 |                     |                 |
| Share capital                            | 1        | 20,391,358          | 1,350,927,468   | 20,391,358          | 1,275,479,443   |
| Reserves and surplus                     | 2        | (17,691,682)        | (1,172,073,937) | (17,580,647)        | (1,099,669,469) |
|  |          | 2,699,676           | 178,853,531     | 2,810,711           | 175,809,974     |
| <b>2 Non-current liabilities</b>         |          |                     |                 |                     |                 |
| Other long term liabilities              | 3        | 20,849,259          | 1,381,263,410   | 21,450,775          | 1,341,745,976   |
| Long-term provisions                     | 4        | 379,583             | 25,147,374      | 227,145             | 14,207,920      |
|  |          | 21,228,842          | 1,406,410,784   | 21,677,920          | 1,355,953,896   |
| <b>3 Current liabilities</b>             |          |                     |                 |                     |                 |
| Short-term borrowings                    | 5        | 4,887,691           | 323,809,529     | 9,404,837           | 588,272,554     |
| Trade payables                           | 6        | 9,966,214           | 660,261,677     | 6,167,374           | 385,769,244     |
| Other current liabilities                | 7        | 2,821,302           | 186,911,259     | 2,802,133           | 175,273,420     |
| Short-term provisions                    | 8        | 1,161,766           | 76,966,998      | 1,242,362           | 77,709,743      |
|  |          | 18,836,973          | 1,247,949,463   | 19,616,706          | 1,227,024,961   |
| <b>Total</b>                             |          | 42,765,491          | 2,833,213,778   | 44,105,337          | 2,758,788,831   |
| <b>II. ASSETS</b>                        |          |                     |                 |                     |                 |
| <b>1 Non-current assets</b>              |          |                     |                 |                     |                 |
| Fixed assets                             |          |                     |                 |                     |                 |
| (i) Tangible assets                      | 9        | 30,322,720          | 2,008,880,200   | 32,311,838          | 2,021,105,468   |
| (ii) Intangible assets                   | 10       | 145,409             | 9,633,346       | 375,940             | 23,515,047      |
| (iii) Capital work-in-progress           |          | 1,104,684           | 73,185,315      | 360,816             | 22,569,041      |
| (iv) Intangible assets under development |          | -                   | -               | 4,324               | 270,466         |
| Long-term loans and advances             | 11       | 765,836             | 50,736,635      | 678,475             | 42,438,611      |
|  |          | 32,338,649          | 2,142,435,496   | 33,731,393          | 2,109,898,633   |
| <b>2 Current assets</b>                  |          |                     |                 |                     |                 |
| Trade receivables                        | 12       | 9,644,022           | 638,916,457     | 9,619,317           | 601,688,279     |
| Cash and cash equivalents                | 13       | -                   | -               | 6                   | 375             |
| Short-term loans and advances            | 14       | 734,825             | 48,682,156      | 535,138             | 33,472,882      |
| Other current assets                     | 15       | 47,995              | 3,179,669       | 219,483             | 13,728,662      |
|  |          | 10,426,842          | 690,778,282     | 10,373,944          | 648,890,198     |
| <b>Total</b>                             |          | 42,765,491          | 2,833,213,778   | 44,105,337          | 2,758,788,831   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|---|----------|----------------------|----------------------|-----------------------|----------------------|
|      |   |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>  |          |                      |                      |                       |                      |
|      | Revenue from operations   | 16       | 43,129,990           | 2,857,361,838        | 49,324,702            | 3,085,260,110        |
|      | Other income  | 17       | 54,078               | 3,582,668            | 105,312               | 6,587,266            |
|      | <b>Total revenue</b>  |          | <b>43,184,068</b>    | <b>2,860,944,506</b> | <b>49,430,014</b>     | <b>3,091,847,376</b> |
| II.  | <b>Expenses</b>   |          |                      |                      |                       |                      |
|      | Employee benefits expense                                       | 18       | 9,792,625            | 648,761,407          | 11,803,833            | 738,329,754          |
|      | Finance costs   | 19       | (210,515)            | (13,948,619)         | 1,091,693             | 68,285,397           |
|      | Network costs   | 20       | 22,810,002           | 1,511,162,633        | 28,898,352            | 1,807,591,917        |
|      | Depreciation and amortization expenses                          |          | 5,404,142            | 358,024,408          | 5,333,633             | 333,618,744          |
|      | Other expenses  | 21       | 5,181,381            | 343,266,495          | 5,281,551             | 330,361,016          |
|      | <b>Total expenses</b>   |          | <b>42,977,635</b>    | <b>2,847,268,324</b> | <b>52,409,062</b>     | <b>3,278,186,828</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax( I-II)</b> |          | <b>206,433</b>       | <b>13,676,182</b>    | <b>(2,979,048)</b>    | <b>(186,339,452)</b> |
| IV.  | <b>Exceptional item</b>   |          | <b>317,468</b>       | <b>21,032,255</b>    | <b>-</b>              | <b>-</b>             |
| V.   | <b>Profit / (loss) for the year ( III-IV)</b>                   |          | <b>(111,035)</b>     | <b>(7,356,073)</b>   | <b>(2,979,048)</b>    | <b>(186,339,452)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------|---------------------|----------------------|---------------------|----------------------|
|                      | USD                 | INR                  | USD                 | INR                  |
| Equity share capital | 20,391,358          | 1,350,927,468        | 20,391,358          | 1,275,479,443        |
| <b>Total</b>         | <b>20,391,358</b>   | <b>1,350,927,468</b> | <b>20,391,358</b>   | <b>1,275,479,443</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
|                              | USD                 | INR                    | USD                 | INR                    |
| <b>Surplus / (Deficit)</b>   |                     |                        |                     |                        |
| Opening balance              | (17,722,288)        | (1,174,101,580)        | (14,743,240)        | (922,189,662)          |
| Profit / (loss) for the year | (111,035)           | (7,356,073)            | (2,979,048)         | (186,339,452)          |
| Closing balance              | (17,833,323)        | (1,181,457,653)        | (17,722,288)        | (1,108,529,114)        |
| Capital reserves             | 141,641             | 9,383,716              | 141,641             | 8,859,645              |
| <b>Total</b>                 | <b>(17,691,682)</b> | <b>(1,172,073,937)</b> | <b>(17,580,647)</b> | <b>(1,099,669,469)</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------|---------------------|----------------------|---------------------|----------------------|
|                    | USD                 | INR                  | USD                 | INR                  |
| Unearned revenue   | 20,484,457          | 1,357,095,277        | 21,450,775          | 1,341,745,976        |
| Lease equalisation | 364,802             | 24,168,133           | -                   | -                    |
| <b>Total</b>       | <b>20,849,259</b>   | <b>1,381,263,410</b> | <b>21,450,775</b>   | <b>1,341,745,976</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 379,583             | 25,147,374        | 227,145             | 14,207,920        |
| <b>Total</b>                           | <b>379,583</b>      | <b>25,147,374</b> | <b>227,145</b>      | <b>14,207,920</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
|                           | USD                 | INR                | USD                 | INR                |
| Inter company loans taken | 4,887,691           | 323,809,529        | 9,404,837           | 588,272,554        |
| <b>Total</b>              | <b>4,887,691</b>    | <b>323,809,529</b> | <b>9,404,837</b>    | <b>588,272,554</b> |

## 6 Trade payables

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Trade payables        | 6,843,004           | 453,349,015        | 4,346,593           | 271,879,392        |
| Employee dues         | 1,545,921           | 102,417,266        | 1,820,781           | 113,889,852        |
| Intercompany payables | 1,577,289           | 104,495,396        | -                   | -                  |
| <b>Total</b>          | <b>9,966,214</b>    | <b>660,261,677</b> | <b>6,167,374</b>    | <b>385,769,244</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Capital Creditors               | 27,014              | 1,789,678          | -                   | -                  |
| Other liabilities               | 27,948              | 1,851,555          | -                   | -                  |
| Deferred revenue                | 2,558,947           | 169,530,239        | 2,437,245           | 152,449,675        |
| VAT payable                     | 186,583             | 12,361,124         | 255,481             | 15,980,337         |
| Interest payable- Inter company | 18,614              | 1,233,178          | 108,754             | 6,802,563          |
| Bank overdraft                  | 2,196               | 145,485            | 653                 | 40,845             |
| <b>Total</b>                    | <b>2,821,302</b>    | <b>186,911,259</b> | <b>2,802,133</b>    | <b>175,273,420</b> |

## 8 Short term provisions

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Leave entitlement | 1,161,766           | 76,966,998        | 1,242,362           | 77,709,743        |
| <b>Total</b>      | <b>1,161,766</b>    | <b>76,966,998</b> | <b>1,242,362</b>    | <b>77,709,743</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Building                         | -                   | -                    | 140,912             | 8,814,046            |
| Lease hold improvement           | 184,423             | 12,218,024           | 43,511              | 2,721,613            |
| Cables                           | 28,322,869          | 1,876,390,071        | 26,762,078          | 1,673,967,979        |
| Plant and machinery              | 36,639,234          | 2,427,349,253        | 35,126,579          | 2,197,167,516        |
| Furniture and fixtures           | 146,502             | 9,705,758            | 146,502             | 9,163,700            |
| Computers                        | 127,404             | 8,440,515            | 312,207             | 19,528,548           |
| Office equipment                 | 85,243              | 5,647,349            | 85,243              | 5,331,950            |
| (a)                              | 65,505,675          | 4,339,750,970        | 62,617,032          | 3,916,695,352        |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Building                         | -                   | -                    | 39,925              | 2,497,309            |
| Lease hold improvement           | 92,831              | 6,150,054            | 4,968               | 310,748              |
| Cables                           | 11,367,896          | 753,123,110          | 9,512,596           | 595,012,880          |
| Plant and machinery              | 23,459,540          | 1,554,194,525        | 20,333,242          | 1,271,844,287        |
| Furniture and fixtures           | 116,754             | 7,734,953            | 102,008             | 6,380,600            |
| Computers                        | 95,952              | 6,356,820            | 266,380             | 16,662,069           |
| Office equipment                 | 49,982              | 3,311,308            | 46,075              | 2,881,991            |
| (b)                              | 35,182,955          | 2,330,870,770        | 30,305,194          | 1,895,589,884        |
| <b>Net block (a) - (b)</b>       | <b>30,322,720</b>   | <b>2,008,880,200</b> | <b>32,311,838</b>   | <b>2,021,105,468</b> |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|----------------------------------|---------------------|------------------|---------------------|-------------------|
|                                  | USD                 | INR              | USD                 | INR               |
| <b>Gross block:</b>              |                     |                  |                     |                   |
| Computer software                | 2,095,589           | 138,832,771      | 2,340,225           | 146,381,074       |
| (a)                              | 2,095,589           | 138,832,771      | 2,340,225           | 146,381,074       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                   |
| Computer software                | 1,950,180           | 129,199,425      | 1,964,285           | 122,866,027       |
| (b)                              | 1,950,180           | 129,199,425      | 1,964,285           | 122,866,027       |
| <b>Net block (a) - (b)</b>       | <b>145,409</b>      | <b>9,633,346</b> | <b>375,940</b>      | <b>23,515,047</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Long term loans and advances

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Vendor deposit    | 565,541             | 37,467,091        | 413,406             | 25,858,545        |
| Prepaid expenses  | 140,647             | 9,317,864         | 40,519              | 2,534,463         |
| Advance tax (net) | 59,648              | 3,951,680         | 224,550             | 14,045,603        |
| <b>Total</b>      | <b>765,836</b>      | <b>50,736,635</b> | <b>678,475</b>      | <b>42,438,611</b> |

## 12 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 9,882,161           | 654,693,166        | 7,660,443           | 479,160,710        |
| Provision for doubtful debts | (238,139)           | (15,776,709)       | (510,462)           | (31,929,398)       |
| Intercompany receivables     | -                   | -                  | 2,469,336           | 154,456,967        |
| <b>Total</b>                 | <b>9,644,022</b>    | <b>638,916,457</b> | <b>9,619,317</b>    | <b>601,688,279</b> |

## 13 Cash and cash equivalents

| Particulars  | As at 31 March 2016 |          | As at 31 March 2015 |            |
|--------------|---------------------|----------|---------------------|------------|
|              | USD                 | INR      | USD                 | INR        |
| Cash in hand | -                   | -        | 6                   | 375        |
| <b>Total</b> | <b>-</b>            | <b>-</b> | <b>6</b>            | <b>375</b> |

## 14 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Advances to employees           | 56,667              | 3,754,189         | -                   | -                 |
| Other advances                  | 46,177              | 3,059,226         | 57,762              | 3,613,013         |
| Provision for doubtful advances | 2,500               | 165,625           | 2,500               | 156,375           |
| Security deposit                | 3,620               | 239,825           | 3,620               | 226,431           |
| Prepaid expenses                | 625,861             | 41,463,291        | 471,256             | 29,477,063        |
| <b>Total</b>                    | <b>734,825</b>      | <b>48,682,156</b> | <b>535,138</b>      | <b>33,472,882</b> |

## 15 Other current assets

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|----------------------|---------------------|------------------|---------------------|-------------------|
|                      | USD                 | INR              | USD                 | INR               |
| Other current assets | 47,995              | 3,179,669        | 219,483             | 13,728,662        |
| <b>Total</b>         | <b>47,995</b>       | <b>3,179,669</b> | <b>219,483</b>      | <b>13,728,662</b> |

## 16 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 43,129,990           | 2,857,361,838        | 49,324,702            | 3,085,260,110        |
| <b>Total</b>           | <b>43,129,990</b>    | <b>2,857,361,838</b> | <b>49,324,702</b>     | <b>3,085,260,110</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Other income

| Particulars                      | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|----------------------------------|----------------------|------------------|-----------------------|------------------|
|                                  | USD                  | INR              | USD                   | INR              |
| Interest on loan to subsidiaries | 32,179               | 2,131,859        | 79,338                | 4,962,592        |
| Miscellaneous income             | 21,899               | 1,450,809        | 25,974                | 1,624,674        |
| <b>Total</b>                     | <b>54,078</b>        | <b>3,582,668</b> | <b>105,312</b>        | <b>6,587,266</b> |

## 18 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
|                                | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances | 9,751,454            | 646,033,828        | 11,777,162            | 736,661,483        |
| Staff welfare expenses         | 41,171               | 2,727,579          | 26,671                | 1,668,271          |
| <b>Total</b>                   | <b>9,792,625</b>     | <b>648,761,407</b> | <b>11,803,833</b>     | <b>738,329,754</b> |

## 19 Finance costs

| Particulars       | Current year 2015-16 |                     | Previous year 2014-15 |                   |
|-------------------|----------------------|---------------------|-----------------------|-------------------|
|                   | USD                  | INR                 | USD                   | INR               |
| Interest expenses | 304,171              | 20,151,329          | 789,268               | 49,368,713        |
| Guarantee fees    | (514,686)            | (34,097,948)        | 302,425               | 18,916,684        |
| <b>Total</b>      | <b>(210,515)</b>     | <b>(13,946,619)</b> | <b>1,091,693</b>      | <b>68,285,397</b> |

## 20 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 22,810,002           | 1,511,162,633        | 28,898,353            | 1,807,591,980        |
| Rent of satellite channels                 | -                    | -                    | (1)                   | (63)                 |
| <b>Total</b>                               | <b>22,810,002</b>    | <b>1,511,162,633</b> | <b>28,898,352</b>     | <b>1,807,591,917</b> |

## 21 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Advertising and publicity                   | 167,881              | 11,122,116         | 250,268               | 15,654,263         |
| Auditors remuneration                       | 54,450               | 3,607,313          | 54,450                | 3,405,848          |
| Bad debts                                   | 416,265              | 27,577,556         | -                     | -                  |
| Provision for doubtful debts                | (272,323)            | (18,041,399)       | (182,643)             | (11,424,320)       |
| Communication expenses                      | 127,400              | 8,440,250          | 115,628               | 7,232,531          |
| Donations                                   | 1,123                | 74,399             | 8,047                 | 503,340            |
| Electricity                                 | 41,426               | 2,744,473          | 106,072               | 6,634,804          |
| Entertainment expenses                      | 18,825               | 1,247,156          | 11,203                | 700,748            |
| Exchange rate difference (gain)/loss -net   | 249,811              | 16,549,979         | 361,530               | 22,613,702         |
| Insurance expenses                          | 28,022               | 1,856,458          | 24,533                | 1,534,539          |
| IT consumables                              | 4,214                | 279,178            | 9,635                 | 602,669            |
| Legal and professional fees                 | 176,591              | 11,699,154         | 359,039               | 22,457,889         |
| Miscellaneous expenses                      | 562,355              | 37,256,019         | 174,802               | 10,933,865         |
| Printing and stationery                     | 45,332               | 3,003,245          | 21,718                | 1,358,461          |
| Rates and Taxes                             | 434,661              | 28,796,291         | 437,381               | 27,358,182         |
| Recruitment expenses                        | 55,724               | 3,691,715          | 15,562                | 973,403            |
| Rent  | 687,617              | 45,554,626         | 484,534               | 30,307,602         |
| Repairs and Maintenance - Plant & Machinery | 1,366,931            | 90,559,179         | 2,221,923             | 138,981,284        |
| Repairs and Maintenance - Buildings         | 4,694                | 310,978            | 11,540                | 721,827            |
| Relocation Expense                          | 1,131                | 74,929             | -                     | -                  |
| Security charges                            | 1,300                | 86,125             | 798                   | 49,915             |
| Seminars, trainings and conferences         | 74,666               | 4,946,623          | 51,842                | 3,242,717          |
| Services rendered by agencies               | 347,347              | 23,011,739         | 112,363               | 7,028,306          |
| Travelling and conveyance expenses          | 585,938              | 38,818,393         | 631,326               | 39,489,441         |
| <b>Total</b>                                | <b>5,181,381</b>     | <b>343,266,495</b> | <b>5,281,551</b>      | <b>330,361,016</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtayari  
229 Nariman Point  
Mumbai - 400 021 India

T: +91 (22) 61214444

emails: ss-associates.com www:ss-associates.com

LLP Identity No. AAB-7509

## **ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Guam) LLC** ("the subsidiary") registered in Guam as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar Varma*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016



## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |               | As at 31 March 2015 |               |
|----------------------------------|----------|---------------------|---------------|---------------------|---------------|
|                                  |          | USD                 | INR*          | USD                 | INR*          |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |               |                     |               |
| <b>1 Shareholders' funds</b>     |          |                     |               |                     |               |
| Share capital                    |          | -                   | -             | -                   | -             |
| Reserves and surplus             | 1        | 18,545,541          | 1,228,642,091 | 11,811,599          | 738,815,518   |
|                                  |          | 18,545,541          | 1,228,642,091 | 11,811,599          | 738,815,518   |
| <b>2 Non-current liabilities</b> |          |                     |               |                     |               |
| Other long term liabilities      | 2        | 4,062,232           | 269,122,870   | 4,639,165           | 290,179,771   |
|                                  |          | 4,062,232           | 269,122,870   | 4,639,165           | 290,179,771   |
| <b>3 Current liabilities</b>     |          |                     |               |                     |               |
| Trade payables                   | 3        | 749,939             | 49,683,459    | 1,225,986           | 76,685,424    |
| Other current liabilities        | 4        | 1,235,032           | 81,820,870    | 1,230,022           | 76,937,876    |
| Short-term provisions            | 5        | 246,070             | 16,302,138    | 7,805               | 488,203       |
|                                  |          | 2,231,041           | 147,806,467   | 2,463,813           | 154,111,503   |
| <b>Total</b>                     |          | 24,838,814          | 1,645,571,428 | 18,914,577          | 1,183,106,792 |
| <b>II. ASSETS</b>                |          |                     |               |                     |               |
| <b>1 Non-current assets</b>      |          |                     |               |                     |               |
| Fixed assets                     |          |                     |               |                     |               |
| (i) Tangible assets              | 6        | 4,590,045           | 304,090,481   | 3,841,058           | 240,258,179   |
| (ii) Capital work-in-progress    |          | 31,646              | 2,096,548     | 40,400              | 2,527,020     |
| Deferred tax assets (net)        |          | 4,969,221           | 329,210,891   | -                   | -             |
| Long-term loans and advances     | 7        | -                   | -             | 938,928             | 58,729,946    |
|                                  |          | 9,590,912           | 635,397,920   | 4,820,386           | 301,515,145   |
| <b>2 Current assets</b>          |          |                     |               |                     |               |
| Trade receivables                | 8        | 227,276             | 15,057,035    | 264,208             | 16,526,210    |
| Cash and cash equivalents        | 9        | -                   | -             | 3,572               | 223,429       |
| Short-term loans and advances    | 10       | 14,727,060          | 975,667,725   | 13,477,304          | 843,005,365   |
| Other current assets             | 11       | 293,566             | 19,448,748    | 349,107             | 21,836,643    |
|                                  |          | 15,247,902          | 1,010,173,508 | 14,094,191          | 881,591,647   |
| <b>Total</b>                     |          | 24,838,814          | 1,645,571,428 | 18,914,577          | 1,183,106,792 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------|--|----------|----------------------|--------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*               | USD                   | INR*               |
| I.   | <b>Revenue</b>                               |          |                      |                    |                       |                    |
|      | Revenue from operations                      | 12       | 6,953,090            | 460,642,213        | 6,714,416             | 419,986,721        |
|      | Other income                                 | 13       | 579,533              | 38,394,062         | 653,157               | 40,854,970         |
|      | <b>Total revenue</b>                         |          | <b>7,532,623</b>     | <b>499,036,275</b> | <b>7,367,573</b>      | <b>460,841,691</b> |
| II.  | <b>Expenses</b>                              |          |                      |                    |                       |                    |
|      | Employee benefits expense                    | 14       | 434,108              | 28,759,655         | 392,265               | 24,536,176         |
|      | Network costs                                | 15       | 2,725,781            | 180,582,991        | 2,466,739             | 154,294,524        |
|      | Depreciation and amortization expenses       |          | 324,799              | 21,517,934         | 366,444               | 22,921,072         |
|      | Other expenses                               | 16       | 1,913,059            | 126,740,160        | 1,842,142             | 115,225,981        |
|      | <b>Total expenses</b>                        |          | <b>5,397,747</b>     | <b>357,600,740</b> | <b>5,067,590</b>      | <b>316,977,753</b> |
| III. | <b>Profit / (loss) before tax( I-II)</b>     |          | <b>2,134,876</b>     | <b>141,435,535</b> | <b>2,299,983</b>      | <b>143,863,938</b> |
| IV.  | <b>Tax expenses</b>                          |          |                      |                    |                       |                    |
|      | Current Tax                                  |          | 370,155              | 24,522,769         | 10,841                | 678,105            |
|      | Deferred Tax                                 |          | (4,969,221)          | (329,210,891)      | -                     | -                  |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>6,733,942</b>     | <b>446,123,657</b> | <b>2,289,142</b>      | <b>143,185,833</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Reserves and surplus

| Particulars                  | As at 31 March 2016 |               | As at 31 March 2015 |             |
|------------------------------|---------------------|---------------|---------------------|-------------|
|                              | USD                 | INR           | USD                 | INR         |
| Surplus / (Deficit)          |                     |               |                     |             |
| Opening balance              | 11,811,599          | 782,518,434   | 9,522,457           | 595,629,685 |
| Profit / (loss) for the year | 6,733,942           | 446,123,657   | 2,289,142           | 143,185,833 |
| Closing balance              | 18,545,541          | 1,228,642,091 | 11,811,599          | 738,815,518 |

## 2 Other Long term liabilities

| Particulars      | As at 31 March 2016 |             | As at 31 March 2015 |             |
|------------------|---------------------|-------------|---------------------|-------------|
|                  | USD                 | INR         | USD                 | INR         |
| Unearned revenue | 4,062,232           | 269,122,870 | 4,639,165           | 290,179,771 |
| Total            | 4,062,232           | 269,122,870 | 4,639,165           | 290,179,771 |

## 3 Trade payables

| Particulars           | As at 31 March 2016 |            | As at 31 March 2015 |            |
|-----------------------|---------------------|------------|---------------------|------------|
|                       | USD                 | INR        | USD                 | INR        |
| Trade payables        | 107,172             | 7,100,145  | 651,254             | 40,735,938 |
| Employee dues         | 36,413              | 2,412,361  | 24,484              | 1,531,474  |
| Intercompany payables | 606,354             | 40,170,953 | 550,248             | 34,418,012 |
| Total                 | 749,939             | 49,683,459 | 1,225,986           | 76,685,424 |

## 4 Other current liabilities

| Particulars       | As at 31 March 2016 |            | As at 31 March 2015 |            |
|-------------------|---------------------|------------|---------------------|------------|
|                   | USD                 | INR        | USD                 | INR        |
| Other liabilities | -                   | -          | 6,329               | 395,879    |
| Deferred revenue  | 1,234,675           | 81,797,219 | 1,221,679           | 76,416,021 |
| Bank overdraft    | 357                 | 23,651     | 2,014               | 125,976    |
| Total             | 1,235,032           | 81,820,870 | 1,230,022           | 76,937,876 |

## 5 Short term provisions

| Particulars             | As at 31 March 2016 |            | As at 31 March 2015 |         |
|-------------------------|---------------------|------------|---------------------|---------|
|                         | USD                 | INR        | USD                 | INR     |
| Provision for tax (net) | 240,791             | 15,952,404 | -                   | -       |
| Leave entitlement       | 5,279               | 349,734    | 7,805               | 488,203 |
| Total                   | 246,070             | 16,302,138 | 7,805               | 488,203 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | USD                 | INR                | USD                 | INR                |
| <b>Gross block:</b>              |                     |                    |                     |                    |
| Land                             | 924,769             | 61,265,946         | 924,769             | 57,844,301         |
| Building                         | 4,858,882           | 321,900,933        | 4,858,882           | 303,923,069        |
| Cables                           | 56,285              | 3,728,881          | 36,883              | 2,307,032          |
| Plant and machinery              | 2,149,802           | 142,424,383        | 1,371,895           | 85,812,032         |
| Furniture and fixtures           | 14,007              | 927,964            | 14,007              | 876,138            |
| Computers                        | 63,105              | 4,180,706          | 63,105              | 3,947,218          |
| Office equipment                 | 155,581             | 10,307,241         | 155,581             | 9,731,592          |
| (a)                              | 8,222,431           | 544,736,054        | 7,425,122           | 464,441,382        |
| <b>Accumulated depreciation:</b> |                     |                    |                     |                    |
| Building                         | 2,066,224           | 136,887,340        | 1,871,869           | 117,085,406        |
| Cables                           | 14,395              | 953,669            | 10,652              | 666,283            |
| Plant and machinery              | 1,408,101           | 93,286,691         | 1,568,599           | 98,115,867         |
| Furniture and fixtures           | 14,007              | 927,964            | 13,657              | 854,245            |
| Computers                        | 63,105              | 4,180,706          | 63,105              | 3,947,218          |
| Office equipment                 | 66,554              | 4,409,203          | 56,182              | 3,514,184          |
| (b)                              | 3,632,386           | 240,645,573        | 3,584,064           | 224,183,203        |
| <b>Net block (a) - (b)</b>       | <b>4,590,045</b>    | <b>304,090,481</b> | <b>3,841,058</b>    | <b>240,258,179</b> |

## 7 Long term loans and advances

| Particulars       | As at 31 March 2016 |          | As at 31 March 2015 |                   |
|-------------------|---------------------|----------|---------------------|-------------------|
|                   | USD                 | INR      | USD                 | INR               |
| Prepaid expenses  | -                   | -        | 924,769             | 57,844,301        |
| Advance tax (net) | -                   | -        | 14,159              | 885,645           |
| <b>Total</b>      | <b>-</b>            | <b>-</b> | <b>938,928</b>      | <b>58,729,946</b> |

## 8 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| Trade receivables            | 228,417             | 15,132,626        | 265,349             | 16,597,580        |
| Provision for doubtful debts | (1,141)             | (75,591)          | (1,141)             | (71,370)          |
| <b>Total</b>                 | <b>227,276</b>      | <b>15,057,035</b> | <b>264,208</b>      | <b>16,526,210</b> |

## 9 Cash and cash equivalents

| Particulars  | As at 31 March 2016 |          | As at 31 March 2015 |                |
|--------------|---------------------|----------|---------------------|----------------|
|              | USD                 | INR      | USD                 | INR            |
| Cash in hand | -                   | -        | 3,572               | 223,429        |
| <b>Total</b> | <b>-</b>            | <b>-</b> | <b>3,572</b>        | <b>223,429</b> |

## 10 Short term loans and advances

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
|                           | USD                 | INR                | USD                 | INR                |
| Inter company loans given | 14,173,851          | 939,017,629        | 13,411,764          | 838,905,838        |
| Prepaid expenses          | 553,209             | 36,650,096         | 65,540              | 4,099,527          |
| <b>Total</b>              | <b>14,727,060</b>   | <b>975,667,725</b> | <b>13,477,304</b>   | <b>843,005,365</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Other current assets

| Particulars                        | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                    | USD                 | INR               | USD                 | INR               |
| Interest receivable- Inter company | 293,566             | 19,448,748        | 349,107             | 21,836,643        |
| <b>Total</b>                       | <b>293,566</b>      | <b>19,448,748</b> | <b>349,107</b>      | <b>21,836,643</b> |

## 12 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
|                        | USD                  | INR                | USD                   | INR                |
| Data and voice revenue | 6,953,090            | 460,642,213        | 6,714,416             | 419,986,721        |
| <b>Total</b>           | <b>6,953,090</b>     | <b>460,642,213</b> | <b>6,714,416</b>      | <b>419,986,721</b> |

## 13 Other income

| Particulars                      | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|----------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                  | USD                  | INR               | USD                   | INR               |
| Interest on loan to subsidiaries | 571,755              | 37,878,769        | 653,157               | 40,854,970        |
| Miscellaneous income             | 7,778                | 515,293           | -                     | -                 |
| <b>Total</b>                     | <b>579,533</b>       | <b>38,394,062</b> | <b>653,157</b>        | <b>40,854,970</b> |

## 14 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 434,108              | 28,759,655        | 392,150               | 24,528,983        |
| Staff welfare expenses         | -                    | -                 | 115                   | 7,193             |
| <b>Total</b>                   | <b>434,108</b>       | <b>28,759,655</b> | <b>392,265</b>        | <b>24,536,176</b> |

## 15 Network costs

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | USD                  | INR                | USD                   | INR                |
| Charges for use of transmission facilities | 2,725,781            | 180,582,991        | 2,466,739             | 154,294,524        |
| <b>Total</b>                               | <b>2,725,781</b>     | <b>180,582,991</b> | <b>2,466,739</b>      | <b>154,294,524</b> |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Auditors remuneration                       | 417                  | 27,626             | 1,644                 | 102,832            |
| Communication expenses                      | 9,676                | 641,035            | 6,648                 | 415,832            |
| Electricity                                 | 419,302              | 27,778,758         | 529,872               | 33,143,494         |
| Entertainment expenses                      | (3,572)              | (236,645)          | 3,572                 | 223,429            |
| Exchange rate difference (gain)/loss -net   | -                    | -                  | 6                     | 375                |
| Insurance expenses                          | 91,657               | 6,072,276          | 93,396                | 5,841,920          |
| Legal and professional fees                 | 6,999                | 463,684            | 9,378                 | 586,594            |
| Miscellaneous expenses                      | 34,663               | 2,296,424          | 22,020                | 1,377,350          |
| Printing and stationery                     | 1,216                | 80,560             | 277                   | 17,326             |
| Rates and Taxes                             | 14,283               | 946,249            | 3,122                 | 195,281            |
| Rent  | -                    | -                  | 8,971                 | 561,136            |
| Repairs and Maintenance - Plant & Machinery | 1,225,990            | 81,221,838         | 1,146,648             | 71,722,832         |
| Repairs and Maintenance - Buildings         | 94,972               | 6,291,895          | 1,266                 | 79,188             |
| Services rendered by agencies               | 15,859               | 1,050,659          | 15,230                | 952,637            |
| Travelling and conveyance expenses          | 1,597                | 105,801            | 92                    | 5,755              |
| <b>Total</b>                                | <b>1,913,059</b>     | <b>126,740,160</b> | <b>1,842,142</b>      | <b>115,225,981</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhitawar  
229 Nariman Point  
Mumbai-400 021 India

T-91422 61214444

email: ss-associates.com www:ss-associates.com  
LLP Identity No. AAB-7509

## **ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Hong Kong) Limited** ("the subsidiary") registered in Hong Kong as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*[Handwritten signature]*

*[Handwritten signature: Vinodkumar V]*

(Vinodkumar Varna)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date : 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|  | Particulars | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--|-------------|----------|---------------------|----------------------|---------------------|----------------------|
|  |             |          | USD                 | INR*                 | USD                 | INR*                 |
| <b>I. EQUITY AND LIABILITIES</b>         |             |          |                     |                      |                     |                      |
| <b>1 Shareholders' funds</b>             |             |          |                     |                      |                     |                      |
| Share capital                            | 1           |          | 8,022,064           | 531,461,740          | 8,022,064           | 501,780,103          |
| Reserves and surplus                     | 2           |          | (11,255,281)        | (745,662,367)        | (9,842,610)         | (615,655,257)        |
|  |             |          | (3,233,217)         | (214,200,627)        | (1,820,546)         | (113,875,154)        |
| <b>2 Non-current liabilities</b>         |             |          |                     |                      |                     |                      |
| Other long term liabilities              | 3           |          | 7,791,461           | 516,184,291          | 6,155,540           | 385,029,027          |
| Long-term provisions                     | 4           |          | 3,336,834           | 221,065,253          | 2,980,533           | 186,432,339          |
|  |             |          | 11,128,295          | 737,249,544          | 9,136,073           | 571,461,366          |
| <b>3 Current liabilities</b>             |             |          |                     |                      |                     |                      |
| Short-term borrowings                    | 5           |          | 40,000,000          | 2,650,000,000        | 31,020,909          | 1,940,357,858        |
| Trade payables                           | 6           |          | 10,613,588          | 703,150,205          | 8,255,774           | 516,398,664          |
| Other current liabilities                | 7           |          | 1,787,643           | 118,431,351          | 1,834,577           | 114,752,791          |
| Short-term provisions                    | 8           |          | 299,881             | 19,867,116           | 305,461             | 19,106,586           |
|  |             |          | 52,701,112          | 3,491,448,672        | 41,416,721          | 2,590,615,899        |
| <b>Total</b>                             |             |          | <b>60,596,190</b>   | <b>4,014,497,589</b> | <b>48,732,248</b>   | <b>3,048,202,111</b> |
| <b>II. ASSETS</b>                        |             |          |                     |                      |                     |                      |
| <b>1 Non-current assets</b>              |             |          |                     |                      |                     |                      |
| Fixed assets                             |             |          |                     |                      |                     |                      |
| (i) Tangible assets                      | 9           |          | 20,782,851          | 1,376,863,879        | 19,140,082          | 1,197,212,128        |
| (ii) Intangible assets                   | 10          |          | 61,892              | 4,100,345            | 39,211              | 2,452,648            |
| (iii) Capital work-in-progress           |             |          | 907,437             | 60,117,701           | 1,902,614           | 119,008,506          |
| (iv) Intangible assets under development |             |          | -                   | -                    | 666                 | 41,658               |
| Non-current investments                  | 11          |          | 20,000,003          | 1,325,000,199        | 20,000,003          | 1,251,000,188        |
| Long-term loans and advances             | 12          |          | 732,169             | 48,506,197           | 761,534             | 47,633,951           |
|  |             |          | 42,484,352          | 2,814,588,321        | 41,844,110          | 2,617,349,079        |
| <b>2 Current assets</b>                  |             |          |                     |                      |                     |                      |
| Trade receivables                        | 13          |          | 8,865,711           | 587,353,354          | 6,052,834           | 378,604,767          |
| Cash and cash equivalents                | 14          |          | 297,124             | 19,684,465           | 248,547             | 15,546,615           |
| Short-term loans and advances            | 15          |          | 8,805,117           | 583,339,002          | 586,757             | 36,701,650           |
| Other current assets                     | 16          |          | 143,886             | 9,532,447            | -                   | -                    |
|  |             |          | 18,111,838          | 1,199,909,268        | 6,888,138           | 430,853,032          |
| <b>Total</b>                             |             |          | <b>60,596,190</b>   | <b>4,014,497,589</b> | <b>48,732,248</b>   | <b>3,048,202,111</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars  | Note No. | Current year 2015-16 |               | Previous year 2014-15 |               |
|------|--|----------|----------------------|---------------|-----------------------|---------------|
|      |  |          | USD                  | INR*          | USD                   | INR*          |
| I.   | Revenue  |          |                      |               |                       |               |
|      | Revenue from operations                              | 17       | 64,004,831           | 4,240,320,054 | 54,380,835            | 3,401,521,229 |
|      | Other income   | 18       | 144,013              | 9,540,861     | 7,554                 | 472,503       |
|      | Total revenue  |          | 64,148,844           | 4,249,860,915 | 54,388,389            | 3,401,993,732 |
| II.  | Expenses   |          |                      |               |                       |               |
|      | Employee benefits expense                            | 19       | 12,872,850           | 852,826,312   | 11,170,165            | 698,693,820   |
|      | Finance costs  | 20       | 824,453              | 54,620,011    | 886,298               | 55,437,940    |
|      | Network costs  | 21       | 34,742,727           | 2,301,705,664 | 32,719,155            | 2,046,583,145 |
|      | Depreciation and amortization expenses               |          | 2,802,575            | 185,670,594   | 2,302,380             | 144,013,869   |
|      | Other expenses                                       | 22       | 13,921,955           | 922,329,519   | 11,062,737            | 691,974,202   |
|      | Total expenses                                       |          | 65,164,560           | 4,317,152,100 | 58,140,735            | 3,636,702,976 |
| III. | Profit / (loss) before exceptional item & tax (I-II) |          | (1,015,716)          | (67,291,185)  | (3,752,346)           | (234,709,244) |
| IV.  | Exceptional item                                     |          | 396,955              | 26,298,269    | -                     | -             |
| V.   | Profit / (loss) before tax (III-IV)                  |          | (1,412,671)          | (93,589,454)  | (3,752,346)           | (234,709,244) |
| VI.  | Tax expenses   |          |                      |               |                       |               |
|      | Current Tax  |          | -                    | -             | 14,529                | 908,789       |
| VII. | Profit / (loss) for the year (V-VI)                  |          | (1,412,671)          | (93,589,454)  | (3,766,875)           | (235,618,033) |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 8,022,064           | 531,461,740        | 8,022,064           | 501,780,103        |
| <b>Total</b>         | <b>8,022,064</b>    | <b>531,461,740</b> | <b>8,022,064</b>    | <b>501,780,103</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| Surplus / (Deficit)          |                     |                      |                     |                      |
| Opening balance              | (9,842,610)         | (652,072,913)        | (6,075,735)         | (380,037,224)        |
| Profit / (loss) for the year | (1,412,671)         | (93,589,454)         | (3,766,875)         | (235,618,033)        |
| <b>Closing balance</b>       | <b>(11,255,281)</b> | <b>(745,662,367)</b> | <b>(9,842,610)</b>  | <b>(615,655,257)</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--------------------|---------------------|--------------------|---------------------|--------------------|
|                    | USD                 | INR                | USD                 | INR                |
| Unearned revenue   | 7,598,201           | 503,380,816        | 6,024,887           | 376,856,682        |
| Lease equalisation | 193,260             | 12,803,475         | 130,653             | 8,172,345          |
| <b>Total</b>       | <b>7,791,461</b>    | <b>516,184,291</b> | <b>6,155,540</b>    | <b>385,029,027</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | USD                 | INR                | USD                 | INR                |
| Asset retirement obligation and others | 3,027,106           | 200,545,773        | 2,678,585           | 167,545,492        |
| Provision for gratuity                 | 309,728             | 20,519,480         | 301,948             | 18,886,847         |
| <b>Total</b>                           | <b>3,336,834</b>    | <b>221,065,253</b> | <b>2,980,533</b>    | <b>186,432,339</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
|                           | USD                 | INR                  | USD                 | INR                  |
| Loan from bank            | 40,000,000          | 2,650,000,000        | -                   | -                    |
| Inter company loans taken | -                   | -                    | 31,020,909          | 1,940,357,858        |
| <b>Total</b>              | <b>40,000,000</b>   | <b>2,650,000,000</b> | <b>31,020,909</b>   | <b>1,940,357,858</b> |

## 6 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | USD                 | INR                | USD                 | INR                |
| Trade payables | 8,249,835           | 546,551,569        | 6,872,071           | 429,848,041        |
| Employee dues  | 2,363,753           | 156,598,636        | 1,383,703           | 86,550,623         |
| <b>Total</b>   | <b>10,613,588</b>   | <b>703,150,205</b> | <b>8,255,774</b>    | <b>516,398,664</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Capital Creditors               | 25,832              | 1,711,372          | -                   | -                  |
| Other liabilities               | 2,492               | 165,095            | 297                 | 18,577             |
| Deferred revenue                | 1,709,659           | 113,264,909        | 1,257,984           | 78,686,899         |
| VAT payable                     | -                   | -                  | 14,673              | 917,796            |
| Interest payable-Others         | 31,240              | 2,069,650          | -                   | -                  |
| Interest payable- Inter company | -                   | -                  | 561,623             | 35,129,519         |
| Bank overdraft                  | 18,420              | 1,220,325          | -                   | -                  |
| <b>Total</b>                    | <b>1,787,643</b>    | <b>118,431,351</b> | <b>1,834,577</b>    | <b>114,752,791</b> |

## 8 Short term provisions

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Leave entitlement | 299,881             | 19,867,116        | 305,461             | 19,106,586        |
| <b>Total</b>      | <b>299,881</b>      | <b>19,867,116</b> | <b>305,461</b>      | <b>19,106,586</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Building                         | 241,622             | 16,007,458           | 241,622             | 15,113,456           |
| Lease hold improvement           | 722,363             | 47,856,549           | 4,285               | 268,027              |
| Cables                           | 19,224,273          | 1,273,608,086        | 17,186,312          | 1,075,003,816        |
| Plant and machinery              | 17,939,006          | 1,188,459,148        | 16,593,047          | 1,037,895,090        |
| Furniture and fixtures           | 49,636              | 3,288,385            | 47,842              | 2,992,517            |
| Computers                        | 484,618             | 32,105,943           | 447,779             | 28,008,576           |
| Office equipment                 | 63,817              | 4,227,876            | 51,537              | 3,223,639            |
| (a)                              | <b>38,725,335</b>   | <b>2,565,553,445</b> | <b>34,572,424</b>   | <b>2,162,505,121</b> |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Building                         | 241,622             | 16,007,458           | 241,622             | 15,113,456           |
| Lease hold improvement           | 281,481             | 18,648,116           | 4,285               | 268,027              |
| Cables                           | 6,846,303           | 453,567,574          | 5,765,901           | 360,657,108          |
| Plant and machinery              | 10,171,179          | 673,840,609          | 9,042,683           | 565,619,822          |
| Furniture and fixtures           | 35,637              | 2,360,951            | 29,635              | 1,853,669            |
| Computers                        | 345,774             | 22,907,528           | 329,133             | 20,587,269           |
| Office equipment                 | 20,488              | 1,357,330            | 19,083              | 1,193,642            |
| (b)                              | <b>17,942,484</b>   | <b>1,188,689,566</b> | <b>15,432,342</b>   | <b>965,292,993</b>   |
| <b>Net block (a) - (b)</b>       | <b>20,782,851</b>   | <b>1,376,863,879</b> | <b>19,140,082</b>   | <b>1,197,212,128</b> |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Computer software                | 126,449             | 8,377,246        | 78,444              | 4,906,672        |
| (a)                              | <b>126,449</b>      | <b>8,377,246</b> | <b>78,444</b>       | <b>4,906,672</b> |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Computer software                | 64,557              | 4,276,901        | 39,233              | 2,454,024        |
| (b)                              | <b>64,557</b>       | <b>4,276,901</b> | <b>39,233</b>       | <b>2,454,024</b> |
| <b>Net block (a) - (b)</b>       | <b>61,892</b>       | <b>4,100,345</b> | <b>39,211</b>       | <b>2,452,648</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Non-current investments

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | USD                 | INR                  | USD                 | INR                  |
| Investment in others     | 20,000,000          | 1,325,000,000        | 20,000,000          | 1,251,000,000        |
| Investment in subsidiary | 3                   | 199                  | 3                   | 188                  |
| <b>Total</b>             | <b>20,000,003</b>   | <b>1,325,000,199</b> | <b>20,000,003</b>   | <b>1,251,000,188</b> |

## 12 Long term loans and advances

| Particulars           | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-----------------------|---------------------|-------------------|---------------------|-------------------|
|                       | USD                 | INR               | USD                 | INR               |
| Vendor deposit        | 588,643             | 38,997,599        | 668,244             | 41,798,662        |
| Prepaid expenses      | 118,578             | 7,855,793         | 69,311              | 4,335,403         |
| Prepaid pension asset | -                   | -                 | -                   | -                 |
| Advance tax (net)     | 24,948              | 1,652,805         | 23,979              | 1,499,886         |
| <b>Total</b>          | <b>732,169</b>      | <b>48,506,197</b> | <b>761,534</b>      | <b>47,633,951</b> |

## 13 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 7,986,101           | 529,079,191        | 3,360,083           | 210,173,192        |
| Provision for doubtful debts | (354,785)           | (23,504,506)       | (358,717)           | (22,437,748)       |
| Intercompany receivables     | 1,234,395           | 81,778,669         | 3,051,468           | 190,869,323        |
| <b>Total</b>                 | <b>8,865,711</b>    | <b>587,353,354</b> | <b>6,052,834</b>    | <b>378,604,767</b> |

## 14 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Cash in hand      | -                   | -                 | 12,573              | 786,441           |
| Balance with bank | 297,124             | 19,684,465        | 235,974             | 14,760,174        |
| <b>Total</b>      | <b>297,124</b>      | <b>19,684,465</b> | <b>248,547</b>      | <b>15,546,615</b> |

## 15 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|---------------------------------|---------------------|--------------------|---------------------|-------------------|
|                                 | USD                 | INR                | USD                 | INR               |
| Inter company loans given       | 8,123,725           | 538,196,781        | -                   | -                 |
| Advances to employees           | 28,418              | 1,882,693          | 5,002               | 312,875           |
| Other advances                  | 21,699              | 1,437,559          | 14,675              | 917,921           |
| Provision for doubtful advances | (72)                | (4,770)            | (72)                | (4,504)           |
| Security deposit                | 95,700              | 6,340,125          | 95,700              | 5,986,035         |
| Prepaid expenses                | 535,647             | 35,486,614         | 471,307             | 29,480,253        |
| VAT receivable                  | -                   | -                  | 145                 | 9,070             |
| <b>Total</b>                    | <b>8,805,117</b>    | <b>583,339,002</b> | <b>586,757</b>      | <b>36,701,650</b> |

## 16 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |          |
|------------------------------------|---------------------|------------------|---------------------|----------|
|                                    | USD                 | INR              | USD                 | INR      |
| Interest receivable- Inter company | 143,861             | 9,530,791        | -                   | -        |
| Other current assets               | 25                  | 1,656            | -                   | -        |
| <b>Total</b>                       | <b>143,886</b>      | <b>9,532,447</b> | <b>-</b>            | <b>-</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 64,004,831           | 4,240,320,054        | 54,380,835            | 3,401,521,229        |
| <b>Total</b>           | <b>64,004,831</b>    | <b>4,240,320,054</b> | <b>54,380,835</b>     | <b>3,401,521,229</b> |

## 18 Other income

| Particulars                      | Current year 2015-16 |                  | Previous year 2014-15 |                |
|----------------------------------|----------------------|------------------|-----------------------|----------------|
|                                  | USD                  | INR              | USD                   | INR            |
| Interest income - others         | -                    | -                | 27                    | 1,689          |
| Interest on loan to subsidiaries | 144,013              | 9,540,861        | -                     | -              |
| Profit on sale of fixed assets   | -                    | -                | 1                     | 63             |
| Miscellaneous income             | -                    | -                | 7,526                 | 470,751        |
| <b>Total</b>                     | <b>144,013</b>       | <b>9,540,861</b> | <b>7,554</b>          | <b>472,503</b> |

## 19 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances            | 12,680,885           | 840,108,631        | 10,132,559            | 633,791,565        |
| Contribution to provident and other funds | -                    | -                  | 383,504               | 23,988,175         |
| Staff welfare expenses                    | 191,965              | 12,717,681         | 654,102               | 40,914,080         |
| <b>Total</b>                              | <b>12,872,850</b>    | <b>852,826,312</b> | <b>11,170,165</b>     | <b>698,693,820</b> |

## 20 Finance costs

| Particulars       | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
|                   | USD                  | INR               | USD                   | INR               |
| Interest expenses | 830,268              | 55,005,255        | 726,714               | 45,455,961        |
| Guarantee fees    | (5,815)              | (385,244)         | 159,584               | 9,981,979         |
| <b>Total</b>      | <b>824,453</b>       | <b>54,620,011</b> | <b>886,298</b>        | <b>55,437,940</b> |

## 21 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 34,742,727           | 2,301,705,664        | 32,718,962            | 2,046,571,073        |
| Rent of satellite channels                 | -                    | -                    | 193                   | 12,072               |
| <b>Total</b>                               | <b>34,742,727</b>    | <b>2,301,705,664</b> | <b>32,719,155</b>     | <b>2,046,583,145</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 22 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Advertising and publicity                   | 17,342               | 1,148,908          | 43,738                | 2,735,812          |
| Auditors remuneration                       | 21,850               | 1,447,563          | 20,850                | 1,304,168          |
| Bad debts                                   | 291,757              | 19,328,901         | -                     | -                  |
| Provision for doubtful debts                | (3,932)              | (260,495)          | 25,410                | 1,589,396          |
| Communication expenses                      | 359,244              | 23,799,915         | 335,219               | 20,967,948         |
| Donations                                   | 1,806                | 119,648            | -                     | -                  |
| Electricity                                 | 711,925              | 47,165,031         | 619,719               | 38,763,423         |
| Entertainment expenses                      | 82,150               | 5,442,438          | 71,211                | 4,454,248          |
| Exchange rate difference (gain)/loss -net   | 164,745              | 10,914,356         | 135,192               | 8,456,260          |
| Insurance expenses                          | 32,722               | 2,167,833          | 51,480                | 3,220,074          |
| IT consumables                              | 9,223                | 611,024            | 1,369                 | 85,631             |
| Legal and professional fees                 | 8,925,119            | 591,289,134        | 6,153,009             | 384,870,713        |
| Loss on sale of fixed assets (net)          | -                    | -                  | 10,997                | 687,862            |
| Miscellaneous expenses                      | 101,193              | 6,704,032          | 51,557                | 3,224,894          |
| Printing and stationery                     | 49,278               | 3,264,668          | 28,935                | 1,809,884          |
| Rates and Taxes                             | 48,577               | 3,218,226          | 119,669               | 7,485,296          |
| Recruitment expenses                        | 208,030              | 13,781,988         | 313,871               | 19,632,631         |
| Rent  | 917,710              | 60,798,288         | 1,148,460             | 71,836,173         |
| Repairs and Maintenance - Plant & Machinery | 803,394              | 53,224,853         | 626,569               | 39,191,891         |
| Repairs and Maintenance - Buildings         | 5,876                | 389,285            | 22,282                | 1,393,739          |
| Relocation Expense                          | 12,541               | 830,841            | 37,299                | 2,333,052          |
| Seminars, trainings and conferences         | 33,504               | 2,219,640          | 25,155                | 1,573,445          |
| Services rendered by agencies               | 404,715              | 26,812,369         | 295,767               | 18,500,226         |
| Travelling and conveyance expenses          | 723,186              | 47,911,073         | 924,979               | 57,857,436         |
| <b>Total</b>                                | <b>13,921,955</b>    | <b>922,329,519</b> | <b>11,062,737</b>     | <b>691,974,202</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021, India

T +91(22) 6121 4444

email: ss-associates.com www:ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Hungary) LLC** ("the subsidiary") registered in Hungary as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010



(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                    | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|------------|--------------------------------|----------|---------------------|-------------------|---------------------|------------------|
|            |                                |          | USD                 | INR*              | USD                 | INR*             |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                     |                   |                     |                  |
| <b>1</b>   | <b>Shareholders' funds</b>     |          |                     |                   |                     |                  |
|            | Share capital                  | 1        | 217,669             | 14,420,571        | 217,669             | 13,615,196       |
|            | Reserves and surplus           | 2        | (93,662)            | (6,205,108)       | (87,182)            | (5,453,234)      |
|            |                                |          | 124,007             | 8,215,463         | 130,487             | 8,161,962        |
| <b>2</b>   | <b>Non-current liabilities</b> |          |                     |                   |                     |                  |
|            | Deferred tax liabilities (net) |          | -                   | -                 | 33                  | 2,064            |
|            |                                |          | -                   | -                 | 33                  | 2,064            |
| <b>3</b>   | <b>Current liabilities</b>     |          |                     |                   |                     |                  |
|            | Short-term borrowings          | 3        | 41,480              | 2,748,050         | -                   | -                |
|            | Trade payables                 | 4        | 141,225             | 9,356,156         | 17,203              | 1,076,048        |
|            | Other current liabilities      | 5        | 1,120               | 74,201            | -                   | -                |
|            | Short-term provisions          | 6        | 8,035               | 532,319           | 6,641               | 415,395          |
|            |                                |          | 191,860             | 12,710,726        | 23,844              | 1,491,443        |
|            | <b>Total</b>                   |          | <b>315,867</b>      | <b>20,926,189</b> | <b>154,364</b>      | <b>9,655,469</b> |
| <b>II.</b> | <b>ASSETS</b>                  |          |                     |                   |                     |                  |
| <b>1</b>   | <b>Non-current assets</b>      |          |                     |                   |                     |                  |
|            | Fixed assets                   |          |                     |                   |                     |                  |
|            | (i) Tangible assets            | 7        | 16,749              | 1,109,621         | 33,621              | 2,102,993        |
|            | (ii) Capital work-in-progress  |          | 3,831               | 253,804           | -                   | -                |
|            |                                |          | 20,580              | 1,363,425         | 33,621              | 2,102,993        |
| <b>2</b>   | <b>Current assets</b>          |          |                     |                   |                     |                  |
|            | Trade receivables              | 8        | 147,835             | 9,794,069         | 73,148              | 4,575,408        |
|            | Cash and cash equivalents      | 9        | 70,869              | 4,695,071         | 20,872              | 1,305,544        |
|            | Short-term loans and advances  | 10       | 76,583              | 5,073,624         | 26,198              | 1,638,685        |
|            | Other current assets           | 11       | -                   | -                 | 525                 | 32,839           |
|            |                                |          | 295,287             | 19,562,764        | 120,743             | 7,552,476        |
|            | <b>Total</b>                   |          | <b>315,867</b>      | <b>20,926,189</b> | <b>154,364</b>      | <b>9,655,469</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                            | Note No. | Current year 2015-16 |            | Previous year 2014-15 |            |
|------|--|----------|----------------------|------------|-----------------------|------------|
|      |  |          | USD                  | INR*       | USD                   | INR*       |
| I.   | Revenue                                |          |                      |            |                       |            |
|      | Revenue from operations                | 12       | 635,486              | 42,100,948 | 198,341               | 12,406,230 |
|      | Other income                           | 13       | 455                  | 30,144     | 895                   | 55,982     |
|      | Total revenue                          |          | 635,941              | 42,131,092 | 199,236               | 12,462,212 |
| II.  | Expenses                               |          |                      |            |                       |            |
|      | Finance costs                          | 14       | 1,197                | 79,301     | 272                   | 17,013     |
|      | Network costs                          | 15       | 565,908              | 37,491,405 | 71,689                | 4,484,147  |
|      | Depreciation and amortization expenses |          | 23,492               | 1,556,345  | 48,568                | 3,037,928  |
|      | Other expenses                         | 16       | 46,417               | 3,075,127  | 75,107                | 4,697,944  |
|      | Total expenses                         |          | 637,014              | 42,202,178 | 195,636               | 12,237,032 |
| III. | Profit / (loss) before tax (I-II)      |          | (1,073)              | (71,086)   | 3,600                 | 225,180    |
| IV.  | Tax expenses                           |          |                      |            |                       |            |
|      | Current Tax                            |          | 5,440                | 360,400    | 2,836                 | 177,392    |
|      | Deferred Tax                           |          | (33)                 | (2,186)    | 33                    | 2,064      |
| V.   | Profit / (loss) for the year (III-IV)  |          | (6,480)              | (429,300)  | 731                   | 45,724     |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 217,669             | 14,420,571        | 217,669             | 13,615,196        |
| <b>Total</b>         | <b>217,669</b>      | <b>14,420,571</b> | <b>217,669</b>      | <b>13,615,196</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (87,182)            | (5,775,808)        | (87,913)            | (5,498,958)        |
| Profit / (loss) for the year | (6,480)             | (429,300)          | 731                 | 45,724             |
| <b>Closing balance</b>       | <b>(93,662)</b>     | <b>(6,205,108)</b> | <b>(87,182)</b>     | <b>(5,453,234)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |          |
|---------------------------|---------------------|------------------|---------------------|----------|
|                           | USD                 | INR              | USD                 | INR      |
| Inter company loans taken | 41,480              | 2,748,050        | -                   | -        |
| <b>Total</b>              | <b>41,480</b>       | <b>2,748,050</b> | <b>-</b>            | <b>-</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Trade payables | 141,225             | 9,356,156        | 17,203              | 1,076,048        |
| <b>Total</b>   | <b>141,225</b>      | <b>9,356,156</b> | <b>17,203</b>       | <b>1,076,048</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |               | As at 31 March 2015 |          |
|---------------------------------|---------------------|---------------|---------------------|----------|
|                                 | USD                 | INR           | USD                 | INR      |
| Other liabilities               | 94                  | 6,228         | -                   | -        |
| Interest payable- Inter company | 1,026               | 67,973        | -                   | -        |
| <b>Total</b>                    | <b>1,120</b>        | <b>74,201</b> | <b>-</b>            | <b>-</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-------------------------|---------------------|----------------|---------------------|----------------|
|                         | USD                 | INR            | USD                 | INR            |
| Provision for tax (net) | 8,035               | 532,319        | 6,641               | 415,395        |
| <b>Total</b>            | <b>8,035</b>        | <b>532,319</b> | <b>6,641</b>        | <b>415,395</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Plant and machinery              | 253,637             | 16,803,451       | 247,017             | 15,450,913       |
| (a)                              | 253,637             | 16,803,451       | 247,017             | 15,450,913       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Plant and machinery              | 236,888             | 15,693,830       | 213,396             | 13,347,920       |
| (b)                              | 236,888             | 15,693,830       | 213,396             | 13,347,920       |
| <b>Net block (a) - (b)</b>       | <b>16,749</b>       | <b>1,109,621</b> | <b>33,621</b>       | <b>2,102,993</b> |

## 8 Trade receivables

| Particulars              | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|--------------------------|---------------------|------------------|---------------------|------------------|
|                          | USD                 | INR              | USD                 | INR              |
| Trade receivables        | 11,071              | 733,454          | 11,625              | 727,144          |
| Intercompany receivables | 136,764             | 9,060,615        | 61,523              | 3,848,264        |
| <b>Total</b>             | <b>147,835</b>      | <b>9,794,069</b> | <b>73,148</b>       | <b>4,575,408</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 70,869              | 4,695,071        | 20,872              | 1,305,544        |
| <b>Total</b>      | <b>70,869</b>       | <b>4,695,071</b> | <b>20,872</b>       | <b>1,305,544</b> |

## 10 Short term loans and advances

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------|---------------------|------------------|---------------------|------------------|
|                           | USD                 | INR              | USD                 | INR              |
| Inter company loans given | -                   | -                | 12,840              | 803,142          |
| Prepaid expenses          | 2,818               | 186,693          | 572                 | 35,779           |
| VAT receivable            | 73,765              | 4,886,931        | 12,786              | 799,764          |
| <b>Total</b>              | <b>76,583</b>       | <b>5,073,624</b> | <b>26,198</b>       | <b>1,638,685</b> |

## 11 Other current assets

| Particulars                        | As at 31 March 2016 |          | As at 31 March 2015 |               |
|------------------------------------|---------------------|----------|---------------------|---------------|
|                                    | USD                 | INR      | USD                 | INR           |
| Interest receivable- Inter company | -                   | -        | 354                 | 22,143        |
| Other current assets               | -                   | -        | 171                 | 10,696        |
| <b>Total</b>                       | <b>-</b>            | <b>-</b> | <b>525</b>          | <b>32,839</b> |

## 12 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 635,486              | 42,100,948        | 198,341               | 12,406,230        |
| <b>Total</b>           | <b>635,486</b>       | <b>42,100,948</b> | <b>198,341</b>        | <b>12,406,230</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Other income

| Particulars                      | Current year 2015-16 |               | Previous year 2014-15 |               |
|----------------------------------|----------------------|---------------|-----------------------|---------------|
|                                  | USD                  | INR           | USD                   | INR           |
| Interest income - others         | -                    | -             | 4                     | 250           |
| Interest on loan to subsidiaries | 455                  | 30,144        | 891                   | 55,732        |
| <b>Total</b>                     | <b>455</b>           | <b>30,144</b> | <b>895</b>            | <b>55,982</b> |

## 14 Finance costs

| Particulars       | Current year 2015-16 |               | Previous year 2014-15 |               |
|-------------------|----------------------|---------------|-----------------------|---------------|
|                   | USD                  | INR           | USD                   | INR           |
| Interest expenses | 1,748                | 115,805       | 208                   | 13,010        |
| Guarantee fees    | (551)                | (36,504)      | 64                    | 4,003         |
| <b>Total</b>      | <b>1,197</b>         | <b>79,301</b> | <b>272</b>            | <b>17,013</b> |

## 15 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|--|----------------------|-------------------|-----------------------|------------------|
|  | USD                  | INR               | USD                   | INR              |
| Charges for use of transmission facilities | 565,908              | 37,491,405        | 71,689                | 4,484,147        |
| <b>Total</b>                               | <b>565,908</b>       | <b>37,491,405</b> | <b>71,689</b>         | <b>4,484,147</b> |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Communication expenses                      | 157                  | 10,401           | 88                    | 5,504            |
| Electricity                                 | 3,623                | 240,024          | 7,205                 | 450,673          |
| Exchange rate difference (gain)/loss -net   | 10,701               | 708,941          | 22,758                | 1,423,513        |
| Insurance expenses                          | 2,044                | 135,415          | 2,706                 | 169,260          |
| Legal and professional fees                 | 22,174               | 1,469,028        | 37,794                | 2,364,015        |
| Miscellaneous expenses                      | 2,061                | 136,542          | 2,013                 | 125,913          |
| Rates and Taxes                             | 4,784                | 316,940          | 1,597                 | 99,894           |
| Repairs and Maintenance - Plant & Machinery | 712                  | 47,170           | 858                   | 53,668           |
| Services rendered by agencies               | 161                  | 10,666           | 88                    | 5,504            |
| <b>Total</b>                                | <b>46,417</b>        | <b>3,075,127</b> | <b>75,107</b>         | <b>4,697,944</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91(22) 61214444

email: ASS-associates.com, www.ss-associates.com  
LLP Identity No. AAB-7509

## **ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Ireland) Ltd.** ("the subsidiary") registered in Ireland as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------------------------|----------|---------------------|-------------------|---------------------|------------------|
|                                  |          | USD                 | INR*              | USD                 | INR*             |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                   |                     |                  |
| <b>1 Shareholders' funds</b>     |          |                     |                   |                     |                  |
| Share capital                    | 1        | 1                   | 66                | 1                   | 63               |
| Reserves and surplus             | 2        | (92,714)            | (6,142,302)       | (75,788)            | (4,740,538)      |
|                                  |          | (92,713)            | (6,142,236)       | (75,787)            | (4,740,475)      |
| <b>2 Current liabilities</b>     |          |                     |                   |                     |                  |
| Short-term borrowings            | 3        | 343,678             | 22,768,668        | 102,727             | 6,425,574        |
| Trade payables                   | 4        | 477,306             | 31,621,523        | 48,499              | 3,033,612        |
| Other current liabilities        | 5        | 14,739              | 976,459           | 17,829              | 1,115,204        |
| Short-term provisions            | 6        | 1,580               | 104,675           | -                   | -                |
|                                  |          | 837,303             | 55,471,325        | 169,055             | 10,574,390       |
| <b>Total</b>                     |          | <b>744,590</b>      | <b>49,329,089</b> | <b>93,268</b>       | <b>5,833,915</b> |
| <b>II. ASSETS</b>                |          |                     |                   |                     |                  |
| <b>1 Non-current assets</b>      |          |                     |                   |                     |                  |
| Fixed assets                     |          |                     |                   |                     |                  |
| (i) Tangible assets              | 7        | 69,387              | 4,596,889         | 43,885              | 2,745,007        |
| (ii) Capital work-in-progress    |          | 39,454              | 2,613,828         | -                   | -                |
| Deferred tax assets (net)        |          | 19,531              | 1,293,929         | 20,354              | 1,273,143        |
| Long-term loans and advances     | 8        | -                   | -                 | 6,361               | 397,881          |
|                                  |          | 128,372             | 8,504,646         | 70,600              | 4,416,031        |
| <b>2 Current assets</b>          |          |                     |                   |                     |                  |
| Current investments              |          |                     |                   |                     |                  |
| Inventories                      | 9        | 541,549             | 35,877,621        | 22,072              | 1,380,604        |
| Trade receivables                | 10       | 74,669              | 4,946,822         | 596                 | 37,280           |
| Short-term loans and advances    |          | 616,218             | 40,824,443        | 22,668              | 1,417,884        |
| <b>Total</b>                     |          | <b>744,590</b>      | <b>49,329,089</b> | <b>93,268</b>       | <b>5,833,915</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------|--|----------|----------------------|--------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*               | USD                   | INR*               |
| I.   | <b>Revenue</b>                               |          |                      |                    |                       |                    |
|      | Revenue from operations                      | 11       | 1,300,689            | 86,170,646         | 129,782               | 8,117,864          |
|      | Other income                                 | 12       | -                    | -                  | 135,058               | 8,447,878          |
|      | <b>Total revenue</b>                         |          | <b>1,300,689</b>     | <b>86,170,646</b>  | <b>264,840</b>        | <b>16,565,742</b>  |
| II.  | <b>Expenses</b>                              |          |                      |                    |                       |                    |
|      | Employee benefits expense                    | 13       | 3                    | 199                | -                     | -                  |
|      | Finance costs                                | 14       | 9,643                | 638,849            | 41,015                | 2,565,488          |
|      | Network costs                                | 15       | 956,822              | 63,389,458         | 126,180               | 7,892,559          |
|      | Depreciation and amortization expenses       |          | 19,865               | 1,316,056          | 47,747                | 2,986,575          |
|      | Other expenses                               | 16       | 333,775              | 22,112,592         | 77,080                | 4,821,353          |
|      | <b>Total expenses</b>                        |          | <b>1,320,108</b>     | <b>87,457,154</b>  | <b>292,022</b>        | <b>18,265,975</b>  |
| III. | <b>Profit / (loss) before tax( I-II)</b>     |          | <b>(19,419)</b>      | <b>(1,286,508)</b> | <b>(27,182)</b>       | <b>(1,700,233)</b> |
| IV.  | <b>Tax expenses</b>                          |          |                      |                    |                       |                    |
|      | Current Tax                                  |          | (3,316)              | (219,685)          | 1,597                 | 99,892             |
|      | Deferred Tax                                 |          | 823                  | 54,524             | (1,089)               | (68,117)           |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>(16,926)</b>      | <b>(1,121,347)</b> | <b>(27,690)</b>       | <b>(1,732,008)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |           | As at 31 March 2015 |           |
|----------------------|---------------------|-----------|---------------------|-----------|
|                      | USD                 | INR       | USD                 | INR       |
| Equity share capital | 1                   | 66        | 1                   | 63        |
| <b>Total</b>         | <b>1</b>            | <b>66</b> | <b>1</b>            | <b>63</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (75,788)            | (5,020,955)        | (48,098)            | (3,008,530)        |
| Profit / (loss) for the year | (16,926)            | (1,121,347)        | (27,690)            | (1,732,008)        |
| <b>Total</b>                 | <b>(92,714)</b>     | <b>(6,142,302)</b> | <b>(75,788)</b>     | <b>(4,740,538)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|---------------------------|---------------------|-------------------|---------------------|------------------|
|                           | USD                 | INR               | USD                 | INR              |
| Inter company loans taken | 343,678             | 22,768,668        | 102,727             | 6,425,574        |
| <b>Total</b>              | <b>343,678</b>      | <b>22,768,668</b> | <b>102,727</b>      | <b>6,425,574</b> |

## 4 Trade payables

| Particulars           | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-----------------------|---------------------|-------------------|---------------------|------------------|
|                       | USD                 | INR               | USD                 | INR              |
| Trade payables        | 477,306             | 31,621,523        | 35,331              | 2,209,954        |
| Intercompany payables | -                   | -                 | 13,168              | 823,658          |
| <b>Total</b>          | <b>477,306</b>      | <b>31,621,523</b> | <b>48,499</b>       | <b>3,033,612</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|---------------------------------|---------------------|----------------|---------------------|------------------|
|                                 | USD                 | INR            | USD                 | INR              |
| Other liabilities               | 703                 | 46,574         | 703                 | 43,973           |
| VAT payable                     | -                   | -              | 1,704               | 106,585          |
| Interest payable- Inter company | 14,036              | 929,885        | 15,422              | 964,646          |
| <b>Total</b>                    | <b>14,739</b>       | <b>976,459</b> | <b>17,829</b>       | <b>1,115,204</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                | As at 31 March 2015 |          |
|-------------------------|---------------------|----------------|---------------------|----------|
|                         | USD                 | INR            | USD                 | INR      |
| Provision for tax (net) | 1,580               | 104,675        | -                   | -        |
| <b>Total</b>            | <b>1,580</b>        | <b>104,675</b> | <b>-</b>            | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |            | As at 31 March 2015 |            |
|----------------------------------|---------------------|------------|---------------------|------------|
|                                  | USD                 | INR        | USD                 | INR        |
| <b>Gross block:</b>              |                     |            |                     |            |
| Plant and machinery              | 465,727             | 30,854,414 | 420,361             | 26,293,581 |
| Computers                        | 2,751               | 182,254    | 2,751               | 172,075    |
| (a)                              | 468,478             | 31,036,668 | 423,112             | 26,465,656 |
| <b>Accumulated depreciation:</b> |                     |            |                     |            |
| Plant and machinery              | 396,340             | 26,257,525 | 376,476             | 23,548,574 |
| Computers                        | 2,751               | 182,254    | 2,751               | 172,075    |
| (b)                              | 399,091             | 26,439,779 | 379,227             | 23,720,649 |
| <b>Net block (a) - (b)</b>       | 69,387              | 4,596,889  | 43,885              | 2,745,007  |

## 8 Long term loans and advances

| Particulars       | As at 31 March 2016 |     | As at 31 March 2015 |         |
|-------------------|---------------------|-----|---------------------|---------|
|                   | USD                 | INR | USD                 | INR     |
| Advance tax (net) | -                   | -   | 6,361               | 397,881 |
| <b>Total</b>      | -                   | -   | 6,361               | 397,881 |

## 9 Trade receivables

| Particulars              | As at 31 March 2016 |            | As at 31 March 2015 |           |
|--------------------------|---------------------|------------|---------------------|-----------|
|                          | USD                 | INR        | USD                 | INR       |
| Trade receivables        | 142,621             | 9,448,641  | 22,072              | 1,380,604 |
| Intercompany receivables | 398,928             | 26,428,980 | -                   | -         |
| <b>Total</b>             | 541,549             | 35,877,621 | 22,072              | 1,380,604 |

## 10 Short term loans and advances

| Particulars      | As at 31 March 2016 |           | As at 31 March 2015 |        |
|------------------|---------------------|-----------|---------------------|--------|
|                  | USD                 | INR       | USD                 | INR    |
| Prepaid expenses | 53,931              | 3,572,929 | 596                 | 37,280 |
| VAT receivable   | 20,738              | 1,373,893 | -                   | -      |
| <b>Total</b>     | 74,669              | 4,946,822 | 596                 | 37,280 |

## 11 Revenue from operations

| Particulars            | Current year 2015-16 |            | Previous year 2014-15 |           |
|------------------------|----------------------|------------|-----------------------|-----------|
|                        | USD                  | INR        | USD                   | INR       |
| Data and voice revenue | 1,300,689            | 86,170,646 | 129,782               | 8,117,864 |
| <b>Total</b>           | 1,300,689            | 86,170,646 | 129,782               | 8,117,864 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Other income

| Particulars                               | Current year 2015-16 |     | Previous year 2014-15 |           |
|---|----------------------|-----|-----------------------|-----------|
|   | USD                  | INR | USD                   | INR       |
| Exchange rate difference gain/(loss) -net | -                    | -   | 134,518               | 8,414,101 |
| Miscellaneous income                      | -                    | -   | 540                   | 33,777    |
| <b>Total</b>                              | -                    | -   | 135,058               | 8,447,878 |

## 13 Employee benefit expenses

| Particulars                    | Current year 2015-16 |     | Previous year 2014-15 |     |
|--------------------------------|----------------------|-----|-----------------------|-----|
|                                | USD                  | INR | USD                   | INR |
| Salaries, bonus and allowances | 3                    | 199 | -                     | -   |
| <b>Total</b>                   | 3                    | 199 | -                     | -   |

## 14 Finance costs

| Particulars       | Current year 2015-16 |           | Previous year 2014-15 |           |
|-------------------|----------------------|-----------|-----------------------|-----------|
|                   | USD                  | INR       | USD                   | INR       |
| Interest expenses | 19,826               | 1,313,473 | 29,496                | 1,844,975 |
| Guarantee fees    | (10,183)             | (674,624) | 11,519                | 720,513   |
| <b>Total</b>      | 9,643                | 638,849   | 41,015                | 2,565,488 |

## 15 Network costs

| Particulars                                | Current year 2015-16 |            | Previous year 2014-15 |           |
|--|----------------------|------------|-----------------------|-----------|
|  | USD                  | INR        | USD                   | INR       |
| Charges for use of transmission facilities | 956,822              | 63,389,458 | 126,180               | 7,892,559 |
| <b>Total</b>                               | 956,822              | 63,389,458 | 126,180               | 7,892,559 |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |            | Previous year 2014-15 |           |
|---|----------------------|------------|-----------------------|-----------|
|   | USD                  | INR        | USD                   | INR       |
| Advertising and publicity                   | 166,860              | 11,054,475 | -                     | -         |
| Auditors remuneration                       | 12,100               | 801,625    | 12,100                | 756,855   |
| Communication expenses                      | 457                  | 30,276     | 36                    | 2,252     |
| Exchange rate difference (gain)/loss -net   | 67,554               | 4,475,453  | -                     | -         |
| Insurance expenses                          | 2,632                | 174,370    | 2,775                 | 173,576   |
| Legal and professional fees                 | 60,319               | 3,996,134  | 22,170                | 1,386,734 |
| Miscellaneous expenses                      | 16,442               | 1,089,280  | 886                   | 55,418    |
| Repairs and Maintenance - Plant & Machinery | 4,869                | 322,571    | 39,071                | 2,443,891 |
| Services rendered by agencies               | 2,542                | 168,408    | 42                    | 2,627     |
| <b>Total</b>                                | 333,775              | 22,112,592 | 77,080                | 4,821,353 |



Suresh Surana &amp; Associates LLP

13th Floor, Bakhilawar

229, Nariman Point

Mumbai - 400 021 India

T +91 (22) 61214444

email: ss-associates.com www: ss-associates.com

LLP Identity No. AAB-7509

**ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Italy) srl** ("the subsidiary") registered in Italy as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar Varma*

(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                   | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|------------|-------------------------------|----------|---------------------|----------------------|---------------------|--------------------|
|            |                               |          | USD                 | INR*                 | USD                 | INR*               |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b> |          |                     |                      |                     |                    |
| <b>1</b>   | <b>Shareholders' funds</b>    |          |                     |                      |                     |                    |
|            | Share capital                 | 1        | 6,016,835           | 398,615,319          | 6,016,835           | 376,353,029        |
|            | Reserves and surplus          | 2        | (4,843,219)         | (320,863,260)        | (2,687,476)         | (168,101,621)      |
|            |                               |          | 1,173,616           | 77,752,059           | 3,329,359           | 208,251,408        |
| <b>2</b>   | <b>Current liabilities</b>    |          |                     |                      |                     |                    |
|            | Short-term borrowings         | 3        | 31,682,510          | 2,098,966,288        | 8,245,626           | 515,763,906        |
|            | Trade payables                | 4        | 2,023,466           | 134,054,623          | 2,720,170           | 170,146,633        |
|            | Other current liabilities     | 5        | 18,657              | 1,236,027            | 75,554              | 4,725,902          |
|            | Short-term provisions         | 6        | 34,927              | 2,313,914            | 906,974             | 56,731,224         |
|            |                               |          | 33,759,560          | 2,236,570,852        | 11,948,324          | 747,367,665        |
|            | <b>Total</b>                  |          | <b>34,933,176</b>   | <b>2,314,322,911</b> | <b>15,277,683</b>   | <b>955,619,073</b> |
| <b>II.</b> | <b>ASSETS</b>                 |          |                     |                      |                     |                    |
| <b>1</b>   | <b>Non-current assets</b>     |          |                     |                      |                     |                    |
|            | Fixed assets                  |          |                     |                      |                     |                    |
|            | (i) Tangible assets           | 7        | 157,955             | 10,464,519           | 131,746             | 8,240,713          |
|            | (ii) Capital work-in-progress |          | 2,983               | 197,624              | -                   | -                  |
|            | Deferred tax assets (net)     |          | -                   | -                    | 1,077,675           | 67,408,571         |
|            | Long-term loans and advances  | 8        | 19,394              | 1,284,853            | -                   | -                  |
|            |                               |          | 180,332             | 11,946,996           | 1,209,421           | 75,649,284         |
| <b>2</b>   | <b>Current assets</b>         |          |                     |                      |                     |                    |
|            | Trade receivables             | 9        | 14,400,309          | 954,020,471          | 5,866,155           | 366,927,995        |
|            | Cash and cash equivalents     | 10       | 12,356              | 818,585              | 53,238              | 3,330,037          |
|            | Short-term loans and advances | 11       | 20,315,030          | 1,345,870,738        | 8,147,679           | 509,637,322        |
|            | Other current assets          | 12       | 25,149              | 1,666,121            | 1,190               | 74,435             |
|            |                               |          | 34,752,844          | 2,302,375,915        | 14,068,262          | 879,969,789        |
|            | <b>Total</b>                  |          | <b>34,933,176</b>   | <b>2,314,322,911</b> | <b>15,277,683</b>   | <b>955,619,073</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|---|----------|----------------------|----------------------|-----------------------|----------------------|
|      |   |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>  |          |                      |                      |                       |                      |
|      | Revenue from operations   | 13       | 77,161,351           | 5,111,939,504        | 56,525,115            | 3,535,645,943        |
|      | Other income  | 14       | 279,952              | 18,546,820           | 3,347,891             | 209,410,582          |
|      | <b>Total revenue</b>  |          | <b>77,441,303</b>    | <b>5,130,486,324</b> | <b>59,873,006</b>     | <b>3,745,056,525</b> |
| II.  | <b>Expenses</b>   |          |                      |                      |                       |                      |
|      | Employee benefits expense                                       | 15       | 901,872              | 59,749,020           | 822,608               | 51,454,131           |
|      | Finance costs   | 16       | 1,053,398            | 69,787,617           | 983,608               | 61,524,681           |
|      | Network costs   | 17       | 75,688,989           | 5,014,395,521        | 57,145,389            | 3,574,444,082        |
|      | Depreciation and amortization expenses                          |          | 83,206               | 5,512,398            | 94,069                | 5,884,016            |
|      | Other expenses  | 18       | 585,056              | 38,759,961           | 1,497,109             | 93,644,164           |
|      | <b>Total expenses</b>   |          | <b>78,312,521</b>    | <b>5,188,204,517</b> | <b>60,542,783</b>     | <b>3,786,951,074</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax (I-II)</b> |          | <b>(871,218)</b>     | <b>(57,718,193)</b>  | <b>(669,777)</b>      | <b>(41,894,549)</b>  |
| IV.  | <b>Exceptional item</b>   |          | <b>206,850</b>       | <b>13,703,813</b>    | <b>-</b>              | <b>-</b>             |
| V.   | <b>Profit / (loss) before tax (III-IV)</b>                      |          | <b>(1,078,068)</b>   | <b>(71,422,006)</b>  | <b>(669,777)</b>      | <b>(41,894,549)</b>  |
| VI.  | <b>Tax expenses</b>   |          |                      |                      |                       |                      |
|      | Current Tax   |          | -                    | -                    | (36,625)              | (2,290,894)          |
|      | Deferred Tax  |          | 1,077,675            | 71,395,969           | 294,811               | 18,440,428           |
| VII. | <b>Profit / (loss) for the year (V-VI)</b>                      |          | <b>(2,155,743)</b>   | <b>(142,817,975)</b> | <b>(927,963)</b>      | <b>(58,044,083)</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 6,016,835           | 398,615,319        | 6,016,835           | 376,353,029        |
| <b>Total</b>         | <b>6,016,835</b>    | <b>398,615,319</b> | <b>6,016,835</b>    | <b>376,353,029</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                      |
| Opening balance              | (2,687,476)         | (178,045,285)        | (1,759,513)         | (110,057,538)        |
| Profit / (loss) for the year | (2,155,743)         | (142,817,975)        | (927,963)           | (58,044,083)         |
| <b>Total</b>                 | <b>(4,843,219)</b>  | <b>(320,863,260)</b> | <b>(2,687,476)</b>  | <b>(168,101,621)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|---------------------------|---------------------|----------------------|---------------------|--------------------|
|                           | USD                 | INR                  | USD                 | INR                |
| Inter company loans taken | 31,682,510          | 2,098,966,288        | 8,245,626           | 515,763,906        |
| <b>Total</b>              | <b>31,682,510</b>   | <b>2,098,966,288</b> | <b>8,245,626</b>    | <b>515,763,906</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | USD                 | INR                | USD                 | INR                |
| Trade payables | 1,520,487           | 100,732,264        | 2,486,715           | 155,544,023        |
| Employee dues  | 502,979             | 33,322,359         | 233,455             | 14,602,610         |
| <b>Total</b>   | <b>2,023,466</b>    | <b>134,054,623</b> | <b>2,720,170</b>    | <b>170,146,633</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------------|---------------------|------------------|---------------------|------------------|
|                                 | USD                 | INR              | USD                 | INR              |
| Other liabilities               | 807                 | 53,464           | -                   | -                |
| Deferred revenue                | 17,850              | 1,182,563        | 16,848              | 1,053,842        |
| Interest payable- Inter company | -                   | -                | 58,706              | 3,672,060        |
| <b>Total</b>                    | <b>18,657</b>       | <b>1,236,027</b> | <b>75,554</b>       | <b>4,725,902</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-------------------------|---------------------|------------------|---------------------|-------------------|
|                         | USD                 | INR              | USD                 | INR               |
| Provision for tax (net) | -                   | -                | 865,147             | 54,114,945        |
| Leave entitlement       | 34,927              | 2,313,914        | 41,827              | 2,616,279         |
| <b>Total</b>            | <b>34,927</b>       | <b>2,313,914</b> | <b>906,974</b>      | <b>56,731,224</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |            | As at 31 March 2015 |            |
|----------------------------------|---------------------|------------|---------------------|------------|
|                                  | USD                 | INR        | USD                 | INR        |
| <b>Gross block:</b>              |                     |            |                     |            |
| Plant and machinery              | 1,502,836           | 99,562,885 | 1,393,421           | 87,158,484 |
| Computers                        | 2,888               | 191,330    | 4,502               | 281,600    |
| (a)                              | 1,505,724           | 99,754,215 | 1,397,923           | 87,440,084 |
| <b>Accumulated depreciation:</b> |                     |            |                     |            |
| Plant and machinery              | 1,344,881           | 89,098,366 | 1,261,675           | 78,917,771 |
| Computers                        | 2,888               | 191,330    | 4,502               | 281,600    |
| (b)                              | 1,347,769           | 89,289,696 | 1,266,177           | 79,199,371 |
| <b>Net block (a) - (b)</b>       | 157,955             | 10,464,519 | 131,746             | 8,240,713  |

## 8 Long term loans and advances

| Particulars       | As at 31 March 2016 |           | As at 31 March 2015 |     |
|-------------------|---------------------|-----------|---------------------|-----|
|                   | USD                 | INR       | USD                 | INR |
| Advance tax (net) | 19,394              | 1,284,853 | -                   | -   |
| <b>Total</b>      | 19,394              | 1,284,853 | -                   | -   |

## 9 Trade receivables

| Particulars                  | As at 31 March 2016 |             | As at 31 March 2015 |               |
|------------------------------|---------------------|-------------|---------------------|---------------|
|                              | USD                 | INR         | USD                 | INR           |
| Trade receivables            | 2,189,937           | 145,083,326 | 2,287,993           | 143,113,962   |
| Provision for doubtful debts | (86,601)            | (5,737,316) | (2,256,218)         | (141,126,436) |
| Intercompany receivables     | 12,296,973          | 814,674,461 | 5,834,380           | 364,940,469   |
| <b>Total</b>                 | 14,400,309          | 954,020,471 | 5,866,155           | 366,927,995   |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |         | As at 31 March 2015 |           |
|-------------------|---------------------|---------|---------------------|-----------|
|                   | USD                 | INR     | USD                 | INR       |
| Balance with bank | 12,356              | 818,585 | 53,238              | 3,330,037 |
| <b>Total</b>      | 12,356              | 818,585 | 53,238              | 3,330,037 |

## 11 Short term loans and advances

| Particulars      | As at 31 March 2016 |               | As at 31 March 2015 |             |
|------------------|---------------------|---------------|---------------------|-------------|
|                  | USD                 | INR           | USD                 | INR         |
| Other advances   | 2,175               | 144,094       | 521                 | 32,589      |
| Prepaid expenses | 72,521              | 4,804,516     | 75,023              | 4,692,689   |
| VAT receivable   | 20,240,334          | 1,340,922,128 | 8,072,135           | 504,912,044 |
| <b>Total</b>     | 20,315,030          | 1,345,870,738 | 8,147,679           | 509,637,322 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |               |
|------------------------------------|---------------------|------------------|---------------------|---------------|
|                                    | USD                 | INR              | USD                 | INR           |
| Interest receivable- Inter company | 22,616              | 1,498,310        | -                   | -             |
| Other current assets               | 2,533               | 167,811          | 1,190               | 74,435        |
| <b>Total</b>                       | <b>25,149</b>       | <b>1,666,121</b> | <b>1,190</b>        | <b>74,435</b> |

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 77,161,351           | 5,111,939,504        | 56,525,115            | 3,535,645,943        |
| <b>Total</b>           | <b>77,161,351</b>    | <b>5,111,939,504</b> | <b>56,525,115</b>     | <b>3,535,645,943</b> |

## 14 Other income

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|---|----------------------|-------------------|-----------------------|--------------------|
|   | USD                  | INR               | USD                   | INR                |
| Interest on loan to subsidiaries          | 197,768              | 13,102,130        | 118,046               | 7,383,777          |
| Exchange rate difference gain/(loss) -net | 79,464               | 5,264,490         | 3,229,805             | 202,024,303        |
| Miscellaneous income                      | 2,720                | 180,200           | 40                    | 2,502              |
| <b>Total</b>                              | <b>279,952</b>       | <b>18,546,820</b> | <b>3,347,891</b>      | <b>209,410,582</b> |

## 15 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 901,705              | 59,737,956        | 822,516               | 51,448,376        |
| Staff welfare expenses         | 167                  | 11,064            | 92                    | 5,755             |
| <b>Total</b>                   | <b>901,872</b>       | <b>59,749,020</b> | <b>822,608</b>        | <b>51,454,131</b> |

## 16 Finance costs

| Particulars       | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
|                   | USD                  | INR               | USD                   | INR               |
| Interest expenses | 1,278,968            | 84,731,630        | 711,723               | 44,518,274        |
| Guarantee fees    | (225,570)            | (14,944,013)      | 271,885               | 17,006,407        |
| <b>Total</b>      | <b>1,053,398</b>     | <b>69,787,617</b> | <b>983,608</b>        | <b>61,524,681</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 75,688,989           | 5,014,395,521        | 57,145,389            | 3,574,444,082        |
| <b>Total</b>                               | <b>75,688,989</b>    | <b>5,014,395,521</b> | <b>57,145,389</b>     | <b>3,574,444,082</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Advertising and publicity                   | 1,047                | 69,364            | 774,169               | 48,424,271        |
| Auditors remuneration                       | 51,628               | 3,420,355         | 50,000                | 3,127,500         |
| Bad debts                                   | 2,133,627            | 141,352,789       | -                     | -                 |
| Provision for doubtful debts                | (2,169,616)          | (143,737,060)     | 45,058                | 2,818,378         |
| Communication expenses                      | 7,944                | 526,290           | 6,993                 | 437,412           |
| Electricity                                 | 13,946               | 923,923           | 14,857                | 929,305           |
| Entertainment expenses                      | 36                   | 2,385             | 399                   | 24,957            |
| Insurance expenses                          | 5,098                | 337,743           | 19,144                | 1,197,457         |
| IT consumables                              | 116                  | 7,685             | -                     | -                 |
| Legal and professional fees                 | 83,607               | 5,538,964         | 111,838               | 6,995,467         |
| Miscellaneous expenses                      | 6,228                | 412,603           | 7,172                 | 448,606           |
| Printing and stationery                     | 1,911                | 126,604           | 881                   | 55,107            |
| Rates and Taxes                             | 135,555              | 8,980,519         | 102,646               | 6,420,507         |
| Repairs and Maintenance - Plant & Machinery | 205,557              | 13,618,151        | 240,152               | 15,021,508        |
| Repairs and Maintenance - Buildings         | -                    | -                 | 108                   | 6,755             |
| Services rendered by agencies               | 48,126               | 3,188,348         | 67,835                | 4,243,079         |
| Travelling and conveyance expenses          | 60,246               | 3,991,298         | 55,857                | 3,493,855         |
| <b>Total</b>                                | <b>585,056</b>       | <b>38,759,961</b> | <b>1,497,109</b>      | <b>93,644,164</b> |



## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Japan) KK** ("the subsidiary") registered in Japan as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Varma.V.V.*  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016



## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                               | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----|---|----------|---------------------|----------------------|---------------------|----------------------|
|     |   |          | USD                 | INR*                 | USD                 | INR*                 |
| I.  | <b>EQUITY AND LIABILITIES</b>             |          |                     |                      |                     |                      |
| 1   | <b>Shareholders' funds</b>                |          |                     |                      |                     |                      |
|     | Share capital                             | 1        | 3,628,039           | 240,357,584          | 3,628,039           | 226,933,839          |
|     | Reserves and surplus                      | 2        | (3,670,639)         | (243,179,834)        | (1,594,385)         | (99,728,780)         |
|     |   |          | (42,600)            | (2,822,250)          | 2,033,654           | 127,205,059          |
| 2   | <b>Non-current liabilities</b>            |          |                     |                      |                     |                      |
|     | Deferred tax liabilities (net)            | 3        | 6,744,265           | 446,807,556          | 7,384,384           | 461,893,219          |
|     | Other long term liabilities               | 3        | 49,599,968          | 3,285,997,880        | 55,420,289          | 3,466,539,077        |
|     | Long-term provisions                      | 4        | 1,118,226           | 74,082,473           | 1,240,556           | 77,596,778           |
|     |   |          | 57,462,459          | 3,806,887,909        | 64,045,229          | 4,006,029,074        |
| 3   | <b>Current liabilities</b>                |          |                     |                      |                     |                      |
|     | Trade payables                            | 5        | 6,755,319           | 447,539,884          | 5,678,161           | 355,168,971          |
|     | Other current liabilities                 | 6        | 7,341,387           | 486,366,889          | 7,608,729           | 475,925,999          |
|     | Short-term provisions                     | 7        | 484,381             | 32,090,241           | 70,633              | 4,418,094            |
|     |   |          | 14,581,087          | 965,997,014          | 13,357,523          | 835,513,064          |
|     | <b>Total</b>                              |          | <b>72,000,946</b>   | <b>4,770,062,673</b> | <b>79,436,406</b>   | <b>4,968,747,197</b> |
| II. | <b>ASSETS</b>                             |          |                     |                      |                     |                      |
| 1   | <b>Non-current assets</b>                 |          |                     |                      |                     |                      |
|     | Fixed assets                              |          |                     |                      |                     |                      |
|     | (i) Tangible assets                       | 8        | 65,382,790          | 4,331,609,837        | 70,799,909          | 4,428,534,308        |
|     | (ii) Capital work-in-progress             |          | 1,201,730           | 79,614,613           | 2,576,242           | 161,143,937          |
|     | (iii) Intangible assets under development |          | -                   | -                    | 2,151               | 134,545              |
|     | Long-term loans and advances              | 9        | 164,816             | 10,919,060           | 191,184             | 11,958,560           |
|     |   |          | 66,749,336          | 4,422,143,510        | 73,569,486          | 4,601,771,350        |
| 2   | <b>Current assets</b>                     |          |                     |                      |                     |                      |
|     | Trade receivables                         | 10       | 1,632,549           | 108,156,372          | 1,431,786           | 89,558,214           |
|     | Cash and cash equivalents                 | 11       | 262,014             | 17,358,428           | 825,520             | 51,636,276           |
|     | Short-term loans and advances             | 12       | 3,297,586           | 218,465,072          | 3,384,993           | 211,731,313          |
|     | Other current assets                      | 13       | 59,461              | 3,939,291            | 224,621             | 14,050,044           |
|     |   |          | 5,251,610           | 347,919,163          | 5,866,920           | 366,975,847          |
|     | <b>Total</b>                              |          | <b>72,000,946</b>   | <b>4,770,062,673</b> | <b>79,436,406</b>   | <b>4,968,747,197</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|---|----------|----------------------|----------------------|-----------------------|----------------------|
|      |   |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | Revenue   |          |                      |                      |                       |                      |
|      | Revenue from operations   | 14       | 27,712,985           | 1,835,985,256        | 25,397,253            | 1,588,598,175        |
|      | Other income  | 15       | 122,688              | 8,128,080            | 204,448               | 12,788,222           |
|      | <b>Total revenue</b>  |          | <b>27,835,673</b>    | <b>1,844,113,336</b> | <b>25,601,701</b>     | <b>1,601,386,397</b> |
| II.  | Expenses  |          |                      |                      |                       |                      |
|      | Employee benefits expense                                       | 16       | 1,816,115            | 120,317,619          | 2,155,641             | 134,835,345          |
|      | Finance costs   | 17       | -                    | -                    | 61,224                | 3,829,561            |
|      | Network costs   | 18       | 13,348,059           | 884,308,909          | 9,707,939             | 607,231,584          |
|      | Depreciation and amortization expenses                          |          | 10,743,417           | 711,751,376          | 10,300,875            | 644,319,731          |
|      | Other expenses  | 19       | 3,294,161            | 218,238,166          | 3,730,800             | 233,361,539          |
|      | <b>Total expenses</b>   |          | <b>29,201,752</b>    | <b>1,934,616,070</b> | <b>25,956,479</b>     | <b>1,623,577,760</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax (I-II)</b> |          | <b>(1,366,079)</b>   | <b>(90,502,734)</b>  | <b>(354,778)</b>      | <b>(22,191,363)</b>  |
| IV.  | Exceptional item  |          | 70,356               | 4,661,085            | -                     | -                    |
| V.   | <b>Profit / (loss) before tax (III-IV)</b>                      |          | <b>(1,436,435)</b>   | <b>(95,163,819)</b>  | <b>(354,778)</b>      | <b>(22,191,363)</b>  |
| VI.  | Tax expenses  |          |                      |                      |                       |                      |
|      | Current Tax   |          | 1,279,938            | 84,795,893           | 568,748               | 35,575,187           |
|      | Deferred Tax  |          | (640,119)            | (42,407,884)         | (757,958)             | (47,410,273)         |
| VII. | <b>Profit / (loss) for the year (V-VI)</b>                      |          | <b>(2,076,254)</b>   | <b>(137,551,828)</b> | <b>(165,568)</b>      | <b>(10,356,277)</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 3,628,039           | 240,357,584        | 3,628,039           | 226,933,839        |
| <b>Total</b>         | <b>3,628,039</b>    | <b>240,357,584</b> | <b>3,628,039</b>    | <b>226,933,839</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                     |
|------------------------------|---------------------|----------------------|---------------------|---------------------|
|                              | USD                 | INR                  | USD                 | INR                 |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                     |
| Opening balance              | (1,594,385)         | (105,628,006)        | 1,079,230           | 67,505,837          |
| Profit / (loss) for the year | (2,076,254)         | (137,551,828)        | (165,568)           | (10,356,277)        |
| <b>Closing balance</b>       | <b>(3,670,639)</b>  | <b>(243,179,834)</b> | <b>913,662</b>      | <b>57,149,560</b>   |
| Dividend                     | -                   | -                    | (2,508,047)         | (156,878,340)       |
| <b>Total</b>                 | <b>(3,670,639)</b>  | <b>(243,179,834)</b> | <b>(1,594,385)</b>  | <b>(99,728,780)</b> |

## 3 Other Long term liabilities

| Particulars      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------|---------------------|----------------------|---------------------|----------------------|
|                  | USD                 | INR                  | USD                 | INR                  |
| Unearned revenue | 49,599,968          | 3,285,997,880        | 55,420,289          | 3,466,539,077        |
| <b>Total</b>     | <b>49,599,968</b>   | <b>3,285,997,880</b> | <b>55,420,289</b>   | <b>3,466,539,077</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 1,118,226           | 74,082,473        | 1,240,556           | 77,596,778        |
| <b>Total</b>                           | <b>1,118,226</b>    | <b>74,082,473</b> | <b>1,240,556</b>    | <b>77,596,778</b> |

## 5 Trade payables

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Trade payables        | 5,524,553           | 366,001,636        | 4,970,901           | 310,929,858        |
| Employee dues         | 148,960             | 9,868,600          | 181,032             | 11,323,552         |
| Intercompany payables | 1,081,806           | 71,669,648         | 526,228             | 32,915,561         |
| <b>Total</b>          | <b>6,755,319</b>    | <b>447,539,884</b> | <b>5,678,161</b>    | <b>355,168,971</b> |

## 6 Other current liabilities

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|
|                   | USD                 | INR                | USD                 | INR                |
| Other liabilities | 94,701              | 6,273,941          | 101,516             | 6,349,826          |
| Deferred revenue  | 6,855,146           | 454,153,423        | 7,185,949           | 449,481,110        |
| VAT payable       | 363,976             | 24,113,410         | 321,264             | 20,095,063         |
| Bank overdraft    | 27,564              | 1,826,115          | -                   | -                  |
| <b>Total</b>      | <b>7,341,387</b>    | <b>486,366,889</b> | <b>7,608,729</b>    | <b>475,925,999</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Short term provisions

| Particulars             | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------------|---------------------|-------------------|---------------------|------------------|
|                         | USD                 | INR               | USD                 | INR              |
| Provision for tax (net) | 422,897             | 28,016,926        | -                   | -                |
| Leave entitlement       | 61,484              | 4,073,315         | 70,633              | 4,418,094        |
| <b>Total</b>            | <b>484,381</b>      | <b>32,090,241</b> | <b>70,633</b>       | <b>4,418,094</b> |

## 8 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                       | As at 31 March 2015 |                      |
|----------------------------------|---------------------|-----------------------|---------------------|----------------------|
|                                  | USD                 | INR                   | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                       |                     |                      |
| Land                             | 2,087,335           | 138,285,944           | 2,087,335           | 130,562,804          |
| Building                         | 3,639,635           | 241,125,819           | 3,639,635           | 227,659,169          |
| Lease hold improvement           | 40,434              | 2,678,753             | 40,434              | 2,529,147            |
| Cables                           | 65,928,065          | 4,367,734,306         | 61,255,317          | 3,831,520,078        |
| Plant and machinery              | 82,672,410          | 5,477,047,163         | 83,364,616          | 5,214,456,731        |
| Furniture and fixtures           | 12,397              | 821,301               | 12,397              | 775,432              |
| Computers                        | 499,673             | 33,103,336            | 704,387             | 44,059,407           |
| Office equipment                 | 217,712             | 14,423,420            | 214,015             | 13,386,638           |
| (a)                              | <b>155,097,661</b>  | <b>10,275,220,042</b> | <b>151,318,136</b>  | <b>9,464,949,406</b> |
| <b>Accumulated depreciation:</b> |                     |                       |                     |                      |
| Building                         | 1,558,632           | 103,259,370           | 1,413,047           | 88,386,090           |
| Lease hold improvement           | 40,434              | 2,678,753             | 40,434              | 2,529,147            |
| Cables                           | 35,933,575          | 2,380,599,344         | 32,385,033          | 2,025,683,814        |
| Plant and machinery              | 51,624,639          | 3,420,132,334         | 46,015,389          | 2,878,262,582        |
| Furniture and fixtures           | 12,397              | 821,301               | 12,397              | 775,432              |
| Computers                        | 448,514             | 29,714,053            | 578,328             | 36,174,416           |
| Office equipment                 | 96,680              | 6,405,050             | 73,599              | 4,603,617            |
| (b)                              | <b>89,714,871</b>   | <b>5,943,610,205</b>  | <b>80,518,227</b>   | <b>5,036,415,098</b> |
| <b>Net block (a) - (b)</b>       | <b>65,382,790</b>   | <b>4,331,609,837</b>  | <b>70,799,909</b>   | <b>4,428,534,308</b> |

## 9 Long term loans and advances

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Vendor deposit    | 155,848             | 10,324,930        | 145,938             | 9,128,422         |
| Prepaid expenses  | 8,968               | 594,130           | 20,254              | 1,266,888         |
| Advance tax (net) | -                   | -                 | 24,992              | 1,563,250         |
| <b>Total</b>      | <b>164,816</b>      | <b>10,919,060</b> | <b>191,184</b>      | <b>11,958,560</b> |

## 10 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|------------------------------|---------------------|--------------------|---------------------|-------------------|
|                              | USD                 | INR                | USD                 | INR               |
| Trade receivables            | 1,637,618           | 108,492,193        | 1,444,807           | 90,372,678        |
| Provision for doubtful debts | (5,069)             | (335,821)          | (13,021)            | (814,464)         |
| <b>Total</b>                 | <b>1,632,549</b>    | <b>108,156,372</b> | <b>1,431,786</b>    | <b>89,558,214</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Balance with bank | 262,014             | 17,358,428        | 825,520             | 51,636,276        |
| <b>Total</b>      | <b>262,014</b>      | <b>17,358,428</b> | <b>825,520</b>      | <b>51,636,276</b> |

## 12 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Inter company loans given       | 2,075,956           | 137,532,085        | 1,890,190           | 118,231,385        |
| Provision for doubtful advances | (403)               | (26,699)           | (403)               | (25,208)           |
| Prepaid expenses                | 396,368             | 26,259,380         | 82,754              | 5,176,263          |
| VAT receivable                  | 825,665             | 54,700,306         | 1,412,452           | 88,348,873         |
| <b>Total</b>                    | <b>3,297,586</b>    | <b>218,465,072</b> | <b>3,384,993</b>    | <b>211,731,313</b> |

## 13 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|------------------------------------|---------------------|------------------|---------------------|-------------------|
|                                    | USD                 | INR              | USD                 | INR               |
| Interest receivable- Inter company | 50,813              | 3,366,361        | 117,158             | 7,328,233         |
| Other current assets               | 8,648               | 572,930          | 107,463             | 6,721,811         |
| <b>Total</b>                       | <b>59,461</b>       | <b>3,939,291</b> | <b>224,621</b>      | <b>14,050,044</b> |

## 14 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 27,712,985           | 1,835,985,256        | 25,397,253            | 1,588,598,175        |
| <b>Total</b>           | <b>27,712,985</b>    | <b>1,835,985,256</b> | <b>25,397,253</b>     | <b>1,588,598,175</b> |

## 15 Other income

| Particulars                      | Current year 2015-16 |                  | Previous year 2014-15 |                   |
|----------------------------------|----------------------|------------------|-----------------------|-------------------|
|                                  | USD                  | INR              | USD                   | INR               |
| Interest income - others         | 16,949               | 1,122,871        | 2,046                 | 127,977           |
| Interest on loan to subsidiaries | 105,739              | 7,005,209        | 199,666               | 12,489,108        |
| Profit on sale of fixed assets   | -                    | -                | 2                     | 125               |
| Miscellaneous income             | -                    | -                | 2,734                 | 171,012           |
| <b>Total</b>                     | <b>122,688</b>       | <b>8,128,080</b> | <b>204,448</b>        | <b>12,788,222</b> |

## 16 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
|                                | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances | 1,812,340            | 120,067,525        | 2,151,923             | 134,602,784        |
| Staff welfare expenses         | 3,775                | 250,094            | 3,718                 | 232,561            |
| <b>Total</b>                   | <b>1,816,115</b>     | <b>120,317,619</b> | <b>2,155,641</b>      | <b>134,835,345</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Finance costs

| Particulars       | Current year 2015-16 |     | Previous year 2014-15 |           |
|-------------------|----------------------|-----|-----------------------|-----------|
|                   | USD                  | INR | USD                   | INR       |
| Interest expenses | -                    | -   | 61,224                | 3,829,561 |
| <b>Total</b>      | -                    | -   | 61,224                | 3,829,561 |

## 18 Network costs

| Particulars                                | Current year 2015-16 |             | Previous year 2014-15 |             |
|--|----------------------|-------------|-----------------------|-------------|
|  | USD                  | INR         | USD                   | INR         |
| Charges for use of transmission facilities | 13,348,059           | 884,308,909 | 9,707,939             | 607,231,584 |
| <b>Total</b>                               | 13,348,059           | 884,308,909 | 9,707,939             | 607,231,584 |

## 19 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Advertising and publicity                   | 4,358                | 288,718            | 5,998                 | 375,175            |
| Bad debts                                   | 900                  | 59,625             | -                     | -                  |
| Provision for doubtful debts                | (7,952)              | (526,820)          | 311                   | 19,453             |
| Communication expenses                      | 57,099               | 3,782,809          | 67,604                | 4,228,630          |
| Donations                                   | 1,462                | 96,858             | 813                   | 50,853             |
| Electricity                                 | 1,106,377            | 73,297,476         | 1,386,372             | 86,717,569         |
| Entertainment expenses                      | 10,315               | 683,369            | 21,482                | 1,343,699          |
| Exchange rate difference (gain)/loss -net   | 11,632               | 770,620            | 343,353               | 21,476,730         |
| Insurance expenses                          | 61,305               | 4,061,456          | 58,628                | 3,667,181          |
| IT consumables                              | 4                    | 265                | 1,885                 | 117,907            |
| Legal and professional fees                 | 342,987              | 22,722,889         | 228,166               | 14,271,783         |
| Loss on sale of fixed assets (net)          | -                    | -                  | 6,343                 | 396,755            |
| Miscellaneous expenses                      | 19,851               | 1,315,124          | 41,143                | 2,573,495          |
| Printing and stationery                     | 8,289                | 549,146            | 13,256                | 829,161            |
| Rates and Taxes                             | 389,119              | 25,779,134         | 403,472               | 25,237,174         |
| Recruitment expenses                        | -                    | -                  | 581                   | 36,342             |
| Rent  | 96,886               | 6,418,698          | 109,941               | 6,876,810          |
| Repairs and Maintenance - Plant & Machinery | 849,839              | 56,301,834         | 731,244               | 45,739,312         |
| Repairs and Maintenance - Buildings         | 202,414              | 13,409,928         | 228,554               | 14,296,053         |
| Relocation Expense                          | 4,687                | 310,514            | -                     | -                  |
| Security charges                            | (377)                | (24,976)           | -                     | -                  |
| Seminars, trainings and conferences         | 3,030                | 200,738            | 1,973                 | 123,411            |
| Services rendered by agencies               | 73,982               | 4,901,308          | (20,423)              | (1,277,459)        |
| Travelling and conveyance expenses          | 57,954               | 3,839,453          | 100,104               | 6,261,505          |
| <b>Total</b>                                | <b>3,294,161</b>     | <b>218,238,166</b> | <b>3,730,800</b>      | <b>233,361,539</b> |





Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Norman Point

Mumbai - 400 021, India

T +91 (22) 6121 4444

emails@ss-associates.com www.ss-associates.com

LLP Identity No. 4AB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Malaysia) Sdn Bhd** ("the subsidiary") registered in Malaysia as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.






The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability

FOR SURESH SURANA & ASSOCIATES LLP   
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                    | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------|--------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
|            |                                |          | USD                 | INR*              | USD                 | INR*              |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                     |                   |                     |                   |
| <b>1</b>   | <b>Shareholders' funds</b>     |          |                     |                   |                     |                   |
|            | Share capital                  | 1        | 47,560              | 3,150,850         | 1                   | 63                |
|            | Reserves and surplus           | 2        | 97,906              | 6,486,273         | 44,966              | 2,812,622         |
|            |                                |          | 145,466             | 9,637,123         | 44,967              | 2,812,685         |
| <b>2</b>   | <b>Non-current liabilities</b> |          |                     |                   |                     |                   |
|            | Deferred tax liabilities (net) |          | 81,315              | 5,387,119         | 6,652               | 416,083           |
|            |                                |          | 81,315              | 5,387,119         | 6,652               | 416,083           |
| <b>3</b>   | <b>Current liabilities</b>     |          |                     |                   |                     |                   |
|            | Short-term borrowings          | 3        | 219,732             | 14,557,245        | 260,727             | 16,308,474        |
|            | Trade payables                 | 4        | 577,017             | 38,227,376        | 135,490             | 8,474,900         |
|            | Other current liabilities      | 5        | 55,537              | 3,679,326         | 27,542              | 1,722,752         |
|            | Short-term provisions          | 6        | -                   | -                 | 3,206               | 200,535           |
|            |                                |          | 852,286             | 56,463,947        | 426,965             | 26,706,661        |
|            | <b>Total</b>                   |          | <b>1,079,067</b>    | <b>71,488,189</b> | <b>478,584</b>      | <b>29,935,429</b> |
| <b>II.</b> | <b>ASSETS</b>                  |          |                     |                   |                     |                   |
| <b>1</b>   | <b>Non-current assets</b>      |          |                     |                   |                     |                   |
|            | Fixed assets                   |          |                     |                   |                     |                   |
|            | (i) Tangible assets            | 7        | 369,450             | 24,476,062        | 206,217             | 12,898,873        |
|            | (ii) Capital work-in-progress  |          | 17,110              | 1,133,538         | -                   | -                 |
|            | Long-term loans and advances   | 8        | 67,841              | 4,494,466         | 40,974              | 2,562,924         |
|            |                                |          | 454,401             | 30,104,066        | 247,191             | 15,461,797        |
| <b>2</b>   | <b>Current assets</b>          |          |                     |                   |                     |                   |
|            | Trade receivables              | 9        | 329,050             | 21,799,563        | 98,541              | 6,163,739         |
|            | Cash and cash equivalents      | 10       | 231,579             | 15,342,109        | 88,731              | 5,550,124         |
|            | Short-term loans and advances  | 11       | 63,925              | 4,235,031         | 44,121              | 2,759,769         |
|            | Other current assets           | 12       | 112                 | 7,420             | -                   | -                 |
|            |                                |          | 624,666             | 41,384,123        | 231,393             | 14,473,632        |
|            | <b>Total</b>                   |          | <b>1,079,067</b>    | <b>71,488,189</b> | <b>478,584</b>      | <b>29,935,429</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|------|---|----------|----------------------|--------------------|-----------------------|-------------------|
|      |   |          | USD                  | INR*               | USD                   | INR*              |
| I.   | <b>Revenue</b>  |          |                      |                    |                       |                   |
|      | Revenue from operations   | 13       | 1,857,408            | 123,053,280        | 923,428               | 57,760,421        |
|      | Other income  | 14       | 25                   | 1,656              | -                     | -                 |
|      | <b>Total revenue</b>  |          | <b>1,857,433</b>     | <b>123,054,936</b> | <b>923,428</b>        | <b>57,760,421</b> |
| II.  | <b>Expenses</b>   |          |                      |                    |                       |                   |
|      | Employee benefits expense                                       | 15       | 385,279              | 25,524,734         | 395,972               | 24,768,049        |
|      | Finance costs   | 16       | 7,916                | 524,435            | 27,666                | 1,730,508         |
|      | Network costs   | 17       | 1,014,429            | 67,205,921         | 88,986                | 5,566,074         |
|      | Depreciation and amortization expenses                          |          | 64,361               | 4,263,916          | 34,596                | 2,163,980         |
|      | Other expenses  | 18       | 270,760              | 17,937,850         | 304,458               | 19,043,848        |
|      | <b>Total expenses</b>   |          | <b>1,742,745</b>     | <b>115,456,856</b> | <b>851,678</b>        | <b>53,272,459</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax( I-II)</b> |          | <b>114,688</b>       | <b>7,598,080</b>   | <b>71,750</b>         | <b>4,487,962</b>  |
| IV.  | <b>Profit / (loss) before tax ( III-IV)</b>                     |          | <b>114,688</b>       | <b>7,598,080</b>   | <b>71,750</b>         | <b>4,487,962</b>  |
| V.   | <b>Tax expenses</b>   |          |                      |                    |                       |                   |
|      | Current Tax   |          | (12,915)             | (855,619)          | 12,607                | 788,568           |
|      | Deferred Tax  |          | 74,663               | 4,946,424          | 656                   | 41,033            |
| VI.  | <b>Profit / (loss) for the year (IV-V)</b>                      |          | <b>52,940</b>        | <b>3,507,275</b>   | <b>58,487</b>         | <b>3,658,361</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |           |
|----------------------|---------------------|------------------|---------------------|-----------|
|                      | USD                 | INR              | USD                 | INR       |
| Equity share capital | 47,560              | 3,150,850        | 1                   | 63        |
| <b>Total</b>         | <b>47,560</b>       | <b>3,150,850</b> | <b>1</b>            | <b>63</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------|---------------------|------------------|---------------------|------------------|
|                              | USD                 | INR              | USD                 | INR              |
| <b>Surplus / (Deficit)</b>   |                     |                  |                     |                  |
| Opening balance              | 44,966              | 2,978,998        | (13,521)            | (845,739)        |
| Profit / (loss) for the year | 52,940              | 3,507,275        | 58,487              | 3,658,361        |
| <b>Closing balance</b>       | <b>97,906</b>       | <b>6,486,273</b> | <b>44,966</b>       | <b>2,812,622</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | USD                 | INR               | USD                 | INR               |
| Inter company loans taken | 219,732             | 14,557,245        | 260,727             | 16,308,474        |
| <b>Total</b>              | <b>219,732</b>      | <b>14,557,245</b> | <b>260,727</b>      | <b>16,308,474</b> |

## 4 Trade payables

| Particulars           | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-----------------------|---------------------|-------------------|---------------------|------------------|
|                       | USD                 | INR               | USD                 | INR              |
| Trade payables        | 235,925             | 15,630,031        | 93,134              | 5,825,532        |
| Employee dues         | 24,228              | 1,605,105         | 42,356              | 2,649,368        |
| Intercompany payables | 316,864             | 20,992,240        | -                   | -                |
| <b>Total</b>          | <b>577,017</b>      | <b>38,227,376</b> | <b>135,490</b>      | <b>8,474,900</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------------|---------------------|------------------|---------------------|------------------|
|                                 | USD                 | INR              | USD                 | INR              |
| Other liabilities               | 51,957              | 3,442,151        | 17,108              | 1,070,105        |
| Interest payable- Inter company | 3,580               | 237,175          | 10,434              | 652,647          |
| <b>Total</b>                    | <b>55,537</b>       | <b>3,679,326</b> | <b>27,542</b>       | <b>1,722,752</b> |

## 6 Short term provisions

| Particulars       | As at 31 March 2016 |          | As at 31 March 2015 |                |
|-------------------|---------------------|----------|---------------------|----------------|
|                   | USD                 | INR      | USD                 | INR            |
| Leave entitlement | -                   | -        | 3,206               | 200,535        |
| <b>Total</b>      | <b>-</b>            | <b>-</b> | <b>3,206</b>        | <b>200,535</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Plant and machinery              | 479,729             | 31,782,046        | 252,135             | 15,771,044        |
| (a)                              | 479,729             | 31,782,046        | 252,135             | 15,771,044        |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Plant and machinery              | 110,279             | 7,305,984         | 45,918              | 2,872,171         |
| (b)                              | 110,279             | 7,305,984         | 45,918              | 2,872,171         |
| <b>Net block (a) - (b)</b>       | <b>369,450</b>      | <b>24,476,062</b> | <b>206,217</b>      | <b>12,898,873</b> |

## 8 Long term loans and advances

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Vendor deposit    | 8,965               | 593,931          | -                   | -                |
| Prepaid expenses  | 8,561               | 567,166          | 28,969              | 1,812,011        |
| Advance tax (net) | 50,315              | 3,333,369        | 12,005              | 750,913          |
| <b>Total</b>      | <b>67,841</b>       | <b>4,494,466</b> | <b>40,974</b>       | <b>2,562,924</b> |

## 9 Trade receivables

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|--------------------------|---------------------|-------------------|---------------------|------------------|
|                          | USD                 | INR               | USD                 | INR              |
| Trade receivables        | 329,050             | 21,799,563        | 95,964              | 6,002,548        |
| Intercompany receivables | -                   | -                 | 2,577               | 161,191          |
| <b>Total</b>             | <b>329,050</b>      | <b>21,799,563</b> | <b>98,541</b>       | <b>6,163,739</b> |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------|---------------------|-------------------|---------------------|------------------|
|                   | USD                 | INR               | USD                 | INR              |
| Balance with bank | 231,579             | 15,342,109        | 88,731              | 5,550,124        |
| <b>Total</b>      | <b>231,579</b>      | <b>15,342,109</b> | <b>88,731</b>       | <b>5,550,124</b> |

## 11 Short term loans and advances

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Prepaid expenses  | 43,273              | 2,866,836        | 44,121              | 2,759,769        |
| Taxes recoverable | 20,652              | 1,368,195        | -                   | -                |
| <b>Total</b>      | <b>63,925</b>       | <b>4,235,031</b> | <b>44,121</b>       | <b>2,759,769</b> |

## 12 Other current assets

| Particulars          | As at 31 March 2016 |              | As at 31 March 2015 |          |
|----------------------|---------------------|--------------|---------------------|----------|
|                      | USD                 | INR          | USD                 | INR      |
| Other current assets | 112                 | 7,420        | -                   | -        |
| <b>Total</b>         | <b>112</b>          | <b>7,420</b> | <b>-</b>            | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|------------------------|----------------------|--------------------|-----------------------|-------------------|
|                        | USD                  | INR                | USD                   | INR               |
| Data and voice revenue | 1,857,408            | 123,053,280        | 923,428               | 57,760,421        |
| <b>Total</b>           | <b>1,857,408</b>     | <b>123,053,280</b> | <b>923,428</b>        | <b>57,760,421</b> |

## 14 Other income

| Particulars          | Current year 2015-16 |              | Previous year 2014-15 |          |
|----------------------|----------------------|--------------|-----------------------|----------|
|                      | USD                  | INR          | USD                   | INR      |
| Miscellaneous income | 25                   | 1,656        | -                     | -        |
| <b>Total</b>         | <b>25</b>            | <b>1,656</b> | <b>-</b>              | <b>-</b> |

## 15 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances            | 345,245              | 22,872,481        | 347,069               | 21,709,166        |
| Contribution to provident and other funds | 38,796               | 2,570,235         | 37,587                | 2,351,067         |
| Staff welfare expenses                    | 1,238                | 82,018            | 11,316                | 707,816           |
| <b>Total</b>                              | <b>385,279</b>       | <b>25,524,734</b> | <b>395,972</b>        | <b>24,768,049</b> |

## 16 Finance costs

| Particulars       | Current year 2015-16 |                | Previous year 2014-15 |                  |
|-------------------|----------------------|----------------|-----------------------|------------------|
|                   | USD                  | INR            | USD                   | INR              |
| Interest expenses | 11,840               | 784,400        | 23,207                | 1,451,598        |
| Guarantee fees    | (3,924)              | (259,965)      | 4,459                 | 278,910          |
| <b>Total</b>      | <b>7,916</b>         | <b>524,435</b> | <b>27,666</b>         | <b>1,730,508</b> |

## 17 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|--|----------------------|-------------------|-----------------------|------------------|
|  | USD                  | INR               | USD                   | INR              |
| Charges for use of transmission facilities | 1,014,429            | 67,205,921        | 88,986                | 5,566,074        |
| <b>Total</b>                               | <b>1,014,429</b>     | <b>67,205,921</b> | <b>88,986</b>         | <b>5,566,074</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Auditors remuneration                       | 2,586                | 171,323           | 3,292                 | 205,915           |
| Communication expenses                      | 11,960               | 792,350           | 11,713                | 732,648           |
| Directors fees                              | 5,583                | 369,874           | 12,947                | 809,835           |
| Entertainment expenses                      | 26,117               | 1,730,251         | 6,621                 | 414,144           |
| Exchange rate difference (gain)/loss -net   | 14,921               | 988,516           | 49,691                | 3,108,172         |
| Insurance expenses                          | 5,866                | 388,623           | 1,656                 | 103,583           |
| IT consumables                              | 846                  | 56,048            | -                     | -                 |
| Legal and professional fees                 | 16,473               | 1,091,336         | 52,799                | 3,302,577         |
| Miscellaneous expenses                      | 5,627                | 372,787           | 2,759                 | 172,575           |
| Printing and stationery                     | 1,052                | 69,695            | 225                   | 14,074            |
| Rent  | 13,436               | 890,135           | 16,182                | 1,012,184         |
| Repairs and Maintenance - Plant & Machinery | 63,948               | 4,236,555         | 59,717                | 3,735,298         |
| Seminars, trainings and conferences         | 537                  | 35,576            | -                     | -                 |
| Services rendered by agencies               | 83,342               | 5,521,408         | 66,901                | 4,184,658         |
| Travelling and conveyance expenses          | 18,466               | 1,223,373         | 19,955                | 1,248,185         |
| <b>Total</b>                                | <b>270,760</b>       | <b>17,937,850</b> | <b>304,458</b>        | <b>19,043,848</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhruwari

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 51214344

email@ss-associates.com www.ss-associates.com

LLP identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Middle East) FZ-LLC** ("the subsidiary") registered in Dubai, United Arab Emirates as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Vinod Kumar V*  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|----------|---------------------|--------------------|---------------------|--------------------|
|                                  |          | USD                 | INR*               | USD                 | INR*               |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                    |                     |                    |
| <b>1 Shareholders' funds</b>     |          |                     |                    |                     |                    |
| Share capital                    | 1        | 13,750              | 910,938            | 13,750              | 860,063            |
| Reserves and surplus             | 2        | (3,837,920)         | (254,262,200)      | (5,014,436)         | (313,652,973)      |
|                                  |          | (3,824,170)         | (253,351,262)      | (5,000,686)         | (312,792,910)      |
| <b>2 Non-current liabilities</b> |          |                     |                    |                     |                    |
| Long-term provisions             | 3        | 329,081             | 21,801,616         | 219,395             | 13,723,157         |
|                                  |          | 329,081             | 21,801,616         | 219,395             | 13,723,157         |
| <b>2 Current liabilities</b>     |          |                     |                    |                     |                    |
| Short-term borrowings            | 4        | 5,073,153           | 336,096,386        | 8,321,301           | 520,497,378        |
| Trade payables                   | 5        | 998,446             | 66,147,048         | 388,767             | 24,317,376         |
| Other current liabilities        | 6        | 133,053             | 8,814,762          | 185,572             | 11,607,529         |
| Short-term provisions            | 7        | 63,706              | 4,220,523          | 39,789              | 2,488,802          |
|                                  |          | 6,268,358           | 415,278,719        | 8,935,429           | 558,911,085        |
| <b>Total</b>                     |          | <b>2,773,269</b>    | <b>183,729,073</b> | <b>4,154,138</b>    | <b>259,841,332</b> |
| <b>II. ASSETS</b>                |          |                     |                    |                     |                    |
| <b>1 Non-current assets</b>      |          |                     |                    |                     |                    |
| Fixed assets                     |          |                     |                    |                     |                    |
| (i) Tangible assets              | 8        | 37,498              | 2,484,243          | -                   | -                  |
| (ii) Capital work-in-progress    |          | -                   | -                  | 106,718             | 6,675,211          |
| Non-current investments          | 9        | 136,006             | 9,010,398          | 136,006             | 8,507,175          |
| Long-term loans and advances     | 10       | 38                  | 2,518              | 38                  | 2,377              |
|                                  |          | 173,542             | 11,497,159         | 242,762             | 15,184,763         |
| <b>2 Current assets</b>          |          |                     |                    |                     |                    |
| Trade receivables                | 11       | 2,410,084           | 159,668,065        | 2,849,118           | 178,212,331        |
| Cash and cash equivalents        | 12       | 57,397              | 3,802,551          | 925,042             | 57,861,377         |
| Short-term loans and advances    | 13       | 132,246             | 8,761,298          | 137,213             | 8,582,673          |
| Other current assets             | 14       | -                   | -                  | 3                   | 188                |
|                                  |          | 2,599,727           | 172,231,914        | 3,911,376           | 244,656,569        |
| <b>Total</b>                     |          | <b>2,773,269</b>    | <b>183,729,073</b> | <b>4,154,138</b>    | <b>259,841,332</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars  | Note No. | Current year 2015-16 |             | Previous year 2014-15 |             |
|------|--|----------|----------------------|-------------|-----------------------|-------------|
|      |  |          | USD                  | INR*        | USD                   | INR*        |
| I.   | Revenue  |          |                      |             |                       |             |
|      | Revenue from operations                              | 15       | 8,429,810            | 558,474,913 | 5,852,193             | 366,054,672 |
|      | Other income   | 16       | 1,091,622            | 72,319,958  | 728,894               | 45,592,320  |
|      | Total revenue  |          | 9,521,432            | 630,794,871 | 6,581,087             | 411,646,992 |
| II.  | Expenses   |          |                      |             |                       |             |
|      | Employee benefits expense                            | 17       | 6,719,312            | 445,154,420 | 4,590,275             | 287,121,701 |
|      | Finance costs  | 18       | 220,120              | 14,582,950  | 482,662               | 30,190,508  |
|      | Depreciation and amortization expenses               |          | 84,333               | 5,587,061   | 547                   | 34,215      |
|      | Other expenses                                       | 19       | 1,252,482            | 82,976,933  | 856,003               | 53,542,989  |
|      | Total expenses                                       |          | 8,276,247            | 548,301,364 | 5,929,487             | 370,889,413 |
| III. | Profit / (loss) before exceptional item & tax( I-II) |          | 1,245,185            | 82,493,507  | 651,600               | 40,757,579  |
| IV.  | Exceptional item                                     |          | 68,667               | 4,549,189   | -                     | -           |
| V.   | Profit / (loss) for the year (III-IV)                |          | 1,176,518            | 77,944,318  | 651,600               | 40,757,579  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                | As at 31 March 2015 |                |
|----------------------|---------------------|----------------|---------------------|----------------|
|                      | USD                 | INR            | USD                 | INR            |
| Equity share capital | 13,750              | 910,938        | 13,750              | 860,063        |
| <b>Total</b>         | <b>13,750</b>       | <b>910,938</b> | <b>13,750</b>       | <b>860,063</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                      |
| Opening balance              | (5,014,438)         | (332,206,518)        | (5,666,036)         | (354,410,552)        |
| Profit / (loss) for the year | 1,176,518           | 77,944,318           | 651,600             | 40,757,579           |
| <b>Closing balance</b>       | <b>(3,837,920)</b>  | <b>(254,262,200)</b> | <b>(5,014,436)</b>  | <b>(313,652,973)</b> |

## 3 Long term provisions

| Particulars            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------|---------------------|-------------------|---------------------|-------------------|
|                        | USD                 | INR               | USD                 | INR               |
| Provision for gratuity | 329,081             | 21,801,616        | 219,395             | 13,723,157        |
| <b>Total</b>           | <b>329,081</b>      | <b>21,801,616</b> | <b>219,395</b>      | <b>13,723,157</b> |

## 4 Short term borrowings

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
|                           | USD                 | INR                | USD                 | INR                |
| Inter company loans taken | 5,073,153           | 336,096,386        | 8,321,301           | 520,497,378        |
| <b>Total</b>              | <b>5,073,153</b>    | <b>336,096,386</b> | <b>8,321,301</b>    | <b>520,497,378</b> |

## 5 Trade payables

| Particulars    | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------|---------------------|-------------------|---------------------|-------------------|
|                | USD                 | INR               | USD                 | INR               |
| Trade payables | 88,715              | 5,877,369         | 42,636              | 2,666,882         |
| Employee dues  | 909,731             | 60,269,679        | 346,131             | 21,650,494        |
| <b>Total</b>   | <b>998,446</b>      | <b>66,147,048</b> | <b>388,767</b>      | <b>24,317,376</b> |

## 6 Other current liabilities

| Particulars                    | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|--------------------------------|---------------------|------------------|---------------------|-------------------|
|                                | USD                 | INR              | USD                 | INR               |
| Other liabilities              | 22                  | 1,458            | -                   | -                 |
| Interst payable- Inter company | 133,031             | 8,813,304        | 185,572             | 11,607,529        |
| <b>Total</b>                   | <b>133,053</b>      | <b>8,814,762</b> | <b>185,572</b>      | <b>11,607,529</b> |

## 7 Short term provisions

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Leave entitlement | 63,706              | 4,220,523        | 39,789              | 2,488,802        |
| <b>Total</b>      | <b>63,706</b>       | <b>4,220,523</b> | <b>39,789</b>       | <b>2,488,802</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 8 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |            | As at 31 March 2015 |           |
|----------------------------------|---------------------|------------|---------------------|-----------|
|                                  | USD                 | INR        | USD                 | INR       |
| <b>Gross block:</b>              |                     |            |                     |           |
| Lease hold improvement           | 77,554              | 5,137,953  | -                   | -         |
| Furniture and fixtures           | 41,175              | 2,727,844  | -                   | -         |
| Computers                        | 48,967              | 3,244,064  | 57,636              | 3,605,132 |
| (a)                              | 167,696             | 11,109,861 | 57,636              | 3,605,132 |
| <b>Accumulated depreciation:</b> |                     |            |                     |           |
| Lease hold improvement           | 77,554              | 5,137,953  | -                   | -         |
| Furniture and fixtures           | 5,256               | 348,210    | -                   | -         |
| Computers                        | 47,388              | 3,139,455  | 57,636              | 3,605,132 |
| (b)                              | 130,198             | 8,625,618  | 57,636              | 3,605,132 |
| <b>Net block (a) - (b)</b>       | 37,498              | 2,484,243  | -                   | -         |

## 9 Non-current investments

| Particulars              | As at 31 March 2016 |           | As at 31 March 2015 |           |
|--------------------------|---------------------|-----------|---------------------|-----------|
|                          | USD                 | INR       | USD                 | INR       |
| Investment in subsidiary | 136,006             | 9,010,398 | 136,006             | 8,507,175 |
| <b>Total</b>             | 136,006             | 9,010,398 | 136,006             | 8,507,175 |

## 10 Long term loans and advances

| Particulars       | As at 31 March 2016 |       | As at 31 March 2015 |       |
|-------------------|---------------------|-------|---------------------|-------|
|                   | USD                 | INR   | USD                 | INR   |
| Advance tax (net) | 38                  | 2,518 | 38                  | 2,377 |
| <b>Total</b>      | 38                  | 2,518 | 38                  | 2,377 |

## 11 Trade receivables

| Particulars              | As at 31 March 2016 |             | As at 31 March 2015 |             |
|--------------------------|---------------------|-------------|---------------------|-------------|
|                          | USD                 | INR         | USD                 | INR         |
| Intercompany receivables | 2,410,084           | 159,668,065 | 2,849,118           | 178,212,331 |
| <b>Total</b>             | 2,410,084           | 159,668,065 | 2,849,118           | 178,212,331 |

## 12 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |           | As at 31 March 2015 |            |
|-------------------|---------------------|-----------|---------------------|------------|
|                   | USD                 | INR       | USD                 | INR        |
| Balance with bank | 57,397              | 3,802,551 | 925,042             | 57,861,377 |
| <b>Total</b>      | 57,397              | 3,802,551 | 925,042             | 57,861,377 |

## 13 Short term loans and advances

| Particulars           | As at 31 March 2016 |           | As at 31 March 2015 |           |
|-----------------------|---------------------|-----------|---------------------|-----------|
|                       | USD                 | INR       | USD                 | INR       |
| Advances to employees | 70,632              | 4,679,370 | 93,071              | 5,821,591 |
| Other advances        | 18,047              | 1,195,614 | 1,411               | 88,258    |
| Prepaid expenses      | 43,567              | 2,886,314 | 42,731              | 2,672,824 |
| <b>Total</b>          | 132,246             | 8,761,298 | 137,213             | 8,582,673 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 14 Other current assets

| Particulars          | As at 31 March 2016 |     | As at 31 March 2015 |     |
|----------------------|---------------------|-----|---------------------|-----|
|                      | USD                 | INR | USD                 | INR |
| Other current assets | -                   | -   | 3                   | 188 |
| <b>Total</b>         | -                   | -   | 3                   | 188 |

## 15 Revenue from operations

| Particulars                     | Current year 2015-16 |             | Previous year 2014-15 |             |
|---------------------------------|----------------------|-------------|-----------------------|-------------|
|                                 | USD                  | INR         | USD                   | INR         |
| Management consultancy services | 8,429,810            | 558,474,913 | 5,852,193             | 366,054,672 |
| <b>Total</b>                    | 8,429,810            | 558,474,913 | 5,852,193             | 366,054,672 |

## 16 Other income

| Particulars          | Current year 2015-16 |            | Previous year 2014-15 |            |
|----------------------|----------------------|------------|-----------------------|------------|
|                      | USD                  | INR        | USD                   | INR        |
| Miscellaneous income | 1,091,622            | 72,319,958 | 728,894               | 45,592,320 |
| <b>Total</b>         | 1,091,622            | 72,319,958 | 728,894               | 45,592,320 |

## 17 Employee benefit expenses

| Particulars                    | Current year 2015-16 |             | Previous year 2014-15 |             |
|--------------------------------|----------------------|-------------|-----------------------|-------------|
|                                | USD                  | INR         | USD                   | INR         |
| Salaries, bonus and allowances | 6,578,149            | 435,802,371 | 4,311,442             | 269,680,697 |
| Staff welfare expenses         | 141,163              | 9,352,049   | 278,833               | 17,441,004  |
| <b>Total</b>                   | 6,719,312            | 445,154,420 | 4,590,275             | 287,121,701 |

## 18 Finance costs

| Particulars       | Current year 2015-16 |             | Previous year 2014-15 |            |
|-------------------|----------------------|-------------|-----------------------|------------|
|                   | USD                  | INR         | USD                   | INR        |
| Interest expenses | 299,429              | 19,837,171  | 402,140               | 25,153,857 |
| Guarantee fees    | (79,309)             | (5,254,221) | 80,522                | 5,036,651  |
| <b>Total</b>      | 220,120              | 14,582,950  | 482,662               | 30,190,508 |

## 19 Other expenses

| Particulars                                 | Current year 2015-16 |            | Previous year 2014-15 |            |
|---|----------------------|------------|-----------------------|------------|
|   | USD                  | INR        | USD                   | INR        |
| Advertising and publicity                   | 101,222              | 6,705,958  | 63,132                | 3,948,907  |
| Auditors remuneration                       | 4,628                | 306,605    | 4,628                 | 289,481    |
| Communication expenses                      | 235,504              | 15,602,140 | 141,817               | 8,870,653  |
| Entertainment expenses                      | 6,101                | 404,191    | 969                   | 60,611     |
| Exchange rate difference (gain)/loss -net   | 99,997               | 6,624,801  | 71,585                | 4,477,642  |
| Insurance expenses                          | 10,193               | 675,286    | 16,950                | 1,060,223  |
| IT consumables                              | 7,890                | 522,713    | -                     | -          |
| Legal and professional fees                 | 94,724               | 6,275,465  | 55,604                | 3,478,030  |
| Miscellaneous expenses                      | 8,706                | 576,772    | 14,243                | 890,900    |
| Printing and stationery                     | 8,922                | 591,083    | 2,496                 | 156,125    |
| Rates and Taxes                             | 13,202               | 874,633    | 5,922                 | 370,421    |
| Rent  | 137,917              | 9,137,001  | 136,000               | 8,506,800  |
| Repairs and Maintenance - Plant & Machinery | 451                  | 29,879     | 1,222                 | 76,436     |
| Relocation Expense                          | 32,672               | 2,164,520  | 23,141                | 1,447,470  |
| Seminars, trainings and conferences         | 40,341               | 2,672,591  | 33,400                | 2,089,170  |
| Travelling and conveyance expenses          | 450,012              | 29,813,295 | 284,894               | 17,820,120 |
| <b>Total</b>                                | 1,252,482            | 82,976,933 | 856,003               | 53,542,989 |



Suresh Surana & Associates LLP

13th Floor, Bakhavaji

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 61214444

email: ss-associates.com, www:ss-associates.com

LLP Identity No: AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Nordic) AS** ("the subsidiary") registered in Norway as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar V*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
|                                  |          | USD                 | INR*              | USD                 | INR*              |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                   |                     |                   |
| <b>1 Shareholders' funds</b>     |          |                     |                   |                     |                   |
| Share capital                    | 1        | 16,708              | 1,106,905         | 16,710              | 1,045,211         |
| Reserves and surplus             | 2        | 56,397              | 3,736,303         | 56,967              | 3,563,284         |
|                                  |          | <b>73,105</b>       | <b>4,843,208</b>  | <b>73,677</b>       | <b>4,608,495</b>  |
| <b>2 Current liabilities</b>     |          |                     |                   |                     |                   |
| Short-term borrowings            | 3        | 7,745               | 513,106           | 21,219              | 1,327,248         |
| Trade payables                   | 4        | 92,139              | 6,104,209         | 128,922             | 8,064,071         |
| Other current liabilities        | 5        | 12,599              | 834,684           | 4,613               | 288,545           |
| Short-term provisions            | 6        | 9,730               | 644,613           | 12,537              | 784,189           |
|                                  |          | <b>122,213</b>      | <b>8,096,612</b>  | <b>167,291</b>      | <b>10,464,053</b> |
| <b>Total</b>                     |          | <b>195,318</b>      | <b>12,939,820</b> | <b>240,968</b>      | <b>15,072,548</b> |
| <b>II. ASSETS</b>                |          |                     |                   |                     |                   |
| <b>1 Non-current assets</b>      |          |                     |                   |                     |                   |
| Fixed assets                     |          |                     |                   |                     |                   |
| (i) Tangible assets              | 7        | 6,686               | 442,948           | 6,514               | 407,451           |
| Deferred tax assets (net)        |          | 761                 | 50,416            | -                   | -                 |
| Long-term loans and advances     | 8        | 5,438               | 360,268           | 9,779               | 611,676           |
|                                  |          | <b>12,885</b>       | <b>853,632</b>    | <b>16,293</b>       | <b>1,019,127</b>  |
| <b>2 Current assets</b>          |          |                     |                   |                     |                   |
| Trade receivables                | 9        | 137,694             | 9,122,228         | 149,655             | 9,360,920         |
| Cash and cash equivalents        | 10       | 29,167              | 1,932,314         | 43,361              | 2,712,231         |
| Short-term loans and advances    | 11       | 3,177               | 210,477           | 19,703              | 1,232,422         |
| Other current assets             | 12       | 12,395              | 821,169           | 11,956              | 747,848           |
|                                  |          | <b>182,433</b>      | <b>12,086,188</b> | <b>224,675</b>      | <b>14,053,421</b> |
| <b>Total</b>                     |          | <b>195,318</b>      | <b>12,939,820</b> | <b>240,968</b>      | <b>15,072,548</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|------|--|----------|----------------------|--------------------|-----------------------|-------------------|
|      |  |          | USD                  | INR*               | USD                   | INR*              |
| I.   | Revenue                                      |          |                      |                    |                       |                   |
|      | Revenue from operations                      | 13       | 1,533,252            | 101,577,945        | 1,003,839             | 62,790,129        |
|      | Other income                                 | 14       | 3,242                | 214,783            | 4,214                 | 263,587           |
|      | <b>Total revenue</b>                         |          | <b>1,536,494</b>     | <b>101,792,728</b> | <b>1,008,053</b>      | <b>63,053,716</b> |
| II.  | Expenses                                     |          |                      |                    |                       |                   |
|      | Employee benefits expense                    | 15       | 256,274              | 16,978,153         | 297,842               | 18,630,018        |
|      | Finance costs                                | 16       | 11,395               | 754,919            | 8,692                 | 543,685           |
|      | Network costs                                | 17       | 71,149               | 4,713,621          | 300,314               | 18,784,641        |
|      | Depreciation and amortization expenses       |          | 3,333                | 220,811            | 3,238                 | 202,537           |
|      | Other expenses                               | 18       | 1,195,677            | 79,213,600         | 385,779               | 24,130,477        |
|      | <b>Total expenses</b>                        |          | <b>1,537,828</b>     | <b>101,881,104</b> | <b>995,865</b>        | <b>62,291,358</b> |
| III. | Profit / (loss) before tax(I-II)             |          | (1,334)              | (88,376)           | 12,188                | 762,358           |
| IV.  | Tax expenses                                 |          |                      |                    |                       |                   |
|      | Deferred Tax                                 |          | (761)                | (50,416)           | -                     | -                 |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>(573)</b>         | <b>(37,960)</b>    | <b>12,188</b>         | <b>762,358</b>    |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Equity share capital | 16,708              | 1,106,905        | 16,710              | 1,045,211        |
| <b>Total</b>         | <b>16,708</b>       | <b>1,106,905</b> | <b>16,710</b>       | <b>1,045,211</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                     | As at 31 March 2015 |                     |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
|                              | USD                 | INR                 | USD                 | INR                 |
| <b>Surplus / (Deficit)</b>   |                     |                     |                     |                     |
| Opening balance              | (1,158,795)         | (76,770,169)        | (1,170,983)         | (73,244,987)        |
| Profit / (loss) for the year | (573)               | (37,960)            | 12,188              | 762,358             |
| <b>Closing balance</b>       | <b>(1,159,368)</b>  | <b>(76,808,129)</b> | <b>(1,158,795)</b>  | <b>(72,482,629)</b> |
| Share premium                | 1,143,847           | 75,779,864          | 1,143,844           | 71,547,442          |
| Capital reserves             | 71,918              | 4,764,568           | 71,918              | 4,498,471           |
| <b>Total</b>                 | <b>56,397</b>       | <b>3,736,303</b>    | <b>56,967</b>       | <b>3,563,284</b>    |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|---------------------------|---------------------|----------------|---------------------|------------------|
|                           | USD                 | INR            | USD                 | INR              |
| Inter company loans taken | 7,745               | 513,106        | 21,219              | 1,327,248        |
| <b>Total</b>              | <b>7,745</b>        | <b>513,106</b> | <b>21,219</b>       | <b>1,327,248</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Trade payables | 79,404              | 5,260,515        | 74,516              | 4,660,976        |
| Employee dues  | 12,735              | 843,694          | 54,406              | 3,403,095        |
| <b>Total</b>   | <b>92,139</b>       | <b>6,104,209</b> | <b>128,922</b>      | <b>8,064,071</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                | As at 31 March 2015 |                |
|---------------------------------|---------------------|----------------|---------------------|----------------|
|                                 | USD                 | INR            | USD                 | INR            |
| Other liabilities               | 4,745               | 314,356        | 1,218               | 76,188         |
| Interest payable- Inter company | 7,854               | 520,328        | 3,395               | 212,357        |
| <b>Total</b>                    | <b>12,599</b>       | <b>834,684</b> | <b>4,613</b>        | <b>288,545</b> |

## 6 Short term provisions

| Particulars       | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-------------------|---------------------|----------------|---------------------|----------------|
|                   | USD                 | INR            | USD                 | INR            |
| Leave entitlement | 9,730               | 644,613        | 12,537              | 784,189        |
| <b>Total</b>      | <b>9,730</b>        | <b>644,613</b> | <b>12,537</b>       | <b>784,189</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |            | As at 31 March 2015 |            |
|----------------------------------|---------------------|------------|---------------------|------------|
|                                  | USD                 | INR        | USD                 | INR        |
| <b>Gross block:</b>              |                     |            |                     |            |
| Plant and machinery              | 307,494             | 20,371,478 | 303,990             | 19,014,575 |
| Computers                        | 212                 | 14,045     | 1,377               | 86,131     |
| (a)                              | 307,706             | 20,385,523 | 305,367             | 19,100,706 |
| <b>Accumulated depreciation:</b> |                     |            |                     |            |
| Plant and machinery              | 300,808             | 19,928,530 | 297,476             | 18,607,124 |
| Computers                        | 212                 | 14,045     | 1,377               | 86,131     |
| (b)                              | 301,020             | 19,942,575 | 298,853             | 18,693,255 |
| Net block (a) - (b)              | 6,686               | 442,948    | 6,514               | 407,451    |

## 8 Long term loans and advances

| Particulars       | As at 31 March 2016 |         | As at 31 March 2015 |         |
|-------------------|---------------------|---------|---------------------|---------|
|                   | USD                 | INR     | USD                 | INR     |
| Vendor deposit    | 5,252               | 347,945 | 4,957               | 310,060 |
| Advance tax (net) | 186                 | 12,323  | 4,822               | 301,616 |
| Total             | 5,438               | 360,268 | 9,779               | 611,676 |

## 9 Trade receivables

| Particulars                  | As at 31 March 2016 |           | As at 31 March 2015 |             |
|------------------------------|---------------------|-----------|---------------------|-------------|
|                              | USD                 | INR       | USD                 | INR         |
| Trade receivables            | 29,396              | 1,947,485 | 123,462             | 7,722,548   |
| Provision for doubtful debts | (1,321)             | (87,516)  | (54,130)            | (3,385,832) |
| Intercompany receivables     | 109,619             | 7,262,259 | 80,323              | 5,024,204   |
| Total                        | 137,694             | 9,122,228 | 149,655             | 9,360,920   |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |           | As at 31 March 2015 |           |
|-------------------|---------------------|-----------|---------------------|-----------|
|                   | USD                 | INR       | USD                 | INR       |
| Balance with bank | 29,167              | 1,932,314 | 43,361              | 2,712,231 |
| Total             | 29,167              | 1,932,314 | 43,361              | 2,712,231 |

## 11 Short term loans and advances

| Particulars      | As at 31 March 2016 |         | As at 31 March 2015 |           |
|------------------|---------------------|---------|---------------------|-----------|
|                  | USD                 | INR     | USD                 | INR       |
| Other advances   | 1,183               | 78,374  | -                   | -         |
| Prepaid expenses | -                   | -       | 588                 | 36,779    |
| VAT receivable   | 1,994               | 132,103 | 19,115              | 1,195,643 |
| Total            | 3,177               | 210,477 | 19,703              | 1,232,422 |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Other current assets

| Particulars          | As at 31 March 2016 |                | As at 31 March 2015 |                |
|----------------------|---------------------|----------------|---------------------|----------------|
|                      | USD                 | INR            | USD                 | INR            |
| Other current assets | 12,395              | 821,169        | 11,956              | 747,848        |
| <b>Total</b>         | <b>12,395</b>       | <b>821,169</b> | <b>11,956</b>       | <b>747,848</b> |

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|------------------------|----------------------|--------------------|-----------------------|-------------------|
|                        | USD                  | INR                | USD                   | INR               |
| Data and voice revenue | 1,533,252            | 101,577,945        | 1,003,839             | 62,790,129        |
| <b>Total</b>           | <b>1,533,252</b>     | <b>101,577,945</b> | <b>1,003,839</b>      | <b>62,790,129</b> |

## 14 Other income

| Particulars                               | Current year 2015-16 |                | Previous year 2014-15 |                |
|---|----------------------|----------------|-----------------------|----------------|
|   | USD                  | INR            | USD                   | INR            |
| Interest on loan to subsidiaries          | 3,242                | 214,783        | 1,750                 | 109,463        |
| Exchange rate difference gain/(loss) -Net | -                    | -              | 1,781                 | 111,402        |
| Miscellaneous income                      | -                    | -              | 683                   | 42,722         |
| <b>Total</b>                              | <b>3,242</b>         | <b>214,783</b> | <b>4,214</b>          | <b>263,587</b> |

## 15 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances            | 256,274              | 16,978,153        | 295,247               | 18,467,700        |
| Contribution to provident and other funds | -                    | -                 | 2,594                 | 162,255           |
| Staff welfare expenses                    | -                    | -                 | 1                     | 63                |
| <b>Total</b>                              | <b>256,274</b>       | <b>16,978,153</b> | <b>297,842</b>        | <b>18,630,018</b> |

## 16 Finance costs

| Particulars       | Current year 2015-16 |                | Previous year 2014-15 |                |
|-------------------|----------------------|----------------|-----------------------|----------------|
|                   | USD                  | INR            | USD                   | INR            |
| Interest expenses | 15,878               | 1,051,918      | 6,351                 | 397,255        |
| Guarantee fees    | (4,483)              | (296,999)      | 2,341                 | 146,430        |
| <b>Total</b>      | <b>11,395</b>        | <b>754,919</b> | <b>8,692</b>          | <b>543,685</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Network costs

| Particulars                                | Current year 2015-16 |                  | Previous year 2014-15 |                   |
|--|----------------------|------------------|-----------------------|-------------------|
|  | USD                  | INR              | USD                   | INR               |
| Charges for use of transmission facilities | 71,149               | 4,713,621        | 300,314               | 18,784,641        |
| <b>Total</b>                               | <b>71,149</b>        | <b>4,713,621</b> | <b>300,314</b>        | <b>18,784,641</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Advertising and publicity                   | 717,581              | 47,539,741        | -                     | -                 |
| Auditors remuneration                       | 48,400               | 3,206,500         | 48,400                | 3,027,420         |
| Bad debts                                   | 52,813               | 3,498,861         | -                     | -                 |
| Sundry balances written off                 | 5,189                | 343,771           | 1,276                 | 79,814            |
| Provision for doubtful debts                | (52,809)             | (3,498,596)       | 1,317                 | 82,378            |
| Communication expenses                      | 3,301                | 218,691           | 3,992                 | 249,700           |
| Entertainment expenses                      | 142                  | 9,408             | -                     | -                 |
| Exchange rate difference(gain)/loss -net    | 56,192               | 3,722,720         | -                     | -                 |
| Insurance expenses                          | 2,596                | 171,985           | 2,750                 | 172,013           |
| Legal and professional fees                 | 139,228              | 9,223,855         | 75,173                | 4,702,071         |
| Miscellaneous expenses                      | 3,093                | 204,909           | 3,432                 | 214,672           |
| Rent  | -                    | -                 | 1,997                 | 124,912           |
| Repairs and Maintenance - Plant & Machinery | 210,734              | 13,961,128        | 218,287               | 13,653,852        |
| Seminars, trainings and conferences         | -                    | -                 | 26,167                | 1,636,746         |
| Services rendered by agencies               | 447                  | 29,614            | 599                   | 37,467            |
| Travelling and conveyance expenses          | 8,770                | 581,013           | 2,389                 | 149,432           |
| <b>Total</b>                                | <b>1,195,677</b>     | <b>79,213,600</b> | <b>385,779</b>        | <b>24,130,477</b> |





Suresh Surana & Associates LLP

13th Floor, Bakhawar

229, Nariman Point

Mumbai - 400 021, India

T: +91 (22) 61214444

email@s5-associates.com www.s5-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Poland) SPZOO**, ("the subsidiary") registered in Poland as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Vinodkumar V*

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|----------|---------------------|--------------------|---------------------|--------------------|
|                                  |          | USD                 | INR*               | USD                 | INR*               |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                    |                     |                    |
| <b>1 Shareholders' funds</b>     |          |                     |                    |                     |                    |
| Share capital                    | 1        | 473,029             | 31,338,171         | 473,029             | 29,587,964         |
| Reserves and surplus             | 2        | 476,295             | 31,554,545         | 297,698             | 18,621,011         |
|                                  |          | 949,324             | 62,892,716         | 770,727             | 48,208,975         |
| <b>2 Non-current liabilities</b> |          |                     |                    |                     |                    |
| Deferred tax liabilities (net)   |          | -                   | -                  | 100,564             | 6,290,278          |
|                                  |          | -                   | -                  | 100,564             | 6,290,278          |
| <b>3 Current liabilities</b>     |          |                     |                    |                     |                    |
| Short-term borrowings            | 3        | 648,803             | 42,983,199         | 197,033             | 12,324,414         |
| Trade payables                   | 4        | 1,305,258           | 86,473,343         | 685,238             | 42,861,637         |
| Other current liabilities        | 5        | 56,624              | 3,751,341          | 15,256              | 954,263            |
| Short-term provisions            | 6        | 16,465              | 1,090,806          | 10,666              | 667,158            |
|                                  |          | 2,027,150           | 134,298,689        | 908,193             | 56,807,472         |
| <b>Total</b>                     |          | <b>2,976,474</b>    | <b>197,191,405</b> | <b>1,779,484</b>    | <b>111,306,725</b> |
| <b>II. ASSETS</b>                |          |                     |                    |                     |                    |
| <b>1 Non-current assets</b>      |          |                     |                    |                     |                    |
| Fixed assets                     |          |                     |                    |                     |                    |
| (i) Tangible assets              | 7        | 173,018             | 11,462,442         | 186,392             | 11,658,820         |
| (ii) Capital work-in-progress    |          | 680                 | 45,050             | -                   | -                  |
| Deferred tax assets (net)        |          | 40,706              | 2,696,773          | -                   | -                  |
| Long-term loans and advances     | 8        | 282,040             | 18,685,150         | 13,374              | 836,543            |
|                                  |          | 496,444             | 32,889,415         | 199,766             | 12,495,363         |
| <b>2 Current assets</b>          |          |                     |                    |                     |                    |
| Trade receivables                | 9        | 1,268,573           | 84,042,962         | 840,297             | 52,560,578         |
| Cash and cash equivalents        | 10       | 103,606             | 6,863,898          | 49,070              | 3,069,329          |
| Short-term loans and advances    | 11       | 1,107,634           | 73,380,754         | 688,318             | 43,054,291         |
| Other current assets             | 12       | 217                 | 14,376             | 2,033               | 127,164            |
|                                  |          | 2,480,030           | 164,301,990        | 1,579,718           | 98,811,362         |
| <b>Total</b>                     |          | <b>2,976,474</b>    | <b>197,191,405</b> | <b>1,779,484</b>    | <b>111,306,725</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------|--|----------|----------------------|--------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*               | USD                   | INR*               |
| I.   | <b>Revenue</b>                               |          |                      |                    |                       |                    |
|      | Revenue from operations                      | 13       | 7,617,167            | 504,637,314        | 5,176,094             | 323,764,680        |
|      | Other income                                 | 14       | 153,884              | 10,194,815         | 17,823                | 1,114,829          |
|      | <b>Total revenue</b>                         |          | <b>7,771,051</b>     | <b>514,832,129</b> | <b>5,193,917</b>      | <b>324,879,509</b> |
| II.  | <b>Expenses</b>                              |          |                      |                    |                       |                    |
|      | Employee benefits expense                    | 15       | 610,759              | 40,462,784         | 488,530               | 30,557,551         |
|      | Finance costs                                | 16       | 40,171               | 2,661,328          | 8,509                 | 532,238            |
|      | Network costs                                | 17       | 6,451,370            | 427,403,263        | 4,255,445             | 266,178,085        |
|      | Depreciation and amortization expenses       |          | 35,444               | 2,348,165          | 27,527                | 1,721,814          |
|      | Other expenses                               | 18       | 507,514              | 33,622,802         | 375,556               | 23,491,028         |
|      | <b>Total expenses</b>                        |          | <b>7,645,258</b>     | <b>506,498,342</b> | <b>5,155,567</b>      | <b>322,480,716</b> |
| III. | <b>Profit / (loss) before tax( I-II)</b>     |          | <b>125,793</b>       | <b>8,333,787</b>   | <b>38,350</b>         | <b>2,398,793</b>   |
| IV.  | <b>Tax expenses</b>                          |          |                      |                    |                       |                    |
|      | Current Tax                                  |          | 88,466               | 5,860,873          | -                     | -                  |
|      | Deferred Tax                                 |          | (141,270)            | (9,359,138)        | (23,892)              | (1,494,445)        |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>178,597</b>       | <b>11,832,052</b>  | <b>62,242</b>         | <b>3,893,238</b>   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 473,029             | 31,338,171        | 473,029             | 29,587,964        |
| <b>Total</b>         | <b>473,029</b>      | <b>31,338,171</b> | <b>473,029</b>      | <b>29,587,964</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| <b>Surplus / (Deficit)</b>   |                     |                   |                     |                   |
| Opening balance              | 297,698             | 19,722,493        | 235,456             | 14,727,773        |
| Profit / (loss) for the year | 178,597             | 11,832,052        | 62,242              | 3,893,238         |
| <b>Closing balance</b>       | <b>476,295</b>      | <b>31,554,545</b> | <b>297,698</b>      | <b>18,621,011</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | USD                 | INR               | USD                 | INR               |
| Inter company loans taken | 648,803             | 42,983,199        | 197,033             | 12,324,414        |
| <b>Total</b>              | <b>648,803</b>      | <b>42,983,199</b> | <b>197,033</b>      | <b>12,324,414</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------|---------------------|-------------------|---------------------|-------------------|
|                | USD                 | INR               | USD                 | INR               |
| Trade payables | 592,145             | 39,229,606        | 644,283             | 40,299,902        |
| Employee dues  | 82,335              | 5,454,694         | 40,955              | 2,561,735         |
| <b>Total</b>   | <b>1,305,258</b>    | <b>86,473,343</b> | <b>685,238</b>      | <b>42,861,637</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|---------------------------------|---------------------|------------------|---------------------|----------------|
|                                 | USD                 | INR              | USD                 | INR            |
| Deferred revenue                | 32,202              | 2,133,383        | 14,715              | 920,423        |
| Interest payable- Inter company | 24,422              | 1,617,958        | 541                 | 33,840         |
| <b>Total</b>                    | <b>56,624</b>       | <b>3,751,341</b> | <b>15,256</b>       | <b>954,263</b> |

## 6 Short term provisions

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|-------------------|---------------------|------------------|---------------------|----------------|
|                   | USD                 | INR              | USD                 | INR            |
| Leave entitlement | 16,465              | 1,090,806        | 10,666              | 667,158        |
| <b>Total</b>      | <b>16,465</b>       | <b>1,090,806</b> | <b>10,666</b>       | <b>667,158</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Plant and machinery              | 1,150,792           | 76,239,970        | 1,163,492           | 72,776,425        |
| Computers                        | 3,309               | 219,221           | 7,989               | 499,712           |
| (a)                              | 1,154,101           | 76,459,191        | 1,171,481           | 73,276,137        |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Plant and machinery              | 977,774             | 64,777,528        | 977,100             | 61,117,605        |
| Computers                        | 3,309               | 219,221           | 7,989               | 499,712           |
| (b)                              | 981,083             | 64,996,749        | 985,089             | 61,617,317        |
| <b>Net block (a) - (b)</b>       | <b>173,018</b>      | <b>11,462,442</b> | <b>186,392</b>      | <b>11,658,820</b> |

## 8 Long term loans and advances

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                |
|-------------------|---------------------|-------------------|---------------------|----------------|
|                   | USD                 | INR               | USD                 | INR            |
| Vendor deposit    | 1,091               | 72,279            | 1,075               | 67,241         |
| Advance tax (net) | 280,949             | 18,612,871        | 12,299              | 769,302        |
| <b>Total</b>      | <b>282,040</b>      | <b>18,685,150</b> | <b>13,374</b>       | <b>836,543</b> |

## 9 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| Trade receivables            | 1,333,138           | 88,320,393        | 187,021             | 11,698,164        |
| Provision for doubtful debts | (64,565)            | (4,277,431)       | (97)                | (6,067)           |
| Intercompany receivables     | -                   | -                 | 653,373             | 40,868,481        |
| <b>Total</b>                 | <b>1,268,573</b>    | <b>84,042,962</b> | <b>840,297</b>      | <b>52,560,578</b> |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 103,606             | 6,863,898        | 49,070              | 3,069,329        |
| <b>Total</b>      | <b>103,606</b>      | <b>6,863,898</b> | <b>49,070</b>       | <b>3,069,329</b> |

## 11 Short term loans and advances

| Particulars      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------|---------------------|-------------------|---------------------|-------------------|
|                  | USD                 | INR               | USD                 | INR               |
| Other advances   | 566                 | 37,498            | -                   | -                 |
| Prepaid expenses | 682                 | 45,183            | 1,852               | 115,843           |
| VAT receivable   | 1,106,386           | 73,298,073        | 686,466             | 42,938,448        |
| <b>Total</b>     | <b>1,107,634</b>    | <b>73,380,754</b> | <b>688,318</b>      | <b>43,054,291</b> |

## 12 Other current assets

| Particulars          | As at 31 March 2016 |               | As at 31 March 2015 |                |
|----------------------|---------------------|---------------|---------------------|----------------|
|                      | USD                 | INR           | USD                 | INR            |
| Other current assets | 217                 | 14,376        | 2,033               | 127,164        |
| <b>Total</b>         | <b>217</b>          | <b>14,376</b> | <b>2,033</b>        | <b>127,164</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
|                        | USD                  | INR                | USD                   | INR                |
| Data and voice revenue | 7,617,167            | 504,637,314        | 5,176,094             | 323,764,680        |
| <b>Total</b>           | <b>7,617,167</b>     | <b>504,637,314</b> | <b>5,176,094</b>      | <b>323,764,680</b> |

## 14 Other income

| Particulars                      | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|----------------------------------|----------------------|-------------------|-----------------------|------------------|
|                                  | USD                  | INR               | USD                   | INR              |
| Interest on loan to subsidiaries | -                    | -                 | 2,922                 | 182,771          |
| Miscellaneous income             | 153,884              | 10,194,815        | 14,901                | 932,058          |
| <b>Total</b>                     | <b>153,884</b>       | <b>10,194,815</b> | <b>17,823</b>         | <b>1,114,829</b> |

## 15 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 605,270              | 40,099,138        | 486,884               | 30,454,594        |
| Staff welfare expenses         | 5,489                | 363,646           | 1,646                 | 102,957           |
| <b>Total</b>                   | <b>610,759</b>       | <b>40,462,784</b> | <b>488,530</b>        | <b>30,557,551</b> |

## 16 Finance costs

| Particulars       | Current year 2015-16 |                  | Previous year 2014-15 |                |
|-------------------|----------------------|------------------|-----------------------|----------------|
|                   | USD                  | INR              | USD                   | INR            |
| Interest expenses | 47,897               | 3,173,176        | 6,555                 | 410,015        |
| Guarantee fees    | (7,726)              | (511,848)        | 1,954                 | 122,223        |
| <b>Total</b>      | <b>40,171</b>        | <b>2,661,328</b> | <b>8,509</b>          | <b>532,238</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 17 Network costs

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | USD                  | INR                | USD                   | INR                |
| Charges for use of transmission facilities | 6,451,370            | 427,403,263        | 4,255,445             | 266,178,085        |
| <b>Total</b>                               | <b>6,451,370</b>     | <b>427,403,263</b> | <b>4,255,445</b>      | <b>266,178,085</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Advertising and publicity                   | -                    | -                 | 23,679                | 1,481,121         |
| Bad debts                                   | 97                   | 6,426             | -                     | -                 |
| Provision for doubtful debts                | 64,468               | 4,271,005         | (40,251)              | (2,517,700)       |
| Communication expenses                      | 8,414                | 557,428           | 9,707                 | 607,173           |
| Electricity                                 | 466                  | 30,873            | 644                   | 40,282            |
| Entertainment expenses                      | 4,628                | 306,605           | 2,530                 | 158,252           |
| Exchange rate difference (gain)/loss -net   | 179,962              | 11,922,483        | 143,943               | 9,003,635         |
| Insurance expenses                          | 2,621                | 173,641           | 3,192                 | 199,660           |
| IT consumables                              | 297                  | 19,676            | -                     | -                 |
| Legal and professional fees                 | 150,493              | 9,970,161         | 145,660               | 9,111,033         |
| Miscellaneous expenses                      | 12,901               | 854,689           | 6,445                 | 403,135           |
| Printing and stationery                     | 1,500                | 99,375            | 539                   | 33,714            |
| Rates and Taxes                             | 2,418                | 160,193           | 555                   | 34,715            |
| Rent  | 13,824               | 915,840           | 16,286                | 1,018,689         |
| Repairs and Maintenance - Plant & Machinery | 7,561                | 500,916           | 5,671                 | 354,721           |
| Repairs and Maintenance - Buildings         | 1,567                | 103,814           | 1,821                 | 113,904           |
| Security charges                            | 250                  | 16,563            | 293                   | 18,327            |
| Seminars, trainings and conferences         | 1,652                | 109,445           | 1,646                 | 102,957           |
| Services rendered by agencies               | 9,942                | 658,658           | 9,332                 | 583,717           |
| Travelling and conveyance expenses          | 44,453               | 2,945,011         | 43,864                | 2,743,693         |
| <b>Total</b>                                | <b>507,514</b>       | <b>33,622,802</b> | <b>375,556</b>        | <b>23,491,028</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point,

Mumbai - 400 021 India

T +91 (22) 61214444

emails@ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Portugal) Instalacao De Redes LDA** ("the subsidiary") registered in Portugal as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                    | Note No. | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------|--------------------------------|----------|---------------------|--------------------|---------------------|--------------------|
|            |                                |          | USD                 | INR*               | USD                 | INR*               |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                     |                    |                     |                    |
| <b>1</b>   | <b>Shareholders' funds</b>     |          |                     |                    |                     |                    |
|            | Share capital                  | 1        | 60,714,551          | 4,022,339,004      | 60,714,551          | 3,797,695,165      |
|            | Reserves and surplus           | 2        | (62,257,055)        | (4,124,529,894)    | (63,007,053)        | (3,941,091,166)    |
|            |                                |          | (1,542,504)         | (102,190,890)      | (2,292,502)         | (143,396,001)      |
| <b>2</b>   | <b>Non-current liabilities</b> |          |                     |                    |                     |                    |
|            | Other long term liabilities    | 3        | 5,582,386           | 369,833,073        | 5,208,889           | 325,816,007        |
|            | Long-term provisions           | 4        | 439,079             | 29,088,984         | 422,545             | 26,430,190         |
|            |                                |          | 6,021,465           | 398,922,057        | 5,631,434           | 352,246,197        |
| <b>3</b>   | <b>Current liabilities</b>     |          |                     |                    |                     |                    |
|            | Short-term borrowings          | 5        | 3,816,475           | 252,841,469        | 4,170,333           | 260,854,329        |
|            | Trade payables                 | 6        | 806,627             | 53,439,039         | 1,189,850           | 74,425,117         |
|            | Other current liabilities      | 7        | 882,781             | 58,484,242         | 863,461             | 54,009,486         |
|            | Short-term provisions          | 8        | 121,229             | 8,031,422          | 707,206             | 44,235,736         |
|            |                                |          | 5,627,112           | 372,796,172        | 6,930,850           | 433,524,668        |
|            | <b>Total</b>                   |          | <b>10,106,073</b>   | <b>669,527,339</b> | <b>10,269,782</b>   | <b>642,374,864</b> |
| <b>II.</b> | <b>ASSETS</b>                  |          |                     |                    |                     |                    |
| <b>1</b>   | <b>Non-current assets</b>      |          |                     |                    |                     |                    |
|            | Fixed assets                   |          |                     |                    |                     |                    |
|            | (i) Tangible assets            | 9        | 6,989,907           | 463,081,341        | 7,831,308           | 489,848,315        |
|            | (ii) Capital work-in-progress  |          | 103,197             | 6,836,801          | 37,282              | 2,331,989          |
|            | Deferred tax assets (net)      |          | 398,655             | 26,410,894         | 415,268             | 25,975,013         |
|            |                                |          | 7,491,759           | 496,329,036        | 8,283,858           | 518,155,317        |
| <b>2</b>   | <b>Current assets</b>          |          |                     |                    |                     |                    |
|            | Trade receivables              | 10       | 815,069             | 53,998,321         | 620,560             | 38,816,028         |
|            | Cash and cash equivalents      | 11       | 650,012             | 43,063,295         | 203,710             | 12,742,061         |
|            | Short-term loans and advances  | 12       | 1,149,233           | 76,136,687         | 1,161,142           | 72,629,432         |
|            | Other current assets           | 13       | -                   | -                  | 512                 | 32,026             |
|            |                                |          | 2,614,314           | 173,198,303        | 1,985,924           | 124,219,547        |
|            | <b>Total</b>                   |          | <b>10,106,073</b>   | <b>669,527,339</b> | <b>10,269,782</b>   | <b>642,374,864</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------|--|----------|----------------------|--------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*               | USD                   | INR*               |
| I.   | <b>Revenue</b>                               |          |                      |                    |                       |                    |
|      | Revenue from operations                      | 14       | 4,753,806            | 314,939,648        | 5,304,228             | 331,779,461        |
|      | Other income                                 | 15       | 22                   | 1,458              | 964,749               | 60,345,050         |
|      | <b>Total revenue</b>                         |          | <b>4,753,828</b>     | <b>314,941,106</b> | <b>6,268,977</b>      | <b>392,124,511</b> |
| II.  | <b>Expenses</b>                              |          |                      |                    |                       |                    |
|      | Employee benefits expense                    | 16       | 528,029              | 34,981,922         | 607,109               | 37,974,668         |
|      | Finance costs                                | 17       | (31,465)             | (2,084,556)        | 561,545               | 35,124,640         |
|      | Network costs                                | 18       | 1,452,982            | 96,260,058         | 2,018,142             | 126,234,782        |
|      | Depreciation and amortization expenses       |          | 1,029,736            | 68,220,010         | 1,150,431             | 71,959,459         |
|      | Other expenses                               | 19       | 1,528,558            | 101,266,968        | 1,329,404             | 83,154,220         |
|      | <b>Total expenses</b>                        |          | <b>4,507,840</b>     | <b>298,644,402</b> | <b>5,666,631</b>      | <b>354,447,769</b> |
| III. | <b>Profit / (loss) before tax (I-II)</b>     |          | <b>245,988</b>       | <b>16,296,704</b>  | <b>602,346</b>        | <b>37,676,742</b>  |
| IV.  | <b>Tax expenses</b>                          |          |                      |                    |                       |                    |
|      | Current Tax                                  |          | (520,623)            | (34,491,274)       | 15,282                | 955,889            |
|      | Deferred Tax                                 |          | 16,613               | 1,100,611          | 805                   | 50,353             |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>749,998</b>       | <b>49,687,367</b>  | <b>586,259</b>        | <b>36,670,500</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------|---------------------|----------------------|---------------------|----------------------|
|                      | USD                 | INR                  | USD                 | INR                  |
| Equity share capital | 60,714,551          | 4,022,339,004        | 60,714,551          | 3,797,695,165        |
| <b>Total</b>         | <b>60,714,551</b>   | <b>4,022,339,004</b> | <b>60,714,551</b>   | <b>3,797,695,165</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                        | As at 31 March 2015 |                        |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
|                              | USD                 | INR                    | USD                 | INR                    |
| <b>Surplus / (Deficit)</b>   |                     |                        |                     |                        |
| Opening balance              | (63,007,053)        | (4,174,217,261)        | (63,593,312)        | (3,977,761,666)        |
| Profit / (loss) for the year | 749,998             | 49,687,367             | 586,259             | 36,670,500             |
| <b>Closing balance</b>       | <b>(62,257,055)</b> | <b>(4,124,529,894)</b> | <b>(63,007,053)</b> | <b>(3,941,091,166)</b> |

## 3 Other Long term liabilities

| Particulars      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------|---------------------|--------------------|---------------------|--------------------|
|                  | USD                 | INR                | USD                 | INR                |
| Unearned revenue | 5,582,386           | 369,833,073        | 5,208,889           | 325,816,007        |
| <b>Total</b>     | <b>5,582,386</b>    | <b>369,833,073</b> | <b>5,208,889</b>    | <b>325,816,007</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 439,079             | 29,088,984        | 422,545             | 26,430,190        |
| <b>Total</b>                           | <b>439,079</b>      | <b>29,088,984</b> | <b>422,545</b>      | <b>26,430,190</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
|                           | USD                 | INR                | USD                 | INR                |
| Inter company loans taken | 3,816,475           | 252,841,469        | 4,170,333           | 260,854,329        |
| <b>Total</b>              | <b>3,816,475</b>    | <b>252,841,469</b> | <b>4,170,333</b>    | <b>260,854,329</b> |

## 6 Trade payables

| Particulars           | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-----------------------|---------------------|-------------------|---------------------|-------------------|
|                       | USD                 | INR               | USD                 | INR               |
| Trade payables        | 590,225             | 39,102,406        | 385,304             | 24,100,765        |
| Employee dues         | 36,100              | 2,391,625         | 36,604              | 2,289,580         |
| Intercompany payables | 180,302             | 11,945,008        | 767,942             | 48,034,772        |
| <b>Total</b>          | <b>806,627</b>      | <b>53,439,039</b> | <b>1,189,850</b>    | <b>74,425,117</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Other liabilities               | 310                 | 20,538            | -                   | -                 |
| Deferred revenue                | 800,701             | 53,046,441        | 716,085             | 44,791,117        |
| Interest payable- Inter company | 81,770              | 5,417,263         | 147,376             | 9,218,369         |
| <b>Total</b>                    | <b>882,781</b>      | <b>58,484,242</b> | <b>863,461</b>      | <b>54,009,486</b> |

## 8 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-------------------------|---------------------|------------------|---------------------|-------------------|
|                         | USD                 | INR              | USD                 | INR               |
| Provision for tax (net) | 109,766             | 7,271,998        | 697,743             | 43,643,825        |
| Leave entitlement       | 11,463              | 759,424          | 9,463               | 591,911           |
| <b>Total</b>            | <b>121,229</b>      | <b>8,031,422</b> | <b>707,206</b>      | <b>44,235,736</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | USD                 | INR                | USD                 | INR                |
| <b>Gross block:</b>              |                     |                    |                     |                    |
| Land                             | 65,449              | 4,335,996          | 65,449              | 4,093,835          |
| Building                         | 98,610              | 6,532,913          | 98,610              | 6,168,056          |
| Cables                           | 4,577,286           | 303,245,198        | 4,557,324           | 285,060,616        |
| Plant and machinery              | 9,873,594           | 654,125,603        | 9,766,877           | 610,918,156        |
| Furniture and fixtures           | 10,876              | 720,535            | 10,876              | 680,294            |
| Computers                        | 32,462              | 2,150,608          | 35,819              | 2,240,478          |
| Office equipment                 | 37,768              | 2,502,130          | 4,543               | 284,165            |
| (a)                              | <b>14,696,045</b>   | <b>973,612,983</b> | <b>14,539,498</b>   | <b>909,445,600</b> |
| <b>Accumulated depreciation:</b> |                     |                    |                     |                    |
| Building                         | 44,641              | 2,957,466          | 40,853              | 2,555,355          |
| Cables                           | 2,141,925           | 141,902,531        | 1,837,685           | 114,947,197        |
| Plant and machinery              | 5,480,673           | 363,094,586        | 4,795,302           | 299,946,140        |
| Furniture and fixtures           | 4,646               | 307,798            | 3,334               | 208,542            |
| Computers                        | 30,420              | 2,015,325          | 29,524              | 1,846,726          |
| Office equipment                 | 3,833               | 253,936            | 1,492               | 93,325             |
| (b)                              | <b>7,706,138</b>    | <b>510,531,642</b> | <b>6,708,190</b>    | <b>419,597,285</b> |
| <b>Net block (a) - (b)</b>       | <b>6,989,907</b>    | <b>463,081,341</b> | <b>7,831,308</b>    | <b>489,848,315</b> |

## 10 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| Trade receivables            | 892,671             | 59,139,454        | 676,859             | 42,337,530        |
| Provision for doubtful debts | (77,602)            | (5,141,133)       | (56,299)            | (3,521,502)       |
| <b>Total</b>                 | <b>815,069</b>      | <b>53,998,321</b> | <b>620,560</b>      | <b>38,816,028</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Balance with bank | 650,012             | 43,063,295        | 203,710             | 12,742,061        |
| <b>Total</b>      | <b>650,012</b>      | <b>43,063,295</b> | <b>203,710</b>      | <b>12,742,061</b> |

## 12 Short term loans and advances

| Particulars      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------|---------------------|-------------------|---------------------|-------------------|
|                  | USD                 | INR               | USD                 | INR               |
| Prepaid expenses | 6,426               | 425,723           | 6,654               | 416,208           |
| VAT receivable   | 1,142,807           | 75,710,964        | 1,154,488           | 72,213,224        |
| <b>Total</b>     | <b>1,149,233</b>    | <b>76,136,687</b> | <b>1,161,142</b>    | <b>72,629,432</b> |

## 13 Other current assets

| Particulars          | As at 31 March 2016 |          | As at 31 March 2015 |               |
|----------------------|---------------------|----------|---------------------|---------------|
|                      | USD                 | INR      | USD                 | INR           |
| Other current assets | -                   | -        | 512                 | 32,026        |
| <b>Total</b>         | <b>-</b>            | <b>-</b> | <b>512</b>          | <b>32,026</b> |

## 14 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
|                        | USD                  | INR                | USD                   | INR                |
| Data and voice revenue | 4,753,806            | 314,939,648        | 5,304,228             | 331,779,461        |
| <b>Total</b>           | <b>4,753,806</b>     | <b>314,939,648</b> | <b>5,304,228</b>      | <b>331,779,461</b> |

## 15 Other income

| Particulars                               | Current year 2015-16 |              | Previous year 2014-15 |                   |
|---|----------------------|--------------|-----------------------|-------------------|
|   | USD                  | INR          | USD                   | INR               |
| Exchange rate difference gain/(loss) -net | -                    | -            | 953,288               | 59,628,164        |
| Miscellaneous income                      | 22                   | 1,458        | 11,461                | 716,886           |
| <b>Total</b>                              | <b>22</b>            | <b>1,458</b> | <b>964,749</b>        | <b>60,345,050</b> |

## 16 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 514,790              | 34,104,838        | 591,734               | 37,012,962        |
| Staff welfare expenses         | 13,239               | 877,084           | 15,375                | 961,706           |
| <b>Total</b>                   | <b>528,029</b>       | <b>34,981,922</b> | <b>607,109</b>        | <b>37,974,668</b> |

## 17 Finance costs

| Particulars       | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|-------------------|----------------------|--------------------|-----------------------|-------------------|
|                   | USD                  | INR                | USD                   | INR               |
| Interest expenses | 194,623              | 12,893,774         | 408,934               | 25,578,822        |
| Guarantee fees    | (226,088)            | (14,978,330)       | 152,611               | 9,545,818         |
| <b>Total</b>      | <b>(31,465)</b>      | <b>(2,084,556)</b> | <b>561,545</b>        | <b>35,124,640</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 18 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|--|----------------------|-------------------|-----------------------|--------------------|
|  | USD                  | INR               | USD                   | INR                |
| Charges for use of transmission facilities | 1,452,982            | 96,260,058        | 2,018,142             | 126,234,782        |
| <b>Total</b>                               | <b>1,452,982</b>     | <b>96,260,058</b> | <b>2,018,142</b>      | <b>126,234,782</b> |

## 19 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|---|----------------------|--------------------|-----------------------|-------------------|
|   | USD                  | INR                | USD                   | INR               |
| Auditors remuneration                       | 32,500               | 2,153,125          | 32,500                | 2,032,875         |
| Bad debts                                   | 3,389                | 224,521            | -                     | -                 |
| Provision for doubtful debts                | 21,303               | 1,411,324          | (13,655)              | (854,120)         |
| Communication expenses                      | 12,439               | 824,084            | 10,080                | 630,504           |
| Donations                                   | -                    | -                  | 1,055                 | 65,990            |
| Electricity                                 | 328,864              | 21,787,240         | 393,987               | 24,643,887        |
| Exchange rate difference (gain)/loss -net   | 117,802              | 7,804,383          | -                     | -                 |
| Insurance expenses                          | 17,530               | 1,161,363          | 11,965                | 748,411           |
| Legal and professional fees                 | 57,294               | 3,795,728          | 170,894               | 10,689,420        |
| Miscellaneous expenses                      | 122,889              | 8,141,393          | (1)                   | (64)              |
| Printing and stationery                     | 2,702                | 179,008            | 7,155                 | 447,545           |
| Rates and Taxes                             | 151,930              | 10,065,363         | 19,014                | 1,189,326         |
| Rent  | 210,715              | 13,959,869         | 286,141               | 17,898,120        |
| Repairs and Maintenance - Plant & Machinery | 390,444              | 25,866,915         | 347,151               | 21,714,295        |
| Repairs and Maintenance - Buildings         | 18,530               | 1,227,613          | 20,804                | 1,301,290         |
| Seminars, trainings and conferences         | 36                   | 2,385              | 11,401                | 713,133           |
| Services rendered by agencies               | 11,823               | 783,274            | 12,224                | 764,611           |
| Travelling and conveyance expenses          | 28,368               | 1,879,380          | 18,689                | 1,168,997         |
| <b>Total</b>                                | <b>1,528,558</b>     | <b>101,266,968</b> | <b>1,329,404</b>      | <b>83,154,220</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T: +91 (22) 61214444

Email: [ss-associates.com](mailto:ss-associates.com) [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No: AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Portugal) Unipessoal LDA** ("the subsidiary") registered in Portugal as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*B*

*Vinodkumar*

(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                   | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-----|-------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
|     |                               |          | USD                 | INR*              | USD                 | INR*              |
| I.  | <b>EQUITY AND LIABILITIES</b> |          |                     |                   |                     |                   |
| 1   | <b>Shareholders' funds</b>    |          |                     |                   |                     |                   |
|     | Share capital                 | 1        | 1,393,444           | 92,315,665        | 1,393,444           | 87,159,922        |
|     | Reserves and surplus          | 2        | 22,648              | 1,500,430         | (13,114)            | (820,281)         |
|     |                               |          | <b>1,416,092</b>    | <b>93,816,095</b> | <b>1,380,330</b>    | <b>86,339,641</b> |
| 2   | <b>Current liabilities</b>    |          |                     |                   |                     |                   |
|     | Trade payables                | 3        | 2,750               | 182,188           | 2,750               | 172,013           |
|     |                               |          | <b>2,750</b>        | <b>182,188</b>    | <b>2,750</b>        | <b>172,013</b>    |
|     | <b>Total</b>                  |          | <b>1,418,842</b>    | <b>93,998,283</b> | <b>1,383,080</b>    | <b>86,511,654</b> |
| II. | <b>ASSETS</b>                 |          |                     |                   |                     |                   |
| 1   | <b>Non-current assets</b>     |          |                     |                   |                     |                   |
|     | Non-current investments       | 4        | 956,205             | 63,348,581        | 956,205             | 59,810,623        |
|     | Long-term loans and advances  | 5        | 429,121             | 28,429,267        | 388,227             | 24,283,599        |
|     |                               |          | <b>1,385,326</b>    | <b>91,777,848</b> | <b>1,344,432</b>    | <b>84,094,222</b> |
| 2   | <b>Current assets</b>         |          |                     |                   |                     |                   |
|     | Trade receivables             | 6        | -                   | -                 | 12,797              | 800,452           |
|     | Cash and cash equivalents     | 7        | 25,476              | 1,687,785         | 17,299              | 1,082,052         |
|     | Other current assets          | 8        | 8,040               | 532,650           | 8,552               | 534,928           |
|     |                               |          | <b>33,516</b>       | <b>2,220,435</b>  | <b>38,648</b>       | <b>2,417,432</b>  |
|     | <b>Total</b>                  |          | <b>1,418,842</b>    | <b>93,998,283</b> | <b>1,383,080</b>    | <b>86,511,654</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                | Note No. | Current year 2015-16 |                  | Previous year 2014-15 |                    |
|------|--|----------|----------------------|------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*             | USD                   | INR*               |
| I.   | Revenue                                    |          |                      |                  |                       |                    |
|      | Other income                               | 9        | 39,900               | 2,643,375        | 14,048                | 878,702            |
|      | <b>Total revenue</b>                       |          | <b>39,900</b>        | <b>2,643,375</b> | <b>14,048</b>         | <b>878,702</b>     |
| II.  | Expenses                                   |          |                      |                  |                       |                    |
|      | Other expenses                             | 10       | 4,138                | 274,142          | 114,145               | 7,139,770          |
|      | <b>Total expenses</b>                      |          | <b>4,138</b>         | <b>274,142</b>   | <b>114,145</b>        | <b>7,139,770</b>   |
| III. | <b>Profit / (loss) for the year (I-II)</b> |          | <b>35,762</b>        | <b>2,369,233</b> | <b>(100,097)</b>      | <b>(6,261,068)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 1,393,444           | 92,315,665        | 1,393,444           | 87,159,922        |
| <b>Total</b>         | <b>1,393,444</b>    | <b>92,315,665</b> | <b>1,393,444</b>    | <b>87,159,922</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------|---------------------|------------------|---------------------|------------------|
|                              | USD                 | INR              | USD                 | INR              |
| Surplus / (Deficit)          |                     |                  |                     |                  |
| Opening balance              | (13,114)            | (868,803)        | 86,983              | 5,440,787        |
| Profit / (loss) for the year | 35,762              | 2,369,233        | (100,097)           | (6,261,068)      |
| <b>Closing balance</b>       | <b>22,648</b>       | <b>1,500,430</b> | <b>(13,114)</b>     | <b>(820,281)</b> |

## 3 Trade payables

| Particulars    | As at 31 March 2016 |                | As at 31 March 2015 |                |
|----------------|---------------------|----------------|---------------------|----------------|
|                | USD                 | INR            | USD                 | INR            |
| Trade payables | 2,750               | 182,188        | 2,750               | 172,013        |
| <b>Total</b>   | <b>2,750</b>        | <b>182,188</b> | <b>2,750</b>        | <b>172,013</b> |

## 4 Non-current investments

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
|                          | USD                 | INR               | USD                 | INR               |
| Investment in subsidiary | 956,205             | 63,348,581        | 956,205             | 59,810,623        |
| <b>Total</b>             | <b>956,205</b>      | <b>63,348,581</b> | <b>956,205</b>      | <b>59,810,623</b> |

## 5 Long term loans and advances

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | USD                 | INR               | USD                 | INR               |
| Inter company loans given | 415,182             | 27,505,808        | 375,865             | 23,510,356        |
| Advance tax (net)         | 13,939              | 923,459           | 12,362              | 773,243           |
| <b>Total</b>              | <b>429,121</b>      | <b>28,429,267</b> | <b>388,227</b>      | <b>24,283,599</b> |

## 6 Trade receivables

| Particulars              | As at 31 March 2016 |          | As at 31 March 2015 |                |
|--------------------------|---------------------|----------|---------------------|----------------|
|                          | USD                 | INR      | USD                 | INR            |
| Intercompany receivables | -                   | -        | 12,797              | 800,452        |
| <b>Total</b>             | <b>-</b>            | <b>-</b> | <b>12,797</b>       | <b>800,452</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 25,476              | 1,687,785        | 17,299              | 1,082,052        |
| <b>Total</b>      | <b>25,476</b>       | <b>1,687,785</b> | <b>17,299</b>       | <b>1,082,052</b> |

## 8 Other current assets

| Particulars                        | As at 31 March 2016 |                | As at 31 March 2015 |                |
|------------------------------------|---------------------|----------------|---------------------|----------------|
|                                    | USD                 | INR            | USD                 | INR            |
| Interest receivable- Inter company | 8,040               | 532,650        | 8,552               | 534,928        |
| <b>Total</b>                       | <b>8,040</b>        | <b>532,650</b> | <b>8,552</b>        | <b>534,928</b> |

## 9 Other income

| Particulars                               | Current year 2015-16 |                  | Previous year 2014-15 |                |
|---|----------------------|------------------|-----------------------|----------------|
|   | USD                  | INR              | USD                   | INR            |
| Interest on loan to subsidiaries          | 15,821               | 1,048,141        | 14,048                | 878,702        |
| Exchange rate difference gain/(loss) -net | 24,079               | 1,595,234        | -                     | -              |
| <b>Total</b>                              | <b>39,900</b>        | <b>2,643,375</b> | <b>14,048</b>         | <b>878,702</b> |

## 10 Other expenses

| Particulars                               | Current year 2015-16 |                | Previous year 2014-15 |                  |
|---|----------------------|----------------|-----------------------|------------------|
|   | USD                  | INR            | USD                   | INR              |
| Exchange rate difference (gain)/loss -net | -                    | -              | 108,252               | 6,771,163        |
| Legal and professional fees               | 2,750                | 182,188        | 4,136                 | 258,707          |
| Miscellaneous expenses                    | 1,300                | 86,124         | 1,656                 | 103,582          |
| Rates and Taxes                           | 88                   | 5,830          | 101                   | 6,318            |
| <b>Total</b>                              | <b>4,138</b>         | <b>274,142</b> | <b>114,145</b>        | <b>7,139,770</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91(22) 61214444

email: ss-associates.com www: ss-associates.com  
LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Russia) LLC** ("the subsidiary") registered in Russia as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

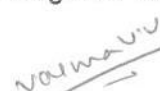


The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 (Corresponding section 212 (8) of Companies Act, 1956) and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                    | Note No. | As at 31 March 2016 |             | As at 31 March 2015 |             |
|------------|--------------------------------|----------|---------------------|-------------|---------------------|-------------|
|            |                                |          | USD                 | INR*        | USD                 | INR*        |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>  |          |                     |             |                     |             |
| <b>1</b>   | <b>Shareholders' funds</b>     |          |                     |             |                     |             |
|            | Share capital                  | 1        | 419                 | 27,759      | 419                 | 26,208      |
|            | Reserves and surplus           | 2        | 3,966,551           | 262,784,004 | 3,287,054           | 205,605,228 |
|            |                                |          | 3,966,970           | 262,811,763 | 3,287,473           | 205,631,436 |
| <b>2</b>   | <b>Non-current liabilities</b> |          |                     |             |                     |             |
|            | Deferred tax liabilities (net) |          | 2,882               | 190,933     | 3,303               | 206,603     |
|            |                                |          | 2,882               | 190,933     | 3,303               | 206,603     |
| <b>3</b>   | <b>Current liabilities</b>     |          |                     |             |                     |             |
|            | Trade payables                 | 3        | 433,812             | 28,740,045  | 282,474             | 17,668,749  |
|            | Other current liabilities      | 4        | 29                  | 1,921       | -                   | -           |
|            | Short-term provisions          | 5        | 191,583             | 12,692,374  | 122,327             | 7,651,554   |
|            |                                |          | 625,424             | 41,434,340  | 404,801             | 25,320,303  |
|            | <b>Total</b>                   |          | 4,595,276           | 304,437,036 | 3,695,577           | 231,158,342 |
| <b>II.</b> | <b>ASSETS</b>                  |          |                     |             |                     |             |
| <b>1</b>   | <b>Non-current assets</b>      |          |                     |             |                     |             |
|            | Fixed assets                   |          |                     |             |                     |             |
|            | (i) Tangible assets            | 6        | 80,774              | 5,351,278   | 118,916             | 7,438,196   |
|            | (iii) Capital work-in-progress |          | 1,240               | 82,150      | -                   | -           |
|            | Long-term loans and advances   | 7        | 18,680              | 1,237,550   | 18,680              | 1,168,434   |
|            |                                |          | 100,694             | 6,670,978   | 137,596             | 8,606,630   |
| <b>2</b>   | <b>Current assets</b>          |          |                     |             |                     |             |
|            | Trade receivables              | 8        | 4,006,938           | 265,459,643 | 2,449,430           | 153,211,846 |
|            | Cash and cash equivalents      | 9        | 81,138              | 5,375,393   | 206,243             | 12,900,500  |
|            | Short-term loans and advances  | 10       | 365,246             | 24,197,547  | 865,965             | 54,166,111  |
|            | Other current assets           | 11       | 41,260              | 2,733,475   | 36,343              | 2,273,255   |
|            |                                |          | 4,494,582           | 297,766,058 | 3,557,981           | 222,551,712 |
|            | <b>Total</b>                   |          | 4,595,276           | 304,437,036 | 3,695,577           | 231,158,342 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                     |
|------|---|----------|----------------------|--------------------|-----------------------|---------------------|
|      |   |          | USD                  | INR*               | USD                   | INR*                |
| I.   | Revenue   |          |                      |                    |                       |                     |
|      | Revenue from operations   | 12       | 2,205,971            | 146,145,579        | 2,390,614             | 149,532,906         |
|      | Other income  | 13       | 1,421,726            | 94,189,348         | 85,276                | 5,334,014           |
|      | <b>Total revenue</b>  |          | <b>3,627,697</b>     | <b>240,334,927</b> | <b>2,475,890</b>      | <b>154,866,920</b>  |
| II.  | Expenses  |          |                      |                    |                       |                     |
|      | Employee benefits expense                                       | 14       | 738,285              | 48,911,381         | 944,219               | 59,060,898          |
|      | Network costs   | 15       | 414,303              | 27,447,574         | 595,447               | 37,245,210          |
|      | Depreciation and amortization expenses                          |          | 41,578               | 2,754,543          | 181,456               | 11,350,073          |
|      | Other expenses  | 16       | 1,028,084            | 68,110,565         | 705,423               | 44,124,209          |
|      | <b>Total expenses</b>   |          | <b>2,222,250</b>     | <b>147,224,063</b> | <b>2,426,545</b>      | <b>151,780,390</b>  |
| III. | <b>Profit / (loss) before exceptional item &amp; tax( I-II)</b> |          | <b>1,405,447</b>     | <b>93,110,864</b>  | <b>49,345</b>         | <b>3,086,530</b>    |
| IV.  | Exceptional item  |          | 40,080               | 2,655,300          | -                     | -                   |
| V.   | <b>Profit / (loss) before tax ( III-IV)</b>                     |          | <b>1,365,367</b>     | <b>90,455,564</b>  | <b>49,345</b>         | <b>3,086,530</b>    |
| VI.  | Tax expenses  |          |                      |                    |                       |                     |
|      | Current Tax   |          | 686,291              | 45,466,779         | 292,159               | 18,274,545          |
|      | Deferred Tax  |          | (421)                | (27,891)           | 4,223                 | 264,149             |
| VII. | <b>Profit / (loss) for the year (V-VI)</b>                      |          | <b>679,497</b>       | <b>45,016,676</b>  | <b>(247,037)</b>      | <b>(15,452,164)</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |               | As at 31 March 2015 |               |
|----------------------|---------------------|---------------|---------------------|---------------|
|                      | USD                 | INR           | USD                 | INR           |
| Equity share capital | 419                 | 27,759        | 419                 | 26,208        |
| <b>Total</b>         | <b>419</b>          | <b>27,759</b> | <b>419</b>          | <b>26,208</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | 3,287,054           | 217,767,328        | 3,534,091           | 221,057,392        |
| Profit / (loss) for the year | 679,497             | 45,016,676         | (247,037)           | (15,452,164)       |
| <b>Closing balance</b>       | <b>3,966,551</b>    | <b>262,784,004</b> | <b>3,287,054</b>    | <b>205,605,228</b> |

## 3 Trade payables

| Particulars    | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------|---------------------|-------------------|---------------------|-------------------|
|                | USD                 | INR               | USD                 | INR               |
| Trade payables | 308,825             | 20,459,656        | 207,242             | 12,962,987        |
| Employee dues  | 124,987             | 8,280,389         | 75,232              | 4,705,762         |
| <b>Total</b>   | <b>433,812</b>      | <b>28,740,045</b> | <b>282,474</b>      | <b>17,668,749</b> |

## 4 Other current liabilities

| Particulars       | As at 31 March 2016 |              | As at 31 March 2015 |          |
|-------------------|---------------------|--------------|---------------------|----------|
|                   | USD                 | INR          | USD                 | INR      |
| Other liabilities | 29                  | 1,921        | -                   | -        |
| <b>Total</b>      | <b>29</b>           | <b>1,921</b> | <b>-</b>            | <b>-</b> |

## 5 Short term provisions

| Particulars             | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------------|---------------------|-------------------|---------------------|------------------|
|                         | USD                 | INR               | USD                 | INR              |
| Provision for tax (net) | 155,216             | 10,283,060        | 86,762              | 5,426,963        |
| Leave entitlement       | 36,367              | 2,409,314         | 35,565              | 2,224,591        |
| <b>Total</b>            | <b>191,583</b>      | <b>12,692,374</b> | <b>122,327</b>      | <b>7,651,554</b> |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Plant and machinery              | 957,018             | 63,402,443        | 953,582             | 59,646,554        |
| Computers                        | 5,845               | 387,231           | 6,247               | 390,750           |
| (a)                              | <b>962,863</b>      | <b>63,789,674</b> | <b>959,829</b>      | <b>60,037,304</b> |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Plant and machinery              | 876,244             | 58,051,165        | 834,666             | 52,208,358        |
| Computers                        | 5,845               | 387,231           | 6,247               | 390,750           |
| (b)                              | <b>882,089</b>      | <b>58,438,396</b> | <b>840,913</b>      | <b>52,599,108</b> |
| <b>Net block (a) - (b)</b>       | <b>80,774</b>       | <b>5,351,278</b>  | <b>118,916</b>      | <b>7,438,196</b>  |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans and advances

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Vendor deposit | 18,680              | 1,237,550        | 18,680              | 1,168,434        |
| <b>Total</b>   | <b>18,680</b>       | <b>1,237,550</b> | <b>18,680</b>       | <b>1,168,434</b> |

## 8 Trade receivables

| Particulars              | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--------------------------|---------------------|--------------------|---------------------|--------------------|
|                          | USD                 | INR                | USD                 | INR                |
| Trade receivables        | 21,987              | 1,456,639          | 22,999              | 1,438,587          |
| Intercompany receivables | 3,984,951           | 264,003,004        | 2,426,431           | 151,773,259        |
| <b>Total</b>             | <b>4,006,938</b>    | <b>265,459,643</b> | <b>2,449,430</b>    | <b>153,211,846</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-------------------|---------------------|------------------|---------------------|-------------------|
|                   | USD                 | INR              | USD                 | INR               |
| Balance with bank | 81,138              | 5,375,393        | 206,243             | 12,900,500        |
| <b>Total</b>      | <b>81,138</b>       | <b>5,375,393</b> | <b>206,243</b>      | <b>12,900,500</b> |

## 10 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Other advances                  | 2,358               | 156,218           | 289                 | 18,077            |
| Provision for doubtful advances | (44,658)            | (2,958,593)       | (44,658)            | (2,793,358)       |
| Security deposit                | 5,720               | 378,950           | 5,720               | 357,786           |
| Prepaid expenses                | 12,017              | 796,126           | 18,694              | 1,169,310         |
| VAT receivable                  | 389,809             | 25,824,846        | 885,920             | 55,414,296        |
| <b>Total</b>                    | <b>365,246</b>      | <b>24,197,547</b> | <b>865,965</b>      | <b>54,166,111</b> |

## 11 Other current assets

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Other current assets | 41,260              | 2,733,475        | 36,343              | 2,273,255        |
| <b>Total</b>         | <b>41,260</b>       | <b>2,733,475</b> | <b>36,343</b>       | <b>2,273,255</b> |

## 12 Revenue from operations

| Particulars            | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
|                        | USD                  | INR                | USD                   | INR                |
| Data and voice revenue | 2,205,971            | 146,145,579        | 2,390,614             | 149,532,906        |
| <b>Total</b>           | <b>2,205,971</b>     | <b>146,145,579</b> | <b>2,390,614</b>      | <b>149,532,906</b> |

## 13 Other income

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|---|----------------------|-------------------|-----------------------|------------------|
|   | USD                  | INR               | USD                   | INR              |
| Exchange rate difference gain/(loss) -net | 62,618               | 4,148,443         | -                     | -                |
| Miscellaneous income                      | 1,359,108            | 90,040,905        | 85,276                | 5,334,014        |
| <b>Total</b>                              | <b>1,421,726</b>     | <b>94,189,348</b> | <b>85,276</b>         | <b>5,334,014</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 14 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | USD                  | INR               | USD                   | INR               |
| Salaries, bonus and allowances | 738,021              | 48,893,891        | 942,982               | 58,983,524        |
| Staff welfare expenses         | 264                  | 17,490            | 1,237                 | 77,374            |
| <b>Total</b>                   | <b>738,285</b>       | <b>48,911,381</b> | <b>944,219</b>        | <b>59,060,898</b> |

## 15 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--|----------------------|-------------------|-----------------------|-------------------|
|  | USD                  | INR               | USD                   | INR               |
| Charges for use of transmission facilities | 414,303              | 27,447,574        | 595,447               | 37,245,210        |
| <b>Total</b>                               | <b>414,303</b>       | <b>27,447,574</b> | <b>595,447</b>        | <b>37,245,210</b> |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Advertising and publicity                   | 1,266                | 83,873            | 6,565                 | 410,641           |
| Provision for doubtful debts                | -                    | -                 | (953)                 | (59,610)          |
| Communication expenses                      | 36,606               | 2,425,148         | 36,155                | 2,261,495         |
| Donations                                   | 5,973                | 395,711           | 16,357                | 1,023,130         |
| Entertainment expenses                      | 11,584               | 767,440           | 940                   | 58,797            |
| Exchange rate difference (gain)/loss -net   | -                    | -                 | 233,513               | 14,606,238        |
| Insurance expenses                          | 5,734                | 379,878           | 14,092                | 881,455           |
| IT consumables                              | 67                   | 4,439             | -                     | -                 |
| Legal and professional fees                 | 196,466              | 13,015,873        | 117,015               | 7,319,288         |
| Miscellaneous expenses                      | 11,067               | 733,187           | 17,075                | 1,068,043         |
| Printing and stationery                     | 11,241               | 744,716           | 5,588                 | 349,529           |
| Rates and Taxes                             | 531,428              | 35,207,105        | 21,627                | 1,352,769         |
| Rent  | 184,151              | 12,200,004        | 194,356               | 12,156,968        |
| Repairs and Maintenance - Plant & Machinery | 1,416                | 93,810            | (19,683)              | (1,231,172)       |
| Repairs and Maintenance - Buildings         | 513                  | 33,986            | -                     | -                 |
| Seminars, trainings and conferences         | 904                  | 59,890            | 4,842                 | 302,867           |
| Services rendered by agencies               | 383                  | 25,374            | 328                   | 20,516            |
| Travelling and conveyance expenses          | 29,285               | 1,940,131         | 57,606                | 3,603,255         |
| <b>Total</b>                                | <b>1,028,084</b>     | <b>68,110,565</b> | <b>705,423</b>        | <b>44,124,209</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

225, Nariman Point,

Mumbai - 400 021, India

T +91 (22) 61214444

emails: ss@ss-associates.com | www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Spain) SL** ("the subsidiary") registered in Spain as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                              | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--|----------|---------------------|----------------------|---------------------|----------------------|
|  |          | USD                 | INR*                 | USD                 | INR*                 |
| <b>I. EQUITY AND LIABILITIES</b>         |          |                     |                      |                     |                      |
| <b>1 Shareholders' funds</b>             |          |                     |                      |                     |                      |
| Share capital                            | 1        | 537,610             | 35,616,663           | 537,610             | 33,627,506           |
| Reserves and surplus                     | 2        | 10,983,475          | 727,655,217          | 10,687,911          | 668,528,831          |
|  |          | 11,521,085          | 763,271,880          | 11,225,521          | 702,156,337          |
| <b>2 Non-current liabilities</b>         |          |                     |                      |                     |                      |
| Other long term liabilities              | 3        | 172,293             | 11,414,412           | 160,735             | 10,053,974           |
| Long-term provisions                     | 4        | 436,629             | 28,926,671           | 420,177             | 26,282,071           |
|  |          | 608,922             | 40,341,083           | 580,912             | 36,336,045           |
| <b>3 Current liabilities</b>             |          |                     |                      |                     |                      |
| Short-term borrowings                    | 5        | 15,002,151          | 993,892,504          | 13,284,804          | 830,964,490          |
| Trade payables                           | 6        | 4,209,090           | 278,852,213          | 3,610,884           | 225,860,795          |
| Other current liabilities                | 7        | 53,939              | 3,573,462            | 107,151             | 6,702,295            |
| Short-term provisions                    | 8        | 30,716              | 2,034,935            | 630,167             | 39,416,946           |
|  |          | 19,295,896          | 1,278,353,114        | 17,633,006          | 1,102,944,526        |
| <b>Total</b>                             |          | <b>31,425,903</b>   | <b>2,081,966,077</b> | <b>29,439,439</b>   | <b>1,841,436,908</b> |
| <b>II. ASSETS</b>                        |          |                     |                      |                     |                      |
| <b>1 Non-current assets</b>              |          |                     |                      |                     |                      |
| Fixed assets                             |          |                     |                      |                     |                      |
| (i) Tangible assets                      | 9        | 7,521,442           | 498,295,533          | 7,768,751           | 485,935,375          |
| (ii) Intangible assets                   | 10       | -                   | -                    | 1,372               | 85,818               |
| (iii) Capital work-in-progress           |          | 28,764              | 1,905,615            | 183,121             | 11,454,219           |
| (iv) Intangible assets under development |          | -                   | -                    | 1,785               | 111,652              |
| Deferred tax assets (net)                |          | 48,290              | 3,199,213            | -                   | -                    |
| Long-term loans and advances             | 11       | 275,580             | 18,257,176           | 178,289             | 11,151,977           |
|  |          | 7,874,076           | 521,657,537          | 8,133,318           | 508,739,041          |
| <b>2 Current assets</b>                  |          |                     |                      |                     |                      |
| Trade receivables                        | 12       | 9,704,119           | 642,897,884          | 17,076,625          | 1,068,142,894        |
| Cash and cash equivalents                | 13       | 117,192             | 7,763,970            | 125,276             | 7,836,013            |
| Short-term loans and advances            | 14       | 13,668,930          | 905,566,613          | 4,060,849           | 254,006,104          |
| Other current assets                     | 15       | 61,586              | 4,080,073            | 43,371              | 2,712,856            |
|  |          | 23,551,827          | 1,560,308,540        | 21,306,121          | 1,332,697,867        |
| <b>Total</b>                             |          | <b>31,425,903</b>   | <b>2,081,966,077</b> | <b>29,439,439</b>   | <b>1,841,436,908</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars  | Note No. | Current year 2015-16 |               | Previous year 2014-15 |               |
|------|--|----------|----------------------|---------------|-----------------------|---------------|
|      |  |          | USD                  | INR*          | USD                   | INR*          |
| I.   | Revenue  |          |                      |               |                       |               |
|      | Revenue from operations                              | 16       | 60,410,176           | 4,002,174,160 | 51,576,025            | 3,226,080,364 |
|      | Other income   | 17       | 447,027              | 29,615,539    | 1,611,734             | 100,813,962   |
|      | Total revenue  |          | 60,857,203           | 4,031,789,699 | 53,187,759            | 3,326,894,326 |
| II.  | Expenses   |          |                      |               |                       |               |
|      | Employee benefits expense                            | 18       | 1,761,291            | 116,685,529   | 1,822,602             | 114,003,755   |
|      | Finance costs  | 19       | 1,144,600            | 75,829,750    | 367,249               | 22,971,425    |
|      | Network costs  | 20       | 54,260,801           | 3,594,778,066 | 47,118,070            | 2,947,235,279 |
|      | Depreciation and amortization expenses               |          | 1,580,350            | 104,698,188   | 1,320,339             | 82,587,204    |
|      | Other expenses                                       | 21       | 1,638,220            | 108,532,077   | 1,573,697             | 98,434,749    |
|      | Total expenses                                       |          | 60,385,262           | 4,000,523,610 | 52,201,957            | 3,265,232,412 |
| III. | Profit / (loss) before exceptional item & tax (I-II) |          | 471,941              | 31,266,089    | 985,802               | 61,661,914    |
| IV.  | Exceptional item                                     |          | 176,377              | 11,684,976    | -                     | -             |
| V.   | Profit / (loss) before tax (III-IV)                  |          | 295,564              | 19,581,113    | 985,802               | 61,661,914    |
| VI.  | Tax expenses   |          |                      |               |                       |               |
|      | Current Tax  |          | 48,290               | 3,199,213     | 240,134               | 15,020,382    |
|      | Deferred Tax   |          | (48,290)             | (3,199,213)   | -                     | -             |
| VII. | Profit / (loss) for the year (V-VI)                  |          | 295,564              | 19,581,113    | 745,668               | 46,641,532    |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 537,610             | 35,616,663        | 537,610             | 33,627,506        |
| <b>Total</b>         | <b>537,610</b>      | <b>35,616,663</b> | <b>537,610</b>      | <b>33,627,506</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                      |
| Opening balance              | (7,446,877)         | (493,355,601)        | (8,192,545)         | (512,443,690)        |
| Profit / (loss) for the year | 295,564             | 19,581,113           | 745,668             | 46,641,532           |
| <b>Closing balance</b>       | <b>(7,151,313)</b>  | <b>(473,774,488)</b> | <b>(7,446,877)</b>  | <b>(465,802,158)</b> |
| Share premium                | 18,134,788          | 1,201,429,705        | 18,134,788          | 1,134,330,989        |
| <b>Total</b>                 | <b>10,983,475</b>   | <b>727,655,217</b>   | <b>10,687,911</b>   | <b>668,528,831</b>   |

## 3 Other Long term liabilities

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Unearned revenue  | 80,714              | 5,347,303         | 69,156              | 4,325,708         |
| Security deposits | 91,579              | 6,067,109         | 91,579              | 5,728,266         |
| <b>Total</b>      | <b>172,293</b>      | <b>11,414,412</b> | <b>160,735</b>      | <b>10,053,974</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--|---------------------|-------------------|---------------------|-------------------|
|  | USD                 | INR               | USD                 | INR               |
| Asset retirement obligation and others | 436,629             | 28,926,671        | 420,177             | 26,282,071        |
| <b>Total</b>                           | <b>436,629</b>      | <b>28,926,671</b> | <b>420,177</b>      | <b>26,282,071</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
|                           | USD                 | INR                | USD                 | INR                |
| Inter company loans taken | 15,002,151          | 993,892,504        | 13,284,804          | 830,964,490        |
| <b>Total</b>              | <b>15,002,151</b>   | <b>993,892,504</b> | <b>13,284,804</b>   | <b>830,964,490</b> |

## 6 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | USD                 | INR                | USD                 | INR                |
| Trade payables | 3,982,852           | 263,863,945        | 3,388,521           | 211,951,989        |
| Employee dues  | 226,238             | 14,988,268         | 222,363             | 13,908,806         |
| <b>Total</b>   | <b>4,209,090</b>    | <b>278,852,213</b> | <b>3,610,884</b>    | <b>225,860,795</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------------|---------------------|------------------|---------------------|------------------|
|                                 | USD                 | INR              | USD                 | INR              |
| Other liabilities               | 15,384              | 1,019,193        | 14,557              | 910,540          |
| Deferred revenue                | 38,555              | 2,554,269        | 30,663              | 1,917,971        |
| Interest payable- Inter company | -                   | -                | 61,931              | 3,873,784        |
| <b>Total</b>                    | <b>53,939</b>       | <b>3,573,462</b> | <b>107,151</b>      | <b>6,702,295</b> |

## 8 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-------------------------|---------------------|------------------|---------------------|-------------------|
|                         | USD                 | INR              | USD                 | INR               |
| Provision for tax (net) | -                   | -                | 582,006             | 36,404,475        |
| Leave entitlement       | 30,716              | 2,034,935        | 48,161              | 3,012,471         |
| <b>Total</b>            | <b>30,716</b>       | <b>2,034,935</b> | <b>630,167</b>      | <b>39,416,946</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Land                             | 115,191             | 7,631,404            | 115,191             | 7,205,197            |
| Building                         | 420,918             | 27,885,818           | 354,466             | 22,171,848           |
| Lease hold improvement           | 176,979             | 11,724,859           | 243,430             | 15,226,547           |
| Cables                           | 7,701,065           | 510,195,556          | 7,063,616           | 441,829,181          |
| Plant and machinery              | 12,149,278          | 804,889,668          | 11,756,919          | 735,395,283          |
| Furniture and fixtures           | 43,077              | 2,853,851            | 43,077              | 2,694,466            |
| Computers                        | 61,473              | 4,072,586            | 70,429              | 4,405,334            |
| Office equipment                 | 119,820             | 7,938,075            | 103,009             | 6,443,213            |
| (a)                              | <b>20,787,801</b>   | <b>1,377,191,817</b> | <b>19,750,137</b>   | <b>1,235,371,069</b> |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Building                         | 175,559             | 11,630,784           | 123,855             | 7,747,130            |
| Lease hold improvement           | 141,153             | 9,351,386            | 86,048              | 5,382,302            |
| Cables                           | 4,324,980           | 286,529,925          | 3,822,032           | 239,068,102          |
| Plant and machinery              | 8,508,744           | 563,704,290          | 7,839,739           | 490,375,674          |
| Furniture and fixtures           | 23,796              | 1,576,485            | 19,581              | 1,224,792            |
| Computers                        | 60,572              | 4,012,895            | 66,044              | 4,131,052            |
| Office equipment                 | 31,555              | 2,090,519            | 24,087              | 1,506,642            |
| (b)                              | <b>13,266,359</b>   | <b>878,896,284</b>   | <b>11,981,386</b>   | <b>749,435,694</b>   |
| <b>Net block (a) - (b)</b>       | <b>7,521,442</b>    | <b>498,295,533</b>   | <b>7,768,751</b>    | <b>485,935,375</b>   |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Computer software                | 25,650              | 1,699,313        | 35,717              | 2,234,098        |
| (a)                              | <b>25,650</b>       | <b>1,699,313</b> | <b>35,717</b>       | <b>2,234,098</b> |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Computer software                | 25,650              | 1,699,313        | 34,345              | 2,148,280        |
| (b)                              | <b>25,650</b>       | <b>1,699,313</b> | <b>34,345</b>       | <b>2,148,280</b> |
| <b>Net block (a) - (b)</b>       | <b>-</b>            | <b>-</b>         | <b>1,372</b>        | <b>85,818</b>    |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 11 Long term loans and advances

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Vendor deposit    | 188,402             | 12,481,633        | 178,289             | 11,151,977        |
| Advance tax (net) | 87,178              | 5,775,543         | -                   | -                 |
| <b>Total</b>      | <b>275,580</b>      | <b>18,257,176</b> | <b>178,289</b>      | <b>11,151,977</b> |

## 12 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                      |
|------------------------------|---------------------|--------------------|---------------------|----------------------|
|                              | USD                 | INR                | USD                 | INR                  |
| Trade receivables            | 3,718,799           | 246,370,434        | 4,141,889           | 259,075,157          |
| Provision for doubtful debts | (161,917)           | (10,727,001)       | (1,115,931)         | (69,801,484)         |
| Intercompany receivables     | 6,147,237           | 407,254,451        | 14,050,667          | 878,869,221          |
| <b>Total</b>                 | <b>9,704,119</b>    | <b>642,897,884</b> | <b>17,076,625</b>   | <b>1,068,142,894</b> |

## 13 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Cash in hand      | -                   | -                | 257                 | 16,075           |
| Balance with bank | 117,192             | 7,763,970        | 125,019             | 7,819,938        |
| <b>Total</b>      | <b>117,192</b>      | <b>7,763,970</b> | <b>125,276</b>      | <b>7,836,013</b> |

## 14 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Advances to employees           | 1,435               | 95,069             | 734                 | 45,912             |
| Other advances                  | 53,650              | 3,554,313          | 355                 | 22,205             |
| Provision for doubtful advances | (352)               | (23,320)           | (352)               | (22,018)           |
| Prepaid expenses                | 134,296             | 8,897,110          | 124,026             | 7,757,826          |
| VAT receivable                  | 13,479,901          | 893,043,441        | 3,936,086           | 246,202,179        |
| <b>Total</b>                    | <b>13,668,930</b>   | <b>905,566,613</b> | <b>4,060,849</b>    | <b>254,006,104</b> |

## 15 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------------|---------------------|------------------|---------------------|------------------|
|                                    | USD                 | INR              | USD                 | INR              |
| Interest receivable- Inter company | 52,732              | 3,493,495        | -                   | -                |
| Other current assets               | 8,854               | 586,578          | 43,371              | 2,712,856        |
| <b>Total</b>                       | <b>61,586</b>       | <b>4,080,073</b> | <b>43,371</b>       | <b>2,712,856</b> |

## 16 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 60,410,176           | 4,002,174,160        | 51,576,025            | 3,226,080,364        |
| <b>Total</b>           | <b>60,410,176</b>    | <b>4,002,174,160</b> | <b>51,576,025</b>     | <b>3,226,080,364</b> |



## 17 Other income

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|---|----------------------|-------------------|-----------------------|--------------------|
|   | USD                  | INR               | USD                   | INR                |
| Interest on loan to subsidiaries          | 214,836              | 14,232,885        | 43,236                | 2,704,412          |
| Exchange rate difference gain/(loss) -Net | -                    | -                 | 1,355,378             | 84,778,894         |
| Miscellaneous income                      | 232,191              | 15,382,654        | 213,120               | 13,330,656         |
| <b>Total</b>                              | <b>447,027</b>       | <b>29,615,539</b> | <b>1,611,734</b>      | <b>100,813,962</b> |

## 18 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances            | 1,702,597            | 112,797,051        | 1,677,063             | 104,900,291        |
| Contribution to provident and other funds | -                    | -                  | 51,919                | 3,247,533          |
| Staff welfare expenses                    | 58,694               | 3,888,478          | 93,620                | 5,855,931          |
| <b>Total</b>                              | <b>1,761,291</b>     | <b>116,685,529</b> | <b>1,822,602</b>      | <b>114,003,755</b> |

## 19 Finance costs

| Particulars       | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
|                   | USD                  | INR               | USD                   | INR               |
| Interest expenses | 1,148,349            | 76,078,121        | 281,365               | 17,599,381        |
| Guarantee fees    | (3,749)              | (248,371)         | 85,884                | 5,372,044         |
| <b>Total</b>      | <b>1,144,600</b>     | <b>75,829,750</b> | <b>367,249</b>        | <b>22,971,425</b> |

## 20 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 54,260,801           | 3,594,778,066        | 47,118,070            | 2,947,235,279        |
| <b>Total</b>                               | <b>54,260,801</b>    | <b>3,594,778,066</b> | <b>47,118,070</b>     | <b>2,947,235,279</b> |

## 21 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|---|----------------------|--------------------|-----------------------|-------------------|
|   | USD                  | INR                | USD                   | INR               |
| Advertising and publicity                   | 18,664               | 1,236,490          | 4,919                 | 307,683           |
| Auditors remuneration                       | 60,500               | 4,008,125          | 65,500                | 4,097,025         |
| Bad debts                                   | 1,005,250            | 66,597,813         | -                     | -                 |
| Provision for doubtful debts                | (954,015)            | (63,203,494)       | 9,779                 | 611,676           |
| Communication expenses                      | 52,022               | 3,446,458          | 58,962                | 3,688,073         |
| Electricity                                 | 422,749              | 28,007,121         | 493,552               | 30,871,678        |
| Entertainment expenses                      | 7,349                | 486,871            | 1,956                 | 122,348           |
| Exchange rate difference (gain)/loss -net   | 225,273              | 14,924,336         | -                     | -                 |
| Insurance expenses                          | 26,270               | 1,740,388          | 32,441                | 2,029,185         |
| IT consumables                              | 790                  | 52,338             | 959                   | 59,985            |
| Legal and professional fees                 | 87,913               | 5,824,236          | 143,227               | 8,958,849         |
| Miscellaneous expenses                      | 79,938               | 5,295,893          | 71,788                | 4,490,342         |
| Printing and stationery                     | 6,456                | 427,710            | 7,311                 | 457,303           |
| Rates and Taxes                             | 8,672                | 574,520            | 8,579                 | 536,616           |
| Rent  | 77,841               | 5,156,966          | 84,636                | 5,293,982         |
| Repairs and Maintenance - Plant & Machinery | 356,025              | 23,586,656         | 407,568               | 25,493,378        |
| Repairs and Maintenance - Buildings         | 25,598               | 1,695,868          | 33,901                | 2,120,508         |
| Security charges                            | 5,826                | 385,973            | 5,498                 | 343,900           |
| Seminars, trainings and conferences         | 16,814               | 1,113,928          | 1,031                 | 64,489            |
| Services rendered by agencies               | 32,049               | 2,123,246          | 56,635                | 3,542,519         |
| Travelling and conveyance expenses          | 76,236               | 5,050,635          | 85,455                | 5,345,210         |
| <b>Total</b>                                | <b>1,638,220</b>     | <b>108,532,077</b> | <b>1,573,697</b>      | <b>98,434,749</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhawali  
229, Nariman Point  
Mumbai - 400 021, India

T: 91 (22) 61214444

email: ss-associates.com | www.ss-associates.com  
LLP Identity No: AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Sweden) AB** ("the subsidiary") registered in Sweden as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Vinodkumar*

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
|                                  |          | USD                 | INR*              | USD                 | INR*              |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                   |                     |                   |
| <b>1 Shareholders' funds</b>     |          |                     |                   |                     |                   |
| Share capital                    | 1        | 364,779             | 24,166,609        | 364,779             | 22,816,926        |
| Reserves and surplus             | 2        | (88,065)            | (5,834,307)       | (81,791)            | (5,116,024)       |
|                                  |          | 276,714             | 18,332,302        | 282,988             | 17,700,902        |
| <b>2 Current liabilities</b>     |          |                     |                   |                     |                   |
| Short-term borrowings            | 3        | 174,367             | 11,551,814        | 158,788             | 9,932,189         |
| Trade payables                   | 4        | 118,493             | 7,850,161         | 82,272              | 5,146,114         |
| Other current liabilities        | 5        | 6,730               | 445,863           | 11,979              | 749,286           |
|                                  |          | 299,590             | 19,847,838        | 253,039             | 15,827,589        |
| <b>Total</b>                     |          | <b>576,304</b>      | <b>38,180,140</b> | <b>536,027</b>      | <b>33,528,491</b> |
| <b>II. ASSETS</b>                |          |                     |                   |                     |                   |
| <b>1 Non-current assets</b>      |          |                     |                   |                     |                   |
| Fixed assets                     |          |                     |                   |                     |                   |
| (i) Tangible assets              | 6        | 154,913             | 10,262,986        | 206,670             | 12,927,209        |
| Deferred tax assets (net)        |          | 101,354             | 6,714,703         | 105,427             | 6,594,459         |
| Long-term loans and advances     | 7        | 5,500               | 364,375           | 5,567               | 348,216           |
|                                  |          | 261,767             | 17,342,064        | 317,664             | 19,869,884        |
| <b>2 Current assets</b>          |          |                     |                   |                     |                   |
| Trade receivables                | 8        | 183,871             | 12,181,454        | 147,239             | 9,209,800         |
| Cash and cash equivalents        | 9        | 42,856              | 2,839,210         | 55,101              | 3,446,568         |
| Short-term loans and advances    | 10       | 87,810              | 5,817,412         | 15,952              | 997,798           |
| Other current assets             | 11       | -                   | -                 | 71                  | 4,441             |
|                                  |          | 314,537             | 20,838,076        | 218,363             | 13,658,607        |
| <b>Total</b>                     |          | <b>576,304</b>      | <b>38,180,140</b> | <b>536,027</b>      | <b>33,528,491</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                            | Note No. | Current year 2015-16 |            | Previous year 2014-15 |             |
|------|--|----------|----------------------|------------|-----------------------|-------------|
|      |  |          | USD                  | INR*       | USD                   | INR*        |
| I.   | Revenue                                |          |                      |            |                       |             |
|      | Revenue from operations                | 12       | 854,596              | 56,616,985 | 555,864               | 34,769,293  |
|      | Other income                           | 13       | 503                  | 33,324     | 85,514                | 5,348,901   |
|      | Total revenue                          |          | 855,099              | 56,650,309 | 641,378               | 40,118,194  |
| II.  | Expenses                               |          |                      |            |                       |             |
|      | Finance costs                          | 14       | (3,845)              | (254,732)  | 36,160                | 2,261,808   |
|      | Network costs                          | 15       | 301,100              | 19,947,875 | 155,199               | 9,707,697   |
|      | Depreciation and amortization expenses |          | 65,451               | 4,336,129  | 66,351                | 4,150,255   |
|      | Other expenses                         | 16       | 494,594              | 32,766,854 | 395,924               | 24,765,043  |
|      | Total expenses                         |          | 857,300              | 56,796,126 | 653,634               | 40,884,803  |
| III. | Profit / (loss) before tax (I-II)      |          | (2,201)              | (145,817)  | (12,256)              | (766,609)   |
| IV.  | Tax expenses                           |          |                      |            |                       |             |
|      | Deferred Tax                           |          | 4,073                | 269,836    | 45,832                | 2,866,792   |
| V.   | Profit / (loss) for the year (III-IV)  |          | (6,274)              | (415,653)  | (58,088)              | (3,633,401) |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 364,779             | 24,166,609        | 364,779             | 22,816,926        |
| <b>Total</b>         | <b>364,779</b>      | <b>24,166,609</b> | <b>364,779</b>      | <b>22,816,926</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (81,791)            | (5,418,654)        | (23,703)            | (1,482,623)        |
| Profit / (loss) for the year | (6,274)             | (415,653)          | (58,088)            | (3,633,401)        |
| <b>Closing balance</b>       | <b>(88,065)</b>     | <b>(5,834,307)</b> | <b>(81,791)</b>     | <b>(5,116,024)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|---------------------------|---------------------|-------------------|---------------------|------------------|
|                           | USD                 | INR               | USD                 | INR              |
| Inter company loans taken | 174,367             | 11,551,814        | 158,788             | 9,932,189        |
| <b>Total</b>              | <b>174,367</b>      | <b>11,551,814</b> | <b>158,788</b>      | <b>9,932,189</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Trade payables | 118,493             | 7,850,161        | 82,272              | 5,146,114        |
| <b>Total</b>   | <b>118,493</b>      | <b>7,850,161</b> | <b>82,272</b>       | <b>5,146,114</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                | As at 31 March 2015 |                |
|---------------------------------|---------------------|----------------|---------------------|----------------|
|                                 | USD                 | INR            | USD                 | INR            |
| Other liabilities               | 1,280               | 84,800         | -                   | -              |
| Interest payable- Inter company | 5,450               | 361,063        | 11,979              | 749,286        |
| <b>Total</b>                    | <b>6,730</b>        | <b>445,863</b> | <b>11,979</b>       | <b>749,286</b> |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Plant and machinery              | 1,112,736           | 73,718,760        | 1,093,047           | 68,370,090        |
| Office equipment                 | 2,104               | 139,390           | 2,104               | 131,605           |
| (a)                              | <b>1,114,840</b>    | <b>73,858,150</b> | <b>1,095,151</b>    | <b>68,501,695</b> |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Plant and machinery              | 959,467             | 63,564,689        | 888,284             | 55,562,164        |
| Office equipment                 | 460                 | 30,475            | 197                 | 12,322            |
| (b)                              | <b>959,927</b>      | <b>63,595,164</b> | <b>888,481</b>      | <b>55,574,486</b> |
| <b>Net block (a) - (b)</b>       | <b>154,913</b>      | <b>10,262,986</b> | <b>206,670</b>      | <b>12,927,209</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans and advances

| Particulars       | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-------------------|---------------------|----------------|---------------------|----------------|
|                   | USD                 | INR            | USD                 | INR            |
| Advance tax (net) | 5,500               | 364,375        | 5,567               | 348,216        |
| <b>Total</b>      | <b>5,500</b>        | <b>364,375</b> | <b>5,567</b>        | <b>348,216</b> |

## 8 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|------------------------------|---------------------|-------------------|---------------------|------------------|
|                              | USD                 | INR               | USD                 | INR              |
| Trade receivables            | 18,747              | 1,241,989         | 24,509              | 1,533,038        |
| Provision for doubtful debts | (1,608)             | (106,530)         | (1,608)             | (100,580)        |
| Intercompany receivables     | 166,732             | 11,045,995        | 124,338             | 7,777,342        |
| <b>Total</b>                 | <b>183,871</b>      | <b>12,181,454</b> | <b>147,239</b>      | <b>9,209,800</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 42,856              | 2,839,210        | 55,101              | 3,446,568        |
| <b>Total</b>      | <b>42,856</b>       | <b>2,839,210</b> | <b>55,101</b>       | <b>3,446,568</b> |

## 10 Short term loans and advances

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|------------------|---------------------|------------------|---------------------|----------------|
|                  | USD                 | INR              | USD                 | INR            |
| Prepaid expenses | 14,473              | 958,836          | 682                 | 42,659         |
| VAT receivable   | 73,337              | 4,858,576        | 15,270              | 955,139        |
| <b>Total</b>     | <b>87,810</b>       | <b>5,817,412</b> | <b>15,952</b>       | <b>997,798</b> |

## 11 Other current assets

| Particulars          | As at 31 March 2016 |          | As at 31 March 2015 |              |
|----------------------|---------------------|----------|---------------------|--------------|
|                      | USD                 | INR      | USD                 | INR          |
| Other current assets | -                   | -        | 71                  | 4,441        |
| <b>Total</b>         | <b>-</b>            | <b>-</b> | <b>71</b>           | <b>4,441</b> |

## 12 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 854,596              | 56,616,985        | 555,864               | 34,769,293        |
| <b>Total</b>           | <b>854,596</b>       | <b>56,616,985</b> | <b>555,864</b>        | <b>34,769,293</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Other income

| Particulars                               | Current year 2015-16 |               | Previous year 2014-15 |                  |
|---|----------------------|---------------|-----------------------|------------------|
|   | USD                  | INR           | USD                   | INR              |
| Exchange rate difference gain/(loss) -net | -                    | -             | 85,514                | 5,348,901        |
| Miscellaneous income                      | 503                  | 33,324        | -                     | -                |
| <b>Total</b>                              | <b>503</b>           | <b>33,324</b> | <b>85,514</b>         | <b>5,348,901</b> |

## 14 Finance costs

| Particulars       | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|-------------------|----------------------|------------------|-----------------------|------------------|
|                   | USD                  | INR              | USD                   | INR              |
| Interest expenses | 11,305               | 748,956          | 25,886                | 1,619,169        |
| Guarantee fees    | (15,150)             | (1,003,688)      | 10,274                | 642,639          |
| <b>Total</b>      | <b>(3,845)</b>       | <b>(254,732)</b> | <b>36,160</b>         | <b>2,261,808</b> |

## 15 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|--|----------------------|-------------------|-----------------------|------------------|
|  | USD                  | INR               | USD                   | INR              |
| Charges for use of transmission facilities | 301,100              | 19,947,875        | 155,199               | 9,707,697        |
| <b>Total</b>                               | <b>301,100</b>       | <b>19,947,875</b> | <b>155,199</b>        | <b>9,707,697</b> |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Auditors remuneration                       | 24,200               | 1,603,250         | 24,200                | 1,513,710         |
| Sundry balances written off                 | -                    | -                 | 202                   | 12,635            |
| Communication expenses                      | 611                  | 40,479            | 603                   | 37,718            |
| Electricity                                 | 40,682               | 2,695,183         | 42,197                | 2,639,422         |
| Exchange rate difference (gain)/loss -net   | 28,235               | 1,870,569         | -                     | -                 |
| Insurance expenses                          | 2,382                | 157,808           | 3,032                 | 189,652           |
| Legal and professional fees                 | 31,952               | 2,116,820         | 39,820                | 2,490,741         |
| Miscellaneous expenses                      | 2,709                | 179,471           | 2,765                 | 172,951           |
| Rates and Taxes                             | 1,454                | 96,328            | -                     | -                 |
| Repairs and Maintenance - Plant & Machinery | 360,936              | 23,912,010        | 282,825               | 17,690,704        |
| Services rendered by agencies               | 260                  | 17,225            | 280                   | 17,514            |
| Travelling and conveyance expenses          | 1,173                | 77,711            | -                     | -                 |
| <b>Total</b>                                | <b>494,594</b>       | <b>32,766,854</b> | <b>395,924</b>        | <b>24,765,047</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91 (22) 61214444

email: [ssa@ss-associates.com](mailto:ssa@ss-associates.com) [www.ss-associates.com](http://www.ss-associates.com)  
LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Switzerland) GmbH** ("the subsidiary") registered in Switzerland as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010



*Vatma.v.v*

(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |             | As at 31 March 2015 |             |
|----------------------------------|----------|---------------------|-------------|---------------------|-------------|
|                                  |          | USD                 | INR*        | USD                 | INR*        |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |             |                     |             |
| <b>1 Shareholders' funds</b>     |          |                     |             |                     |             |
| Share capital                    | 1        | 474,414             | 31,429,928  | 474,414             | 29,674,596  |
| Reserves and surplus             | 2        | (44,696)            | (2,961,111) | (62,672)            | (3,920,135) |
|                                  |          | 429,718             | 28,468,817  | 411,742             | 25,754,461  |
| <b>2 Current liabilities</b>     |          |                     |             |                     |             |
| Short-term borrowings            | 3        | 92,018              | 6,096,193   | 9,943               | 621,935     |
| Trade payables                   | 4        | 210,688             | 13,958,080  | 101,065             | 6,321,616   |
| Other current liabilities        | 5        | 10,000              | 662,500     | 29,281              | 1,831,527   |
| Short-term provisions            | 6        | 11,180              | 740,675     | 12,268              | 767,363     |
|                                  |          | 323,886             | 21,457,448  | 152,557             | 9,542,441   |
| <b>Total</b>                     |          | 753,604             | 49,926,265  | 564,299             | 35,296,902  |
| <b>II. ASSETS</b>                |          |                     |             |                     |             |
| <b>1 Non-current assets</b>      |          |                     |             |                     |             |
| Fixed assets                     |          |                     |             |                     |             |
| (i) Tangible assets              | 7        | 151,602             | 10,043,632  | 101,079             | 6,322,491   |
| (ii) Capital work-in-progress    |          | 53,948              | 3,574,055   | -                   | -           |
| Deferred tax assets (net)        |          | 24,131              | 1,598,679   | 20,826              | 1,302,666   |
| Long-term loans and advances     | 8        | 297,919             | 19,737,134  | 270,166             | 16,898,883  |
|                                  |          | 527,600             | 34,953,500  | 392,071             | 24,524,040  |
| <b>2 Current assets</b>          |          |                     |             |                     |             |
| Trade receivables                | 9        | 33,986              | 2,251,572   | 70,391              | 4,402,957   |
| Cash and cash equivalents        | 10       | 178,556             | 11,829,335  | 96,551              | 6,039,265   |
| Short-term loans and advances    | 11       | 7,997               | 529,802     | 936                 | 58,547      |
| Other current assets             | 12       | 5,465               | 362,056     | 4,350               | 272,093     |
|                                  |          | 226,004             | 14,972,765  | 172,228             | 10,772,862  |
| <b>Total</b>                     |          | 753,604             | 49,926,265  | 564,299             | 35,296,902  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                            | Note No. | Current year 2015-16 |            | Previous year 2014-15 |             |
|------|--|----------|----------------------|------------|-----------------------|-------------|
|      |  |          | USD                  | INR*       | USD                   | INR*        |
| I.   | Revenue                                |          |                      |            |                       |             |
|      | Revenue from operations                | 13       | 455,551              | 30,180,254 | 423,356               | 26,480,918  |
|      | Other income                           | 14       | 13,342               | 883,908    | 6,928                 | 433,346     |
|      | Total revenue                          |          | 468,893              | 31,064,162 | 430,284               | 26,914,264  |
| II.  | Expenses                               |          |                      |            |                       |             |
|      | Finance costs                          | 15       | (12,512)             | (828,920)  | 13,278                | 830,539     |
|      | Network costs                          | 16       | 307,514              | 20,372,803 | 219,672               | 13,740,484  |
|      | Depreciation and amortization expenses |          | 35,618               | 2,359,693  | 45,264                | 2,831,263   |
|      | Other expenses                         | 17       | 123,603              | 8,188,700  | 147,149               | 9,204,170   |
|      | Total expenses                         |          | 454,223              | 30,092,276 | 425,363               | 26,606,456  |
| III. | Profit / (loss) before tax( I-II)      |          | 14,670               | 971,886    | 4,921                 | 307,808     |
| IV.  | Tax expenses                           |          |                      |            |                       |             |
|      | Current Tax                            |          | -                    | -          | 889                   | 55,607      |
|      | Deferred Tax                           |          | (3,306)              | (219,023)  | (20,826)              | (1,302,666) |
| V.   | Profit / (loss) for the year (III-IV)  |          | 17,976               | 1,190,909  | 24,858                | 1,554,867   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 474,414             | 31,429,928        | 474,414             | 29,674,596        |
| <b>Total</b>         | <b>474,414</b>      | <b>31,429,928</b> | <b>474,414</b>      | <b>29,674,596</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (62,672)            | (4,152,020)        | (87,530)            | (5,475,002)        |
| Profit / (loss) for the year | 17,976              | 1,190,909          | 24,858              | 1,554,867          |
| <b>Closing balance</b>       | <b>(44,696)</b>     | <b>(2,961,111)</b> | <b>(62,672)</b>     | <b>(3,920,135)</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|---------------------------|---------------------|------------------|---------------------|----------------|
|                           | USD                 | INR              | USD                 | INR            |
| Inter company loans taken | 92,018              | 6,096,193        | 9,943               | 621,935        |
| <b>Total</b>              | <b>92,018</b>       | <b>6,096,193</b> | <b>9,943</b>        | <b>621,935</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------|---------------------|-------------------|---------------------|------------------|
|                | USD                 | INR               | USD                 | INR              |
| Trade payables | 210,688             | 13,958,080        | 101,065             | 6,321,616        |
| <b>Total</b>   | <b>210,688</b>      | <b>13,958,080</b> | <b>101,065</b>      | <b>6,321,616</b> |

## 5 Other current liabilities

| Particulars       | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|-------------------|---------------------|----------------|---------------------|------------------|
|                   | USD                 | INR            | USD                 | INR              |
| Other liabilities | -                   | -              | 29,281              | 1,831,527        |
| Deferred revenue  | 10,000              | 662,500        | -                   | -                |
| <b>Total</b>      | <b>10,000</b>       | <b>662,500</b> | <b>29,281</b>       | <b>1,831,527</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-------------------------|---------------------|----------------|---------------------|----------------|
|                         | USD                 | INR            | USD                 | INR            |
| Provision for tax (net) | 11,180              | 740,675        | 12,268              | 767,363        |
| <b>Total</b>            | <b>11,180</b>       | <b>740,675</b> | <b>12,268</b>       | <b>767,363</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------------------------|---------------------|-------------------|---------------------|------------------|
|                                  | USD                 | INR               | USD                 | INR              |
| <b>Gross block:</b>              |                     |                   |                     |                  |
| Plant and machinery              | 834,400             | 55,279,000        | 748,259             | 46,803,600       |
| (a)                              | 834,400             | 55,279,000        | 748,259             | 46,803,600       |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                  |
| Plant and machinery              | 682,798             | 45,235,368        | 647,180             | 40,481,109       |
| (b)                              | 682,798             | 45,235,368        | 647,180             | 40,481,109       |
| <b>Net block (a) - (b)</b>       | <b>151,602</b>      | <b>10,043,632</b> | <b>101,079</b>      | <b>6,322,491</b> |

## 8 Long term loans and advances

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | USD                 | INR               | USD                 | INR               |
| Inter company loans given | 292,776             | 19,396,410        | 265,078             | 16,580,629        |
| Vendor deposit            | 5,143               | 340,724           | 5,088               | 318,254           |
| <b>Total</b>              | <b>297,919</b>      | <b>19,737,134</b> | <b>270,166</b>      | <b>16,898,883</b> |

## 9 Trade receivables

| Particulars              | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|--------------------------|---------------------|------------------|---------------------|------------------|
|                          | USD                 | INR              | USD                 | INR              |
| Trade receivables        | 10,741              | 711,591          | 13,398              | 838,045          |
| Intercompany receivables | 23,245              | 1,539,981        | 56,993              | 3,564,912        |
| <b>Total</b>             | <b>33,986</b>       | <b>2,251,572</b> | <b>70,391</b>       | <b>4,402,957</b> |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------|---------------------|-------------------|---------------------|------------------|
|                   | USD                 | INR               | USD                 | INR              |
| Balance with bank | 178,556             | 11,829,335        | 96,551              | 6,039,265        |
| <b>Total</b>      | <b>178,556</b>      | <b>11,829,335</b> | <b>96,551</b>       | <b>6,039,265</b> |

## 11 Short term loans and advances

| Particulars      | As at 31 March 2016 |                | As at 31 March 2015 |               |
|------------------|---------------------|----------------|---------------------|---------------|
|                  | USD                 | INR            | USD                 | INR           |
| Prepaid expenses | 5,018               | 332,443        | 652                 | 40,783        |
| VAT receivable   | 2,979               | 197,359        | 284                 | 17,764        |
| <b>Total</b>     | <b>7,997</b>        | <b>529,802</b> | <b>936</b>          | <b>58,547</b> |

## 12 Other current assets

| Particulars                        | As at 31 March 2016 |                | As at 31 March 2015 |                |
|------------------------------------|---------------------|----------------|---------------------|----------------|
|                                    | USD                 | INR            | USD                 | INR            |
| Interest receivable- Inter company | 4,516               | 299,185        | 4,350               | 272,093        |
| Other current assets               | 949                 | 62,871         | -                   | -              |
| <b>Total</b>                       | <b>5,465</b>        | <b>362,056</b> | <b>4,350</b>        | <b>272,093</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 455,551              | 30,180,254        | 423,356               | 26,480,918        |
| <b>Total</b>           | <b>455,551</b>       | <b>30,180,254</b> | <b>423,356</b>        | <b>26,480,918</b> |

## 14 Other income

| Particulars                      | Current year 2015-16 |                | Previous year 2014-15 |                |
|----------------------------------|----------------------|----------------|-----------------------|----------------|
|                                  | USD                  | INR            | USD                   | INR            |
| Interest on loan to subsidiaries | 10,826               | 717,223        | 6,928                 | 433,346        |
| Miscellaneous income             | 2,516                | 166,685        | -                     | -              |
| <b>Total</b>                     | <b>13,342</b>        | <b>883,908</b> | <b>6,928</b>          | <b>433,346</b> |

## 15 Finance costs

| Particulars       | Current year 2015-16 |                  | Previous year 2014-15 |                |
|-------------------|----------------------|------------------|-----------------------|----------------|
|                   | USD                  | INR              | USD                   | INR            |
| Interest expenses | 1,478                | 97,918           | 9,423                 | 589,409        |
| Guarantee fees    | (13,990)             | (926,838)        | 3,855                 | 241,130        |
| <b>Total</b>      | <b>(12,512)</b>      | <b>(828,920)</b> | <b>13,278</b>         | <b>830,539</b> |

## 16 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--|----------------------|-------------------|-----------------------|-------------------|
|  | USD                  | INR               | USD                   | INR               |
| Charges for use of transmission facilities | 307,514              | 20,372,803        | 219,672               | 13,740,484        |
| <b>Total</b>                               | <b>307,514</b>       | <b>20,372,803</b> | <b>219,672</b>        | <b>13,740,484</b> |

## 17 Other expenses

| Particulars                                 | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Auditors remuneration                       | 12,100               | 801,625          | 12,100                | 756,855          |
| Sundry balances written off                 | -                    | -                | 2,849                 | 178,205          |
| Provision for doubtful debts                | -                    | -                | (27)                  | (1,689)          |
| Communication expenses                      | 267                  | 17,689           | 881                   | 55,107           |
| Electricity                                 | 10,337               | 684,826          | 4,851                 | 303,430          |
| Exchange rate difference (gain)/loss -net   | 1,295                | 85,794           | 25,557                | 1,598,590        |
| Insurance expenses                          | 8,140                | 539,275          | 3,024                 | 189,151          |
| Legal and professional fees                 | 80,359               | 5,323,784        | 82,598                | 5,166,505        |
| Miscellaneous expenses                      | 4,386                | 290,572          | 3,657                 | 228,746          |
| Rates and Taxes                             | 1,255                | 83,144           | 5,059                 | 316,440          |
| Repairs and Maintenance - Plant & Machinery | 4,678                | 309,918          | 5,814                 | 363,666          |
| Services rendered by agencies               | 786                  | 52,073           | 786                   | 49,164           |
| <b>Total</b>                                | <b>123,603</b>       | <b>8,188,700</b> | <b>147,149</b>        | <b>9,204,170</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 6121 4444

email: [ss-associates.com](mailto:ss-associates.com) [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Taiwan) Ltd.** ("the subsidiary") registered in Taiwan as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar V*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                      | Note No. | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
|                                  |          | USD                 | INR*              | USD                 | INR*              |
| <b>I. EQUITY AND LIABILITIES</b> |          |                     |                   |                     |                   |
| <b>1 Shareholders' funds</b>     |          |                     |                   |                     |                   |
| Share capital                    | 1        | 7,871               | 521,454           | 7,871               | 492,331           |
| Reserves and surplus             | 2        | (96,584)            | (6,398,691)       | (98,417)            | (6,155,983)       |
|                                  |          | (88,713)            | (5,877,237)       | (90,546)            | (5,663,652)       |
| <b>2 Current liabilities</b>     |          |                     |                   |                     |                   |
| Short-term borrowings            | 3        | 537,458             | 35,606,593        | -                   | -                 |
| Trade payables                   | 4        | 180,034             | 11,927,252        | 515,868             | 32,267,543        |
| Other current liabilities        | 5        | 15,794              | 1,046,353         | 14,161              | 885,771           |
|                                  |          | 733,286             | 48,580,198        | 530,029             | 33,153,314        |
| <b>Total</b>                     |          | <b>644,573</b>      | <b>42,702,961</b> | <b>439,483</b>      | <b>27,489,662</b> |
| <b>II. ASSETS</b>                |          |                     |                   |                     |                   |
| <b>1 Non-current assets</b>      |          |                     |                   |                     |                   |
| Fixed assets                     |          |                     |                   |                     |                   |
| (i) Tangible assets              | 6        | 174,322             | 11,548,832        | 124,793             | 7,805,802         |
| (ii) Capital work-in-progress    |          | 1,926               | 127,598           | -                   | -                 |
| Deferred tax assets (net)        |          | 19,271              | 1,276,704         | 22,416              | 1,402,121         |
| Long-term loans and advances     | 7        | 6,930               | 459,112           | 82,777              | 5,177,701         |
|                                  |          | 202,449             | 13,412,246        | 229,986             | 14,385,624        |
| <b>2 Current assets</b>          |          |                     |                   |                     |                   |
| Trade receivables                | 8        | 192,847             | 12,776,114        | 70,521              | 4,411,089         |
| Cash and cash equivalents        | 9        | 199,413             | 13,211,111        | 88,811              | 5,555,128         |
| Short-term loans and advances    | 10       | 49,864              | 3,303,490         | 50,165              | 3,137,821         |
|                                  |          | 442,124             | 29,290,715        | 209,497             | 13,104,038        |
| <b>Total</b>                     |          | <b>644,573</b>      | <b>42,702,961</b> | <b>439,483</b>      | <b>27,489,662</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|------|--|----------|----------------------|-------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*              | USD                   | INR*               |
| I.   | Revenue                                      |          |                      |                   |                       |                    |
|      | Revenue from operations                      | 11       | 1,038,483            | 68,799,499        | 1,080,955             | 67,613,735         |
|      | Other income                                 | 12       | 8,057                | 533,777           | 84                    | 5,254              |
|      | <b>Total revenue</b>                         |          | <b>1,046,540</b>     | <b>69,333,276</b> | <b>1,081,039</b>      | <b>67,618,989</b>  |
| II.  | Expenses                                     |          |                      |                   |                       |                    |
|      | Employee benefits expense                    | 13       | 207,262              | 13,731,108        | -                     | -                  |
|      | Finance costs                                | 14       | (2,160)              | (143,100)         | 36,932                | 2,310,097          |
|      | Network costs                                | 15       | 646,205              | 42,811,081        | 901,130               | 56,365,682         |
|      | Depreciation and amortization expenses       |          | 67,296               | 4,458,360         | 80,006                | 5,004,375          |
|      | Other expenses                               | 16       | 122,959              | 8,146,036         | 80,875                | 5,058,730          |
|      | <b>Total expenses</b>                        |          | <b>1,041,562</b>     | <b>69,003,485</b> | <b>1,098,943</b>      | <b>68,738,884</b>  |
| III. | Profit / (loss) before tax (I-II)            |          | <b>4,978</b>         | <b>329,791</b>    | <b>(17,904)</b>       | <b>(1,119,895)</b> |
| IV.  | Tax expenses                                 |          |                      |                   |                       |                    |
|      | Current Tax                                  |          | -                    | -                 | 6,499                 | 406,512            |
|      | Deferred Tax                                 |          | 3,145                | 208,356           | (13,718)              | (858,061)          |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>1,833</b>         | <b>121,435</b>    | <b>(10,685)</b>       | <b>(668,346)</b>   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |         | As at 31 March 2015 |         |
|----------------------|---------------------|---------|---------------------|---------|
|                      | USD                 | INR     | USD                 | INR     |
| Equity share capital | 7,871               | 521,454 | 7,871               | 492,331 |
| Total                | 7,871               | 521,454 | 7,871               | 492,331 |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |             | As at 31 March 2015 |             |
|------------------------------|---------------------|-------------|---------------------|-------------|
|                              | USD                 | INR         | USD                 | INR         |
| Surplus / (Deficit)          |                     |             |                     |             |
| Opening balance              | (98,417)            | (6,520,126) | (87,732)            | (5,487,637) |
| Profit / (loss) for the year | 1,833               | 121,435     | (10,685)            | (668,346)   |
| Closing balance              | (96,584)            | (6,398,691) | (98,417)            | (6,155,983) |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |            | As at 31 March 2015 |     |
|---------------------------|---------------------|------------|---------------------|-----|
|                           | USD                 | INR        | USD                 | INR |
| Inter company loans taken | 537,458             | 35,606,593 | -                   | -   |
| Total                     | 537,458             | 35,606,593 | -                   | -   |

## 4 Trade payables

| Particulars           | As at 31 March 2016 |            | As at 31 March 2015 |            |
|-----------------------|---------------------|------------|---------------------|------------|
|                       | USD                 | INR        | USD                 | INR        |
| Trade payables        | 155,881             | 10,327,116 | 64,942              | 4,062,122  |
| Employee dues         | 24,153              | 1,600,136  | -                   | -          |
| Intercompany payables | -                   | -          | 450,926             | 28,205,421 |
| Total                 | 180,034             | 11,927,252 | 515,868             | 32,267,543 |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |           | As at 31 March 2015 |         |
|---------------------------------|---------------------|-----------|---------------------|---------|
|                                 | USD                 | INR       | USD                 | INR     |
| Other liabilities               | 8                   | 530       | -                   | -       |
| VAT payable                     | 3,248               | 215,180   | 2,392               | 149,620 |
| Interest payable- Inter company | 12,538              | 830,643   | 11,769              | 736,151 |
| Total                           | 15,794              | 1,046,353 | 14,161              | 885,771 |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------------------------|---------------------|-------------------|---------------------|------------------|
|                                  | USD                 | INR               | USD                 | INR              |
| <b>Gross block:</b>              |                     |                   |                     |                  |
| Plant and machinery              | 635,613             | 42,109,361        | 518,787             | 32,450,127       |
| (a)                              | 635,613             | 42,109,361        | 518,787             | 32,450,127       |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                  |
| Plant and machinery              | 461,291             | 30,560,529        | 393,994             | 24,644,325       |
| (b)                              | 461,291             | 30,560,529        | 393,994             | 24,644,325       |
| <b>Net block (a) - (b)</b>       | <b>174,322</b>      | <b>11,548,832</b> | <b>124,793</b>      | <b>7,805,802</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans and advances

| Particulars               | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|---------------------------|---------------------|----------------|---------------------|------------------|
|                           | USD                 | INR            | USD                 | INR              |
| Inter company loans given | -                   | -              | 77,097              | 4,822,417        |
| Prepaid expenses          | 633                 | 41,936         | -                   | -                |
| Advance tax (net)         | 6,297               | 417,176        | 5,680               | 355,284          |
| <b>Total</b>              | <b>6,930</b>        | <b>459,112</b> | <b>82,777</b>       | <b>5,177,701</b> |

## 8 Trade receivables

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|--------------------------|---------------------|-------------------|---------------------|------------------|
|                          | USD                 | INR               | USD                 | INR              |
| Trade receivables        | 77,593              | 5,140,536         | 70,521              | 4,411,089        |
| Intercompany receivables | 115,254             | 7,635,578         | -                   | -                |
| <b>Total</b>             | <b>192,847</b>      | <b>12,776,114</b> | <b>70,521</b>       | <b>4,411,089</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------|---------------------|-------------------|---------------------|------------------|
|                   | USD                 | INR               | USD                 | INR              |
| Balance with bank | 199,413             | 13,211,111        | 88,811              | 5,555,128        |
| <b>Total</b>      | <b>199,413</b>      | <b>13,211,111</b> | <b>88,811</b>       | <b>5,555,128</b> |

## 10 Short term loans and advances

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | USD                 | INR              | USD                 | INR              |
| Other advances   | 1,225               | 81,156           | -                   | -                |
| Prepaid expenses | 4,272               | 283,020          | 2,149               | 134,420          |
| VAT receivable   | 44,367              | 2,939,314        | 48,016              | 3,003,401        |
| <b>Total</b>     | <b>49,864</b>       | <b>3,303,490</b> | <b>50,165</b>       | <b>3,137,821</b> |

## 11 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 1,038,483            | 68,799,499        | 1,080,955             | 67,613,735        |
| <b>Total</b>           | <b>1,038,483</b>     | <b>68,799,499</b> | <b>1,080,955</b>      | <b>67,613,735</b> |

## 12 Other income

| Particulars                               | Current year 2015-16 |                | Previous year 2014-15 |              |
|---|----------------------|----------------|-----------------------|--------------|
|   | USD                  | INR            | USD                   | INR          |
| Interest income - others                  | 15                   | 994            | 9                     | 563          |
| Exchange rate difference gain/(loss) -net | 8,042                | 532,783        | 75                    | 4,691        |
| <b>Total</b>                              | <b>8,057</b>         | <b>533,777</b> | <b>84</b>             | <b>5,254</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |          |
|--------------------------------|----------------------|-------------------|-----------------------|----------|
|                                | USD                  | INR               | USD                   | INR      |
| Salaries, bonus and allowances | 207,055              | 13,717,394        | -                     | -        |
| Staff welfare expenses         | 207                  | 13,714            | -                     | -        |
| <b>Total</b>                   | <b>207,262</b>       | <b>13,731,108</b> | <b>-</b>              | <b>-</b> |

## 14 Finance costs

| Particulars       | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|-------------------|----------------------|------------------|-----------------------|------------------|
|                   | USD                  | INR              | USD                   | INR              |
| Interest expenses | 16,941               | 1,122,341        | 26,672                | 1,668,334        |
| Guarantee fees    | (19,101)             | (1,265,441)      | 10,260                | 641,763          |
| <b>Total</b>      | <b>(2,160)</b>       | <b>(143,100)</b> | <b>36,932</b>         | <b>2,310,097</b> |

## 15 Network costs

| Particulars                                | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--|----------------------|-------------------|-----------------------|-------------------|
|  | USD                  | INR               | USD                   | INR               |
| Charges for use of transmission facilities | 646,205              | 42,811,081        | 901,130               | 56,365,682        |
| <b>Total</b>                               | <b>646,205</b>       | <b>42,811,081</b> | <b>901,130</b>        | <b>56,365,682</b> |

## 16 Other expenses

| Particulars                                 | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Communication expenses                      | 3,013                | 199,611          | 363                   | 22,706           |
| Electricity                                 | 17,550               | 1,162,688        | 10,400                | 650,520          |
| Entertainment expenses                      | 10,603               | 702,449          | -                     | -                |
| Exchange rate difference (gain)/loss -net   | 10,204               | 676,015          | -                     | -                |
| Insurance expenses                          | 4,757                | 315,151          | 947                   | 59,235           |
| IT consumables                              | 64                   | 4,240            | -                     | -                |
| Legal and professional fees                 | 25,141               | 1,665,591        | 36,144                | 2,260,807        |
| Miscellaneous expenses                      | 10,434               | 691,254          | 9,825                 | 614,552          |
| Printing and stationery                     | 255                  | 16,894           | -                     | -                |
| Repairs and Maintenance - Plant & Machinery | 21,239               | 1,407,084        | 22,027                | 1,377,789        |
| Repairs and Maintenance - Buildings         | 400                  | 26,500           | -                     | -                |
| Seminars, trainings and conferences         | 80                   | 5,300            | -                     | -                |
| Services rendered by agencies               | 4,864                | 322,240          | 1,169                 | 73,121           |
| Travelling and conveyance expenses          | 14,355               | 951,019          | -                     | -                |
| <b>Total</b>                                | <b>122,959</b>       | <b>8,146,036</b> | <b>80,875</b>         | <b>5,058,730</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhfawar  
229, Nariman Point  
Mumbai - 400 021, India

T: +91(22) 61214444

email: ss-associates.com www: ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (Thailand) Limited** ("the subsidiary") registered in Thailand as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

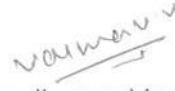
The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010



  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                   | Note No. | As at 31 March 2016 |             | As at 31 March 2015 |             |
|-----|-------------------------------|----------|---------------------|-------------|---------------------|-------------|
|     |                               |          | USD                 | INR*        | USD                 | INR*        |
| I.  | <b>EQUITY AND LIABILITIES</b> |          |                     |             |                     |             |
| 1   | <b>Shareholders' funds</b>    |          |                     |             |                     |             |
|     | Share capital                 | 1        | 95,923              | 6,354,899   | 95,923              | 5,999,984   |
|     | Reserves and surplus          | 2        | (45,245)            | (2,997,481) | (50,284)            | (3,145,264) |
|     |                               |          | 50,678              | 3,357,418   | 45,639              | 2,854,720   |
| 2   | <b>Current liabilities</b>    |          |                     |             |                     |             |
|     | Trade payables                | 3        | 6,492               | 430,095     | 46,442              | 2,904,947   |
|     | Short-term provisions         | 4        | 49                  | 3,246       | -                   | -           |
|     |                               |          | 6,541               | 433,341     | 46,442              | 2,904,947   |
|     | <b>Total</b>                  |          | 57,219              | 3,790,759   | 92,081              | 5,759,667   |
| II. | <b>ASSETS</b>                 |          |                     |             |                     |             |
| 1   | <b>Non-current assets</b>     |          |                     |             |                     |             |
|     | Fixed assets                  |          |                     |             |                     |             |
|     | Tangible assets               | 5        | 3,052               | 202,195     | -                   | -           |
|     |                               |          | 3,052               | 202,195     | -                   | -           |
| 2   | <b>Current assets</b>         |          |                     |             |                     |             |
|     | Cash and cash equivalents     | 6        | 53,658              | 3,554,843   | 92,081              | 5,759,667   |
|     | Short-term loans and advances | 7        | 509                 | 33,721      | -                   | -           |
|     |                               |          | 54,167              | 3,588,564   | 92,081              | 5,759,667   |
|     | <b>Total</b>                  |          | 57,219              | 3,790,759   | 92,081              | 5,759,667   |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                | Note No. | Current year 2015-16 |           | Previous year 2014-15 |             |
|------|--|----------|----------------------|-----------|-----------------------|-------------|
|      |  |          | USD                  | INR*      | USD                   | INR*        |
| I.   | <b>Revenue</b>                             |          |                      |           |                       |             |
|      | Revenue from operations                    |          | -                    | -         | -                     | -           |
|      | Other income                               |          | -                    | -         | -                     | -           |
|      | <b>Total revenue</b>                       |          | -                    | -         | -                     | -           |
| II.  | <b>Expenses</b>                            |          |                      |           |                       |             |
|      | Depreciation and amortization expenses     |          | 218                  | 14,443    | -                     | -           |
|      | Other expenses                             | 8        | (5,257)              | (348,277) | 49,207                | 3,077,898   |
|      | <b>Total expenses</b>                      |          | (5,039)              | (333,834) | 49,207                | 3,077,898   |
| III. | <b>Profit / (loss) for the year (I-II)</b> |          | 5,039                | 333,834   | (49,207)              | (3,077,898) |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Equity share capital | 95,923              | 6,354,899        | 95,923              | 5,999,984        |
| <b>Total</b>         | <b>95,923</b>       | <b>6,354,899</b> | <b>95,923</b>       | <b>5,999,984</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | (50,284)            | (3,331,315)        | (1,077)             | (67,366)           |
| Profit / (loss) for the year | 5,039               | 333,834            | (49,207)            | (3,077,898)        |
| <b>Closing balance</b>       | <b>(45,245)</b>     | <b>(2,997,481)</b> | <b>(50,284)</b>     | <b>(3,145,264)</b> |

## 3 Trade payables

| Particulars           | As at 31 March 2016 |                | As at 31 March 2015 |                  |
|-----------------------|---------------------|----------------|---------------------|------------------|
|                       | USD                 | INR            | USD                 | INR              |
| Trade payables        | 5,472               | 362,520        | 45,474              | 2,844,399        |
| Intercompany payables | 1,020               | 67,575         | 968                 | 60,548           |
| <b>Total</b>          | <b>6,492</b>        | <b>430,095</b> | <b>46,442</b>       | <b>2,904,947</b> |

## 4 Short term provisions

| Particulars             | As at 31 March 2016 |              | As at 31 March 2015 |          |
|-------------------------|---------------------|--------------|---------------------|----------|
|                         | USD                 | INR          | USD                 | INR      |
| Provision for tax (net) | 49                  | 3,246        | -                   | -        |
| <b>Total</b>            | <b>49</b>           | <b>3,246</b> | <b>-</b>            | <b>-</b> |

## 5 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                | As at 31 March 2015 |          |
|----------------------------------|---------------------|----------------|---------------------|----------|
|                                  | USD                 | INR            | USD                 | INR      |
| <b>Gross block:</b>              |                     |                |                     |          |
| Plant and machinery              | 3,270               | 216,638        | -                   | -        |
| (a)                              | 3,270               | 216,638        | -                   | -        |
| <b>Accumulated depreciation:</b> |                     |                |                     |          |
| Plant and machinery              | 218                 | 14,443         | -                   | -        |
| (b)                              | 218                 | 14,443         | -                   | -        |
| <b>Net block (a) - (b)</b>       | <b>3,052</b>        | <b>202,195</b> | <b>-</b>            | <b>-</b> |

## 6 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 53,658              | 3,554,843        | 92,081              | 5,759,667        |
| <b>Total</b>      | <b>53,658</b>       | <b>3,554,843</b> | <b>92,081</b>       | <b>5,759,667</b> |

## 7 Short term loans and advances

| Particulars      | As at 31 March 2016 |               | As at 31 March 2015 |          |
|------------------|---------------------|---------------|---------------------|----------|
|                  | USD                 | INR           | USD                 | INR      |
| Prepaid expenses | 509                 | 33,721        | -                   | -        |
| <b>Total</b>     | <b>509</b>          | <b>33,721</b> | <b>-</b>            | <b>-</b> |

## 8 Other expenses

| Particulars                                 | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Auditors remuneration                       | 480                  | 31,800           | 337                   | 21,079           |
| Communication expenses                      | 125                  | 8,281            | -                     | -                |
| Exchange rate difference (gain)/loss - net  | 6,521                | 432,016          | 3,846                 | 240,567          |
| Insurance expenses                          | 1,537                | 101,826          | -                     | -                |
| Legal and professional fees                 | (14,180)             | (939,425)        | 45,024                | 2,816,252        |
| Miscellaneous expenses                      | 116                  | 7,685            | -                     | -                |
| Repairs and Maintenance - Plant & Machinery | 144                  | 9,540            | -                     | -                |
| <b>Total</b>                                | <b>(5,257)</b>       | <b>(348,277)</b> | <b>49,207</b>         | <b>3,077,898</b> |





Suresh Surana &amp; Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021 India

T +91 (22) 6121 4444

email: ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

**ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (UK) Limited** ("the subsidiary") registered in England and Wales as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

| Particulars                              | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--|----------|---------------------|----------------------|---------------------|----------------------|
|  |          | USD                 | INR*                 | USD                 | INR*                 |
| <b>I. EQUITY AND LIABILITIES</b>         |          |                     |                      |                     |                      |
| <b>1 Shareholders' funds</b>             |          |                     |                      |                     |                      |
| Share capital                            | 1        | 13,542,142          | 897,166,908          | 13,542,142          | 847,060,982          |
| Reserves and surplus                     | 2        | (88,784,026)        | (5,881,941,723)      | (96,087,611)        | (6,010,280,065)      |
|  |          | (75,241,884)        | (4,984,774,815)      | (82,545,469)        | (5,163,219,083)      |
| <b>2 Non-current liabilities</b>         |          |                     |                      |                     |                      |
| Other long term liabilities              | 3        | 88,589,129          | 5,869,029,796        | 92,807,642          | 5,805,118,007        |
| Long-term provisions                     | 4        | 4,143,001           | 274,473,816          | 2,879,815           | 180,132,428          |
|  |          | 92,732,130          | 6,143,503,612        | 95,687,457          | 5,985,250,435        |
| <b>3 Current liabilities</b>             |          |                     |                      |                     |                      |
| Short-term borrowings                    | 5        | 35,515,919          | 2,352,929,634        | 17,585,844          | 1,099,994,542        |
| Trade payables                           | 6        | 73,027,842          | 4,838,094,533        | 85,189,456          | 5,328,600,473        |
| Other current liabilities                | 7        | 10,638,714          | 704,814,803          | 13,510,511          | 845,082,463          |
| Short-term provisions                    | 8        | 929,248             | 61,562,680           | 1,059,578           | 66,276,604           |
|  |          | 120,111,723         | 7,957,401,650        | 117,345,389         | 7,339,954,082        |
| <b>Total</b>                             |          | <b>137,601,969</b>  | <b>9,116,130,447</b> | <b>130,487,377</b>  | <b>8,161,985,434</b> |
| <b>II. ASSETS</b>                        |          |                     |                      |                     |                      |
| <b>1 Non-current assets</b>              |          |                     |                      |                     |                      |
| Fixed assets                             |          |                     |                      |                     |                      |
| (i) Tangible assets                      | 9        | 58,438,529          | 3,871,552,546        | 56,024,632          | 3,504,340,732        |
| (ii) Intangible assets                   | 10       | 889,035             | 58,898,569           | 445,042             | 27,837,378           |
| (iii) Capital work-in-progress           |          | 2,241,379           | 148,491,359          | 4,863,681           | 304,223,247          |
| (iv) Intangible assets under development |          | 501,641             | 33,233,716           | 553,566             | 34,625,553           |
| Long-term loans and advances             | 11       | 2,299,176           | 152,320,410          | 3,719,901           | 232,679,808          |
|  |          | 64,369,760          | 4,264,496,600        | 65,606,822          | 4,103,706,718        |
| <b>2 Current assets</b>                  |          |                     |                      |                     |                      |
| Trade receivables                        | 12       | 62,863,288          | 4,164,692,830        | 51,001,898          | 3,190,168,720        |
| Cash and cash equivalents                | 13       | 903,335             | 59,845,944           | 6,917,425           | 432,684,934          |
| Short-term loans and advances            | 14       | 9,097,835           | 602,731,569          | 6,898,289           | 431,487,977          |
| Other current assets                     | 15       | 367,751             | 24,363,504           | 62,943              | 3,937,085            |
|  |          | 73,232,209          | 4,851,633,847        | 64,880,555          | 4,058,278,716        |
| <b>Total</b>                             |          | <b>137,601,969</b>  | <b>9,116,130,447</b> | <b>130,487,377</b>  | <b>8,161,985,434</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars  | Note No. | Current year 2015-16 |                | Previous year 2014-15 |                |
|------|--|----------|----------------------|----------------|-----------------------|----------------|
|      |  |          | USD                  | INR*           | USD                   | INR*           |
| I.   | Revenue  |          |                      |                |                       |                |
|      | Revenue from operations                              | 16       | 482,859,901          | 31,989,468,441 | 478,308,587           | 29,918,202,117 |
|      | Other income   | 17       | 2,509,560            | 166,258,350    | 2,514,802             | 157,300,864    |
|      | Total revenue  |          | 485,369,461          | 32,155,726,791 | 480,823,389           | 30,075,502,981 |
| II.  | Expenses   |          |                      |                |                       |                |
|      | Employee benefits expense                            | 18       | 56,600,993           | 3,749,815,786  | 45,168,235            | 2,825,273,099  |
|      | Finance costs  | 19       | 378,290              | 25,061,713     | 2,291,812             | 143,352,841    |
|      | Network costs  | 20       | 345,092,164          | 22,862,355,865 | 366,492,406           | 22,924,099,995 |
|      | Depreciation and amortization expenses               |          | 11,489,230           | 761,161,488    | 14,078,767            | 880,626,870    |
|      | Other expenses                                       | 21       | 62,772,250           | 4,158,661,562  | 56,071,682            | 3,507,283,711  |
|      | Total expenses                                       |          | 476,332,927          | 31,557,056,414 | 484,102,902           | 30,280,636,516 |
| III. | Profit / (loss) before exceptional item & tax( I-II) |          | 9,036,534            | 598,670,377    | (3,279,513)           | (205,133,535)  |
| IV.  | Exceptional item                                     |          | 1,732,949            | 114,807,871    | -                     | -              |
| V.   | Profit / (loss) for the year ( III-IV)               |          | 7,303,585            | 483,862,506    | (3,279,513)           | (205,133,535)  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 13,542,142          | 897,166,908        | 13,542,142          | 847,060,982        |
| <b>Total</b>         | <b>13,542,142</b>   | <b>897,166,908</b> | <b>13,542,142</b>   | <b>847,060,982</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016  |                        | As at 31 March 2015  |                        |
|------------------------------|----------------------|------------------------|----------------------|------------------------|
|                              | USD                  | INR                    | USD                  | INR                    |
| <b>Surplus / (Deficit)</b>   |                      |                        |                      |                        |
| Opening balance              | (107,995,611)        | (7,154,709,229)        | (104,716,098)        | (6,549,991,930)        |
| Profit / (loss) for the year | 7,303,585            | 483,862,506            | (3,279,513)          | (205,133,535)          |
| <b>Closing balance</b>       | <b>(100,692,026)</b> | <b>(6,670,846,723)</b> | <b>(107,995,611)</b> | <b>(6,755,125,465)</b> |
| Share premium                | 11,908,000           | 788,905,000            | 11,908,000           | 744,845,400            |
| <b>Total</b>                 | <b>(88,784,026)</b>  | <b>(5,881,941,723)</b> | <b>(96,087,611)</b>  | <b>(6,010,280,065)</b> |

## 3 Other Long term liabilities

| Particulars        | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------|---------------------|----------------------|---------------------|----------------------|
|                    | USD                 | INR                  | USD                 | INR                  |
| Unearned revenue   | 81,264,685          | 5,383,785,381        | 85,658,907          | 5,357,964,633        |
| Lease equalisation | 7,223,780           | 478,575,425          | 7,048,071           | 440,856,841          |
| Security deposits  | 100,664             | 6,668,990            | 100,664             | 6,296,533            |
| <b>Total</b>       | <b>88,589,129</b>   | <b>5,869,029,796</b> | <b>92,807,642</b>   | <b>5,805,118,007</b> |

## 4 Long term provisions

| Particulars                            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--|---------------------|--------------------|---------------------|--------------------|
|  | USD                 | INR                | USD                 | INR                |
| Asset retirement obligation and others | 4,143,001           | 274,473,816        | 2,879,815           | 180,132,428        |
| <b>Total</b>                           | <b>4,143,001</b>    | <b>274,473,816</b> | <b>2,879,815</b>    | <b>180,132,428</b> |

## 5 Short term borrowings

| Particulars               | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
|                           | USD                 | INR                  | USD                 | INR                  |
| Inter company loans taken | 35,515,919          | 2,352,929,634        | 17,585,844          | 1,099,994,542        |
| <b>Total</b>              | <b>35,515,919</b>   | <b>2,352,929,634</b> | <b>17,585,844</b>   | <b>1,099,994,542</b> |

## 6 Trade payables

| Particulars           | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----------------------|---------------------|----------------------|---------------------|----------------------|
|                       | USD                 | INR                  | USD                 | INR                  |
| Trade payables        | 43,470,263          | 2,879,904,924        | 39,075,334          | 2,444,162,142        |
| Employee dues         | 7,708,687           | 510,700,514          | 5,537,216           | 346,352,861          |
| Intercompany payables | 21,848,892          | 1,447,489,095        | 40,576,906          | 2,538,085,470        |
| <b>Total</b>          | <b>73,027,842</b>   | <b>4,838,094,533</b> | <b>85,189,456</b>   | <b>5,328,600,473</b> |

## 7 Other current liabilities

| Particulars                     | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                 | USD                 | INR                | USD                 | INR                |
| Capital Creditors               | 103,140             | 6,833,025          | -                   | -                  |
| Deferred revenue                | 10,513,678          | 696,531,168        | 10,270,599          | 642,425,967        |
| VAT payable                     | -                   | -                  | 3,015,186           | 188,599,884        |
| Interest payable- Inter company | 10,556              | 699,335            | 224,045             | 14,014,015         |
| Bank overdraft                  | 11,340              | 751,275            | 681                 | 42,597             |
| <b>Total</b>                    | <b>10,638,714</b>   | <b>704,814,803</b> | <b>13,510,511</b>   | <b>845,082,463</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 8 Short term provisions

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------|---------------------|-------------------|---------------------|-------------------|
|                   | USD                 | INR               | USD                 | INR               |
| Leave entitlement | 929,248             | 61,562,680        | 1,059,578           | 66,276,604        |
| <b>Total</b>      | <b>929,248</b>      | <b>61,562,680</b> | <b>1,059,578</b>    | <b>66,276,604</b> |

## 9 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                  | USD                 | INR                  | USD                 | INR                  |
| <b>Gross block:</b>              |                     |                      |                     |                      |
| Land                             | 688,484             | 45,612,065           | 524,909             | 32,833,058           |
| Leasehold land                   | 54,525              | 3,612,281            | 1,207,731           | 75,543,574           |
| Building                         | 2,821,674           | 186,935,903          | 1,944,041           | 121,599,765          |
| Lease hold improvement           | 4,093,760           | 271,211,600          | 3,860,385           | 241,467,082          |
| Cables                           | 33,858,620          | 2,243,133,575        | 29,003,396          | 1,814,162,420        |
| Plant and machinery              | 90,516,501          | 5,996,718,191        | 86,697,499          | 5,422,928,562        |
| Furniture and fixtures           | 1,326,422           | 87,875,458           | 415,184             | 25,969,759           |
| Computers                        | 7,117,648           | 471,544,180          | 9,897,799           | 619,107,327          |
| Office equipment                 | 585,277             | 38,774,601           | 566,261             | 35,419,626           |
| Vehicles                         | 4,544               | 301,040              | 4,544               | 284,227              |
| (a)                              | <b>141,067,455</b>  | <b>9,345,718,894</b> | <b>134,121,749</b>  | <b>8,389,315,400</b> |
| <b>Accumulated depreciation:</b> |                     |                      |                     |                      |
| Leasehold land                   | 27,692              | 1,834,595            | 486,418             | 30,425,446           |
| Building                         | 1,296,393           | 85,886,036           | 810,517             | 50,697,838           |
| Lease hold improvement           | 2,568,409           | 170,157,096          | 3,079,750           | 192,638,363          |
| Cables                           | 14,058,576          | 931,380,660          | 12,242,810          | 765,787,766          |
| Plant and machinery              | 57,754,570          | 3,826,240,263        | 52,492,544          | 3,283,408,627        |
| Furniture and fixtures           | 333,547             | 22,097,489           | 241,999             | 15,137,037           |
| Computers                        | 6,358,555           | 421,254,269          | 8,552,826           | 534,979,266          |
| Office equipment                 | 226,640             | 15,014,900           | 185,709             | 11,616,098           |
| Vehicles                         | 4,544               | 301,040              | 4,544               | 284,227              |
| (b)                              | <b>82,628,926</b>   | <b>5,474,166,348</b> | <b>78,097,117</b>   | <b>4,884,974,668</b> |
| <b>Net block</b>                 | <b>(a) - (b)</b>    | <b>58,438,529</b>    | <b>56,024,632</b>   | <b>3,504,340,732</b> |

## 10 Intangible assets

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | USD                 | INR                | USD                 | INR                |
| <b>Gross block:</b>              |                     |                    |                     |                    |
| Computer software                | 11,128,635          | 737,272,069        | 10,458,241          | 654,162,975        |
| (a)                              | <b>11,128,635</b>   | <b>737,272,069</b> | <b>10,458,241</b>   | <b>654,162,975</b> |
| <b>Accumulated depreciation:</b> |                     |                    |                     |                    |
| Computer software                | 10,239,600          | 678,373,500        | 10,013,199          | 626,325,597        |
| (b)                              | <b>10,239,600</b>   | <b>678,373,500</b> | <b>10,013,199</b>   | <b>626,325,597</b> |
| <b>Net block</b>                 | <b>(a) - (b)</b>    | <b>889,035</b>     | <b>445,042</b>      | <b>27,837,378</b>  |

## 11 Long term loans and advances

| Particulars       | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-------------------|---------------------|--------------------|---------------------|--------------------|
|                   | USD                 | INR                | USD                 | INR                |
| Vendor deposit    | 419,269             | 27,776,571         | 632,147             | 39,540,795         |
| Prepaid expenses  | 1,769,440           | 117,225,400        | 2,656,416           | 166,158,821        |
| Advance tax (net) | 110,467             | 7,318,439          | 431,338             | 26,980,192         |
| <b>Total</b>      | <b>2,299,176</b>    | <b>152,320,410</b> | <b>3,719,901</b>    | <b>232,679,808</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Trade receivables

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| Trade receivables            | 64,669,501          | 4,284,354,441        | 61,548,124          | 3,849,835,156        |
| Provision for doubtful debts | (1,806,213)         | (119,661,611)        | (10,546,226)        | (659,666,436)        |
| <b>Total</b>                 | <b>62,863,288</b>   | <b>4,164,692,830</b> | <b>51,001,898</b>   | <b>3,190,168,720</b> |

## 13 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                    |
|-------------------|---------------------|-------------------|---------------------|--------------------|
|                   | USD                 | INR               | USD                 | INR                |
| Cash in hand      | 6,879               | 455,734           | 5,962               | 372,923            |
| Balance with bank | 896,456             | 59,390,210        | 6,911,463           | 432,312,011        |
| <b>Total</b>      | <b>903,335</b>      | <b>59,845,944</b> | <b>6,917,425</b>    | <b>432,684,934</b> |

## 14 Short term loans and advances

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
|                       | USD                 | INR                | USD                 | INR                |
| Advances to employees | 194                 | 12,853             | 131,412             | 8,219,821          |
| Other advances        | 581,884             | 38,549,815         | 1,119,837           | 70,045,804         |
| Security deposit      | 944                 | 62,540             | 4,933               | 308,559            |
| Prepaid expenses      | 7,062,560           | 467,894,600        | 5,642,107           | 352,913,793        |
| VAT receivable        | 1,452,253           | 96,211,761         | -                   | -                  |
| <b>Total</b>          | <b>9,097,835</b>    | <b>602,731,569</b> | <b>6,898,289</b>    | <b>431,487,977</b> |

## 15 Other current assets

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|----------------------|---------------------|-------------------|---------------------|------------------|
|                      | USD                 | INR               | USD                 | INR              |
| Other current assets | 367,751             | 24,363,504        | 62,943              | 3,937,085        |
| <b>Total</b>         | <b>367,751</b>      | <b>24,363,504</b> | <b>62,943</b>       | <b>3,937,085</b> |

## 16 Revenue from operations

| Particulars            | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
|                        | USD                  | INR                   | USD                   | INR                   |
| Data and voice revenue | 482,859,901          | 31,989,468,441        | 478,308,587           | 29,918,202,117        |
| <b>Total</b>           | <b>482,859,901</b>   | <b>31,989,468,441</b> | <b>478,308,587</b>    | <b>29,918,202,117</b> |

## 17 Other income

| Particulars                       | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|-----------------------------------|----------------------|--------------------|-----------------------|--------------------|
|                                   | USD                  | INR                | USD                   | INR                |
| Interest on loan to subsidiaries  | 322,242              | 21,348,533         | 354,197               | 22,155,022         |
| Profit on sale of fixed assets    | -                    | -                  | 119,177               | 7,454,521          |
| Exchange rate difference gain-net | 453,337              | 30,033,576         | -                     | -                  |
| Miscellaneous income              | 1,733,981            | 114,876,241        | 2,041,428             | 127,691,321        |
| <b>Total</b>                      | <b>2,509,560</b>     | <b>166,258,350</b> | <b>2,514,802</b>      | <b>157,300,864</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 18 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Salaries, bonus and allowances            | 54,438,119           | 3,806,525,384        | 41,522,228            | 2,597,215,361        |
| Contribution to provident and other funds | 1,876,613            | 124,325,611          | 3,444,342             | 215,443,592          |
| Staff welfare expenses                    | 286,261              | 18,964,791           | 201,665               | 12,614,146           |
| <b>Total</b>                              | <b>56,600,993</b>    | <b>3,749,815,786</b> | <b>45,168,235</b>     | <b>2,825,273,099</b> |

## 19 Finance costs

| Particulars       | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|-------------------|----------------------|-------------------|-----------------------|--------------------|
|                   | USD                  | INR               | USD                   | INR                |
| Interest expenses | 1,505,767            | 99,757,064        | 1,487,911             | 93,068,833         |
| Guarantee fees    | (1,127,477)          | (74,695,351)      | 803,901               | 50,284,008         |
| <b>Total</b>      | <b>378,290</b>       | <b>25,061,713</b> | <b>2,291,812</b>      | <b>143,352,841</b> |

## 20 Network costs

| Particulars                                | Current year 2015-16 |                       | Previous year 2014-15 |                       |
|--|----------------------|-----------------------|-----------------------|-----------------------|
|  | USD                  | INR                   | USD                   | INR                   |
| Charges for use of transmission facilities | 344,530,471          | 22,825,143,704        | 366,374,066           | 22,916,697,828        |
| Rent of satellite channels                 | 561,693              | 37,212,161            | 118,340               | 7,402,167             |
| <b>Total</b>                               | <b>345,092,164</b>   | <b>22,862,355,865</b> | <b>366,492,406</b>    | <b>22,924,099,995</b> |

## 21 Other expenses

| Particulars                                 | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|---|----------------------|----------------------|-----------------------|----------------------|
|   | USD                  | INR                  | USD                   | INR                  |
| Advertising and publicity                   | 19,747,649           | 1,308,281,746        | 18,153,139            | 1,135,478,844        |
| Auditors remuneration                       | 291,278              | 19,297,168           | 290,772               | 18,187,789           |
| Bad debts                                   | 9,250,046            | 612,815,548          | -                     | -                    |
| Provision for doubtful debts                | (8,740,012)          | (579,025,795)        | (175,268)             | (10,963,013)         |
| Communication expenses                      | 814,139              | 53,936,709           | 785,962               | 49,161,923           |
| Donations                                   | 21,688               | 1,436,830            | 3,674                 | 229,809              |
| Electricity                                 | 4,309,971            | 285,535,579          | 4,988,522             | 312,032,051          |
| Entertainment expenses                      | 125,764              | 8,331,865            | 92,220                | 5,768,361            |
| Exchange rate difference loss -net          | -                    | -                    | 2,232,533             | 139,644,939          |
| Insurance expenses                          | 78,012               | 5,168,295            | 153,456               | 9,598,673            |
| IT consumables                              | 68,856               | 4,561,710            | 55,807                | 3,490,728            |
| Legal and professional fees                 | 2,543,274            | 168,491,903          | 1,823,632             | 114,068,182          |
| Miscellaneous expenses                      | 1,465,417            | 97,083,871           | 977,448               | 61,139,372           |
| Printing and stationery                     | 190,858              | 12,644,343           | 135,951               | 8,503,735            |
| Rates and Taxes                             | 1,968,866            | 130,437,373          | 2,170,103             | 135,739,943          |
| Recruitment expenses                        | 762,041              | 50,485,216           | 522,710               | 32,695,511           |
| Rent  | 4,557,415            | 301,928,744          | 5,138,816             | 321,432,941          |
| Repairs and Maintenance - Plant & Machinery | 7,772,492            | 514,927,595          | 4,719,680             | 295,215,984          |
| Repairs and Maintenance - Buildings         | 240,843              | 15,955,849           | 146,019               | 9,133,488            |
| Relocation Expense                          | 685,843              | 45,437,099           | 45,696                | 2,858,285            |
| Security charges                            | 551,518              | 36,538,068           | 589,907               | 36,898,683           |
| Seminars, trainings and conferences         | 482,144              | 31,942,040           | 503,878               | 31,517,569           |
| Services rendered by agencies               | 11,300,838           | 748,680,518          | 7,613,824             | 476,244,691          |
| Travelling and conveyance expenses          | 4,283,310            | 283,769,288          | 5,103,201             | 319,205,223          |
| <b>Total</b>                                | <b>62,772,250</b>    | <b>4,158,661,562</b> | <b>56,071,682</b>     | <b>3,507,283,711</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91 (22) 61214444

email: ss-associates.com www: ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Deutschland GmbH** ("the subsidiary") registered in Germany as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.




The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                              | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|------------|--|----------|---------------------|----------------------|---------------------|--------------------|
|            |  |          | USD                 | INR*                 | USD                 | INR*               |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b>            |          |                     |                      |                     |                    |
| <b>1</b>   | <b>Shareholders' funds</b>               |          |                     |                      |                     |                    |
|            | Share capital                            | 1        | 33,795              | 2,238,919            | 33,795              | 2,113,877          |
|            | Reserves and surplus                     | 2        | (11,652,489)        | (771,977,395)        | 2,673,788           | 167,245,438        |
|            |  |          | (11,618,694)        | (769,738,476)        | 2,707,583           | 169,359,315        |
| <b>2</b>   | <b>Non-current liabilities</b>           |          |                     |                      |                     |                    |
|            | Other long term liabilities              | 3        | 550,504             | 36,470,890           | 432,714             | 27,066,261         |
|            |  |          | 550,504             | 36,470,890           | 432,714             | 27,066,261         |
| <b>3</b>   | <b>Current liabilities</b>               |          |                     |                      |                     |                    |
|            | Short-term borrowings                    | 4        | -                   | -                    | 238,628             | 14,926,181         |
|            | Trade payables                           | 5        | 30,590,066          | 2,026,591,873        | 10,650,265          | 666,174,077        |
|            | Other current liabilities                | 6        | 298,921             | 19,803,518           | 530,908             | 33,208,295         |
|            | Short-term provisions                    | 7        | 104,812             | 6,943,795            | 615,290             | 38,486,389         |
|            |  |          | 30,993,799          | 2,053,339,186        | 12,035,091          | 752,794,942        |
|            | <b>Total</b>                             |          | <b>19,925,609</b>   | <b>1,320,071,600</b> | <b>15,175,388</b>   | <b>949,220,518</b> |
| <b>II.</b> | <b>ASSETS</b>                            |          |                     |                      |                     |                    |
| <b>1</b>   | <b>Non-current assets</b>                |          |                     |                      |                     |                    |
|            | Fixed assets                             |          |                     |                      |                     |                    |
|            | (i) Tangible assets                      | 8        | 7,801,194           | 516,829,104          | 8,223,083           | 514,353,841        |
|            | (ii) Intangible assets                   | 9        | 52,504              | 3,478,390            | 66,574              | 4,164,204          |
|            | (iii) Capital work-in-progress           |          | 627,359             | 41,562,534           | 399,428             | 24,984,221         |
|            | (iv) Intangible assets under development |          | 42,090              | 2,788,463            | 250,885             | 15,692,857         |
|            | Long-term loans and advances             | 10       | 180,707             | 11,971,839           | 91,393              | 5,716,632          |
|            |  |          | 8,703,854           | 576,630,330          | 9,031,363           | 564,911,755        |
| <b>2</b>   | <b>Current assets</b>                    |          |                     |                      |                     |                    |
|            | Trade receivables                        | 11       | 10,574,318          | 700,548,567          | 5,798,991           | 362,726,887        |
|            | Short-term loans and advances            | 12       | 595,815             | 39,472,745           | 282,495             | 17,670,062         |
|            | Other current assets                     | 13       | 51,622              | 3,419,958            | 62,539              | 3,911,814          |
|            |  |          | 11,221,755          | 743,441,270          | 6,144,025           | 384,308,763        |
|            | <b>Total</b>                             |          | <b>19,925,609</b>   | <b>1,320,071,600</b> | <b>15,175,388</b>   | <b>949,220,518</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                            | Note No. | Current year 2015-16 |               | Previous year 2014-15 |               |
|------|--|----------|----------------------|---------------|-----------------------|---------------|
|      |  |          | USD                  | INR*          | USD                   | INR*          |
| I.   | Revenue                                |          |                      |               |                       |               |
|      | Revenue from operations                | 14       | 91,663,921           | 6,072,734,766 | 75,959,465            | 4,751,264,536 |
|      | Other income                           | 15       | 392,992              | 26,035,720    | 91,326                | 5,712,442     |
|      | Total revenue                          |          | 92,056,913           | 6,098,770,486 | 76,050,791            | 4,756,976,978 |
| II.  | Expenses                               |          |                      |               |                       |               |
|      | Employee benefits expense              | 16       | 3,276,544            | 217,071,040   | 3,131,704             | 195,888,085   |
|      | Finance costs                          | 17       | (79,400)             | (5,260,250)   | 445,539               | 27,868,464    |
|      | Network costs                          | 18       | 97,647,134           | 6,469,122,628 | 66,189,192            | 4,140,133,960 |
|      | Depreciation and amortization expenses |          | 2,369,546            | 156,982,423   | 2,477,803             | 154,986,579   |
|      | Other expenses                         | 19       | 2,844,551            | 188,451,501   | 3,309,762             | 207,025,614   |
|      | Total expenses                         |          | 106,058,375          | 7,026,367,342 | 75,554,000            | 4,725,902,702 |
| III. | Profit / (loss) before tax( I-II)      |          | (14,001,462)         | (927,596,856) | 496,791               | 31,074,276    |
| IV.  | Tax expenses                           |          |                      |               |                       |               |
|      | Current Tax                            |          | 324,815              | 21,518,994    | (124,899)             | (7,812,432)   |
| V    | Profit / (loss) for the year (III-IV)  |          | (14,326,277)         | (949,115,850) | 621,690               | 38,886,708    |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Equity share capital | 33,795              | 2,238,919        | 33,795              | 2,113,877        |
| <b>Total</b>         | <b>33,795</b>       | <b>2,238,919</b> | <b>33,795</b>       | <b>2,113,877</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|------------------------------|---------------------|----------------------|---------------------|--------------------|
|                              | USD                 | INR                  | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                    |
| Opening balance              | 2,349,476           | 155,652,785          | 1,727,786           | 108,073,014        |
| Profit / (loss) for the year | (14,326,277)        | (949,115,850)        | 621,690             | 38,886,708         |
| Closing balance              | (11,976,801)        | (793,463,065)        | 2,349,476           | 146,959,722        |
| <b>Capital reserves</b>      | <b>324,312</b>      | <b>21,485,670</b>    | <b>324,312</b>      | <b>20,285,716</b>  |
| <b>Total</b>                 | <b>(11,652,489)</b> | <b>(771,977,395)</b> | <b>2,673,788</b>    | <b>167,245,438</b> |

## 3 Other Long term liabilities

| Particulars      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------|---------------------|-------------------|---------------------|-------------------|
|                  | USD                 | INR               | USD                 | INR               |
| Unearned revenue | 550,504             | 36,470,890        | 432,714             | 27,066,261        |
| <b>Total</b>     | <b>550,504</b>      | <b>36,470,890</b> | <b>432,714</b>      | <b>27,066,261</b> |

## 4 Short term borrowings

| Particulars               | As at 31 March 2016 |          | As at 31 March 2015 |                   |
|---------------------------|---------------------|----------|---------------------|-------------------|
|                           | USD                 | INR      | USD                 | INR               |
| Inter company loans taken | -                   | -        | 238,628             | 14,926,181        |
| <b>Total</b>              | <b>-</b>            | <b>-</b> | <b>238,628</b>      | <b>14,926,181</b> |

## 5 Trade payables

| Particulars           | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|-----------------------|---------------------|----------------------|---------------------|--------------------|
|                       | USD                 | INR                  | USD                 | INR                |
| Trade payables        | 8,899,296           | 589,578,360          | 6,695,161           | 418,782,321        |
| Employee dues         | 253,667             | 16,805,439           | 562,054             | 35,156,478         |
| Intercompany payables | 21,437,103          | 1,420,208,074        | 3,393,050           | 212,235,278        |
| <b>Total</b>          | <b>30,590,066</b>   | <b>2,026,591,873</b> | <b>10,650,265</b>   | <b>666,174,077</b> |

## 6 Other current liabilities

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Other liabilities               | 494                 | 32,728            | -                   | -                 |
| Deferred revenue                | 114,351             | 7,575,754         | 203,840             | 12,750,192        |
| VAT payable                     | 183,718             | 12,171,318        | 303,860             | 19,006,443        |
| Interest payable- Inter company | -                   | -                 | 23,208              | 1,451,660         |
| Book overdraft                  | 358                 | 23,718            | -                   | -                 |
| <b>Total</b>                    | <b>298,921</b>      | <b>19,803,518</b> | <b>530,908</b>      | <b>33,208,295</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|-------------------------|---------------------|------------------|---------------------|-------------------|
|                         | USD                 | INR              | USD                 | INR               |
| Provision for tax (net) | 25,656              | 1,699,710        | 548,375             | 34,300,856        |
| Leave entitlement       | 79,156              | 5,244,085        | 66,915              | 4,185,533         |
| <b>Total</b>            | <b>104,812</b>      | <b>6,943,795</b> | <b>615,290</b>      | <b>38,486,389</b> |

## 8 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | USD                 | INR                | USD                 | INR                |
| <b>Gross block:</b>              |                     |                    |                     |                    |
| Lease hold improvement           | 403                 | 26,699             | 403                 | 25,208             |
| Cables                           | 2,047,746           | 135,663,173        | 1,381,399           | 86,406,507         |
| Plant and machinery              | 24,846,766          | 1,646,098,248      | 24,950,954          | 1,560,682,173      |
| Furniture and fixtures           | 49,324              | 3,267,715          | 49,324              | 3,085,216          |
| Computers                        | 252,562             | 16,732,233         | 261,015             | 16,326,488         |
| Office equipment                 | 6,353               | 420,886            | 3,443               | 215,360            |
| (a)                              | 27,203,154          | 1,802,208,954      | 26,646,538          | 1,666,740,952      |
| <b>Accumulated depreciation:</b> |                     |                    |                     |                    |
| Lease hold improvement           | 403                 | 26,699             | 403                 | 25,208             |
| Cables                           | 1,014,665           | 67,221,556         | 897,909             | 56,164,208         |
| Plant and machinery              | 18,153,152          | 1,202,646,320      | 17,299,534          | 1,082,085,852      |
| Furniture and fixtures           | 18,963              | 1,256,299          | 13,491              | 843,862            |
| Computers                        | 214,068             | 14,182,005         | 208,675             | 13,052,621         |
| Office equipment                 | 709                 | 46,971             | 3,443               | 215,360            |
| (b)                              | 19,401,960          | 1,285,379,850      | 18,423,455          | 1,152,387,111      |
| <b>Net block (a) - (b)</b>       | <b>7,801,194</b>    | <b>516,829,104</b> | <b>8,223,083</b>    | <b>514,353,841</b> |

## 9 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Computer software                | 929,238             | 61,562,018       | 951,398             | 59,509,945       |
| (a)                              | 929,238             | 61,562,018       | 951,398             | 59,509,945       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Computer software                | 876,734             | 58,083,628       | 884,824             | 55,345,741       |
| (b)                              | 876,734             | 58,083,628       | 884,824             | 55,345,741       |
| <b>Net block (a) - (b)</b>       | <b>52,504</b>       | <b>3,478,390</b> | <b>66,574</b>       | <b>4,164,204</b> |

## 10 Long term loans and advances

| Particulars      | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|------------------|---------------------|-------------------|---------------------|------------------|
|                  | USD                 | INR               | USD                 | INR              |
| Vendor deposit   | 85,027              | 5,633,039         | 77,974              | 4,877,274        |
| Prepaid expenses | 95,680              | 6,338,800         | 13,419              | 839,358          |
| <b>Total</b>     | <b>180,707</b>      | <b>11,971,839</b> | <b>91,393</b>       | <b>5,716,632</b> |

## 11 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 10,817,476          | 716,657,785        | 8,287,851           | 518,405,080        |
| Provision for doubtful debts | (243,158)           | (16,109,218)       | (2,488,860)         | (155,678,193)      |
| <b>Total</b>                 | <b>10,574,318</b>   | <b>700,548,567</b> | <b>5,798,991</b>    | <b>362,726,887</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Short term loans and advances

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Inter company loans given       | 236,452             | 15,664,945        | -                   | -                 |
| Advances to employees           | 3,994               | 264,603           | 522                 | 32,651            |
| Other advances                  | 3,518               | 233,068           | 777                 | 48,601            |
| Provision for doubtful advances | (1,593)             | (105,536)         | (1,593)             | (99,642)          |
| Security deposit                | 62,456              | 4,137,710         | 62,456              | 3,906,623         |
| Prepaid expenses                | 290,988             | 19,277,955        | 220,333             | 13,781,829        |
| <b>Total</b>                    | <b>595,815</b>      | <b>39,472,745</b> | <b>282,495</b>      | <b>17,670,062</b> |

## 13 Other current assets

| Particulars                        | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------------------------|---------------------|------------------|---------------------|------------------|
|                                    | USD                 | INR              | USD                 | INR              |
| Interest receivable- Inter company | 3,116               | 206,435          | -                   | -                |
| Other current assets               | 48,506              | 3,213,523        | 62,539              | 3,911,814        |
| <b>Total</b>                       | <b>51,622</b>       | <b>3,419,958</b> | <b>62,539</b>       | <b>3,911,814</b> |

## 14 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 91,663,921           | 6,072,734,766        | 75,959,465            | 4,751,264,536        |
| <b>Total</b>           | <b>91,663,921</b>    | <b>6,072,734,766</b> | <b>75,959,465</b>     | <b>4,751,264,536</b> |

## 15 Other income

| Particulars                               | Current year 2015-16 |                   | Previous year 2014-15 |                  |
|---|----------------------|-------------------|-----------------------|------------------|
|   | USD                  | INR               | USD                   | INR              |
| Interest on loan to subsidiaries          | 121,893              | 8,075,411         | 81,776                | 5,115,089        |
| Exchange rate difference gain/(loss) -net | 141,498              | 9,374,243         | -                     | -                |
| Miscellaneous income                      | 129,601              | 8,586,066         | 9,550                 | 597,353          |
| <b>Total</b>                              | <b>392,992</b>       | <b>26,035,720</b> | <b>91,326</b>         | <b>5,712,442</b> |

## 16 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances            | 3,269,376            | 216,596,160        | 3,093,092             | 193,472,905        |
| Contribution to provident and other funds | -                    | -                  | 35,955                | 2,248,985          |
| Staff welfare expenses                    | 7,168                | 474,880            | 2,657                 | 166,195            |
| <b>Total</b>                              | <b>3,276,544</b>     | <b>217,071,040</b> | <b>3,131,704</b>      | <b>195,888,085</b> |

## 17 Finance costs

| Particulars       | Current year 2015-16 |                    | Previous year 2014-15 |                   |
|-------------------|----------------------|--------------------|-----------------------|-------------------|
|                   | USD                  | INR                | USD                   | INR               |
| Interest expenses | 109,864              | 7,278,490          | 318,348               | 19,912,667        |
| Guarantee fees    | (189,264)            | (12,538,740)       | 127,191               | 7,955,797         |
| <b>Total</b>      | <b>(79,400)</b>      | <b>(5,260,250)</b> | <b>445,539</b>        | <b>27,868,464</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 18 Network costs

| Particulars                                | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | USD                  | INR                  | USD                   | INR                  |
| Charges for use of transmission facilities | 97,647,134           | 6,469,122,628        | 66,189,192            | 4,140,133,960        |
| <b>Total</b>                               | <b>97,647,134</b>    | <b>6,469,122,628</b> | <b>66,189,192</b>     | <b>4,140,133,960</b> |

## 19 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Advertising and publicity                   | 190,205              | 12,601,081         | 237,387               | 14,848,557         |
| Auditors remuneration                       | 84,700               | 5,611,375          | 84,700                | 5,297,985          |
| Bad debts                                   | 2,354,230            | 155,967,738        | -                     | -                  |
| Provision for doubtful debts                | (2,245,702)          | (148,777,758)      | 170,982               | 10,694,924         |
| Communication expenses                      | 69,493               | 4,603,911          | 54,524                | 3,410,476          |
| Donations                                   | 1,945                | 128,856            | -                     | -                  |
| Electricity                                 | 322,926              | 21,393,848         | 332,721               | 20,811,699         |
| Entertainment expenses                      | 2,630                | 174,238            | 3,721                 | 232,749            |
| Exchange difference (gain)/loss -net        | -                    | -                  | 640,660               | 40,073,283         |
| Insurance expenses                          | 12,967               | 859,064            | 23,659                | 1,479,870          |
| IT consumables                              | 1,067                | 70,689             | 1,013                 | 63,363             |
| Legal and professional fees                 | 176,309              | 11,680,471         | 305,147               | 19,086,945         |
| Loss on sale of fixed assets (net)          | -                    | -                  | 1,482                 | 92,699             |
| Miscellaneous expenses                      | 41,730               | 2,764,608          | 64,751                | 4,050,175          |
| Printing and stationery                     | 17,260               | 1,143,475          | 8,979                 | 561,636            |
| Rates and Taxes                             | 25,211               | 1,670,229          | 249                   | 15,575             |
| Recruitment expenses                        | 140,413              | 9,302,361          | 18,642                | 1,166,057          |
| Rent  | 150,524              | 9,972,215          | 155,983               | 9,756,737          |
| Repairs and Maintenance - Plant & Machinery | 1,025,354            | 67,929,703         | 880,143               | 55,052,945         |
| Repairs and Maintenance - Buildings         | 10,855               | 719,144            | 15,103                | 944,693            |
| Relocation Expense                          | 47,400               | 3,140,250          | -                     | -                  |
| Seminars, trainings and conferences         | 303                  | 20,074             | 5,887                 | 368,232            |
| Services rendered by agencies               | 230,369              | 15,261,946         | 168,975               | 10,569,386         |
| Travelling and conveyance expenses          | 184,362              | 12,213,983         | 135,054               | 8,447,628          |
| <b>Total</b>                                | <b>2,844,551</b>     | <b>188,451,501</b> | <b>3,309,762</b>      | <b>207,025,614</b> |



Suresh Surana &amp; Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point  
Mumbai - 400 021, India

T +91 (22) 61214444

email@s5s-associates.com www.s5s-associates.com

LLP Identity No. AAB-7509

**ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Services (Bermuda) Ltd.** ("the subsidiary") registered in Bermuda as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar*  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                   | Note No. | As at 31 March 2016 |               | As at 31 March 2015 |               |
|-----|-------------------------------|----------|---------------------|---------------|---------------------|---------------|
|     |                               |          | USD                 | INR*          | USD                 | INR*          |
| I.  | <b>EQUITY AND LIABILITIES</b> |          |                     |               |                     |               |
| 1   | <b>Shareholders' funds</b>    |          |                     |               |                     |               |
|     | Share capital                 | 1        | 10,611,000          | 702,978,750   | 10,611,000          | 663,718,050   |
|     | Reserves and surplus          | 2        | 2,181,915           | 144,551,868   | 4,758,946           | 297,672,072   |
|     |                               |          | 12,792,915          | 847,530,618   | 15,369,946          | 961,390,122   |
| 3   | <b>Current liabilities</b>    |          |                     |               |                     |               |
|     | Trade payables                | 3        | 2,797,730           | 185,349,613   | 836,780             | 52,340,589    |
|     | Other current liabilities     | 4        | 62,048              | 4,110,682     | 40,000              | 2,502,000     |
|     |                               |          | 2,859,778           | 189,460,295   | 876,780             | 54,842,589    |
|     | <b>Total</b>                  |          | 15,652,693          | 1,036,990,913 | 16,246,726          | 1,016,232,711 |
| II. | <b>ASSETS</b>                 |          |                     |               |                     |               |
| 1   | <b>Non-current assets</b>     |          |                     |               |                     |               |
|     | Fixed assets                  |          |                     |               |                     |               |
|     | (i) Intangible assets         | 5        | 21,266              | 1,408,873     | 32,867              | 2,055,831     |
|     | Non-current investments       | 6        | -                   | -             | 566,608             | 35,441,330    |
|     | Other non-current assets      | 7        | 103,491             | 6,856,279     | -                   | -             |
|     |                               |          | 124,757             | 8,265,152     | 599,475             | 37,497,161    |
| 2   | <b>Current assets</b>         |          |                     |               |                     |               |
|     | Trade receivables             | 8        | 14,709,690          | 974,516,963   | 15,455,891          | 966,765,982   |
|     | Cash and cash equivalents     | 9        | 788,608             | 52,245,280    | 159,779             | 9,994,176     |
|     | Short-term loans and advances | 10       | 29,638              | 1,963,518     | 31,581              | 1,975,392     |
|     |                               |          | 15,527,936          | 1,028,725,761 | 15,647,251          | 978,735,550   |
|     | <b>Total</b>                  |          | 15,652,693          | 1,036,990,913 | 16,246,726          | 1,016,232,711 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                 | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|---|----------|----------------------|----------------------|-----------------------|----------------------|
|      |   |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>                              |          |                      |                      |                       |                      |
|      | Revenue from operations                     | 11       | 66,726,850           | 4,420,653,813        | 72,288,629            | 4,521,653,744        |
|      | Other income                                | 12       | 980,640              | 64,967,400           | 255,929               | 16,008,359           |
|      | <b>Total revenue</b>                        |          | <b>67,707,490</b>    | <b>4,485,621,213</b> | <b>72,544,558</b>     | <b>4,537,662,103</b> |
| II.  | <b>Expenses</b>                             |          |                      |                      |                       |                      |
|      | Employee benefits expense                   | 13       | 52,589               | 3,484,021            | 49,407                | 3,090,408            |
|      | Network costs                               | 14       | 8,858,713            | 586,889,736          | 7,300,261             | 456,631,326          |
|      | Depreciation and amortization expenses      |          | 11,600               | 768,500              | 1,933                 | 120,909              |
|      | Other expenses                              | 15       | 6,511,619            | 431,394,761          | 3,439,232             | 215,123,961          |
|      | <b>Total expenses</b>                       |          | <b>15,434,521</b>    | <b>1,022,537,018</b> | <b>10,790,833</b>     | <b>674,966,604</b>   |
| III. | <b>Profit / (loss) for the year ( I-II)</b> |          | <b>52,272,969</b>    | <b>3,463,084,195</b> | <b>61,753,725</b>     | <b>3,862,695,499</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------|---------------------|--------------------|---------------------|--------------------|
|                      | USD                 | INR                | USD                 | INR                |
| Equity share capital | 10,611,000          | 702,978,750        | 10,611,000          | 663,718,050        |
| <b>Total</b>         | <b>10,611,000</b>   | <b>702,978,750</b> | <b>10,611,000</b>   | <b>663,718,050</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                    |
| Opening balance              | 4,758,946           | 315,280,173        | 26,780,282          | 1,675,106,639      |
| Profit / (loss) for the year | 52,272,969          | 3,463,084,195      | 61,753,725          | 3,862,695,499      |
| Closing balance              | 57,031,915          | 3,778,364,368      | 88,534,007          | 5,537,802,138      |
| Dividend                     | (54,850,000)        | (3,633,812,500)    | (83,775,061)        | (5,240,130,066)    |
| <b>Total</b>                 | <b>2,181,915</b>    | <b>144,551,868</b> | <b>4,758,946</b>    | <b>297,672,072</b> |

## 3 Trade payables

| Particulars           | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|-----------------------|---------------------|--------------------|---------------------|-------------------|
|                       | USD                 | INR                | USD                 | INR               |
| Trade payables        | 696,530             | 46,145,113         | 831,564             | 52,014,328        |
| Employee dues         | 8,276               | 548,285            | 5,216               | 326,261           |
| Intercompany payables | 2,092,924           | 138,656,215        | -                   | -                 |
| <b>Total</b>          | <b>2,797,730</b>    | <b>185,349,613</b> | <b>836,780</b>      | <b>52,340,589</b> |

## 4 Other current liabilities

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | USD                 | INR              | USD                 | INR              |
| Deferred revenue | 62,048              | 4,110,682        | 40,000              | 2,502,000        |
| <b>Total</b>     | <b>62,048</b>       | <b>4,110,682</b> | <b>40,000</b>       | <b>2,502,000</b> |

## 5 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Customer relationship            | 49,200,000          | 3,259,500,000    | 49,200,000          | 3,077,460,000    |
| Computer software                | 216,166             | 14,320,998       | 408,767             | 25,568,376       |
| (a)                              | 49,416,166          | 3,273,820,998    | 49,608,767          | 3,103,028,376    |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Customer relationship            | 49,200,000          | 3,259,500,000    | 49,200,000          | 3,077,460,000    |
| Computer software                | 194,900             | 12,912,125       | 375,900             | 23,512,545       |
| (b)                              | 49,394,900          | 3,272,412,125    | 49,575,900          | 3,100,972,545    |
| <b>Net block (a)-(b)</b>         | <b>21,266</b>       | <b>1,408,873</b> | <b>32,867</b>       | <b>2,055,831</b> |

## 6 Non-current investments

| Particulars              | As at 31 March 2016 |          | As at 31 March 2015 |                   |
|--------------------------|---------------------|----------|---------------------|-------------------|
|                          | USD                 | INR      | USD                 | INR               |
| Investment in subsidiary | -                   | -        | 566,608             | 35,441,330        |
| <b>Total</b>             | <b>-</b>            | <b>-</b> | <b>566,608</b>      | <b>35,441,330</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Other non-current assets

| Particulars  | As at 31 March 2016 |                  | As at 31 March 2015 |          |
|--------------|---------------------|------------------|---------------------|----------|
|              | USD                 | INR              | USD                 | INR      |
| Others       | 103,491             | 6,856,279        | -                   | -        |
| <b>Total</b> | <b>103,491</b>      | <b>6,856,279</b> | <b>-</b>            | <b>-</b> |

## 8 Trade receivables

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | USD                 | INR                | USD                 | INR                |
| Trade receivables            | 15,116,782          | 1,001,486,808      | 16,230,821          | 1,015,237,854      |
| Provision for doubtful debts | (407,092)           | (26,969,845)       | (1,667,189)         | (104,282,672)      |
| Intercompany receivables     | -                   | -                  | 892,259             | 55,810,800         |
| <b>Total</b>                 | <b>14,709,690</b>   | <b>974,516,963</b> | <b>15,455,891</b>   | <b>966,765,982</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------|---------------------|-------------------|---------------------|------------------|
|                   | USD                 | INR               | USD                 | INR              |
| Balance with bank | 788,608             | 52,245,280        | 159,779             | 9,994,176        |
| <b>Total</b>      | <b>788,608</b>      | <b>52,245,280</b> | <b>159,779</b>      | <b>9,994,176</b> |

## 10 Short term loans and advances

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|------------------|---------------------|------------------|---------------------|------------------|
|                  | USD                 | INR              | USD                 | INR              |
| Prepaid expenses | 29,638              | 1,963,518        | 31,581              | 1,975,392        |
| <b>Total</b>     | <b>29,638</b>       | <b>1,963,518</b> | <b>31,581</b>       | <b>1,975,392</b> |

## 11 Revenue from operations

| Particulars            | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
|                        | USD                  | INR                  | USD                   | INR                  |
| Data and voice revenue | 66,726,850           | 4,420,653,813        | 72,288,629            | 4,521,653,744        |
| <b>Total</b>           | <b>66,726,850</b>    | <b>4,420,653,813</b> | <b>72,288,629</b>     | <b>4,521,653,744</b> |

## 12 Other income

| Particulars                      | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|----------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                  | USD                  | INR               | USD                   | INR               |
| Interest income - others         | 132                  | 8,745             | 63                    | 3,941             |
| Interest on loan to subsidiaries | -                    | -                 | 255,815               | 16,001,228        |
| Net gain on sale of investments  | 980,505              | 64,958,456        | -                     | -                 |
| Miscellaneous income             | 3                    | 199               | 51                    | 3,190             |
| <b>Total</b>                     | <b>980,640</b>       | <b>64,967,400</b> | <b>255,929</b>        | <b>16,008,359</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|--------------------------------|----------------------|------------------|-----------------------|------------------|
|                                | USD                  | INR*             | USD                   | INR              |
| Salaries, bonus and allowances | 52,589               | 3,484,021        | 49,407                | 3,090,408        |
| <b>Total</b>                   | <b>52,589</b>        | <b>3,484,021</b> | <b>49,407</b>         | <b>3,090,408</b> |

## 14 Network costs

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | USD                  | INR                | USD                   | INR                |
| Charges for use of transmission facilities | 8,858,713            | 586,889,736        | 7,300,261             | 456,631,326        |
| <b>Total</b>                               | <b>8,858,713</b>     | <b>586,889,736</b> | <b>7,300,261</b>      | <b>456,631,326</b> |

## 15 Other expenses

| Particulars                                 | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Auditors remuneration                       | 4,577                | 303,226            | 4,244                 | 265,462            |
| Bad debts                                   | 1,176,157            | 77,920,401         | -                     | -                  |
| Provision for doubtful debts                | (1,260,097)          | (83,481,426)       | 712,369               | 44,558,681         |
| Communication expenses                      | 111                  | 7,354              | -                     | -                  |
| Exchange rate difference (gain)/loss -net   | 36,519               | 2,419,384          | 143,669               | 8,986,496          |
| Legal and professional fees                 | 7,106                | 470,773            | 7,166                 | 448,233            |
| Miscellaneous expenses                      | 298,049              | 19,745,747         | 292,350               | 18,286,493         |
| Rates and Taxes                             | 1,999                | 132,434            | 1,995                 | 124,787            |
| Repairs and Maintenance - Plant & Machinery | 6,099,908            | 404,118,905        | 2,121,424             | 132,695,071        |
| Services rendered by agencies               | 147,290              | 9,757,963          | 156,015               | 9,758,738          |
| <b>Total</b>                                | <b>6,511,619</b>     | <b>431,394,761</b> | <b>3,439,232</b>      | <b>215,123,961</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhawar

229, Nariman Point

Mumbai - 400 021, India

T +91 (22) 6121 4444

email: [sas-associates.com](mailto:sas-associates.com) www: [www.ss-associates.com](http://www.ss-associates.com)

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Services (International) Pte. Ltd.** ("the subsidiary") registered in Singapore as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

*Vinodkumar V.V.*

(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                               | Note No. | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|-----|---|----------|---------------------|--------------------|---------------------|--------------------|
|     |   |          | USD                 | INR*               | USD                 | INR*               |
| I.  | <b>EQUITY AND LIABILITIES</b>             |          |                     |                    |                     |                    |
| 1   | <b>Shareholders' funds</b>                |          |                     |                    |                     |                    |
|     | Share capital                             | 1        | 344,869             | 22,847,571         | 344,869             | 21,571,556         |
|     | Reserves and surplus                      | 2        | 1,623,585           | 107,562,508        | 1,349,572           | 84,415,726         |
|     |   |          | 1,968,454           | 130,410,079        | 1,694,441           | 105,987,282        |
| 2   | <b>Current liabilities</b>                |          |                     |                    |                     |                    |
|     | Short-term borrowings                     | 3        | -                   | -                  | 1,391,218           | 87,020,686         |
|     | Trade payables                            | 4        | 1,151,016           | 76,254,810         | 991,470             | 62,016,448         |
|     | Other current liabilities                 | 5        | 221,376             | 14,666,161         | 293,719             | 18,372,125         |
|     | Short-term provisions                     | 6        | 341,764             | 22,641,865         | 394,902             | 24,701,121         |
|     |   |          | 1,714,156           | 113,562,836        | 3,071,309           | 192,110,380        |
|     | <b>Total</b>                              |          | <b>3,682,610</b>    | <b>243,972,915</b> | <b>4,765,750</b>    | <b>298,097,662</b> |
| II. | <b>ASSETS</b>                             |          |                     |                    |                     |                    |
| 1   | <b>Non-current assets</b>                 |          |                     |                    |                     |                    |
|     | Fixed assets                              |          |                     |                    |                     |                    |
|     | (i) Tangible assets                       | 7        | 1,120,364           | 74,224,115         | 784,627             | 49,078,418         |
|     | (ii) Intangible assets                    | 8        | 17,208              | 1,140,030          | -                   | -                  |
|     | (ii) Capital work-in-progress             |          | 125,946             | 8,343,923          | 9,858               | 616,618            |
|     | (iii) Intangible assets under development |          | -                   | -                  | 898                 | 56,170             |
|     | Long-term loans and advances              | 9        | 42,942              | 2,844,908          | 11,471              | 717,511            |
|     |   |          | 1,306,460           | 86,552,976         | 806,854             | 50,468,717         |
| 2   | <b>Current assets</b>                     |          |                     |                    |                     |                    |
|     | Trade receivables                         | 10       | 890,912             | 59,022,920         | 3,870,341           | 242,089,830        |
|     | Cash and cash equivalents                 | 11       | 101,822             | 6,745,708          | 16,597              | 1,038,142          |
|     | Short-term loans and advances             | 12       | 1,361,555           | 90,203,020         | 71,955              | 4,500,785          |
|     | Other current assets                      | 13       | 21,861              | 1,448,291          | 3                   | 188                |
|     |   |          | 2,376,150           | 157,419,939        | 3,958,896           | 247,628,945        |
|     | <b>Total</b>                              |          | <b>3,682,610</b>    | <b>243,972,915</b> | <b>4,765,750</b>    | <b>298,097,662</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars   | Note No. | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|------|---|----------|----------------------|--------------------|-----------------------|--------------------|
|      |   |          | USD                  | INR*               | USD                   | INR*               |
| I.   | <b>Revenue</b>  |          |                      |                    |                       |                    |
|      | Revenue from operations   | 14       | 4,487,589            | 297,302,771        | 4,823,780             | 301,727,439        |
|      | Other income  | 15       | 48,449               | 3,209,746          | 122,457               | 7,659,685          |
|      | <b>Total revenue</b>  |          | <b>4,536,038</b>     | <b>300,512,517</b> | <b>4,946,237</b>      | <b>309,387,124</b> |
| II.  | <b>Expenses</b>   |          |                      |                    |                       |                    |
|      | Employee benefits expense                                       | 16       | 2,414,459            | 159,957,910        | 3,743,429             | 234,151,484        |
|      | Finance costs   | 17       | 5,757                | 381,401            | 34,016                | 2,127,701          |
|      | Network costs   | 18       | 96,842               | 6,415,783          | -                     | -                  |
|      | Depreciation and amortization expenses                          |          | 319,407              | 21,160,714         | 259,876               | 16,255,244         |
|      | Other expenses  | 19       | 1,289,636            | 85,438,381         | 692,211               | 43,297,799         |
|      | <b>Total expenses</b>   |          | <b>4,126,101</b>     | <b>273,354,189</b> | <b>4,729,532</b>      | <b>295,832,228</b> |
| III. | <b>Profit / (loss) before exceptional item &amp; tax (I-II)</b> |          | <b>409,937</b>       | <b>27,158,328</b>  | <b>216,705</b>        | <b>13,554,896</b>  |
| IV.  | <b>Exceptional item</b>   |          | <b>234,461</b>       | <b>15,533,041</b>  | <b>-</b>              | <b>-</b>           |
| V.   | <b>Profit / (loss) before tax (III-IV)</b>                      |          | <b>175,476</b>       | <b>11,625,287</b>  | <b>216,705</b>        | <b>13,554,896</b>  |
| VI.  | <b>Tax expenses</b>   |          |                      |                    |                       |                    |
|      | Current Tax   |          | (98,537)             | (6,528,076)        | (30,079)              | (1,881,441)        |
| V.   | <b>Profit / (loss) for the year (III-VI)</b>                    |          | <b>274,013</b>       | <b>18,153,363</b>  | <b>246,784</b>        | <b>15,436,337</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------|---------------------|-------------------|---------------------|-------------------|
|                      | USD                 | INR               | USD                 | INR               |
| Equity share capital | 344,869             | 22,847,571        | 344,869             | 21,571,556        |
| <b>Total</b>         | <b>344,869</b>      | <b>22,847,571</b> | <b>344,869</b>      | <b>21,571,556</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|------------------------------|---------------------|--------------------|---------------------|-------------------|
|                              | USD                 | INR                | USD                 | INR               |
| <b>Surplus / (Deficit)</b>   |                     |                    |                     |                   |
| Opening balance              | 1,349,572           | 89,409,145         | 1,102,788           | 68,979,389        |
| Profit / (loss) for the year | 274,013             | 18,153,363         | 246,784             | 15,436,337        |
| <b>Closing balance</b>       | <b>1,623,585</b>    | <b>107,562,508</b> | <b>1,349,572</b>    | <b>84,415,726</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |          | As at 31 March 2015 |                   |
|---------------------------|---------------------|----------|---------------------|-------------------|
|                           | USD                 | INR      | USD                 | INR               |
| Inter company loans taken | -                   | -        | 1,391,218           | 87,020,686        |
| <b>Total</b>              | <b>-</b>            | <b>-</b> | <b>1,391,218</b>    | <b>87,020,686</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------|---------------------|-------------------|---------------------|-------------------|
|                | USD                 | INR               | USD                 | INR               |
| Trade payables | 307,384             | 20,364,190        | 218,613             | 13,674,243        |
| Employee dues  | 843,632             | 55,890,620        | 772,857             | 48,342,205        |
| <b>Total</b>   | <b>1,151,016</b>    | <b>76,254,810</b> | <b>991,470</b>      | <b>62,016,448</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                 | USD                 | INR               | USD                 | INR               |
| Other liabilities               | 221,126             | 14,649,598        | 275,284             | 17,219,015        |
| Deferred revenue                | -                   | -                 | -                   | -                 |
| VAT payable                     | 250                 | 16,563            | 250                 | 15,638            |
| Interest payable- Inter company | -                   | -                 | 18,185              | 1,137,472         |
| <b>Total</b>                    | <b>221,376</b>      | <b>14,666,161</b> | <b>293,719</b>      | <b>18,372,125</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
|                         | USD                 | INR               | USD                 | INR               |
| Provision for tax (net) | 22,851              | 1,513,879         | 129,212             | 8,082,211         |
| Leave entitlement       | 318,913             | 21,127,986        | 265,690             | 16,618,910        |
| <b>Total</b>            | <b>341,764</b>      | <b>22,641,865</b> | <b>394,902</b>      | <b>24,701,121</b> |





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | USD                 | INR               | USD                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Lease hold improvement           | 33,020              | 2,187,575         | 33,020              | 2,065,401         |
| Plant and machinery              | 1,718,980           | 113,882,425       | 1,064,128           | 66,561,206        |
| Computers                        | 217,353             | 14,399,636        | 221,697             | 13,867,147        |
| (a)                              | 1,969,353           | 130,469,636       | 1,318,845           | 82,493,754        |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Lease hold improvement           | 33,020              | 2,187,575         | 33,020              | 2,065,401         |
| Plant and machinery              | 635,620             | 42,109,825        | 345,616             | 21,618,281        |
| Computers                        | 180,349             | 11,948,121        | 155,582             | 9,731,654         |
| (b)                              | 848,989             | 56,245,521        | 534,218             | 33,415,336        |
| <b>Net block (a) - (b)</b>       | <b>1,120,364</b>    | <b>74,224,115</b> | <b>784,627</b>      | <b>49,078,418</b> |

## 8 Intangible assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |          |
|----------------------------------|---------------------|------------------|---------------------|----------|
|                                  | USD                 | INR              | USD                 | INR      |
| <b>Gross block:</b>              |                     |                  |                     |          |
| Computer software                | 17,500              | 1,159,375        | -                   | -        |
| (a)                              | 17,500              | 1,159,375        | -                   | -        |
| <b>Accumulated depreciation:</b> |                     |                  |                     |          |
| Computer software                | 292                 | 19,345           | -                   | -        |
| (b)                              | 292                 | 19,345           | -                   | -        |
| <b>Net block (a) - (b)</b>       | <b>17,208</b>       | <b>1,140,030</b> | <b>-</b>            | <b>-</b> |

## 9 Long term loans and advances

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|------------------|---------------------|------------------|---------------------|----------------|
|                  | USD                 | INR              | USD                 | INR            |
| Prepaid expenses | 42,942              | 2,844,908        | 11,471              | 717,511        |
| <b>Total</b>     | <b>42,942</b>       | <b>2,844,908</b> | <b>11,471</b>       | <b>717,511</b> |

## 10 Trade receivables

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                    |
|--------------------------|---------------------|-------------------|---------------------|--------------------|
|                          | USD                 | INR               | USD                 | INR                |
| Intercompany receivables | 890,912             | 59,022,920        | 3,870,341           | 242,089,830        |
| <b>Total</b>             | <b>890,912</b>      | <b>59,022,920</b> | <b>3,870,341</b>    | <b>242,089,830</b> |

## 11 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 101,822             | 6,745,708        | 16,597              | 1,038,142        |
| <b>Total</b>      | <b>101,822</b>      | <b>6,745,708</b> | <b>16,597</b>       | <b>1,038,142</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Short term loans and advances

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|---------------------------|---------------------|-------------------|---------------------|------------------|
|                           | USD                 | INR               | USD                 | INR              |
| Inter company loans given | 1,135,091           | 75,199,779        | -                   | -                |
| Other advances            | 359                 | 23,784            | 26,000              | 1,626,300        |
| Prepaid expenses          | 57,198              | 3,789,368         | 21,288              | 1,331,564        |
| Taxes recoverable         | 6,594               | 436,853           | 2,232               | 139,612          |
| VAT receivable            | 162,313             | 10,753,236        | 22,435              | 1,403,309        |
| <b>Total</b>              | <b>1,361,555</b>    | <b>90,203,020</b> | <b>71,955</b>       | <b>4,500,785</b> |

## 13 Other current assets

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |            |
|----------------------|---------------------|------------------|---------------------|------------|
|                      | USD                 | INR              | USD                 | INR        |
| Other current assets | -                   | -                | 3                   | 188        |
| <b>Total</b>         | <b>21,861</b>       | <b>1,448,291</b> | <b>3</b>            | <b>188</b> |

## 14 Revenue from operations

| Particulars                     | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---------------------------------|----------------------|--------------------|-----------------------|--------------------|
|                                 | USD                  | INR                | USD                   | INR                |
| Management consultancy Services | 4,487,589            | 297,302,771        | 4,823,780             | 301,727,439        |
| <b>Total</b>                    | <b>4,487,589</b>     | <b>297,302,771</b> | <b>4,823,780</b>      | <b>301,727,439</b> |

## 15 Other income

| Particulars                               | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Interest on loan to subsidiaries          | 41,644               | 2,758,915        | 5,780                 | 361,539          |
| Exchange rate difference (gain)/loss -net | -                    | -                | 116,164               | 7,266,058        |
| Miscellaneous income                      | 6,805                | 450,831          | 513                   | 32,088           |
| <b>Total</b>                              | <b>48,449</b>        | <b>3,209,746</b> | <b>122,457</b>        | <b>7,659,685</b> |

## 16 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                    | Previous year 2014-15 |                    |
|---|----------------------|--------------------|-----------------------|--------------------|
|   | USD                  | INR                | USD                   | INR                |
| Salaries, bonus and allowances            | 2,327,278            | 154,182,168        | 3,663,293             | 229,138,977        |
| Contribution to provident and other funds | 16,518               | 1,094,318          | 17,070                | 1,067,729          |
| Staff welfare expenses                    | 70,663               | 4,681,424          | 63,066                | 3,944,778          |
| <b>Total</b>                              | <b>2,414,459</b>     | <b>159,957,910</b> | <b>3,743,429</b>      | <b>234,151,484</b> |

## 17 Finance costs

| Particulars       | Current year 2015-16 |                | Previous year 2014-15 |                  |
|-------------------|----------------------|----------------|-----------------------|------------------|
|                   | USD                  | INR            | USD                   | INR              |
| Interest expenses | 9,308                | 616,655        | 27,832                | 1,740,892        |
| Guarantee fees    | (3,551)              | (235,254)      | 6,184                 | 386,809          |
| <b>Total</b>      | <b>5,757</b>         | <b>381,401</b> | <b>34,016</b>         | <b>2,127,701</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 18 Network costs

| Particulars                                | Current year 2015-16 |                  | Previous year 2014-15 |          |
|--|----------------------|------------------|-----------------------|----------|
|  | USD                  | INR              | USD                   | INR      |
| Charges for use of transmission facilities | 96,842               | 6,415,783        | -                     | -        |
| <b>Total</b>                               | <b>96,842</b>        | <b>6,415,783</b> | <b>-</b>              | <b>-</b> |

## 19 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Advertising and publicity                   | -                    | -                 | 51,057                | 3,193,615         |
| Auditors remuneration                       | 2,840                | 188,150           | 3,351                 | 209,605           |
| Communication expenses                      | 28,380               | 1,880,175         | 43,135                | 2,698,094         |
| Donations                                   | 17,848               | 1,182,430         | -                     | -                 |
| Entertainment expenses                      | 18,853               | 1,249,011         | 12,762                | 798,263           |
| Exchange rate difference (gain)/loss -net   | 183,424              | 12,151,840        | -                     | -                 |
| IT consumables                              | 153                  | 10,136            | 1,377                 | 86,131            |
| Legal and professional fees                 | 602,696              | 39,928,610        | 135,267               | 8,460,951         |
| Miscellaneous expenses                      | 18,138               | 1,201,638         | 14,338                | 896,842           |
| Printing and stationery                     | 5,292                | 350,595           | 6,234                 | 389,937           |
| Rates and Taxes                             | -                    | -                 | 241                   | 15,075            |
| Recruitment expenses                        | 687                  | 45,514            | -                     | -                 |
| Repairs and Maintenance - Plant & Machinery | 73,207               | 4,849,964         | 68,201                | 4,265,973         |
| Repairs and Maintenance - Buildings         | -                    | -                 | 3                     | 188               |
| Seminars, trainings and conferences         | 12,797               | 847,801           | 4,492                 | 280,975           |
| Services rendered by agencies               | 15                   | 994               | -                     | -                 |
| Travelling and conveyance expenses          | 325,306              | 21,551,523        | 351,753               | 22,002,150        |
| <b>Total</b>                                | <b>1,289,636</b>     | <b>85,438,381</b> | <b>692,211</b>        | <b>43,297,799</b> |






The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.

The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP ✓

Chartered Accountants

Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|                                  | Particulars | Note No. | As at 31 March 2016 |            | As at 31 March 2015 |            |
|----------------------------------|-------------|----------|---------------------|------------|---------------------|------------|
|                                  |             |          | USD                 | INR*       | USD                 | INR*       |
| <b>I. EQUITY AND LIABILITIES</b> |             |          |                     |            |                     |            |
| <b>1 Shareholders' funds</b>     |             |          |                     |            |                     |            |
| Share capital                    | 1           |          | 100                 | 6,625      | 100                 | 6,255      |
| Reserves and surplus             | 2           |          | 101,081             | 6,696,616  | 4,107               | 256,893    |
|                                  |             |          | 101,181             | 6,703,241  | 4,207               | 263,148    |
| <b>2 Non-current liabilities</b> |             |          |                     |            |                     |            |
| Deferred tax liabilities (net)   |             |          | -                   | -          | 1,638               | 102,457    |
|                                  |             |          | -                   | -          | 1,638               | 102,457    |
| <b>3 Current liabilities</b>     |             |          |                     |            |                     |            |
| Short-term borrowings            | 3           |          | 106,600             | 7,062,250  | 121,536             | 7,602,077  |
| Trade payables                   | 4           |          | 40,207              | 2,663,714  | 60,037              | 3,755,314  |
| Other current liabilities        | 5           |          | 4,548               | 301,306    | 6,252               | 391,062    |
| Short-term provisions            | 6           |          | 31,665              | 2,097,806  | 2,214               | 138,486    |
|                                  |             |          | 183,020             | 12,125,076 | 190,039             | 11,886,939 |
| <b>Total</b>                     |             |          | 284,201             | 18,828,317 | 195,884             | 12,252,544 |
| <b>II. ASSETS</b>                |             |          |                     |            |                     |            |
| <b>1 Non-current assets</b>      |             |          |                     |            |                     |            |
| Fixed assets                     |             |          |                     |            |                     |            |
| Tangible assets                  | 7           |          | 81,960              | 5,429,850  | 96,362              | 6,027,443  |
| Deferred tax assets (net)        |             |          | 2,685               | 177,881    | -                   | -          |
| Long-term loans and advances     | 8           |          | 261                 | 17,291     | -                   | -          |
|                                  |             |          | 84,906              | 5,625,022  | 96,362              | 6,027,443  |
| <b>2 Current assets</b>          |             |          |                     |            |                     |            |
| Trade receivables                | 9           |          | 154,767             | 10,253,314 | 36,592              | 2,288,829  |
| Cash and cash equivalents        | 10          |          | 38,937              | 2,579,576  | 48,543              | 3,036,365  |
| Short-term loans and advances    | 11          |          | 5,524               | 365,966    | 14,387              | 899,907    |
| Other current assets             | 12          |          | 67                  | 4,439      | -                   | -          |
|                                  |             |          | 199,295             | 13,203,295 | 99,522              | 6,225,101  |
| <b>Total</b>                     |             |          | 284,201             | 18,828,317 | 195,884             | 12,252,544 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------|--|----------|----------------------|-------------------|-----------------------|-------------------|
|      |  |          | USD                  | INR*              | USD                   | INR*              |
| I.   | Revenue                                      |          |                      |                   |                       |                   |
|      | Revenue from operations                      | 13       | 375,883              | 24,902,249        | 168,293               | 10,526,727        |
|      | Other income                                 | 14       | 25                   | 1,656             | 768                   | 48,039            |
|      | <b>Total revenue</b>                         |          | <b>375,908</b>       | <b>24,903,905</b> | <b>169,061</b>        | <b>10,574,766</b> |
| II.  | Expenses                                     |          |                      |                   |                       |                   |
|      | Employee benefits expense                    | 15       | 126,226              | 8,362,473         | 19,435                | 1,215,659         |
|      | Finance costs                                | 16       | 6,767                | 448,314           | 7,610                 | 476,005           |
|      | Network costs                                | 17       | 56,648               | 3,752,930         | 69,853                | 4,369,305         |
|      | Depreciation and amortization expenses       |          | 16,799               | 1,112,934         | 19,278                | 1,205,839         |
|      | Other expenses                               | 18       | 36,495               | 2,417,793         | 52,010                | 3,253,227         |
|      | <b>Total expenses</b>                        |          | <b>242,935</b>       | <b>16,094,444</b> | <b>168,186</b>        | <b>10,520,035</b> |
| III. | <b>Profit / (loss) before tax( I-II)</b>     |          | <b>132,973</b>       | <b>8,809,461</b>  | <b>875</b>            | <b>54,731</b>     |
| IV.  | Tax expenses                                 |          |                      |                   |                       |                   |
|      | Current Tax                                  |          | 40,322               | 2,671,333         | (1,538)               | (96,202)          |
|      | Deferred Tax                                 |          | (4,323)              | (286,399)         | 5,498                 | 343,900           |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>96,974</b>        | <b>6,424,527</b>  | <b>(3,085)</b>        | <b>(192,967)</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |              | As at 31 March 2015 |              |
|----------------------|---------------------|--------------|---------------------|--------------|
|                      | USD                 | INR          | USD                 | INR          |
| Equity share capital | 100                 | 6,625        | 100                 | 6,255        |
| <b>Total</b>         | <b>100</b>          | <b>6,625</b> | <b>100</b>          | <b>6,255</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|------------------------------|---------------------|------------------|---------------------|----------------|
|                              | USD                 | INR              | USD                 | INR            |
| <b>Surplus / (Deficit)</b>   |                     |                  |                     |                |
| Opening balance              | 4,107               | 272,089          | 7,192               | 449,860        |
| Profit / (loss) for the year | 96,974              | 6,424,527        | (3,085)             | (192,967)      |
| <b>Closing balance</b>       | <b>101,081</b>      | <b>6,696,616</b> | <b>4,107</b>        | <b>256,893</b> |

## 3 Short term borrowings

| Particulars               | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|---------------------------|---------------------|------------------|---------------------|------------------|
|                           | USD                 | INR              | USD                 | INR              |
| Inter company loans taken | 106,600             | 7,062,250        | 121,536             | 7,602,077        |
| <b>Total</b>              | <b>106,600</b>      | <b>7,062,250</b> | <b>121,536</b>      | <b>7,602,077</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Trade payables | 40,005              | 2,650,331        | 54,015              | 3,378,638        |
| Employee dues  | 202                 | 13,383           | 6,022               | 376,676          |
| <b>Total</b>   | <b>40,207</b>       | <b>2,663,714</b> | <b>60,037</b>       | <b>3,755,314</b> |

## 5 Other current liabilities

| Particulars                     | As at 31 March 2016 |                | As at 31 March 2015 |                |
|---------------------------------|---------------------|----------------|---------------------|----------------|
|                                 | USD                 | INR            | USD                 | INR            |
| Other liabilities               | 874                 | 57,903         | 3,415               | 213,608        |
| Interest payable- Inter company | 3,674               | 243,403        | 2,837               | 177,454        |
| <b>Total</b>                    | <b>4,548</b>        | <b>301,306</b> | <b>6,252</b>        | <b>391,062</b> |

## 6 Short term provisions

| Particulars             | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|-------------------------|---------------------|------------------|---------------------|----------------|
|                         | USD                 | INR              | USD                 | INR            |
| Provision for tax (net) | 31,665              | 2,097,806        | 2,214               | 138,486        |
| <b>Total</b>            | <b>31,665</b>       | <b>2,097,806</b> | <b>2,214</b>        | <b>138,486</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Plant and machinery              | 150,412             | 9,964,795        | 148,015             | 9,258,338        |
| (a)                              | 150,412             | 9,964,795        | 148,015             | 9,258,338        |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Plant and machinery              | 68,452              | 4,534,945        | 51,653              | 3,230,895        |
| (b)                              | 68,452              | 4,534,945        | 51,653              | 3,230,895        |
| <b>Net block (a) - (b)</b>       | <b>81,960</b>       | <b>5,429,850</b> | <b>96,362</b>       | <b>6,027,443</b> |

## 8 Long term loans and advances

| Particulars      | As at 31 March 2016 |               | As at 31 March 2015 |          |
|------------------|---------------------|---------------|---------------------|----------|
|                  | USD                 | INR           | USD                 | INR      |
| Prepaid expenses | 261                 | 17,291        | -                   | -        |
| <b>Total</b>     | <b>261</b>          | <b>17,291</b> | <b>-</b>            | <b>-</b> |

## 9 Trade receivables

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|--------------------------|---------------------|-------------------|---------------------|------------------|
|                          | USD                 | INR               | USD                 | INR              |
| Trade receivables        | 2,698               | 178,743           | 404                 | 25,270           |
| Intercompany receivables | 152,069             | 10,074,571        | 36,188              | 2,263,559        |
| <b>Total</b>             | <b>154,767</b>      | <b>10,253,314</b> | <b>36,592</b>       | <b>2,288,829</b> |

## 10 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|-------------------|---------------------|------------------|---------------------|------------------|
|                   | USD                 | INR              | USD                 | INR              |
| Balance with bank | 38,937              | 2,579,576        | 48,543              | 3,036,365        |
| <b>Total</b>      | <b>38,937</b>       | <b>2,579,576</b> | <b>48,543</b>       | <b>3,036,365</b> |

## 11 Short term loans and advances

| Particulars           | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-----------------------|---------------------|----------------|---------------------|----------------|
|                       | USD                 | INR            | USD                 | INR            |
| Advances to employees | -                   | -              | 6,022               | 376,676        |
| Other advances        | 62                  | 4,108          | -                   | -              |
| Prepaid expenses      | 123                 | 8,149          | 95                  | 5,942          |
| Taxes recoverable     | 5,339               | 353,709        | 8,270               | 517,289        |
| <b>Total</b>          | <b>5,524</b>        | <b>365,966</b> | <b>14,387</b>       | <b>899,907</b> |

## 12 Other current assets

| Particulars          | As at 31 March 2016 |              | As at 31 March 2015 |          |
|----------------------|---------------------|--------------|---------------------|----------|
|                      | USD                 | INR          | USD                 | INR      |
| Other current assets | 67                  | 4,439        | -                   | -        |
| <b>Total</b>         | <b>67</b>           | <b>4,439</b> | <b>-</b>            | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Revenue from operations

| Particulars                     | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                 | USD                  | INR               | USD                   | INR               |
| Data and voice revenue          | 238,332              | 15,789,495        | 168,293               | 10,526,727        |
| Management consultancy Services | 137,551              | 9,112,754         | -                     | -                 |
| <b>Total</b>                    | <b>375,883</b>       | <b>24,902,249</b> | <b>168,293</b>        | <b>10,526,727</b> |

## 14 Other income

| Particulars                      | Current year 2015-16 |              | Previous year 2014-15 |               |
|----------------------------------|----------------------|--------------|-----------------------|---------------|
|                                  | USD                  | INR          | USD                   | INR           |
| Interest income - others         | 25                   | 1,656        | 14                    | 876           |
| Interest on loan to subsidiaries | -                    | -            | 754                   | 47,163        |
| <b>Total</b>                     | <b>25</b>            | <b>1,656</b> | <b>768</b>            | <b>48,039</b> |

## 15 Employee benefit expenses

| Particulars                               | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Salaries, bonus and allowances            | 126,226              | 8,362,473        | 18,869                | 1,180,256        |
| Contribution to provident and other funds | -                    | -                | 566                   | 35,403           |
| <b>Total</b>                              | <b>126,226</b>       | <b>8,362,473</b> | <b>19,435</b>         | <b>1,215,659</b> |

## 16 Finance costs

| Particulars       | Current year 2015-16 |                | Previous year 2014-15 |                |
|-------------------|----------------------|----------------|-----------------------|----------------|
|                   | USD                  | INR            | USD                   | INR            |
| Interest expenses | 8,598                | 569,618        | 6,453                 | 403,635        |
| Guarantee fees    | (1,831)              | (121,304)      | 1,157                 | 72,370         |
| <b>Total</b>      | <b>6,767</b>         | <b>448,314</b> | <b>7,610</b>          | <b>476,005</b> |

## 17 Network costs

| Particulars                                | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|--|----------------------|------------------|-----------------------|------------------|
|  | USD                  | INR              | USD                   | INR              |
| Charges for use of transmission facilities | 56,648               | 3,752,930        | 69,853                | 4,369,305        |
| <b>Total</b>                               | <b>56,648</b>        | <b>3,752,930</b> | <b>69,853</b>         | <b>4,369,305</b> |

## 18 Other expenses

| Particulars                                 | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|---|----------------------|------------------|-----------------------|------------------|
|   | USD                  | INR              | USD                   | INR              |
| Auditors remuneration                       | -                    | -                | 426                   | 26,646           |
| Communication expenses                      | (55)                 | (3,644)          | 320                   | 20,016           |
| Directors fees                              | 7,554                | 500,453          | -                     | -                |
| Electricity                                 | 1,828                | 121,105          | 2,346                 | 146,742          |
| Entertainment expenses                      | (198)                | (13,118)         | 51                    | 3,190            |
| Exchange rate difference (gain)/loss -net   | 11,372               | 753,395          | 6,443                 | 403,010          |
| Insurance expenses                          | 44                   | 2,915            | -                     | -                |
| Legal and professional fees                 | 17,189               | 1,138,771        | 25,842                | 1,616,417        |
| Miscellaneous expenses                      | 350                  | 23,187           | 590                   | 36,907           |
| Printing and stationery                     | 1                    | 66               | 17                    | 1,063            |
| Repairs and Maintenance - Plant & Machinery | 102                  | 6,758            | 2,795                 | 174,827          |
| Services rendered by agencies               | 15                   | 994              | (2)                   | (125)            |
| Travelling and conveyance expenses          | (1,707)              | (113,089)        | 13,182                | 824,534          |
| <b>Total</b>                                | <b>36,495</b>        | <b>2,417,793</b> | <b>52,010</b>         | <b>3,253,227</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai-400 021 India

T +91 (22) 61214444

email: ss-associates.com www: ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **ITXC IP Holdings SARL** ("the subsidiary") registered in Luxembourg as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

*Vinodkumar V*

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|            | Particulars                   | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------|-------------------------------|----------|---------------------|----------------------|---------------------|----------------------|
|            |                               |          | USD                 | INR*                 | USD                 | INR*                 |
| <b>I.</b>  | <b>EQUITY AND LIABILITIES</b> |          |                     |                      |                     |                      |
| <b>1</b>   | <b>Shareholders' funds</b>    |          |                     |                      |                     |                      |
|            | Share capital                 | 1        | 16,247              | 1,076,364            | 16,247              | 1,016,250            |
|            | Reserves and surplus          | 2        | 16,840,197          | 1,115,663,051        | 19,647,046          | 1,228,922,727        |
|            |                               |          | 16,856,444          | 1,116,739,415        | 19,663,293          | 1,229,938,977        |
| <b>2</b>   | <b>Current liabilities</b>    |          |                     |                      |                     |                      |
|            | Trade payables                | 3        | 1,190,741           | 78,886,592           | 46,743              | 2,923,775            |
|            | Other current liabilities     | 4        | 537                 | 35,576               | 537                 | 33,589               |
|            | Short-term provisions         | 5        | 4,204               | 278,515              | 1,828               | 114,341              |
|            |                               |          | 1,195,482           | 79,200,683           | 49,108              | 3,071,705            |
|            | <b>Total</b>                  |          | <b>18,051,926</b>   | <b>1,195,940,098</b> | <b>19,712,401</b>   | <b>1,233,010,682</b> |
| <b>II.</b> | <b>ASSETS</b>                 |          |                     |                      |                     |                      |
| <b>1</b>   | <b>Current assets</b>         |          |                     |                      |                     |                      |
|            | Trade receivables             | 6        | -                   | -                    | 3,057,331           | 191,236,054          |
|            | Short-term loans and advances | 7        | 17,508,983          | 1,159,970,124        | 16,144,990          | 1,009,869,124        |
|            | Other current assets          | 8        | 542,943             | 35,969,974           | 510,080             | 31,905,504           |
|            |                               |          | 18,051,926          | 1,195,940,098        | 19,712,401          | 1,233,010,682        |
|            | <b>Total</b>                  |          | <b>18,051,926</b>   | <b>1,195,940,098</b> | <b>19,712,401</b>   | <b>1,233,010,682</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                    |
|------|--|----------|----------------------|----------------------|-----------------------|--------------------|
|      |  |          | USD                  | INR*                 | USD                   | INR*               |
| I.   | Revenue                                      |          |                      |                      |                       |                    |
|      | Revenue from operations                      | 9        | 810,322              | 53,683,833           | 6,180,717             | 386,603,848        |
|      | Other income                                 | 10       | 2,465,251            | 163,322,879          | 1,081,257             | 67,632,625         |
|      | <b>Total revenue</b>                         |          | <b>3,275,573</b>     | <b>217,006,712</b>   | <b>7,261,974</b>      | <b>454,236,473</b> |
| II.  | Expenses                                     |          |                      |                      |                       |                    |
|      | Finance costs                                | 11       | 3,853,117            | 255,269,001          | -                     | -                  |
|      | Network costs                                | 12       | 2,168,896            | 143,689,360          | -                     | -                  |
|      | Other expenses                               | 13       | 54,625               | 3,618,908            | 6,214,478             | 388,715,598        |
|      | <b>Total expenses</b>                        |          | <b>6,076,638</b>     | <b>402,577,269</b>   | <b>6,214,478</b>      | <b>388,715,598</b> |
| III. | <b>Profit / (loss) before tax (I-II)</b>     |          | <b>(2,801,065)</b>   | <b>(185,570,557)</b> | <b>1,047,496</b>      | <b>65,520,875</b>  |
| IV.  | <b>Tax expenses</b>                          |          |                      |                      |                       |                    |
|      | Current Tax                                  |          | 5,784                | 383,190              | 2,298                 | 143,740            |
| V.   | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>(2,806,849)</b>   | <b>(185,953,747)</b> | <b>1,045,198</b>      | <b>65,377,135</b>  |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Equity share capital | 16,247              | 1,076,364        | 16,247              | 1,016,250        |
| <b>Total</b>         | <b>16,247</b>       | <b>1,076,364</b> | <b>16,247</b>       | <b>1,016,250</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | USD                 | INR                  | USD                 | INR                  |
| <b>Surplus / (Deficit)</b>   |                     |                      |                     |                      |
| Opening balance              | 19,647,046          | 1,301,616,798        | 18,601,848          | 1,163,545,592        |
| Profit / (loss) for the year | (2,806,849)         | (185,953,747)        | 1,045,198           | 65,377,135           |
| <b>Closing balance</b>       | <b>16,840,197</b>   | <b>1,115,663,051</b> | <b>19,647,046</b>   | <b>1,228,922,727</b> |

## 3 Trade payables

| Particulars           | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-----------------------|---------------------|-------------------|---------------------|------------------|
|                       | USD                 | INR               | USD                 | INR              |
| Trade payables        | 42,195              | 2,795,419         | 46,743              | 2,923,775        |
| Intercompany payables | 1,148,546           | 76,091,173        | -                   | -                |
| <b>Total</b>          | <b>1,190,741</b>    | <b>78,886,592</b> | <b>46,743</b>       | <b>2,923,775</b> |

## 4 Other current liabilities

| Particulars       | As at 31 March 2016 |               | As at 31 March 2015 |               |
|-------------------|---------------------|---------------|---------------------|---------------|
|                   | USD                 | INR           | USD                 | INR           |
| Other liabilities | 537                 | 35,576        | 537                 | 33,589        |
| <b>Total</b>      | <b>537</b>          | <b>35,576</b> | <b>537</b>          | <b>33,589</b> |

## 5 Short term provisions

| Particulars             | As at 31 March 2016 |                | As at 31 March 2015 |                |
|-------------------------|---------------------|----------------|---------------------|----------------|
|                         | USD                 | INR            | USD                 | INR            |
| Provision for tax (net) | 4,204               | 278,515        | 1,828               | 114,341        |
| <b>Total</b>            | <b>4,204</b>        | <b>278,515</b> | <b>1,828</b>        | <b>114,341</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 6 Trade receivables

| Particulars              | As at 31 March 2016 |     | As at 31 March 2015 |             |
|--------------------------|---------------------|-----|---------------------|-------------|
|                          | USD                 | INR | USD                 | INR         |
| Intercompany receivables | -                   | -   | 3,057,331           | 191,236,054 |
| <b>Total</b>             | -                   | -   | 3,057,331           | 191,236,054 |

## 7 Short term loans and advances

| Particulars               | As at 31 March 2016 |               | As at 31 March 2015 |               |
|---------------------------|---------------------|---------------|---------------------|---------------|
|                           | USD                 | INR           | USD                 | INR           |
| Inter company loans given | 17,498,603          | 1,159,282,449 | 16,137,406          | 1,009,394,745 |
| VAT receivable            | 10,380              | 687,675       | 7,584               | 474,379       |
| <b>Total</b>              | 17,508,983          | 1,159,970,124 | 16,144,990          | 1,009,869,124 |

## 8 Other current assets

| Particulars                        | As at 31 March 2016 |            | As at 31 March 2015 |            |
|------------------------------------|---------------------|------------|---------------------|------------|
|                                    | USD                 | INR        | USD                 | INR        |
| Interest receivable- Inter company | 542,943             | 35,969,974 | 509,778             | 31,886,614 |
| Other current assets               | -                   | -          | 302                 | 18,890     |
| <b>Total</b>                       | 542,943             | 35,969,974 | 510,080             | 31,905,504 |

## 9 Revenue from operations

| Particulars            | Current year 2015-16 |            | Previous year 2014-15 |             |
|------------------------|----------------------|------------|-----------------------|-------------|
|                        | USD                  | INR        | USD                   | INR         |
| Data and voice revenue | 810,322              | 53,683,833 | 6,180,717             | 386,603,848 |
| <b>Total</b>           | 810,322              | 53,683,833 | 6,180,717             | 386,603,848 |

## 10 Other income

| Particulars                               | Current year 2015-16 |             | Previous year 2014-15 |            |
|---|----------------------|-------------|-----------------------|------------|
|   | USD                  | INR         | USD                   | INR        |
| Interest on loan to subsidiaries          | 1,052,051            | 69,698,379  | 1,081,257             | 67,632,625 |
| Exchange rate difference gain/(loss) -net | 1,413,200            | 93,624,500  | -                     | -          |
| <b>Total</b>                              | 2,465,251            | 163,322,879 | 1,081,257             | 67,632,625 |

## 11 Finance costs

| Particulars       | Current year 2015-16 |             | Previous year 2014-15 |     |
|-------------------|----------------------|-------------|-----------------------|-----|
|                   | USD                  | INR         | USD                   | INR |
| Interest expenses | 3,853,117            | 255,269,001 | -                     | -   |
| <b>Total</b>      | 3,853,117            | 255,269,001 | -                     | -   |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 12 Network costs

| Particulars                                | Current year 2015-16 |                    | Previous year 2014-15 |          |
|--|----------------------|--------------------|-----------------------|----------|
|  | USD                  | INR                | USD                   | INR      |
| Charges for use of transmission facilities | 2,168,896            | 143,689,360        | -                     | -        |
| <b>Total</b>                               | <b>2,168,896</b>     | <b>143,689,360</b> | <b>-</b>              | <b>-</b> |

## 13 Other expenses

| Particulars                               | Current year 2015-16 |                  | Previous year 2014-15 |                    |
|---|----------------------|------------------|-----------------------|--------------------|
|   | USD                  | INR              | USD                   | INR                |
| Auditors remuneration                     | 27,500               | 1,821,875        | 27,500                | 1,720,125          |
| Communication expenses                    | 36                   | 2,385            | -                     | -                  |
| Exchange rate difference (gain)/loss -net | -                    | -                | 6,141,198             | 384,131,935        |
| Legal and professional fees               | 23,430               | 1,552,238        | 43,579                | 2,725,866          |
| Miscellaneous expenses                    | 973                  | 64,462           | 1,186                 | 74,184             |
| Rates and Taxes                           | 2,686                | 177,948          | 1,015                 | 63,488             |
| <b>Total</b>                              | <b>54,625</b>        | <b>3,618,908</b> | <b>6,214,478</b>      | <b>388,715,598</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtswar

229, Narman Point

Mumbai - 400 021, India

T+91(22) 61214444

email: ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **Neotel Business Support Services (Pty) Ltd** ("the subsidiary") registered in South Africa as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016

NEOTEL BUSINESS SUPPORT SERVICES (PTY) LTD

BALANCE SHEET AS AT 31 MARCH 2016

|                                  | PARTICULARS | Note No. | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|-------------|----------|---------------------|--------------------|---------------------|--------------------|
|                                  |             |          | ZAR                 | INR*               | ZAR                 | INR*               |
| <b>I. EQUITY AND LIABILITIES</b> |             |          |                     |                    |                     |                    |
| <b>1 Shareholders' funds</b>     |             |          |                     |                    |                     |                    |
| Share capital                    | 1           |          | 100                 | 448                | 100                 | 512                |
| Reserves and surplus             | 2           |          | 58,470,842          | 261,949,374        | 43,325,002          | 221,824,010        |
|                                  |             |          | <b>58,470,942</b>   | <b>261,949,822</b> | <b>43,325,102</b>   | <b>221,824,522</b> |
| <b>2 Current liabilities</b>     |             |          |                     |                    |                     |                    |
| Trade payables                   | 3           |          | 57,733,741          | 258,647,160        | 53,103,002          | 271,887,371        |
| Other current liabilities        | 4           |          | 1,999,120           | 8,956,059          | 1,999,119           | 10,235,491         |
| Short term provisions            | 5           |          | 4,066,049           | 18,215,900         | 3,473,635           | 17,785,012         |
|                                  |             |          | <b>63,798,910</b>   | <b>285,819,119</b> | <b>58,575,756</b>   | <b>299,907,874</b> |
| <b>Total</b>                     |             |          | <b>122,269,852</b>  | <b>547,768,941</b> | <b>101,900,858</b>  | <b>521,732,396</b> |
| <b>II. ASSETS</b>                |             |          |                     |                    |                     |                    |
| <b>Non-current assets</b>        |             |          |                     |                    |                     |                    |
| <b>1 Fixed assets</b>            |             |          |                     |                    |                     |                    |
| Tangible Assets                  | 6           |          | -                   | -                  | 21,306              | 109,087            |
| Deferred tax assets (net)        |             |          | 5,994,075           | 26,853,456         | 4,705,933           | 24,094,377         |
|                                  |             |          | <b>5,994,075</b>    | <b>26,853,456</b>  | <b>4,727,239</b>    | <b>24,203,464</b>  |
| <b>2 Current assets</b>          |             |          |                     |                    |                     |                    |
| Trade receivable                 | 7           |          | 115,939,395         | 519,408,490        | 97,018,089          | 496,732,616        |
| Cash and cash equivalents        | 8           |          | 194,437             | 871,080            | 13,590              | 69,583             |
| Short term loans and advances    | 9           |          | 141,940             | 635,892            | 141,940             | 726,733            |
| Other current assets             | 10          |          | 5                   | 23                 | -                   | -                  |
|                                  |             |          | <b>116,275,777</b>  | <b>520,915,485</b> | <b>97,173,619</b>   | <b>497,528,932</b> |
| <b>Total</b>                     |             |          | <b>122,269,852</b>  | <b>547,768,941</b> | <b>101,900,858</b>  | <b>521,732,396</b> |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12)



NEOTEL BUSINESS SUPPORT SERVICES (PTY) LTD

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | PARTICULARS                           | Note No. | Current Year 2015-16 |             | Previous Year 2014-15 |             |
|------|---------------------------------------|----------|----------------------|-------------|-----------------------|-------------|
|      |                                       |          | ZAR                  | INR*        | ZAR                   | INR*        |
| I.   | Revenue from operations               | 11       | 156,840,846          | 702,646,991 | 144,895,748           | 741,866,230 |
| II.  | Other income                          | 12       | 57                   | 256         | 38,048                | 194,807     |
| III. | Total revenue (I + II)                |          | 156,840,903          | 702,647,247 | 144,933,796           | 742,061,037 |
| IV.  | Expenses                              |          |                      |             |                       |             |
|      | Employee benefits expense             | 13       | 142,959,504          | 640,458,580 | 130,659,924           | 668,978,812 |
|      | Finance costs                         | 14       | 14,876               | 66,644      | -                     | -           |
|      | Depreciation and amortization expense |          | 21,306               | 95,451      | 808,932               | 4,141,732   |
|      | Other expenses                        | 15       | (12,481)             | (55,917)    | 83,781                | 428,960     |
|      | Total expenses                        |          | 142,983,205          | 640,564,758 | 131,552,637           | 673,549,504 |
| V.   | Profit/(loss) before tax (III-IV)     |          | 13,857,698           | 62,082,489  | 13,381,159            | 68,511,533  |
| VI.  | Tax expenses                          |          |                      |             |                       |             |
|      | Deferred tax                          |          | (1,288,142)          | (5,770,876) | 1,721,704             | 8,815,124   |
|      |                                       |          | (1,288,142)          | (5,770,876) | 1,721,704             | 8,815,124   |
| VII. | Profit/(loss) for the year (V-VI)     |          | 15,145,840           | 67,853,365  | 11,659,455            | 59,696,409  |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12)





## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |            | As at 31 March 2015 |            |
|----------------------|---------------------|------------|---------------------|------------|
|                      | ZAR                 | INR        | ZAR                 | INR        |
| Equity share capital | 100                 | 448        | 100                 | 512        |
| <b>Total</b>         | <b>100</b>          | <b>448</b> | <b>100</b>          | <b>512</b> |

## 2 Reserves and surplus

| Particulars            | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------|---------------------|--------------------|---------------------|--------------------|
|                        | ZAR                 | INR                | ZAR                 | INR                |
| <b>Surplus</b>         |                     |                    |                     |                    |
| Opening balance        | 43,325,002          | 194,096,009        | 31,665,547          | 162,127,601        |
| Profit for the year    | 15,145,840          | 67,853,365         | 11,659,455          | 59,696,409         |
| <b>Closing balance</b> | <b>58,470,842</b>   | <b>261,949,374</b> | <b>43,325,002</b>   | <b>221,824,010</b> |

## 3 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | ZAR                 | INR                | ZAR                 | INR                |
| Trade payables | 36,550,931          | 163,748,171        | 35,899,049          | 183,803,131        |
| Employee dues  | 21,182,810          | 94,898,989         | 17,203,953          | 88,084,240         |
| <b>Total</b>   | <b>57,733,741</b>   | <b>258,647,160</b> | <b>53,103,002</b>   | <b>271,887,371</b> |

## 4 Other current liabilities

| Particulars      | As at 31 March 2016 |                  | As at 31 March 2015 |                   |
|------------------|---------------------|------------------|---------------------|-------------------|
|                  | ZAR                 | INR              | ZAR                 | INR               |
| Unearned revenue | 169,309             | 758,505          | 169,309             | 866,863           |
| Vat payable      | 1,829,811           | 8,197,554        | 1,829,810           | 9,368,628         |
| <b>Total</b>     | <b>1,999,120</b>    | <b>8,956,059</b> | <b>1,999,119</b>    | <b>10,235,491</b> |

## 5 Short-term provisions

| Particulars                    | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                | ZAR                 | INR               | ZAR                 | INR               |
| Provision for leave encashment | 4,066,049           | 18,215,900        | 3,473,635           | 17,785,012        |
| <b>Total</b>                   | <b>4,066,049</b>    | <b>18,215,900</b> | <b>3,473,635</b>    | <b>17,785,012</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 6 Tangible fixed asset

| Particulars                     | As at 31 March 2016 |            | As at 31 March 2015 |            |
|---------------------------------|---------------------|------------|---------------------|------------|
|                                 | ZAR                 | INR        | ZAR                 | INR        |
| <b>Gross block</b>              |                     |            |                     |            |
| Plant & machinery               | 15,582,077          | 69,807,705 | 15,582,077          | 79,780,235 |
| Motor Vehicles                  | 41,310              | 185,069    | 41,310              | 211,508    |
| IT Equipment                    | 283,475             | 1,269,968  | 283,475             | 1,451,392  |
| Furniture & Fixtures            | 278,296             | 1,246,767  | 278,296             | 1,424,876  |
| (a)                             | 16,185,158          | 72,509,509 | 16,185,158          | 82,868,011 |
| <b>Accumulated depreciation</b> |                     |            |                     |            |
| Plant & machinery               | 15,582,077          | 69,807,705 | 15,560,771          | 79,671,148 |
| Motor Vehicles                  | 41,310              | 185,069    | 41,310              | 211,508    |
| IT Equipment                    | 283,475             | 1,269,968  | 283,475             | 1,451,392  |
| Furniture & Fixtures            | 278,296             | 1,246,767  | 278,296             | 1,424,876  |
| (b)                             | 16,185,158          | 72,509,509 | 16,163,852          | 82,758,924 |
| <b>Net block (a-b)</b>          | -                   | -          | 21,306              | 109,087    |

## 7 Trade receivable

| Particulars                  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
|                              | ZAR                 | INR                | ZAR                 | INR                |
| Trade receivable             | 116,112,455         | 520,183,799        | 97,191,149          | 497,618,683        |
| Provision for doubtful debts | (173,060)           | (775,309)          | (173,060)           | (886,067)          |
| <b>Total</b>                 | <b>115,939,395</b>  | <b>519,408,490</b> | <b>97,018,089</b>   | <b>496,732,616</b> |

## 8 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                | As at 31 March 2015 |               |
|-------------------|---------------------|----------------|---------------------|---------------|
|                   | ZAR                 | INR            | ZAR                 | INR           |
| Balance with bank | 194,437             | 871,080        | 13,590              | 69,583        |
| <b>Total</b>      | <b>194,437</b>      | <b>871,080</b> | <b>13,590</b>       | <b>69,583</b> |

## 9 Short term loans and advances

| Particulars      | As at 31 March 2016 |                | As at 31 March 2015 |                |
|------------------|---------------------|----------------|---------------------|----------------|
|                  | ZAR                 | INR            | ZAR                 | INR            |
| Security deposit | 141,940             | 635,892        | 141,940             | 726,733        |
| <b>Total</b>     | <b>141,940</b>      | <b>635,892</b> | <b>141,940</b>      | <b>726,733</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 10 Other current assets

| Particulars         | As at 31 March 2016 |           | As at 31 March 2015 |          |
|---------------------|---------------------|-----------|---------------------|----------|
|                     | ZAR                 | INR       | ZAR                 | INR      |
| Interest receivable | 5                   | 23        | -                   | -        |
| <b>Total</b>        | <b>5</b>            | <b>23</b> | <b>-</b>            | <b>-</b> |

## 11 Revenue from operations

| Particulars          | Current Year 2015-16 |                    | Previous Year 2014-15 |                    |
|----------------------|----------------------|--------------------|-----------------------|--------------------|
|                      | ZAR                  | INR                | ZAR                   | INR                |
| Data & voice revenue | 156,840,846          | 702,646,991        | 144,895,748           | 741,866,230        |
| <b>Total</b>         | <b>156,840,846</b>   | <b>702,646,991</b> | <b>144,895,748</b>    | <b>741,866,230</b> |

## 12 Other income

| Particulars          | Current Year 2015-16 |            | Previous Year 2014-15 |                |
|----------------------|----------------------|------------|-----------------------|----------------|
|                      | ZAR                  | INR        | ZAR                   | INR            |
| Interest             | 57                   | 256        | 19,312                | 98,878         |
| Miscellaneous income | -                    | -          | 18,736                | 95,929         |
| <b>Total</b>         | <b>57</b>            | <b>256</b> | <b>38,048</b>         | <b>194,807</b> |

## 13 Employee benefits expense

| Particulars                                | Current Year 2015-16 |                    | Previous Year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | ZAR                  | INR                | ZAR                   | INR                |
| Salaries, bonus, commission and allowances | 117,090,238          | 524,564,267        | 108,629,808           | 556,184,617        |
| Contribution to provident and other funds  | 15,490,418           | 69,397,073         | 14,899,879            | 76,287,381         |
| Staff welfare expenses                     | 10,378,848           | 46,497,240         | 7,130,237             | 36,506,814         |
| <b>Total</b>                               | <b>142,959,504</b>   | <b>640,458,580</b> | <b>130,659,924</b>    | <b>668,978,812</b> |

## 14 Finance costs

| Particulars       | Current Year 2015-16 |               | Previous Year 2014-15 |          |
|-------------------|----------------------|---------------|-----------------------|----------|
|                   | ZAR                  | INR           | ZAR                   | INR      |
| Interest expenses | 14,876               | 66,644        | -                     | -        |
| <b>Total</b>      | <b>14,876</b>        | <b>66,644</b> | <b>-</b>              | <b>-</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 15 Other expenses

| Particulars                   | Current Year 2015-16 |                 | Previous Year 2014-15 |                |
|-------------------------------|----------------------|-----------------|-----------------------|----------------|
|                               | ZAR                  | INR             | ZAR                   | INR            |
| Communication expense         | 279,266              | 1,251,112       | 265,639               | 1,360,072      |
| Miscellaneous expense         | 197,474              | 884,682         | 15,396                | 78,829         |
| Bad debts                     | -                    | -               | 930,060               | 4,761,908      |
| Excess provision written back | (489,221)            | (2,191,711)     | (1,127,315)           | (5,771,849)    |
| <b>Total</b>                  | <b>(12,481)</b>      | <b>(55,917)</b> | <b>83,781</b>         | <b>428,960</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhtawar  
229, Nariman Point,  
Mumbai - 400 021, India

T: +91 (22) 61214444

emails@ss-associates.com www.ss-associates.com

LLP Identity No: AAB-7509

## **ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **NEOTEL (Pty) Ltd.** ("the subsidiary") registered in South Africa as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES

Chartered Accountants

Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## NEOTEL (PTY) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                    | Note No. | As at 31 March 2016  |                       | As at 31 March 2015  |                       |
|-----|--------------------------------|----------|----------------------|-----------------------|----------------------|-----------------------|
|     |                                |          | ZAR                  | INR*                  | ZAR                  | INR*                  |
| I.  | <b>EQUITY AND LIABILITIES</b>  |          |                      |                       |                      |                       |
| 1   | <b>Shareholders' funds</b>     |          |                      |                       |                      |                       |
|     | Share capital                  | 1        | 3,133,525,226        | 14,038,193,012        | 3,133,525,226        | 16,043,649,157        |
|     | Reserves and surplus           | 2        | (5,002,176,988)      | (22,409,752,906)      | (4,499,353,363)      | (23,036,689,215)      |
|     |                                |          | (1,868,651,762)      | (8,371,559,894)       | (1,365,828,137)      | (6,993,040,058)       |
| 2   | <b>Non-current liabilities</b> |          |                      |                       |                      |                       |
|     | Long term borrowings           | 3        | 3,567,955,377        | 15,984,440,089        | 4,548,686,589        | 23,289,275,336        |
|     | Other long term liabilities    | 4        | 239,182,067          | 1,071,535,660         | 243,744,848          | 1,247,973,622         |
|     |                                |          | 3,807,137,444        | 17,055,975,749        | 4,792,431,437        | 24,537,248,958        |
| 3   | <b>Surplus/(Deficit)</b>       |          |                      |                       |                      |                       |
|     | Short term borrowings          | 5        | 1,522,007,358        | 6,818,592,964         | 823,871,026          | 4,218,219,653         |
|     | Trade payables                 | 6        | 1,303,461,457        | 5,839,507,327         | 794,889,718          | 4,069,835,356         |
|     | Other current liabilities      | 7        | 1,661,243,727        | 7,442,371,898         | 1,271,153,226        | 6,508,304,518         |
|     | Short term provisions          | 8        | 9,936,834            | 44,517,016            | 8,275,052            | 42,368,266            |
|     |                                |          | 4,496,649,376        | 20,144,989,205        | 2,898,189,022        | 14,838,727,793        |
|     | <b>Total</b>                   |          | <b>6,435,135,058</b> | <b>28,829,405,060</b> | <b>6,324,792,322</b> | <b>32,382,936,693</b> |
| II. | <b>ASSETS</b>                  |          |                      |                       |                      |                       |
| 1   | <b>Non-current assets</b>      |          |                      |                       |                      |                       |
|     | Fixed assets                   |          |                      |                       |                      |                       |
|     | (a) Tangible assets            | 9        | 3,382,324,223        | 15,152,812,519        | 3,262,009,555        | 16,701,488,923        |
|     | (b) Intangible assets          | 10       | 102,168,576          | 457,715,221           | 103,392,590          | 529,370,061           |
|     | (c) Capital work-in-progress   | 11       | 336,042,308          | 1,505,469,540         | 368,243,456          | 1,885,406,495         |
|     |                                |          | 3,820,535,107        | 17,115,997,280        | 3,733,645,601        | 19,116,265,479        |
|     | Non-current investments        | 12       | 4,322,405            | 19,364,374            | 3,561,817            | 18,236,503            |
|     | Deferred tax assets            | 13       | 723,742,003          | 3,242,364,173         | 723,392,003          | 3,703,767,055         |
|     | Long term loans and advances   | 14       | 103,396,079          | 463,214,434           | 262,156,232          | 1,342,239,908         |
|     |                                |          | 831,460,487          | 3,724,942,981         | 989,110,052          | 5,064,243,466         |
| 2   | <b>Current assets</b>          |          |                      |                       |                      |                       |
|     | Inventories                    | 15       | 39,520,307           | 177,050,976           | 41,880,569           | 214,428,514           |
|     | Trade receivables              | 16       | 797,419,414          | 3,572,438,975         | 683,485,346          | 3,499,444,972         |
|     | Cash and cash equivalents      | 17       | 687,472,293          | 3,079,875,872         | 772,922,860          | 3,957,365,044         |
|     | Short term loans and advances  | 18       | 258,719,950          | 1,159,065,376         | 103,734,394          | 531,120,098           |
|     | Other current assets           | 19       | 7,500                | 33,600                | 13,500               | 69,120                |
|     |                                |          | 1,783,139,464        | 7,988,464,799         | 1,602,036,669        | 8,202,427,748         |
|     | <b>Total</b>                   |          | <b>6,435,135,058</b> | <b>28,829,405,060</b> | <b>6,324,792,322</b> | <b>32,382,936,693</b> |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12)





## NEOTEL (PTY) LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

| PARTICULARS   | Note No. | Current Year 2015-16 |                        | Previous Year 2014-15 |                       |
|---|----------|----------------------|------------------------|-----------------------|-----------------------|
|   |          | ZAR                  | INR*                   | ZAR                   | INR*                  |
| <b>I. REVENUE</b>                                       |          |                      |                        |                       |                       |
| Revenue from operations                                 |          | 4,337,390,485        | 19,431,509,373         | 4,153,375,602         | 21,265,283,082        |
| Other income  | 20       | 62,739,284           | 281,071,992            | 171,781,640           | 879,521,997           |
| <b>TOTAL REVENUE</b>                                    |          | <b>4,400,129,769</b> | <b>19,712,581,365</b>  | <b>4,325,157,242</b>  | <b>22,144,805,079</b> |
| <b>II. EXPENSES</b>                                     |          |                      |                        |                       |                       |
| Network and transmission expenses                       | 21       | 2,191,274,163        | 9,816,908,250          | 1,699,577,344         | 8,701,836,001         |
| Employee benefits expense                               | 22       | 530,808,357          | 2,378,021,440          | 522,693,162           | 2,676,188,989         |
| Finance costs   | 23       | 656,815,349          | 2,942,532,764          | 652,145,156           | 3,338,983,198         |
| Depreciation and amortisation expense                   |          | 466,960,592          | 2,091,983,452          | 385,847,451           | 1,975,538,949         |
| Other expenses  | 24       | 1,058,229,905        | 4,740,869,973          | 997,796,024           | 5,108,715,640         |
| <b>TOTAL EXPENSES</b>                                   |          | <b>4,904,088,366</b> | <b>21,970,315,879</b>  | <b>4,258,059,137</b>  | <b>21,801,262,777</b> |
| <b>III. Profit / (Loss) before tax (I-II)</b>           |          | <b>(503,958,597)</b> | <b>(2,257,734,514)</b> | <b>67,098,105</b>     | <b>343,542,302</b>    |
| <b>IV. Tax expenses</b>                                 |          |                      |                        |                       |                       |
| Deferred Tax  |          | (374,384)            | (1,677,240)            | 48,687,064            | 249,277,768           |
| <b>V. Profit after tax (III-IV)</b>                     |          | <b>(503,584,213)</b> | <b>(2,256,057,274)</b> | <b>18,411,041</b>     | <b>94,264,534</b>     |
| <b>VI. Share in profit / (loss) of associates (net)</b> |          | <b>760,588</b>       | <b>3,407,434</b>       | <b>252,623</b>        | <b>1,293,430</b>      |
| <b>VII. Profit / (loss) for the year (V-VI)</b>         |          | <b>(502,823,625)</b> | <b>(2,252,649,840)</b> | <b>18,663,664</b>     | <b>95,557,964</b>     |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12)



## 1 Share capital

| Particulars              | As at 31 March 2016  |                       | As at 31 March 2015  |                       |
|--------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                          | ZAR                  | INR                   | ZAR                  | INR                   |
| Equity share capital     | 1,000                | 4,480                 | 1,000                | 5,120                 |
| Preference share capital | 3,133,524,226        | 14,038,188,532        | 3,133,524,226        | 16,043,644,037        |
| <b>Total</b>             | <b>3,133,525,226</b> | <b>14,038,193,012</b> | <b>3,133,525,226</b> | <b>16,043,649,157</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016    |                         | As at 31 March 2015    |                         |
|------------------------------|------------------------|-------------------------|------------------------|-------------------------|
|                              | ZAR                    | INR                     | ZAR                    | INR                     |
| <b>Surplus/(Deficit)</b>     |                        |                         |                        |                         |
| Opening balance              | (5,512,910,782)        | (24,697,840,303)        | (5,531,574,446)        | (28,321,661,164)        |
| Profit / (loss) for the year | (502,823,625)          | (2,252,649,840)         | 18,663,664             | 95,557,964              |
| <b>Closing balance</b>       | <b>(6,015,734,407)</b> | <b>(26,950,490,143)</b> | <b>(5,512,910,782)</b> | <b>(28,226,103,200)</b> |
| Capital reserve              | 3,007,741              | 13,474,680              | 3,007,741              | 15,399,634              |
| Share premium                | 1,010,549,678          | 4,527,262,557           | 1,010,549,678          | 5,174,014,351           |
| <b>Total</b>                 | <b>(5,002,176,988)</b> | <b>(22,409,752,906)</b> | <b>(4,499,353,363)</b> | <b>(23,036,689,215)</b> |

## 3 Long term borrowings

| Particulars                     | As at 31 March 2016  |                       | As at 31 March 2015  |                       |
|---------------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                                 | ZAR                  | INR                   | ZAR                  | INR                   |
| Intercompany loans              | 1,005,851,604        | 4,506,215,186         | 921,823,615          | 4,719,736,909         |
| Long-term borrowings from banks | 2,562,103,773        | 11,478,224,903        | 3,626,862,974        | 18,569,538,427        |
| <b>Total</b>                    | <b>3,567,955,377</b> | <b>15,984,440,089</b> | <b>4,548,686,589</b> | <b>23,289,275,336</b> |

## 4 Other long term liabilities

| Particulars      | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------|---------------------|----------------------|---------------------|----------------------|
|                  | ZAR                 | INR                  | ZAR                 | INR                  |
| Deferred revenue | 239,182,067         | 1,071,535,660        | 243,744,848         | 1,247,973,622        |
| <b>Total</b>     | <b>239,182,067</b>  | <b>1,071,535,660</b> | <b>243,744,848</b>  | <b>1,247,973,622</b> |

## 5 Short term borrowings

| Particulars    | As at 31 March 2016  |                      | As at 31 March 2015 |                      |
|----------------|----------------------|----------------------|---------------------|----------------------|
|                | ZAR                  | INR                  | ZAR                 | INR                  |
| Loan from bank | 1,522,007,358        | 6,818,592,964        | 823,871,026         | 4,218,219,653        |
| <b>Total</b>   | <b>1,522,007,358</b> | <b>6,818,592,964</b> | <b>823,871,026</b>  | <b>4,218,219,653</b> |

## 6 Trade payables

| Particulars     | As at 31 March 2016  |                      | As at 31 March 2015 |                      |
|-----------------|----------------------|----------------------|---------------------|----------------------|
|                 | ZAR                  | INR                  | ZAR                 | INR                  |
| Trade payables  | 1,221,808,079        | 5,473,700,194        | 693,330,574         | 3,549,852,539        |
| Accrued payroll | 81,653,378           | 365,807,133          | 101,559,144         | 519,982,817          |
| <b>Total</b>    | <b>1,303,461,457</b> | <b>5,839,507,327</b> | <b>794,889,718</b>  | <b>4,069,835,356</b> |



## 7 Other current liabilities

| Particulars                        | As at 31 March 2016  |                      | As at 31 March 2015  |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | ZAR                  | INR                  | ZAR                  | INR                  |
| Current portion of long term debt  | 1,108,440,212        | 4,965,812,150        | 742,462,224          | 3,801,406,587        |
| VAT payable                        | 15,509,708           | 69,483,492           | 14,629,355           | 74,902,298           |
| Unearned income & customer deposit | 448,188,243          | 2,007,883,329        | 392,743,960          | 2,010,849,075        |
| Forward contract payables          | -                    | -                    | 41,581               | 212,895              |
| Capital Creditors                  | 89,105,564           | 399,192,927          | 121,276,106          | 620,933,663          |
| <b>Total</b>                       | <b>1,661,243,727</b> | <b>7,442,371,898</b> | <b>1,271,153,226</b> | <b>6,508,304,518</b> |

## 8 Short-term provisions

| Particulars                    | As at 31 March 2016 |            | As at 31 March 2015 |            |
|--------------------------------|---------------------|------------|---------------------|------------|
|                                | ZAR                 | INR        | ZAR                 | INR        |
| Provision for leave encashment | 9,936,834           | 44,517,016 | 8,275,052           | 42,368,266 |

## 9 Tangible assets

| Particulars                     | As at 31 March 2016  |                       | As at 31 March 2015  |                       |
|---------------------------------|----------------------|-----------------------|----------------------|-----------------------|
|                                 | ZAR                  | INR                   | ZAR                  | INR                   |
| <b>Gross block</b>              |                      |                       |                      |                       |
| Land                            | 29,500,000           | 132,160,000           | 29,500,000           | 151,040,000           |
| Building                        | 333,626,889          | 1,494,648,463         | 300,988,436          | 1,541,060,792         |
| Plant and machinery             | 5,456,636,266        | 24,445,730,472        | 5,005,564,155        | 25,628,488,474        |
| Furniture and fixtures          | 42,615,711           | 190,918,385           | 41,621,939           | 213,104,328           |
| Computers                       | 283,071,462          | 1,268,160,150         | 239,940,010          | 1,228,492,851         |
| Vehicles                        | 1,726,986            | 7,736,897             | 1,726,986            | 8,842,168             |
| (a)                             | <b>6,147,177,314</b> | <b>27,539,354,367</b> | <b>5,619,341,526</b> | <b>28,771,028,613</b> |
| <b>Accumulated depreciation</b> |                      |                       |                      |                       |
| Building                        | 149,269,004          | 668,725,138           | 116,646,237          | 597,228,733           |
| Plant and machinery             | 2,355,515,225        | 10,552,708,208        | 2,007,833,508        | 10,280,107,561        |
| Furniture and fixtures          | 35,638,847           | 159,662,035           | 31,306,162           | 160,287,549           |
| Computers                       | 223,681,994          | 1,002,095,333         | 201,110,136          | 1,029,683,896         |
| Vehicles                        | 748,021              | 3,351,134             | 435,928              | 2,231,951             |
| (b)                             | <b>2,764,853,091</b> | <b>12,386,541,848</b> | <b>2,357,331,971</b> | <b>12,069,539,690</b> |
| <b>Net block (a-b)</b>          | <b>3,382,324,223</b> | <b>15,152,812,519</b> | <b>3,262,009,555</b> | <b>16,701,488,923</b> |

## 10 Intangible assets

| Particulars                     | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------------------|---------------------|----------------------|---------------------|----------------------|
|                                 | ZAR                 | INR                  | ZAR                 | INR                  |
| <b>Gross block</b>              |                     |                      |                     |                      |
| Computer software               | 419,751,879         | 1,880,488,418        | 365,196,254         | 1,869,804,820        |
| Goodwill                        | 113,474,772         | 508,366,979          | 113,474,772         | 580,990,833          |
| Licence fees                    | 25,000,000          | 112,000,000          | 25,000,000          | 128,000,000          |
| (a)                             | <b>558,226,651</b>  | <b>2,500,855,397</b> | <b>503,671,026</b>  | <b>2,578,795,653</b> |
| <b>Accumulated depreciation</b> |                     |                      |                     |                      |
| Computer software               | 324,661,286         | 1,454,482,561        | 269,484,029         | 1,379,758,228        |
| Goodwill                        | 113,474,773         | 508,366,983          | 113,474,773         | 580,990,838          |
| Licence fees                    | 17,922,016          | 80,290,632           | 17,319,634          | 88,676,526           |
| (b)                             | <b>456,058,075</b>  | <b>2,043,140,176</b> | <b>400,278,436</b>  | <b>2,049,425,592</b> |
| <b>Net block (a-b)</b>          | <b>102,168,576</b>  | <b>457,715,221</b>   | <b>103,392,590</b>  | <b>529,370,061</b>   |



## 11 Capital work-in-progress

| Particulars              | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
|                          | ZAR                 | INR                  | ZAR                 | INR                  |
| CWIP-Plant and machinery | 336,042,308         | 1,505,469,540        | 368,243,456         | 1,885,406,495        |
| <b>Total</b>             | <b>336,042,308</b>  | <b>1,505,469,540</b> | <b>368,243,456</b>  | <b>1,885,406,495</b> |

## 12 Non-current investments

| Particulars  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|--------------|---------------------|-------------------|---------------------|-------------------|
|              | ZAR                 | INR               | ZAR                 | INR               |
| Investments  | 4,322,405           | 19,364,374        | 3,561,817           | 18,236,503        |
| <b>Total</b> | <b>4,322,405</b>    | <b>19,364,374</b> | <b>3,561,817</b>    | <b>18,236,503</b> |

## 13 Deferred tax assets

| Particulars         | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------|---------------------|----------------------|---------------------|----------------------|
|                     | ZAR                 | INR                  | ZAR                 | INR                  |
| Deferred tax assets | 723,742,003         | 3,242,364,173        | 723,392,003         | 3,703,767,055        |
| <b>Total</b>        | <b>723,742,003</b>  | <b>3,242,364,173</b> | <b>723,392,003</b>  | <b>3,703,767,055</b> |

## 14 Long term loans and advances

| Particulars        | As at 31 March 2016 |                    | As at 31 March 2015 |                      |
|--------------------|---------------------|--------------------|---------------------|----------------------|
|                    | ZAR                 | INR                | ZAR                 | INR                  |
| Intercompany loans | 100                 | 448                | 100                 | 512                  |
| Prepaid expenses   | 103,395,979         | 463,213,986        | 262,156,132         | 1,342,239,396        |
| <b>Total</b>       | <b>103,396,079</b>  | <b>463,214,434</b> | <b>262,156,232</b>  | <b>1,342,239,908</b> |

## 15 Inventory

| Particulars                      | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
|                                  | ZAR                 | INR                | ZAR                 | INR                |
| Inventory - operating supplies   | 43,286,541          | 193,923,704        | 47,830,198          | 244,890,614        |
| Provision for obsolete inventory | (3,766,234)         | (16,872,728)       | (5,949,629)         | (30,462,100)       |
| <b>Total</b>                     | <b>39,520,307</b>   | <b>177,050,976</b> | <b>41,880,569</b>   | <b>214,428,514</b> |

## 16 Trade receivables

| Particulars                  | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
|                              | ZAR                 | INR                  | ZAR                 | INR                  |
| Trade receivables            | 887,404,395         | 3,975,571,690        | 750,826,622         | 3,844,232,305        |
| Provision for doubtful debts | (89,984,981)        | (403,132,715)        | (67,341,276)        | (344,787,333)        |
| <b>Total</b>                 | <b>797,419,414</b>  | <b>3,572,438,975</b> | <b>683,485,346</b>  | <b>3,499,444,972</b> |

## 17 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-------------------|---------------------|----------------------|---------------------|----------------------|
|                   | ZAR                 | INR                  | ZAR                 | INR                  |
| Cash in hand      | 36,434              | 163,224              | 35,722              | 182,897              |
| Balance with bank | 687,435,859         | 3,079,712,648        | 772,887,138         | 3,957,182,147        |
| <b>Total</b>      | <b>687,472,293</b>  | <b>3,079,875,872</b> | <b>772,922,860</b>  | <b>3,957,365,044</b> |



## 18 Short term loans and advances

| Particulars      | As at 31 March 2016 |                      | As at 31 March 2015 |                    |
|------------------|---------------------|----------------------|---------------------|--------------------|
|                  | ZAR                 | INR                  | ZAR                 | INR                |
| Prepaid expenses | 248,500,946         | 1,113,284,238        | 96,156,841          | 492,323,026        |
| GST receivable   | 1,310,692           | 5,871,900            | 2,351,463           | 12,039,491         |
| Deposit          | 8,908,312           | 39,909,238           | 5,226,090           | 26,757,581         |
| <b>Total</b>     | <b>258,719,950</b>  | <b>1,159,065,376</b> | <b>103,734,394</b>  | <b>531,120,098</b> |

## 19 Other current assets

| Particulars  | As at 31 March 2016 |               | As at 31 March 2015 |               |
|--------------|---------------------|---------------|---------------------|---------------|
|              | ZAR                 | INR           | ZAR                 | INR           |
| Others       | 7,500               | 33,600        | 13,500              | 69,120        |
| <b>Total</b> | <b>7,500</b>        | <b>33,600</b> | <b>13,500</b>       | <b>69,120</b> |

## 20 Other income

| Particulars                                | Current Year 2015-16 |                    | Previous Year 2014-15 |                    |
|--|----------------------|--------------------|-----------------------|--------------------|
|  | ZAR                  | INR                | ZAR                   | INR                |
| Interest on bank deposit                   | 36,854,953           | 165,110,189        | 28,909,403            | 148,016,143        |
| Profit on sale of fixed asset              | 9,810,413            | 43,950,650         | 129,198,859           | 661,498,158        |
| Interest on advances and security deposits | 11,584,694           | 51,899,429         | 7,846,565             | 40,174,413         |
| Miscellaneous income                       | 4,489,224            | 20,111,724         | 5,826,813             | 29,833,283         |
| <b>Total</b>                               | <b>62,739,284</b>    | <b>281,071,992</b> | <b>171,781,640</b>    | <b>879,521,997</b> |

## 21 Network and transmission expenses

| Particulars                    | Current Year 2015-16 |                      | Previous Year 2014-15 |                      |
|--------------------------------|----------------------|----------------------|-----------------------|----------------------|
|                                | ZAR                  | INR                  | ZAR                   | INR                  |
| Use of transmission facilities | 2,191,274,163        | 9,816,908,250        | 1,699,577,344         | 8,701,836,001        |
| <b>Total</b>                   | <b>2,191,274,163</b> | <b>9,816,908,250</b> | <b>1,699,577,344</b>  | <b>8,701,836,001</b> |

## 22 Employee benefits expense

| Particulars                                | Current Year 2015-16 |                      | Previous Year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | ZAR                  | INR                  | ZAR                   | INR                  |
| Salaries, bonus, commission and allowances | 448,180,731          | 2,007,849,675        | 456,407,151           | 2,336,804,613        |
| Contribution to provident and other funds  | 53,224,285           | 238,444,797          | 48,750,420            | 249,602,150          |
| Staff welfare expenses                     | 29,403,341           | 131,726,968          | 17,535,591            | 89,782,226           |
| <b>Total</b>                               | <b>530,808,357</b>   | <b>2,378,021,440</b> | <b>522,693,162</b>    | <b>2,676,188,989</b> |



## 23 Finance costs

| Particulars                              | Current Year 2015-16 |                      | Previous Year 2014-15 |                      |
|--|----------------------|----------------------|-----------------------|----------------------|
|  | ZAR                  | INR                  | ZAR                   | INR                  |
| Borrowing cost-others                    | 14,804,424           | 66,323,820           | 15,338,878            | 78,535,055           |
| Interest on loan from related parties    | 84,039,854           | 376,498,546          | 73,961,469            | 378,682,721          |
| Interest on loans and advances from bank | 557,971,071          | 2,499,710,398        | 562,844,809           | 2,881,765,422        |
| <b>Total</b>                             | <b>656,815,349</b>   | <b>2,942,532,764</b> | <b>652,145,156</b>    | <b>3,338,983,198</b> |

## 24 Other expenses

| Particulars                         | Current Year 2015-16 |                      | Previous Year 2014-15 |                      |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------|
|                                     | ZAR                  | INR                  | ZAR                   | INR                  |
| IT Consumables                      | 60,856,111           | 272,635,377          | 49,952,778            | 255,758,223          |
| Consumption of stores               | 68,783,971           | 308,152,190          | 47,784,824            | 244,658,299          |
| Advertising and publicity           | 46,624,312           | 208,876,918          | 58,245,205            | 298,215,450          |
| Bad debts                           |                      | -                    | 52,964,080            | 271,176,090          |
| Provision for doubtful debts        | 22,643,705           | 101,443,798          | (13,696,804)          | (70,127,636)         |
| Repairs and Maintenance             |                      |                      |                       |                      |
| - Building                          | 3,944,057            | 17,669,375           | 3,967,783             | 20,315,049           |
| - Plant & Machinery                 | 251,188,135          | 1,125,322,845        | 248,897,519           | 1,274,355,297        |
| - Others                            | 65,651,328           | 294,117,949          | 50,542,260            | 258,776,371          |
| Security Charges                    | 13,619,071           | 61,013,438           | 11,930,169            | 61,082,465           |
| Electricity expense                 | 46,601,495           | 208,774,698          | 27,855,768            | 142,621,532          |
| Books & periodicals                 | 418,192              | 1,873,500            | 514,909               | 2,636,334            |
| Legal and professional fees         | 89,483,090           | 400,884,243          | 126,560,735           | 647,990,963          |
| Rent                                | 23,614,140           | 105,791,347          | 25,318,116            | 129,628,754          |
| Commissions                         | 99,751,968           | 446,888,817          | 105,476,407           | 540,039,204          |
| Donations                           | 1,225,570            | 5,490,554            | 564,500               | 2,890,240            |
| Entertainment expenses              | 655,504              | 2,936,658            | 771,034               | 3,947,694            |
| Exchange rate difference loss (net) | 49,004,083           | 219,538,292          | 1,544,708             | 7,908,905            |
| Loss on sale of fixed asset         | 3,469,352            | 15,542,697           | 3,621                 | 18,540               |
| Insurance                           | 6,173,974            | 27,659,404           | 5,592,392             | 28,633,047           |
| Communication expense               | 16,786,481           | 75,203,435           | 11,025,584            | 56,450,990           |
| Travelling expenses                 | 5,691,710            | 25,498,861           | 5,709,889             | 29,234,632           |
| Vehicle Expenses                    | 12,361,507           | 55,379,551           | 10,833,305            | 55,466,522           |
| Printing and stationery             | 703,032              | 3,149,583            | 1,896,306             | 9,709,087            |
| Rates and taxes                     | 3,367,483            | 15,086,324           | 3,723,300             | 19,063,296           |
| Recruitment expenses                | 1,772,632            | 7,941,391            | 1,081,059             | 5,535,022            |
| Auditors' remuneration              | 13,767,990           | 61,680,595           | 6,135,681             | 31,414,687           |
| Seminars, Trainings and Conferences | 5,633,818            | 25,239,505           | 4,485,649             | 22,966,523           |
| Services rendered by agencies       | 122,384,416          | 548,282,184          | 118,643,286           | 607,453,624          |
| Miscellaneous expenses              | 22,052,778           | 98,796,444           | 29,471,961            | 150,896,436          |
| <b>Total</b>                        | <b>1,058,229,905</b> | <b>4,740,869,973</b> | <b>997,796,024</b>    | <b>5,108,715,640</b> |





Suresh Surana & Associates LLP

13th Floor, Bakhtawar

229, Nariman Point

Mumbai - 400 021 India

T: +91 (22) 6121 4444

email: ss-associates.com www.ss-associates.com

LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **SEPCO Communications (Pty) Limited** ("the subsidiary") registered in South Africa as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.

This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.





The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 26 May 2016

## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                    | Note No. | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|-----|--------------------------------|----------|---------------------|----------------------|---------------------|----------------------|
|     |                                |          | ZAR                 | INR*                 | ZAR                 | INR*                 |
| I.  | <b>EQUITY AND LIABILITIES</b>  |          |                     |                      |                     |                      |
| 1   | <b>Shareholder's funds</b>     |          |                     |                      |                     |                      |
|     | Share capital                  | 1        | 1,971,980,401       | 8,834,472,196        | 1,971,980,401       | 10,096,539,653       |
|     | Reserves and surplus           | 2        | (1,029,187,354)     | (4,610,759,345)      | (1,029,029,040)     | (5,268,628,685)      |
|     |                                |          | 942,793,047         | 4,223,712,851        | 942,951,361         | 4,827,910,968        |
| 2   | <b>Non-current liabilities</b> |          |                     |                      |                     |                      |
|     | Long term borrowing            | 3        | -                   | -                    | 220,000             | 1,126,400            |
|     |                                |          | -                   | -                    | 220,000             | 1,126,400            |
| 3   | <b>Current liabilities</b>     |          |                     |                      |                     |                      |
|     | Trade payables                 | 4        | 345,400             | 1,547,392            | 55,000              | 281,600              |
|     |                                |          | 345,400             | 1,547,392            | 55,000              | 281,600              |
|     |                                |          |                     |                      |                     |                      |
|     | <b>TOTAL</b>                   |          | <b>943,138,447</b>  | <b>4,225,260,243</b> | <b>943,226,361</b>  | <b>4,829,318,968</b> |
| II. | <b>ASSETS</b>                  |          |                     |                      |                     |                      |
| 1   | <b>Non-current assets</b>      |          |                     |                      |                     |                      |
|     | Deferred tax assets (net)      | 5        | -                   | -                    | 88,602              | 453,642              |
|     | Investment                     | 6        | 943,100,247         | 4,225,089,107        | 943,100,247         | 4,828,673,265        |
|     |                                |          | 943,100,247         | 4,225,089,107        | 943,188,849         | 4,829,126,907        |
| 2   | <b>Current assets</b>          |          |                     |                      |                     |                      |
|     | Cash and cash equivalents      | 7        | 38,200              | 171,136              | 37,512              | 192,061              |
|     |                                |          | 38,200              | 171,136              | 37,512              | 192,061              |
|     |                                |          |                     |                      |                     |                      |
|     | <b>TOTAL</b>                   |          | <b>943,138,447</b>  | <b>4,225,260,243</b> | <b>943,226,361</b>  | <b>4,829,318,968</b> |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                           | Note No. | Current Year 2015-16 |           | Current Year 2014-15 |           |
|------|---------------------------------------|----------|----------------------|-----------|----------------------|-----------|
|      |                                       |          | ZAR                  | INR*      | ZAR                  | INR*      |
| I.   | REVENUE                               |          |                      |           |                      |           |
|      | Other income                          | 8        | 1,541                | 6,904     | 1,486                | 7,608     |
|      | Total revenue                         |          | 1,541                | 6,904     | 1,486                | 7,608     |
| II.  | EXPENSES                              |          |                      |           |                      |           |
|      | Other expenses                        | 9        | 71,253               | 319,213   | 40,778               | 208,783   |
|      | Total expenses                        |          | 71,253               | 319,213   | 40,778               | 208,783   |
| III. | Profit / (Loss) before tax (I-II)     |          | (69,712)             | (312,309) | (39,292)             | (201,175) |
| IV.  | Tax expenses                          |          |                      |           |                      |           |
|      | Deferred tax                          |          | 88,602               | 396,937   | -                    | -         |
| V.   | Profit / (Loss) for the year (III-IV) |          | (158,314)            | (709,246) | (39,292)             | (201,175) |

\*Exchange rate as at 31 March 2016 1 ZAR = INR 4.48 (as at 31 March 2015 1 ZAR = INR 5.12)



## Notes to the financial statements for the year ended 31 March 2016

## 1 Share capital

| Particulars              | As at 31 March 2016  |                      | As at 31 March 2015  |                       |
|--------------------------|----------------------|----------------------|----------------------|-----------------------|
|                          | ZAR                  | INR                  | ZAR                  | INR                   |
| Equity share capital     | 1,000                | 4,480                | 1,000                | 5,120                 |
| Preference share capital | 1,971,979,401        | 8,834,467,716        | 1,971,979,401        | 10,096,534,533        |
| <b>Total</b>             | <b>1,971,980,401</b> | <b>8,834,472,196</b> | <b>1,971,980,401</b> | <b>10,096,539,653</b> |

## 2 Reserves and surplus

| Particulars                | As at 31 March 2016    |                        | As at 31 March 2015    |                        |
|----------------------------|------------------------|------------------------|------------------------|------------------------|
|                            | ZAR                    | INR                    | ZAR                    | INR                    |
| <b>Share premium</b>       |                        |                        |                        |                        |
| Opening balance            | 515,380,336            | 2,308,903,905          | 515,380,336            | 2,638,747,320          |
| Addition during the year   | -                      | -                      | -                      | -                      |
| <b>Closing balance</b>     | <b>515,380,336</b>     | <b>2,308,903,905</b>   | <b>515,380,336</b>     | <b>2,638,747,320</b>   |
| <b>Surplus/(Deficit)</b>   |                        |                        |                        |                        |
| Opening balance            | (1,544,409,376)        | (6,918,954,004)        | (1,544,370,084)        | (7,907,174,830)        |
| Profit/(loss) for the year | (158,314)              | (709,246)              | (39,292)               | (201,175)              |
| <b>Closing balance</b>     | <b>(1,544,567,690)</b> | <b>(6,919,663,250)</b> | <b>(1,544,409,376)</b> | <b>(7,907,376,005)</b> |
| <b>Total</b>               | <b>(1,029,187,354)</b> | <b>(4,610,759,345)</b> | <b>(1,029,029,040)</b> | <b>(5,268,628,685)</b> |

## 3 Long term borrowing

| Particulars                   | As at 31 March 2016 |     | As at 31 March 2015 |                  |
|-------------------------------|---------------------|-----|---------------------|------------------|
|                               | ZAR                 | INR | ZAR                 | INR              |
| Unsecured Inter company loans | -                   | -   | 220,000             | 1,126,400        |
| <b>Total</b>                  |                     |     | <b>220,000</b>      | <b>1,126,400</b> |

## 4 Trade payables

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|----------------------|---------------------|------------------|---------------------|----------------|
|                      | ZAR                 | INR              | ZAR                 | INR            |
| Other trade payables | 345,400             | 1,547,392        | 55,000              | 281,600        |
| <b>Total</b>         | <b>345,400</b>      | <b>1,547,392</b> | <b>55,000</b>       | <b>281,600</b> |

## 5 Deferred tax assets (net)

| Particulars         | As at 31 March 2016 |          | As at 31 March 2015 |                |
|---------------------|---------------------|----------|---------------------|----------------|
|                     | ZAR                 | INR      | ZAR                 | INR            |
| Deferred tax assets | -                   | -        | 88,602              | 453,642        |
| <b>Total</b>        | <b>-</b>            | <b>-</b> | <b>88,602</b>       | <b>453,642</b> |



## 6 Investments in subsidiaries

| Particulars               | As at 31 March 2016 |                      | As at 31 March 2015 |                      |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
|                           | ZAR                 | INR                  | ZAR                 | INR                  |
| Inter company loans given | 943,100,247         | 4,225,089,107        | 943,100,247         | 4,828,673,265        |
| <b>Total</b>              | <b>943,100,247</b>  | <b>4,225,089,107</b> | <b>943,100,247</b>  | <b>4,828,673,265</b> |

## 7 Cash and bank balances

| Particulars         | As at 31 March 2016 |                | As at 31 March 2015 |                |
|---------------------|---------------------|----------------|---------------------|----------------|
|                     | ZAR                 | INR            | ZAR                 | INR            |
| Balances with banks | 38,200              | 171,136        | 37,512              | 192,061        |
| <b>Total</b>        | <b>38,200</b>       | <b>171,136</b> | <b>37,512</b>       | <b>192,061</b> |

## 8 Other Income

| Particulars     | Current Year 2015-16 |              | Previous Year 2014-15 |              |
|-----------------|----------------------|--------------|-----------------------|--------------|
|                 | ZAR                  | INR          | ZAR                   | INR          |
| Interest income | 1,541                | 6,904        | 1,486                 | 7,608        |
| <b>Total</b>    | <b>1,541</b>         | <b>6,904</b> | <b>1,486</b>          | <b>7,608</b> |

## 9 Other expenses

| Particulars            | Current Year 2015-16 |                | Previous Year 2014-15 |                |
|------------------------|----------------------|----------------|-----------------------|----------------|
|                        | ZAR                  | INR            | ZAR                   | INR            |
| Audit fees             | 70,400               | 315,392        | 40,000                | 204,800        |
| Bank charges           | -                    | -              | 778                   | 3,983          |
| Miscellaneous expenses | 853                  | 3,821          | -                     | -              |
| <b>Total</b>           | <b>71,253</b>        | <b>319,213</b> | <b>40,778</b>         | <b>208,783</b> |



Suresh Surana &amp; Associates LLP

13th Floor, Beshwar

279, Nariman Point

Mumbai - 400 021 India

T +91(22) 6121 4444

email:sas-associates.com www.ss-associates.com

LLP Indentry No. AAB-7509

**ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS**

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **TCPoP Communications GmbH** ("the subsidiary") registered in Austria as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- a) Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- b) Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- c) Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- d) Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- e) Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to Section 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP   
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016



## BALANCE SHEET AS AT 31 MARCH 2016

|     | Particulars                   | Note No. | As at 31 March 2016 |            | As at 31 March 2015 |            |
|-----|-------------------------------|----------|---------------------|------------|---------------------|------------|
|     |                               |          | USD                 | INR*       | USD                 | INR*       |
| I.  | <b>EQUITY AND LIABILITIES</b> |          |                     |            |                     |            |
| 1   | <b>Shareholders' funds</b>    |          |                     |            |                     |            |
|     | Share capital                 | 1        | 45,681              | 3,026,366  | 45,681              | 2,857,347  |
|     | Reserves and surplus          | 2        | 657,100             | 43,532,875 | 399,958             | 25,017,373 |
|     |                               |          | 702,781             | 46,559,241 | 445,639             | 27,874,720 |
| 2   | <b>Current liabilities</b>    |          |                     |            |                     |            |
|     | Trade payables                | 3        | 129,838             | 8,601,768  | 81,473              | 5,096,136  |
|     | Other current liabilities     | 4        | -                   | -          | 670                 | 41,909     |
|     | Short-term provisions         | 5        | 235,714             | 15,616,053 | 150,935             | 9,440,984  |
|     |                               |          | 365,552             | 24,217,821 | 233,078             | 14,579,029 |
|     | <b>Total</b>                  |          | 1,068,333           | 70,777,062 | 678,717             | 42,453,749 |
| II. | <b>ASSETS</b>                 |          |                     |            |                     |            |
| 1   | <b>Non-current assets</b>     |          |                     |            |                     |            |
|     | Fixed assets                  |          |                     |            |                     |            |
|     | (i) Tangible assets           | 6        | 55,592              | 3,682,970  | 61,586              | 3,852,205  |
|     | (ii) Capital work-in-progress |          | 155,119             | 10,276,634 | -                   | -          |
|     | Long-term loans and advances  | 7        | 3,305               | 218,956    | -                   | -          |
|     |                               |          | 214,016             | 14,178,560 | 61,586              | 3,852,205  |
| 2   | <b>Current assets</b>         |          |                     |            |                     |            |
|     | Trade receivables             | 8        | 252,835             | 16,750,319 | 141,663             | 8,861,021  |
|     | Short-term loans and advances | 9        | 590,118             | 39,095,318 | 466,815             | 29,199,278 |
|     | Other current assets          | 10       | 11,364              | 752,865    | 8,653               | 541,245    |
|     |                               |          | 854,317             | 56,598,502 | 617,131             | 38,601,544 |
|     | <b>Total</b>                  |          | 1,068,333           | 70,777,062 | 678,717             | 42,453,749 |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                | Note No. | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------|--|----------|----------------------|-------------------|-----------------------|-------------------|
|      |  |          | USD                  | INR*              | USD                   | INR*              |
| I.   | Revenue                                    |          |                      |                   |                       |                   |
|      | Revenue from operations                    | 11       | 783,082              | 51,879,183        | 826,271               | 51,683,251        |
|      | Other income                               | 12       | 36,856               | 2,441,710         | 13,914                | 870,321           |
|      | <b>Total revenue</b>                       |          | <b>819,938</b>       | <b>54,320,893</b> | <b>840,185</b>        | <b>52,553,572</b> |
| II.  | Expenses                                   |          |                      |                   |                       |                   |
|      | Finance costs                              | 13       | (338)                | (22,393)          | 310                   | 19,391            |
|      | Network costs                              | 14       | 62,906               | 4,167,523         | 47,405                | 2,965,183         |
|      | Depreciation and amortization expenses     |          | 12,271               | 812,954           | 5,279                 | 330,201           |
|      | Other expenses                             | 15       | 404,174              | 26,776,528        | 425,221               | 26,597,573        |
|      | <b>Total expenses</b>                      |          | <b>479,013</b>       | <b>31,734,612</b> | <b>478,215</b>        | <b>29,912,348</b> |
| III. | <b>Profit / (loss) before tax (I- II)</b>  |          | <b>340,925</b>       | <b>22,586,281</b> | <b>361,970</b>        | <b>22,641,224</b> |
| IV.  | Tax expenses                               |          |                      |                   |                       |                   |
|      | Current Tax                                |          | 83,783               | 5,550,624         | 99,898                | 6,248,620         |
| V.   | <b>Profit / (loss) for the year (V-VI)</b> |          | <b>257,142</b>       | <b>17,035,657</b> | <b>262,072</b>        | <b>16,392,604</b> |

\*Exchange rate as at 31 March 2016 1 USD = INR 66.25 (as at 31 March 2015 1 USD = INR 62.55 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------|---------------------|------------------|---------------------|------------------|
|                      | USD                 | INR              | USD                 | INR              |
| Equity share capital | 45,681              | 3,026,366        | 45,681              | 2,857,347        |
| <b>Total</b>         | <b>45,681</b>       | <b>3,026,366</b> | <b>45,681</b>       | <b>2,857,347</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | USD                 | INR               | USD                 | INR               |
| <b>Surplus / (Deficit)</b>   |                     |                   |                     |                   |
| Opening balance              | 399,958             | 26,497,218        | 137,886             | 8,624,769         |
| Profit / (loss) for the year | 257,142             | 17,035,657        | 262,072             | 16,392,604        |
| <b>Closing balance</b>       | <b>657,100</b>      | <b>43,532,875</b> | <b>399,958</b>      | <b>25,017,373</b> |

## 3 Trade payables

| Particulars    | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------|---------------------|------------------|---------------------|------------------|
|                | USD                 | INR              | USD                 | INR              |
| Trade payables | 129,838             | 8,601,768        | 81,473              | 5,096,136        |
| <b>Total</b>   | <b>129,838</b>      | <b>8,601,768</b> | <b>81,473</b>       | <b>5,096,136</b> |

## 4 Other current liabilities

| Particulars  | As at 31 March 2016 |          | As at 31 March 2015 |               |
|--------------|---------------------|----------|---------------------|---------------|
|              | USD                 | INR      | USD                 | INR           |
| VAT payable  | -                   | -        | 670                 | 41,909        |
| <b>Total</b> | <b>-</b>            | <b>-</b> | <b>670</b>          | <b>41,909</b> |

## 5 Short term provisions

| Particulars             | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|-------------------------|---------------------|-------------------|---------------------|------------------|
|                         | USD                 | INR               | USD                 | INR              |
| Provision for tax (net) | 235,714             | 15,616,053        | 150,935             | 9,440,984        |
| <b>Total</b>            | <b>235,714</b>      | <b>15,616,053</b> | <b>150,935</b>      | <b>9,440,984</b> |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016 |                  | As at 31 March 2015 |                  |
|----------------------------------|---------------------|------------------|---------------------|------------------|
|                                  | USD                 | INR              | USD                 | INR              |
| <b>Gross block:</b>              |                     |                  |                     |                  |
| Plant and machinery              | 236,702             | 15,681,508       | 230,425             | 14,413,084       |
| (a)                              | 236,702             | 15,681,508       | 230,425             | 14,413,084       |
| <b>Accumulated depreciation:</b> |                     |                  |                     |                  |
| Plant and machinery              | 181,110             | 11,998,538       | 168,839             | 10,560,879       |
| (b)                              | 181,110             | 11,998,538       | 168,839             | 10,560,879       |
| <b>Net block (a) - (b)</b>       | <b>55,592</b>       | <b>3,682,970</b> | <b>61,586</b>       | <b>3,852,205</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 7 Long term loans and advances

| Particulars    | As at 31 March 2016 |                | As at 31 March 2015 |          |
|----------------|---------------------|----------------|---------------------|----------|
|                | USD                 | INR            | USD                 | INR      |
| Vendor deposit | 3,305               | 218,956        | -                   | -        |
| <b>Total</b>   | <b>3,305</b>        | <b>218,956</b> | <b>-</b>            | <b>-</b> |

## 8 Trade receivables

| Particulars              | As at 31 March 2016 |                   | As at 31 March 2015 |                  |
|--------------------------|---------------------|-------------------|---------------------|------------------|
|                          | USD                 | INR               | USD                 | INR              |
| Trade receivables        | 53,304              | 3,531,390         | 14,001              | 875,763          |
| Intercompany receivables | 199,531             | 13,218,929        | 127,662             | 7,985,258        |
| <b>Total</b>             | <b>252,835</b>      | <b>16,750,319</b> | <b>141,663</b>      | <b>8,861,021</b> |

## 9 Short term loans and advances

| Particulars               | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
|                           | USD                 | INR               | USD                 | INR               |
| Inter company loans given | 576,087             | 38,165,764        | 466,271             | 29,165,251        |
| Prepaid expenses          | 463                 | 30,674            | 544                 | 34,027            |
| VAT receivable            | 13,568              | 898,880           | -                   | -                 |
| <b>Total</b>              | <b>590,118</b>      | <b>39,095,318</b> | <b>466,815</b>      | <b>29,199,278</b> |

## 10 Other current assets

| Particulars                        | As at 31 March 2016 |                | As at 31 March 2015 |                |
|------------------------------------|---------------------|----------------|---------------------|----------------|
|                                    | USD                 | INR            | USD                 | INR            |
| Interest receivable- Inter company | 11,315              | 749,619        | 8,557               | 535,240        |
| Other current assets               | 49                  | 3,246          | 96                  | 6,005          |
| <b>Total</b>                       | <b>11,364</b>       | <b>752,865</b> | <b>8,653</b>        | <b>541,245</b> |

## 11 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
|                        | USD                  | INR               | USD                   | INR               |
| Data and voice revenue | 783,082              | 51,879,183        | 826,271               | 51,683,251        |
| <b>Total</b>           | <b>783,082</b>       | <b>51,879,183</b> | <b>826,271</b>        | <b>51,683,251</b> |

## 12 Other income

| Particulars                               | Current year 2015-16 |                  | Previous year 2014-15 |                |
|---|----------------------|------------------|-----------------------|----------------|
|   | USD                  | INR              | USD                   | INR            |
| Interest on loan to subsidiaries          | 22,673               | 1,502,086        | 13,914                | 870,321        |
| Exchange rate difference gain/(loss) -net | 13,775               | 912,594          | -                     | -              |
| Miscellaneous income                      | 408                  | 27,030           | -                     | -              |
| <b>Total</b>                              | <b>36,856</b>        | <b>2,441,710</b> | <b>13,914</b>         | <b>870,321</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 13 Finance costs

| Particulars       | Current year 2015-16 |                 | Previous year 2014-15 |               |
|-------------------|----------------------|-----------------|-----------------------|---------------|
|                   | USD                  | INR             | USD                   | INR           |
| Interest expenses | -                    | -               | 214                   | 13,386        |
| Guarantee fees    | (338)                | (22,393)        | 96                    | 6,005         |
| <b>Total</b>      | <b>(338)</b>         | <b>(22,393)</b> | <b>310</b>            | <b>19,391</b> |

## 14 Network costs

| Particulars                                | Current year 2015-16 |                  | Previous year 2014-15 |                  |
|--|----------------------|------------------|-----------------------|------------------|
|  | USD                  | INR              | USD                   | INR              |
| Charges for use of transmission facilities | 62,906               | 4,167,523        | 47,405                | 2,965,183        |
| <b>Total</b>                               | <b>62,906</b>        | <b>4,167,523</b> | <b>47,405</b>         | <b>2,965,183</b> |

## 15 Other expenses

| Particulars                                 | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|---|----------------------|-------------------|-----------------------|-------------------|
|   | USD                  | INR               | USD                   | INR               |
| Communication expenses                      | 40                   | 2,650             | 32                    | 2,002             |
| Electricity                                 | 86,868               | 5,755,005         | 58,196                | 3,640,160         |
| Exchange rate difference (gain)/loss -net   | -                    | -                 | 102,684               | 6,422,884         |
| Insurance expenses                          | 1,944                | 128,790           | 1,638                 | 102,457           |
| Legal and professional fees                 | 30,649               | 2,030,496         | 47,070                | 2,944,229         |
| Miscellaneous expenses                      | 98,370               | 6,517,013         | 2,266                 | 141,737           |
| Rates and Taxes                             | 63                   | 4,174             | -                     | -                 |
| Rent  | 183,289              | 12,142,896        | 211,788               | 13,247,339        |
| Repairs and Maintenance - Plant & Machinery | 1,927                | 127,664           | 402                   | 25,145            |
| Services rendered by agencies               | 1,024                | 67,840            | 1,145                 | 71,620            |
| <b>Total</b>                                | <b>404,174</b>       | <b>26,776,528</b> | <b>425,221</b>        | <b>26,597,573</b> |



Suresh Surana & Associates LLP

13th Floor, Bakhawar  
229, Nariman Point  
Mumbai - 400 021, India

T: +91 (22) 6121 4444

en@ss-associates.com | www.ss-associates.com  
LLP Identity No. AAB-7509

## ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To  
The Board of Directors  
Tata Communications Limited

On the basis of the accounting records and other information and explanations provided to us by the management, we have compiled the balance sheet of **UNITED TELECOM LTD.** ("the subsidiary") registered in Kathmandu as at 31 March 2016 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the subsidiary is responsible for:

- Completeness and accuracy of the underlying data and complete disclosure of all material and relevant information to the accountant;
- Maintaining adequate accounting and other records and internal controls and selecting and applying appropriate accounting policies;
- Preparation and presentation of financial statements in accordance with the applicable laws and regulations, if any;
- Establishing controls to safeguard the assets of the entity and preventing and detecting frauds or other irregularities;
- Establishing controls for ensuring that the activities of the entity are carried out in accordance with the applicable laws and regulations and preventing and detecting any non-compliance.

The compilation engagement was carried out by us in accordance with the Standards on Related Services Engagements (ISRS 4410) "Engagements to Compile Financial Information", issued by the Institute of Chartered Accountants of India.


This balance sheet and statement of profit and loss has been compiled by us for the purpose of preparation of statement pursuant to Section 129 (3) of the Companies Act, 2013.

The balance sheet and the statement of profit and loss are in agreement with the books of account. We have not audited or reviewed these financial statements and accordingly express no opinion thereon.



The previous year's figures are extracted from last years statement of accounts prepared for the purpose of statement pursuant to 129 (3) of the Companies Act, 2013 and the said figures are regrouped or re-classified wherever necessary for comparability.

FOR SURESH SURANA & ASSOCIATES LLP  
Chartered Accountants  
Firm Reg. No. 121750W / W-100010

  
(Vinodkumar Varma)  
PARTNER  
Membership No. 105545



Place Mumbai  
Date: 26 May 2016



## BALANCE SHEET AS AT 31 MARCH 2016

|                                  | Particulars | Note No. | As at 31 March 2016  |                      | As at 31 March 2015  |                    |
|----------------------------------|-------------|----------|----------------------|----------------------|----------------------|--------------------|
|                                  |             |          | NPR                  | INR*                 | NPR                  | INR*               |
| <b>I. EQUITY AND LIABILITIES</b> |             |          |                      |                      |                      |                    |
| <b>1 Shareholders' funds</b>     |             |          |                      |                      |                      |                    |
| Share capital                    | 1           |          | 3,572,400,000        | 2,250,612,000        | 2,693,000,000        | 1,696,590,000      |
| Reserves and surplus             | 2           |          | (2,648,545,642)      | (1,668,583,754)      | (1,968,370,456)      | (1,240,073,387)    |
|                                  |             |          | <b>923,854,358</b>   | <b>582,028,246</b>   | <b>724,629,544</b>   | <b>456,516,613</b> |
| <b>2 Non-current liabilities</b> |             |          |                      |                      |                      |                    |
| Deferred tax liabilities (net)   |             |          | <b>35,760,995</b>    | <b>22,529,427</b>    | <b>35,760,995</b>    | <b>22,529,426</b>  |
|                                  |             |          | <b>35,760,995</b>    | <b>22,529,427</b>    | <b>35,760,995</b>    | <b>22,529,426</b>  |
| <b>3 Current liabilities</b>     |             |          |                      |                      |                      |                    |
| Short-term borrowings            | 3           |          | -                    | -                    | 219,236,057          | 138,118,716        |
| Trade payables                   | 4           |          | 818,154,583          | 515,437,387          | 336,369,412          | 211,912,730        |
| Other current liabilities        | 5           |          | 36,581,175           | 23,046,140           | 32,584,855           | 20,528,459         |
|                                  |             |          | <b>854,735,758</b>   | <b>538,483,527</b>   | <b>588,190,324</b>   | <b>370,559,905</b> |
| <b>Total</b>                     |             |          | <b>1,814,351,111</b> | <b>1,143,041,200</b> | <b>1,348,580,863</b> | <b>849,605,944</b> |
| <b>II. ASSETS</b>                |             |          |                      |                      |                      |                    |
| <b>1 Non-current assets</b>      |             |          |                      |                      |                      |                    |
| <b>Fixed assets</b>              |             |          |                      |                      |                      |                    |
| (i) Tangible assets              | 6           |          | 712,908,205          | 449,132,169          | 804,314,409          | 506,718,078        |
| (ii) Intangible assets           | 7           |          | 38,128,011           | 24,020,647           | 59,373,257           | 37,405,152         |
| (iii) Capital work-in-progress   |             |          | 1,680,792            | 1,058,899            | 3,553,176            | 2,238,501          |
|                                  |             |          | <b>752,717,008</b>   | <b>474,211,715</b>   | <b>867,240,842</b>   | <b>546,361,731</b> |
| <b>2 Current assets</b>          |             |          |                      |                      |                      |                    |
| Trade receivables                | 8           |          | 20,389,536           | 12,845,408           | 27,454,375           | 17,296,256         |
| Cash and cash equivalents        | 9           |          | 1,667,396            | 1,050,459            | 321,772              | 202,716            |
| Short-term loans and advances    | 10          |          | 408,772,220          | 257,526,499          | 114,519,535          | 72,147,307         |
| Other current assets             | 11          |          | 630,804,951          | 397,407,119          | 339,044,339          | 213,597,934        |
| <b>Total</b>                     |             |          |                      |                      |                      |                    |

\*Exchange rate as at 31 March 2016 1 NPR = INR 0.63(as at 31 March 2015 1 NPR = INR 0.63 )



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

|      | Particulars                                  | Note No. | Current year 2015-16 |                      | Previous year 2014-15 |                      |
|------|--|----------|----------------------|----------------------|-----------------------|----------------------|
|      |  |          | USD                  | INR*                 | USD                   | INR*                 |
| I.   | <b>Revenue</b>                               |          |                      |                      |                       |                      |
|      | Revenue from operations                      | 12       | 110,574,367          | 69,661,851           | 256,132,018           | 161,363,171          |
|      | Other income                                 | 13       | 1,452,042            | 914,786              | 107,381               | 67,650               |
|      | <b>Total revenue</b>                         |          | <b>112,026,409</b>   | <b>70,576,637</b>    | <b>256,239,399</b>    | <b>161,430,821</b>   |
| II.  | <b>Expenses</b>                              |          |                      |                      |                       |                      |
|      | Employee benefits expense                    | 14       | 45,630,700           | 28,747,341           | 44,074,506            | 27,766,939           |
|      | Finance costs                                | 15       | 22,937,233           | 14,450,457           | 29,541,172            | 18,610,938           |
|      | Network costs                                | 16       | 504,362,607          | 317,748,442          | 438,096,785           | 276,000,975          |
|      | Depreciation and amortization expenses       |          | 136,100,757          | 85,743,477           | 140,745,796           | 88,669,851           |
|      | Other expenses                               | 17       | 83,170,298           | 52,397,287           | 190,480,996           | 120,003,027          |
|      | <b>Total expenses</b>                        |          | <b>792,201,595</b>   | <b>499,087,004</b>   | <b>842,939,255</b>    | <b>531,051,730</b>   |
| III. | <b>Profit / (loss) before tax ( I-II)</b>    |          | <b>(680,175,186)</b> | <b>(428,510,367)</b> | <b>(586,699,856)</b>  | <b>(369,620,909)</b> |
| IV.  | <b>Tax expenses</b>                          |          |                      |                      |                       |                      |
|      | Deferred Tax                                 |          | -                    | -                    | 93,106,633            | 58,657,179           |
| V    | <b>Profit / (loss) for the year (III-IV)</b> |          | <b>(680,175,186)</b> | <b>(428,510,367)</b> | <b>(679,806,489)</b>  | <b>(428,278,088)</b> |

\*Exchange rate as at 31 March 2016 1 NPR = INR 0.63(as at 31 March 2015 1 NPR = INR 0.63 )



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 1 Share capital

| Particulars          | As at 31 March 2016  |                      | As at 31 March 2015  |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
|                      | NPR                  | INR                  | NPR                  | INR                  |
| Equity share capital | 3,572,400,000        | 2,250,612,000        | 2,693,000,000        | 1,696,590,000        |
| <b>Total</b>         | <b>3,572,400,000</b> | <b>2,250,612,000</b> | <b>2,693,000,000</b> | <b>1,696,590,000</b> |

## 2 Reserves and surplus

| Particulars                  | As at 31 March 2016    |                        | As at 31 March 2015    |                        |
|------------------------------|------------------------|------------------------|------------------------|------------------------|
|                              | NPR                    | INR                    | NPR                    | INR                    |
| Surplus / (Deficit)          |                        |                        |                        |                        |
| Opening balance              | (1,968,370,456)        | (1,240,073,387)        | (1,288,563,967)        | (811,795,299)          |
| Profit / (loss) for the year | (680,175,186)          | (428,510,367)          | (679,806,489)          | (428,278,088)          |
| <b>Closing balance</b>       | <b>(2,648,545,642)</b> | <b>(1,668,583,754)</b> | <b>(1,968,370,456)</b> | <b>(1,240,073,387)</b> |

## 3 Short term borrowings

| Particulars    | As at 31 March 2016 |          | As at 31 March 2015 |                    |
|----------------|---------------------|----------|---------------------|--------------------|
|                | NPR                 | INR      | NPR                 | INR                |
| Loan from bank | -                   | -        | 219,236,057         | 138,118,716        |
| <b>Total</b>   | <b>-</b>            | <b>-</b> | <b>219,236,057</b>  | <b>138,118,716</b> |

## 4 Trade payables

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|----------------|---------------------|--------------------|---------------------|--------------------|
|                | NPR                 | INR                | NPR                 | INR                |
| Trade payables | 818,154,583         | 515,437,387        | 336,369,412         | 211,912,730        |
| <b>Total</b>   | <b>818,154,583</b>  | <b>515,437,387</b> | <b>336,369,412</b>  | <b>211,912,730</b> |

## 5 Other current liabilities

| Particulars      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------|---------------------|-------------------|---------------------|-------------------|
|                  | NPR                 | INR               | NPR                 | INR               |
| Deferred revenue | 36,581,175          | 23,046,140        | 32,584,855          | 20,528,459        |
| <b>Total</b>     | <b>36,581,175</b>   | <b>23,046,140</b> | <b>32,584,855</b>   | <b>20,528,459</b> |

## 6 Tangible fixed assets

| Particulars                      | As at 31 March 2016  |                      | As at 31 March 2015  |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | NPR                  | INR                  | NPR                  | INR                  |
| <b>Gross block:</b>              |                      |                      |                      |                      |
| Land                             | 9,406,115            | 5,925,852            | 9,406,115            | 5,925,852            |
| Plant and machinery              | 1,970,016,137        | 1,241,110,166        | 1,960,666,570        | 1,235,219,939        |
| Furniture and fixtures           | 38,847,311           | 24,473,806           | 38,847,311           | 24,473,806           |
| Computers                        | 28,183,889           | 17,755,850           | 27,967,375           | 17,619,446           |
| Office equipment                 | 75,708,990           | 47,696,664           | 61,825,764           | 38,950,231           |
| Vehicles                         | 18,140,866           | 11,428,746           | 18,140,866           | 11,428,746           |
| <b>(a)</b>                       | <b>2,140,303,308</b> | <b>1,348,391,084</b> | <b>2,116,854,001</b> | <b>1,333,618,021</b> |
| <b>Accumulated depreciation:</b> |                      |                      |                      |                      |
| Plant and machinery              | 1,296,731,835        | 816,941,056          | 1,204,920,340        | 759,099,814          |
| Furniture and fixtures           | 38,103,880           | 24,005,444           | 34,996,095           | 22,047,540           |
| Computers                        | 27,955,082           | 17,611,702           | 25,700,371           | 16,191,234           |
| Office equipment                 | 52,654,804           | 33,172,527           | 37,513,006           | 23,633,194           |
| Vehicles                         | 11,949,502           | 7,528,186            | 9,409,780            | 5,928,161            |
| <b>(b)</b>                       | <b>1,427,395,103</b> | <b>899,258,915</b>   | <b>1,312,539,592</b> | <b>826,899,943</b>   |
| <b>Net block (a) - (b)</b>       | <b>712,908,205</b>   | <b>449,132,169</b>   | <b>804,314,409</b>   | <b>506,718,078</b>   |



## 7 Intangible assets

| Particulars                      | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
|                                  | NPR                 | INR               | NPR                 | INR               |
| <b>Gross block:</b>              |                     |                   |                     |                   |
| Licence Fees                     | 209,976,744         | 132,285,349       | 209,976,744         | 132,285,349       |
| (a)                              | 209,976,744         | 132,285,349       | 209,976,744         | 132,285,349       |
| <b>Accumulated depreciation:</b> |                     |                   |                     |                   |
| Licence Fees                     | 171,848,733         | 108,264,702       | 150,603,487         | 94,880,197        |
| (b)                              | 171,848,733         | 108,264,702       | 150,603,487         | 94,880,197        |
| <b>Net block (a) - (b)</b>       | <b>38,128,011</b>   | <b>24,020,647</b> | <b>59,373,257</b>   | <b>37,405,152</b> |

## 8 Trade receivables

| Particulars                  | As at 31 March 2016 |                   | As at 31 March 2015 |                   |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
|                              | NPR                 | INR               | NPR                 | INR               |
| Trade receivables            | 481,854,751         | 303,568,493       | 482,085,375         | 303,713,786       |
| Provision for doubtful debts | (461,465,215)       | (290,723,085)     | (454,631,000)       | (286,417,530)     |
| <b>Total</b>                 | <b>20,389,536</b>   | <b>12,845,408</b> | <b>27,454,375</b>   | <b>17,296,256</b> |

## 9 Cash and cash equivalents

| Particulars       | As at 31 March 2016 |                  | As at 31 March 2015 |                |
|-------------------|---------------------|------------------|---------------------|----------------|
|                   | NPR                 | INR              | NPR                 | INR            |
| Balance with bank | 1,667,396           | 1,050,459        | 321,772             | 202,716        |
| <b>Total</b>      | <b>1,667,396</b>    | <b>1,050,459</b> | <b>321,772</b>      | <b>202,716</b> |

## 10 Short term loans and advances

| Particulars    | As at 31 March 2016 |                    | As at 31 March 2015 |                   |
|----------------|---------------------|--------------------|---------------------|-------------------|
|                | NPR                 | INR                | NPR                 | INR               |
| Other advances | 408,772,220         | 257,526,499        | 114,519,535         | 72,147,307        |
| <b>Total</b>   | <b>408,772,220</b>  | <b>257,526,499</b> | <b>114,519,535</b>  | <b>72,147,307</b> |

## 11 Other current assets

| Particulars  | As at 31 March 2016 |                    | As at 31 March 2015 |                    |
|--------------|---------------------|--------------------|---------------------|--------------------|
|              | NPR                 | INR                | NPR                 | INR                |
| Inventories  | 38,770,807          | 24,425,608         | 42,590,981          | 26,832,318         |
| Deposits     | 592,034,144         | 372,981,511        | 296,453,358         | 186,765,616        |
| <b>Total</b> | <b>630,804,951</b>  | <b>397,407,119</b> | <b>339,044,339</b>  | <b>213,597,934</b> |

## 12 Revenue from operations

| Particulars            | Current year 2015-16 |                   | Previous year 2014-15 |                    |
|------------------------|----------------------|-------------------|-----------------------|--------------------|
|                        | NPR                  | INR               | NPR                   | INR                |
| Data and voice revenue | 110,574,367          | 69,661,851        | 256,132,018           | 161,363,171        |
| <b>Total</b>           | <b>110,574,367</b>   | <b>69,661,851</b> | <b>256,132,018</b>    | <b>161,363,171</b> |

## 13 Other income

| Particulars          | Current year 2015-16 |                | Previous year 2014-15 |               |
|----------------------|----------------------|----------------|-----------------------|---------------|
|                      | NPR                  | INR            | NPR                   | INR           |
| Miscellaneous income | 1,452,042            | 914,786        | 107,381               | 67,650        |
| <b>Total</b>         | <b>1,452,042</b>     | <b>914,786</b> | <b>107,381</b>        | <b>67,650</b> |



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

## 14 Employee benefit expenses

| Particulars                    | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
|                                | NPR                  | INR               | NPR                   | INR               |
| Salaries, bonus and allowances | 45,477,890           | 28,651,071        | 43,567,538            | 27,447,549        |
| Staff welfare expenses         | 152,810              | 96,270            | 506,968               | 319,390           |
| <b>Total</b>                   | <b>45,630,700</b>    | <b>28,747,341</b> | <b>44,074,506</b>     | <b>27,766,939</b> |

## 15 Finance costs

| Particulars       | Current year 2015-16 |                   | Previous year 2014-15 |                   |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
|                   | NPR                  | INR               | NPR                   | INR               |
| Interest expenses | 22,937,233           | 14,450,457        | 29,541,172            | 18,610,938        |
| <b>Total</b>      | <b>22,937,233</b>    | <b>14,450,457</b> | <b>29,541,172</b>     | <b>18,610,938</b> |

## 16 Network costs

| Particulars                                | Current year 2015-16 |                    | Current year 2014-15 |                    |
|--|----------------------|--------------------|----------------------|--------------------|
|  | NPR                  | INR                | NPR                  | INR                |
| Charges for use of transmission facilities | 504,362,607          | 317,748,442        | 438,096,785          | 276,000,975        |
| <b>Total</b>                               | <b>504,362,607</b>   | <b>317,748,442</b> | <b>438,096,785</b>   | <b>276,000,975</b> |

## 17 Other expenses

| Particulars                               | Current year 2015-16 |                   | Current year 2014-15 |                    |
|---|----------------------|-------------------|----------------------|--------------------|
|   | NPR                  | INR               | NPR                  | INR                |
| Advertising and publicity                 | 13,358,632           | 8,415,938         | 17,146,844           | 10,802,512         |
| Provision for doubtful debts              | 6,834,215            | 4,305,555         | -                    | -                  |
| Communication expenses                    | 3,029,842            | 1,908,800         | 50,771               | 31,986             |
| Exchange rate difference (gain)/loss -net | 76,263               | 48,046            | 296,437              | 186,755            |
| Insurance expenses                        | 4,682,870            | 2,950,208         | 2,024,553            | 1,275,468          |
| Loss on sale of fixed assets (net)        | -                    | -                 | 132,768,543          | 83,644,182         |
| Miscellaneous expenses                    | 4,154,035            | 2,617,043         | 2,444,603            | 1,540,100          |
| Printing and stationery                   | 434,237              | 273,569           | 842,525              | 530,791            |
| Rent                                      | 21,791,678           | 13,728,757        | 20,068,312           | 12,643,036         |
| Repairs and Maintenance - Others          | 9,851,144            | 6,206,221         | 3,013,753            | 1,898,664          |
| Security charges                          | 11,374,714           | 7,166,070         | 5,736,572            | 3,614,040          |
| Travelling and conveyance expenses        | 7,582,668            | 4,777,080         | 6,088,083            | 3,835,492          |
| <b>Total</b>                              | <b>83,170,298</b>    | <b>52,397,287</b> | <b>190,480,996</b>   | <b>120,003,026</b> |

