

TATA COMMUNICATIONS ASSOCIATE AND SUBSIDIARY FINANCIAL STATEMENTS 2016-17

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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 **STT Tai Seng Pte Ltd.** ("the associate") registered in Shanghai The Republic of China as at 31 March 2017 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the associate 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | |
|-----|--------------------------------------------------|----------|---------------------|----------------|
| | | | SGD | INR* |
| (A) | ASSETS | | | |
| (1) | Non-current assets | | | |
| | Property, plant and equipment | 1 | 55,252,760 | 2,566,534,905 |
| | Capital work-in-progress | | 18,033 | 837,647 |
| | Goodwill | | 159,116,535 | 7,391,090,344 |
| | Other intangible assets | 2 | - | - |
| | | | 214,387,328 | 9,958,462,896 |
| (2) | Current assets | | | |
| | Financial assets | | | |
| | (i) Trade receivables | 3 | 15,926,937 | 739,818,965 |
| | (ii) Cash and cash equivalent | 4 | 4,013,374 | 186,424,433 |
| | Other current assets | 5 | 2,256,169 | 104,800,855 |
| | | | 22,196,480 | 1,031,044,253 |
| | | | | |
| | TOTAL ASSETS | | 236,583,808 | 10,989,507,149 |
| (B) | EQUITY AND LIABILITIES | | | |
| (1) | Equity | | | |
| | Equity share capital | 6 | 181,652,881 | 8,437,921,645 |
| | Other equity | 7 | 508,604 | 23,625,062 |
| | Total Equity | | 182,161,485 | 8,461,546,707 |
| (2) | Non-current liabilities | | | |
| | Financial liabilities | | | |
| | (i) Borrowings | 8 | 40,000,000 | 1,858,032,000 |
| | (ii) Other financial liabilities | 9 | 151,745 | 7,048,677 |
| | Provisions | 10 | 3,806,386 | 176,809,675 |
| | Other non current liabilities (Deferred revenue) | | 176,501 | 8,198,613 |
| | | | 44,134,632 | 2,050,088,965 |
| (3) | Current liabilities | | | |
| | Financial liabilities | | | |
| | (i) Borrowings | 11 | 5,000,000 | 232,254,000 |
| | (ii) Trade payables | 12 | 4,121,259 | 191,435,778 |
| | (iii) Other financial liabilities | 13 | 131,246 | 6,096,482 |
| | Other current liabilities | 14 | 1,023,018 | 47,520,004 |
| | Provisions | 15 | 12,168 | 565,213 |
| | | | 10,287,691 | 477,871,477 |
| | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 236,583,808 | 10,989,507,149 |

*Exchange rate as at 31 March 2017 1 SGD = INR 46.45



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | |
|-----|--------------------------------------------|----------|----------------------|--------------------|
| | | | SGD | INR* |
| i | Revenue from telecommunications services | 16 | 5,800,758 | 269,449,850 |
| ii | Other Income | 17 | 148,794 | 6,911,600 |
| iii | Total income (i + ii) | | 5,949,552 | 276,361,450 |
| iv | Expenses: | | | |
| | (i) Network and transmission expenses | 18 | 1,999,905 | 92,897,187 |
| | (ii) Employee benefits expenses | 19 | 181,382 | 8,425,339 |
| | (iii) Operating and other expenses | 20 | 2,145,129 | 99,642,959 |
| | (iv) Finance costs | 21 | 285,499 | 13,261,657 |
| | (v) Depreciation and amortisation expenses | | 829,033 | 38,509,246 |
| | Total expenses | | 5,440,948 | 252,736,388 |
| v | Profit before taxes (iii - iv) | | 508,604 | 23,625,062 |
| vi | Tax expenses | | | |
| | (i) Current tax expense/(benefit) | | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - |
| | Net tax expenses | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 508,604 | 23,625,062 |

*Exchange rate as at 31 March 2017 1 SGD = INR 46.45



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | |
|----------------------------------|---------------------|---------------|
| | SGD | INR |
| Gross block: | | |
| Lease hold improvement | 44,721,891 | 2,077,367,614 |
| Plant and machinery | 30,894,672 | 1,435,082,230 |
| Furniture and fixtures | 13,280 | 616,867 |
| Computers | 310,860 | 14,439,696 |
| Office equipment | 802,502 | 37,276,860 |
| (a) | 76,743,205 | 3,564,783,267 |
| Accumulated depreciation: | | |
| Lease hold improvement | 12,243,133 | 568,703,322 |
| Plant and machinery | 8,635,458 | 401,123,932 |
| Furniture and fixtures | 3,759 | 174,609 |
| Computers | 303,826 | 14,112,961 |
| Office equipment | 304,269 | 14,133,538 |
| (b) | 21,490,445 | 998,248,362 |
| Net block (a) - (b) | 55,252,760 | 2,566,534,905 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | |
|----------------------------------|---------------------|---------|
| | SGD | INR |
| Gross block: | | |
| Computer software | 5,212 | 242,102 |
| (a) | 5,212 | 242,102 |
| Accumulated amortisation: | | |
| Computer software | 5,212 | 242,102 |
| (b) | 5,212 | 242,102 |
| Net block (a) - (b) | - | - |

3 Trade receivables

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|-------------|
| | SGD | INR |
| Trade receivables | 15,929,719 | 739,948,191 |
| Provision for doubtful debts | (2,782) | (129,226) |
| Total | 15,926,937 | 739,818,965 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Cash and cash equivalents

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|--------------------|
| | SGD | INR |
| Balance with bank | 4,013,374 | 186,424,433 |
| Total | 4,013,374 | 186,424,433 |

5 Current assets - other assets

| Particulars | As at 31 March 2017 | |
|------------------|---------------------|--------------------|
| | SGD | INR |
| Prepaid expenses | 2,256,169 | 104,800,855 |
| Total | 2,256,169 | 104,800,855 |

6 Equity share capital

| Particulars | As at 31 March 2017 | |
|----------------------|---------------------|----------------------|
| | SGD | INR |
| Equity share capital | 181,652,881 | 8,437,921,645 |
| Total | 181,652,881 | 8,437,921,645 |

7 Other Equity

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|------------|
| | SGD | INR |
| Surplus / (Deficit) | | |
| Opening balance | - | - |
| Profit / (loss) for the year | 508,604 | 23,625,062 |
| Closing balance | 508,604 | 23,625,062 |

8 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | |
|-----------------|---------------------|----------------------|
| | SGD | INR |
| Loan from banks | 40,000,000 | 1,858,032,000 |
| Total | 40,000,000 | 1,858,032,000 |

9 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | |
|--------------------|---------------------|------------------|
| | SGD | INR |
| Lease equalisation | 151,745 | 7,048,677 |
| Total | 151,745 | 7,048,677 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | |
|----------------------------------------|---------------------|--------------------|
| | SGD | INR |
| Asset retirement obligation and others | 3,486,386 | 161,945,419 |
| Retention liability | 320,000 | 14,864,256 |
| Total | 3,806,386 | 176,809,675 |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | |
|----------------|---------------------|--------------------|
| | SGD | INR |
| Loan from bank | 5,000,000 | 232,254,000 |
| Total | 5,000,000 | 232,254,000 |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | |
|---------------|---------------------|--------------------|
| | SGD | INR |
| Trade payable | 4,121,259 | 191,435,778 |
| Total | 4,121,259 | 191,435,778 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|------------------|
| | SGD | INR |
| Interest accrued but not due | 131,246 | 6,096,482 |
| Total | 131,246 | 6,096,482 |

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | |
|---------------------------------------------|---------------------|-------------------|
| | SGD | INR |
| Deferred revenue and advance from customers | 862,498 | 40,063,722 |
| Other Employee dues | 137,276 | 6,376,580 |
| Other Statutory dues | 22,771 | 1,057,731 |
| Others | 473 | 21,971 |
| Total | 1,023,018 | 47,520,004 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|----------------|
| | SGD | INR |
| Leave entitlement | 12,168 | 565,213 |
| Total | 12,168 | 565,213 |

16 Revenue from operations

| Particulars | Current year 2016-17 | |
|------------------------|----------------------|--------------------|
| | SGD | INR |
| Data and voice revenue | 5,800,758 | 269,449,850 |
| Total | 5,800,758 | 269,449,850 |

17 Other income

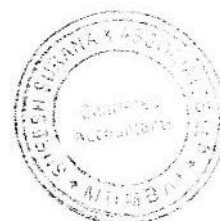
| Particulars | Current year 2016-17 | |
|----------------------|----------------------|------------------|
| | SGD | INR |
| Miscellaneous income | 148,794 | 6,911,600 |
| Total | 148,794 | 6,911,600 |

18 Network costs

| Particulars | Current year 2016-17 | |
|--------------------------------------------|----------------------|-------------------|
| | SGD | INR |
| Charges for use of transmission facilities | 1,999,905 | 92,897,187 |
| Total | 1,999,905 | 92,897,187 |

19 Employee benefit expenses

| Particulars | Current year 2016-17 | |
|-------------------------------------------|----------------------|------------------|
| | SGD | INR |
| Salaries, bonus and allowances | 164,830 | 7,656,485 |
| Contribution to provident and other funds | 16,552 | 768,854 |
| Total | 181,382 | 8,425,339 |



20 Other expenses

| Particulars | Current year 2016-17 | |
|---------------------------------------------|----------------------|-------------------|
| | SGD | INR |
| Auditors remuneration | 6,000 | 278,705 |
| Communication expenses | 644 | 29,914 |
| Electricity | 981,152 | 45,575,295 |
| Exchange (Gain)/Loss -Net | 18,548 | 861,569 |
| Insurance expenses | 9,662 | 448,808 |
| Legal and professional fees | 886,113 | 41,160,658 |
| Miscellaneous expenses | 19,819 | 920,610 |
| Printing and stationery | 1,314 | 61,036 |
| Provision for doubtful debts | 2,777 | 128,994 |
| Rates and Taxes | 2,924 | 135,822 |
| Rent | 658 | 30,565 |
| Repairs and Maintenance - Plant & Machinery | 210,872 | 9,795,173 |
| Repairs and Maintenance -Building | 1,750 | 81,289 |
| Security charges | 1,425 | 66,192 |
| Travelling and conveyance expenses | 1,471 | 68,329 |
| Total | 2,145,129 | 99,642,959 |

21 Finance costs

| Particulars | Current year 2016-17 | |
|-------------------|----------------------|-------------------|
| | SGD | INR |
| Interest expenses | 285,499 | 13,261,657 |
| Total | 285,499 | 13,261,657 |



STT GLOBAL DATA CENTRES INDIA PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2017

Amount in ₹ lakhs

| | | Note No. | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------|----------------------------------------------------------------------------------------|----------|------------------------|------------------------|-----------------------|
| A | ASSETS | | | | |
| 1 | Non-current assets | | | | |
| (a) | Property, plant & equipment | 3 | 74,378.50 | 58,555.01 | 41,463.73 |
| (b) | Capital work in progress | | 2,596.93 | 7,837.78 | 1,730.65 |
| (c) | Intangible assets | 4 | 120.90 | 151.95 | 222.71 |
| (d) | Financial assets | | | | |
| (i) | Other financial assets | 5 | 108.82 | 64.00 | 0.75 |
| (e) | Deferred tax assets (net) | 6 | 1,958.21 | 1,862.56 | 1,510.94 |
| (f) | Non current tax assets (net) | | 5,575.71 | 3,191.04 | 2,265.68 |
| (g) | Other non-current assets | 7A | 926.27 | 929.26 | 439.83 |
| | Total non-current assets | | 85,665.34 | 72,591.60 | 47,634.29 |
| 2 | Current assets | | | | |
| (a) | Inventories - stores and spares | | - | - | 0.66 |
| (b) | Financial assets | | | | |
| (i) | Investments | 8 | 10,700.18 | 3,152.88 | 3,201.50 |
| (ii) | Trade receivables | 9 | 14,368.67 | 12,629.42 | 8,943.79 |
| (iii) | Cash and cash equivalents | 10 | 1,338.23 | 691.34 | 391.62 |
| (iv) | Bank balances other than (iii) above | 11 | 2,292.34 | - | - |
| (c) | Other current assets | 7B | 1,929.65 | 1,625.93 | 1,721.01 |
| | Total current assets | | 30,629.07 | 18,099.57 | 14,258.58 |
| | Total assets | | 116,294.41 | 90,691.17 | 61,892.87 |
| B | EQUITY AND LIABILITIES | | | | |
| I | Equity | | | | |
| (a) | Equity share capital | 12 | 1.00 | 1.00 | 5.00 |
| (b) | Other equity | 13 | 12,238.69 | 8,804.98 | 5,612.47 |
| | Total equity | | 12,239.69 | 8,805.98 | 5,617.47 |
| II | Liabilities | | | | |
| 1 | Non-current liabilities | | | | |
| (a) | Financial Liabilities | | | | |
| (i) | Borrowings | 14A | 78,923.64 | 35,000.00 | 35,000.00 |
| (ii) | Other financial liabilities | 15A | 6.73 | 6.73 | - |
| (b) | Provisions | 16A | 289.31 | 245.20 | 246.40 |
| (c) | Other non current liabilities | 17A | 3,305.22 | 1,622.25 | 1,305.30 |
| | Total non-current liabilities | | 82,524.90 | 36,874.18 | 36,551.70 |
| 2 | Current liabilities | | | | |
| (a) | Financial Liabilities | | | | |
| (i) | Borrowings | 14B | - | 32,400.00 | 9,400.00 |
| (ii) | Trade payables | 18 | | | |
| (a) | total outstanding dues of micro enterprises and small enterprises | 18 (a) | 66.97 | 50.75 | 2.31 |
| (b) | total outstanding dues of creditors other than micro enterprises and small enterprises | 18 (b) | 9,733.55 | 4,346.09 | 3,220.53 |
| (iii) | Other financial liabilities | 15B | 6,663.01 | 6,234.00 | 3,539.94 |
| (b) | Provisions | 16B | 11.78 | 10.00 | 9.28 |
| (c) | Other current liabilities | 17B | 5,054.51 | 1,970.17 | 3,551.64 |
| | Total current liabilities | | 21,529.82 | 45,011.01 | 19,723.70 |
| | Total equity and liabilities | | 116,294.41 | 90,691.17 | 61,892.87 |

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

GURVINDER SINGH
Partner

SUMIT MUKHIJA
Chief Executive Officer

BRUNO LOPEZ
Director

TRI PHAM
Director

MUMBAI
DATED: 30 May 2017

MUMBAI
DATED: 30 May 2017

STT GLOBAL DATA CENTRES INDIA PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

Amount in ₹ lakhs

| | | Note No. | Year ended | |
|------|-------------------------------------------------------------------------|----------|------------------|------------------|
| | | | 31 March 2017 | 31 March 2016 |
| I | Revenue from operations | | 73,765.80 | 62,292.28 |
| II | Other Income | 19 | 73,765.80 | 62,292.28 |
| | | | 589.93 | 433.80 |
| III | Total Income (I + II) | | 74,355.73 | 62,726.08 |
| IV | EXPENSES: | | | |
| | Operating and other expenses | 20 | 47,125.56 | 41,125.78 |
| | Employee benefits | 21 | 2,578.24 | 1,555.50 |
| | Finance costs | 22 | 7,709.61 | 5,543.58 |
| | Depreciation and amortisation | 23 | 11,523.86 | 9,381.87 |
| | Total Expenses | | 68,937.27 | 57,606.73 |
| V | Profit before tax (III-IV) | | 5,418.46 | 5,119.35 |
| VI | Tax expense | | | |
| (a) | Current tax | 24 | 2,072.76 | 2,270.25 |
| (b) | Deferred tax | 24 | (93.01) | (349.06) |
| | | | 1,979.75 | 1,921.19 |
| VII | Profit for the year (V - VI) | | 3,438.71 | 3,198.16 |
| VIII | Other comprehensive income/(loss) | | | |
| | (A) Items that will not be reclassified to profit or loss | | | |
| | (i) Remeasurements of the defined benefit plans | | (7.64) | (7.40) |
| | (ii) Tax impact on above | | 2.64 | 2.56 |
| | Other comprehensive (loss) for the year, net of tax | | (5.00) | (4.84) |
| IX | Total comprehensive income for the year, net of tax (VII + VIII) | | 3,433.71 | 3,193.32 |
| | Earnings per share | | | |
| | Basic/ Diluted (of ₹10 each) | 26 | 34,387.17 | 9,017.79 |

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

GURVINDER SINGH
Partner

SUMIT MUKHIJA
Chief Executive Officer

BRUNO LOPEZ
Director

TRI PHAM
Director

MUMBAI
DATED: 30 May 2017

MUMBAI
DATED: 30 May 2017

STT GLOBAL DATA CENTRES INDIA PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A Equity Share Capital

₹ in lakhs

| | No. of Shares | Amount |
|-------------------------------------------------|---------------|--------|
| Balance at 1 April 2015 | 50,000 | 5.00 |
| Capital Reduction during the year | (40,000) | (4.00) |
| Balance at 31 March 2016 | 10,000 | 1.00 |
| Changes in equity share capital during the year | - | - |
| Balance at 31 March 2017 | 10,000 | 1.00 |

B Other Equity

₹ in lakhs

| Particulars | Reserve & Surplus | | | Other comprehensive Income | Total Other Equity |
|---------------------------------------------------------|------------------------------|-----------------|-------------------|------------------------------------|--------------------|
| | Debenture Redemption Reserve | General Reserve | Retained earnings | Reamurment of defined benefit plan | |
| Balance at 1 April 2015 | 4,375.00 | - | 1,237.47 | - | 5,612.47 |
| Profit for the year | - | - | 3,198.16 | - | 3,198.16 |
| Dividend Distribution Tax | - | - | (0.81) | - | (0.81) |
| Transfer from Retained earnings | 4,375.00 | - | - | - | 4,375.00 |
| Transfer to Debenture Redemption Reserve | - | - | (4,375.00) | - | (4,375.00) |
| Remeasurements of the defined benefit plans | - | - | - | (7.40) | (7.40) |
| Tax impact on above | - | - | - | 2.56 | 2.56 |
| Balance at 31 March 2016 | 8,750.00 | - | 59.82 | (4.84) | 8,804.98 |
| Profit for the year | - | - | 3,438.71 | - | 3,438.71 |
| Transfer to General Reserve on redemption of debentures | (8,750.00) | - | - | - | (8,750.00) |
| Transfer from DRR on redemption of debentures | - | 8,750.00 | - | - | 8,750.00 |
| Remeasurements of the defined benefit plans, net of tax | - | - | - | (7.64) | (7.64) |
| Tax impact on above | - | - | - | 2.64 | 2.64 |
| Balance at 31 March 2017 | - | 8,750.00 | 3,498.53 | (9.84) | 12,238.69 |

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

For and on behalf of the Board

GURVINDER SINGH
Partner

SUMIT MUKHIJA
Chief Executive Officer

BRUNO LOPEZ
Director

TRI PHAM
Director

MUMBAI
DATED: 30 May 2017

MUMBAI
DATED: 30 May 2017

STT GLOBAL DATA CENTRES INDIA PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

| Particulars | Year Ended 31 March 2017 ₹ in lakhs | Year Ended 31 March 2016 ₹ in lakhs |
|---------------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| <u>CASH FLOW FROM OPERATING ACTIVITIES:</u> | | |
| Profit before tax | 5,418.46 | 5,119.35 |
| Adjustments for: | | |
| Depreciation and amortisation expense | 11,523.86 | 9,381.87 |
| Gain on disposal of property, plant and equipment and intangibles (net) | (57.61) | (177.26) |
| Finance costs | 7,709.61 | 5,543.58 |
| Gain on investments carried at fair value through profit or loss (net) | (385.95) | (172.08) |
| Allowance for doubtful trade receivables | 284.13 | 142.36 |
| Interest on income tax refund | (65.58) | - |
| Bad Debts written off | - | 80.61 |
| Interest on fixed deposits | (41.33) | - |
| Operating profit before working capital changes | 24,385.59 | 19,918.43 |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Inventories | - | 0.66 |
| Trade receivables | (2,023.38) | (3,908.59) |
| Other assets | (272.48) | (550.41) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade payables | 5,432.67 | 1,145.01 |
| Provisions | 38.26 | (7.88) |
| Other liabilities | 4,767.29 | (1,261.85) |
| Cash Generated from operations | 32,327.95 | 15,335.37 |
| Income tax paid (net) | (4,489.36) | (3,195.62) |
| Net Cash flow from operating activities (A) | 27,838.59 | 12,139.75 |
| <u>CASH FLOW FROM INVESTING ACTIVITIES:</u> | | |
| Payments for purchase of property, plant and equipment and intangibles | (21,805.18) | (29,831.65) |
| Proceeds from disposal of property, plant and equipment and intangibles | 143.27 | 290.34 |
| Purchase of current investments (mutual funds) | (65,050.00) | (47,755.00) |
| Proceeds from sale of current investments (mutual funds) | 57,888.65 | 47,975.70 |
| Increase in Earmarked funds | (2,292.34) | - |
| Interest received on fixed deposits | 41.33 | - |
| Net Cash flow used in investing activities (B) | (31,074.27) | (29,320.61) |
| <u>CASH FLOW FROM FINANCING ACTIVITIES:</u> | | |
| Proceeds from short term borrowings | 3,822.00 | 23,000.00 |
| Proceeds from long term borrowings (net of arrangement fees) | 78,923.64 | - |
| Repayment of long term borrowings | (35,000.00) | - |
| Repayment of short term borrowings | (36,222.00) | - |
| Reduction of share capital and dividend distribution tax thereon | - | (4.81) |
| Interest paid | (7,641.07) | (5,514.61) |
| Net Cash flow from financing activities (C) | 3,882.57 | 17,480.58 |
| Net Increase in Cash and Cash Equivalents (A)+(B)+(C) | 646.89 | 299.72 |
| Cash and Cash Equivalents at the beginning of the year | 691.34 | 391.62 |
| Cash and Cash Equivalents at the end of the year (Refer note 10 Cash and cash equivalents) | 1,338.23 | 691.34 |

See accompanying notes forming part of the financial statements

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

For and on behalf of the Board of Directors

GURVINDER SINGH
Partner

SUMIT MUKHLJA **BRUNO LOPEZ**
Chief Executive Officer Director

TRI PHAM
Director

MUMBAI
DATED: 30 May 2017

MUMBAI
DATED: 30 May 2017

STT Global Data Centres India Private Limited

(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements for the year ended 31 March 2017

1. Corporate information

STT Global Data Centres India Private Limited (formerly known as *Tata Communications Data Centers Private Limited*) ("the Company") was incorporated in India on 13 December 2007. The Company was originally incorporated with the name S & A Internet Services Private Limited which was changed to Tata Communications Data Centers Private Limited on 27 February 2014 and then to STT Global Data Centres India Private Limited on 11 April 2017 (vide SRN G39621719).

The Company is domiciled in India and its registered office is at Plot No. C21 & C36, 'G' Block, Bandra Kurla Complex Mumbai – 400 098.

2. Significant accounting policies

a. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs ("MCA"), the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 01 April 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 - First time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at 31 March 2016 and 01 April 2015 and of the comprehensive net income for the year ended 31 March 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act 2013.

b. Basis of preparation of financial statements

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer 2(q) below),

The financial statements are presented in Indian Rupees ("INR") and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

c. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods

Judgements:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – As lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains

STT Global Data Centres India Private Limited

(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements *for the year ended 31 March 2017*

all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Estimates and assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful life of assets

The Company reviews the useful life of assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions and contingent liabilities are reviewed at each balance sheet date.

STT Global Data Centres India Private Limited
(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements
for the year ended 31 March 2017

d. Cash and cash equivalents

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

e. Property, plant and equipment

- i. Property, plant and equipment 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.
- ii. Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date are carried at cost, comprising direct cost, directly attributable cost and attributable interest.

The depreciable amount for property, plant and equipment is the cost of the property, plant and equipment or other amount substituted for cost, less its estimated residual value (wherever applicable). Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful lives. The asset's residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

Estimated useful lives of the assets are as follows:

| Property, plant and equipment | Estimated Useful lives of Assets |
|-------------------------------------------------------------------------------|----------------------------------------------|
| i. Plant and Machinery | |
| - Network Equipment & Components (Refer 1 below) | 3 to 8 years |
| - Electrical Equipment & Installations* | 10 years |
| - General Plant & Machinery* | 15 years |
| ii. Office Equipment - Integrated Building Management Systems (Refer 1 below) | 8 years |
| iii. Leasehold Improvements | Asset life or lease period whichever is less |
| iv. Building | |
| - RCC Structure | 60 years |
| - Temporary Structures | 3 years |
| v. Furniture and Fixtures* | 10 years |
| vi. Office Equipment* | 5 years |
| vii. Computers | |
| - End user devices like laptops & Desktop* | 3 years |
| - Server & Network* | 6 years |

* On the above categories of assets, the depreciation has been provided as per useful life prescribed in Schedule II to the Companies Act, 2013.

1. In these cases, the lives of the assets are other than the prescribed lives in Schedule II to the Companies Act, 2013. The lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc

STT Global Data Centres India Private Limited

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Notes forming part of the financial statements for the year ended 31 March 2017

2. Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of occurrence.

f. Intangible Assets

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each financial period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Estimated useful lives of intangible assets are as follows:

| | |
|--------------------------|--------------|
| Software and Application | 3 to 6 years |
|--------------------------|--------------|

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

g. Impairment of non-financial asset

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

- i. an intangible asset that is not yet available for use; and
- ii. an intangible asset with indefinite useful lives.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the company as a CGU. These budgets and forecast calculations generally cover a significant period.

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Notes forming part of the financial statements

for the year ended 31 March 2017

For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the significant period.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Colocation services include the use of certain assets that are dedicated to the customers over the period of the service. These assets meet lease criteria as the conditions pertaining to specific assets and the right to use the specific assets as specified in the standard are met. The Company classifies these leases as either finance lease or operating lease depending on the tenure and terms of the individual agreements.

Lessee

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor are structured in a manner that the increase is not expected to be in line with expected general inflation.

Lessor

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

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of an asset are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

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. Employee benefits

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

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 period when the employees render the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within 12 months.

ii. Post-employment benefits

Contributions to defined contribution retirement benefit schemes are recognised as expenses when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

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Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable), excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises changes in service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under employee benefit expenses in the Statement of Profit and Loss. The net interest expense or income is recognised as part of finance cost in the Statement of Profit and Loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii. Other long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

j. Revenue recognition

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

Interest income for all financial instruments measured at amortised cost. Interest income is recorded on accrual basis. Interest income is included in Other income in the Statement of Profit and Loss.

l. Taxation

Current Income tax

- i. Current tax expense is determined in accordance with the provisions of the Income Tax Act, 1961.
- ii. Provision for current income taxes and advance taxes paid in respect of the same jurisdiction are presented in the balance sheet after offsetting them on an assessment year basis.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be

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Notes forming part of the financial statements for the year ended 31 March 2017

utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss (either in other comprehensive income or in equity) is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

STT Global Data Centres India Private Limited

(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements for the year ended 31 March 2017

n. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are converted into INR at rates of exchange approximating those prevailing at the transaction dates or at the average exchange rate for the month in which the transaction occurs. Foreign currency monetary assets and liabilities are outstanding as at the balance sheet date are translated to INR at the closing rates prevailing on the balance sheet date. Exchange differences on foreign currency transactions are recognised in the Statement of Profit and Loss.

o. Borrowing costs

Borrowing costs include interest, amortisation of any fee paid to the lender at the time of availing the borrowing. 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 utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to 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.

p. 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.

q. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A. Financial assets

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

The Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of equity investments not held for trading.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly

STT Global Data Centres India Private Limited

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Notes forming part of the financial statements for the year ended 31 March 2017

attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iv. **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and maximum amount of consideration that the Company could be required to repay.

v. **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at Fair Value through Other Comprehensive Income;

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date)

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at reporting date.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For assessing expected credit loss on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.

B. Financial liabilities

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

i. **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

I. **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

STT Global Data Centres India Private Limited
(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements
for the year ended 31 March 2017

II. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Statement of Profit and Loss.

ii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iii. Derivative financial instruments - Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

r. Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

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Notes forming part of the financial statements
for the year ended 31 March 2017

3. Property, plant and equipment

(₹ in lakhs)

| | Leasehold Improvements | Building | Plant and Machinery | Furniture and Fixtures | Office Equipment | Computers | Total |
|---------------------------------|------------------------|----------|---------------------|------------------------|------------------|-----------|------------|
| Cost | | | | | | | |
| Balance at 1 April 2015 | - | 1,553.53 | 72,494.02 | 4,453.17 | 8,363.46 | 618.72 | 87,482.90 |
| Additions | 2,229.56 | 259.04 | 19,938.00 | 704.64 | 3,321.88 | 5.14 | 26,458.26 |
| Disposals | - | - | (640.56) | - | - | (544.98) | (1,185.54) |
| Transfers | 1,457.17 | - | - | (1,457.17) | - | - | - |
| Balance at 31 March 2016 | 3,686.73 | 1,812.57 | 91,791.46 | 3,700.64 | 11,685.34 | 78.88 | 112,755.62 |
| Additions | 2,777.74 | 70.34 | 21,417.22 | 95.92 | 2,991.55 | 10.13 | 27,362.90 |
| Disposals | - | - | (521.83) | - | - | - | (521.83) |
| Transfers | 73.87 | - | (83.96) | (12.68) | - | - | (22.77) |
| Balance at 31 March 2017 | 6,538.34 | 1,882.91 | 112,602.89 | 3,783.88 | 14,676.89 | 89.01 | 139,573.92 |
| Accumulated Depreciation | | | | | | | |
| Balance at 1 April 2015 | - | 2.05 | 40,186.10 | 1,498.71 | 3,796.47 | 535.84 | 46,019.17 |
| Depreciation | 350.11 | 28.77 | 7,050.27 | 315.62 | 1,489.15 | 44.31 | 9,278.23 |
| Disposals | - | - | (584.45) | - | - | (512.34) | (1,096.79) |
| Transfers | 51.30 | - | - | (51.30) | - | - | - |
| Balance at 31 March 2016 | 401.41 | 30.82 | 46,651.92 | 1,763.03 | 5,285.62 | 67.81 | 54,200.61 |
| Depreciation | 476.47 | 30.47 | 8,858.91 | 356.66 | 1,736.56 | 6.94 | 11,466.01 |
| Disposals | - | - | (461.28) | - | - | - | (461.28) |
| Transfers | 2.09 | - | (11.04) | (0.97) | - | - | (9.92) |
| Balance at 31 March 2017 | 879.97 | 61.29 | 55,038.51 | 2,118.72 | 7,022.18 | 74.75 | 65,195.42 |
| Carrying Amount | | | | | | | |
| Balance at 1 April 2015 | - | 1,551.48 | 32,307.92 | 2,954.46 | 4,566.99 | 82.88 | 41,463.73 |
| Balance at 31 March 2016 | 3,285.32 | 1,781.75 | 45,139.54 | 1,937.61 | 6,399.72 | 11.07 | 58,555.01 |
| Balance at 31 March 2017 | 5,658.37 | 1,821.62 | 57,564.38 | 1,665.16 | 7,654.71 | 14.26 | 74,378.50 |

a. Finance cost capitalised during the year is ₹Nil (2016: ₹14.81 lakhs) in respect of capital expenditure.

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4. Intangible assets

(₹ in lakhs)

| | Software | Total |
|---------------------------------|---------------|---------------|
| Cost | | |
| Balance at 1 April 2015 | 1,003.06 | 1,003.06 |
| Additions | 57.22 | 57.22 |
| Disposals | (790.35) | (790.35) |
| Balance at 31 March 2016 | 269.93 | 269.93 |
| Additions | 39.06 | 39.06 |
| Disposals | (96.87) | (96.87) |
| Transfers | 22.77 | 22.77 |
| Balance at 31 March 2017 | 234.89 | 234.89 |
| Accumulated Amortisation | | |
| Balance at 1 April 2015 | 780.35 | 780.35 |
| Amortisation | 103.64 | 103.64 |
| Disposals | (766.01) | (766.01) |
| Balance at 31 March 2016 | 117.98 | 117.98 |
| Amortisation | 57.85 | 57.85 |
| Disposals | (71.76) | (71.76) |
| Transfers | 9.92 | 9.92 |
| Balance at 31 March 2017 | 113.99 | 113.99 |
| Carrying Amount | | |
| Balance at 1 April 2015 | 222.71 | 222.71 |
| Balance at 31 March 2016 | 151.95 | 151.95 |
| Balance at 31 March 2017 | 120.90 | 120.90 |

5. Other financial assets

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured – at amortised cost | | | |
| <u>Non-Current</u> | | | |
| a. Security deposits | 108.82 | 64.00 | 0.75 |
| | 108.82 | 64.00 | 0.75 |

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6. Deferred tax assets (net)

(₹ in lakhs)

| Major components of deferred tax asset and liability consist of the following: | | | | |
|--------------------------------------------------------------------------------|--------------------------|-----------------------------------------------------|---------------------------------------------------|---------------------------|
| | As at 1 April 2016 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at 31 March 2017 |
| Deferred tax assets arising out of timing differences on: | | | | |
| Difference between accounting and tax depreciation / amortization | 1,299.14 | (194.34) | - | 1,104.80 |
| Provision for doubtful trade receivables | 296.42 | 98.33 | - | 394.75 |
| Provision for leave encashment | 41.63 | 4.40 | - | 46.03 |
| Provision for bonus | - | 0.02 | - | 0.02 |
| Provision for gratuity | 46.69 | 8.26 | 2.64 | 57.59 |
| Provision for stamp duty | 102.44 | 155.03 | - | 257.47 |
| Expenditure disallowed u/s. 40 (a) (ia) | 73.33 | 54.51 | - | 127.84 |
| Others | 3.91 | 0.15 | - | 4.06 |
| Total deferred tax assets (A) | 1,863.56 | 126.36 | 2.64 | 1,992.56 |
| Deferred tax liability arising out of timing differences on: | | | | |
| Fair valuation of investments | 1.00 | 28.25 | - | 29.25 |
| Others | - | 5.10 | - | 5.10 |
| Total deferred tax liabilities (B) | 1.00 | 33.35 | - | 34.35 |
| Deferred tax assets (net) | 1,862.56 | 93.01 | 2.64 | 1,958.21 |

| | As at 1 April 2015 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at 31 March 2016 |
|---------------------------------------------------------------------|--------------------------|-----------------------------------------------------|---------------------------------------------------|---------------------------|
| Deferred tax assets arising out of timing differences on: | | | | |
| Difference between accounting and tax depreciation / amortization | 1,115.31 | 183.83 | - | 1,299.14 |
| Provision for doubtful trade receivables | 247.15 | 49.27 | - | 296.42 |
| Provision for leave encashment | 39.17 | (0.10) | - | 39.27 |
| Provision for bonus | 54.46 | (54.46) | - | - |
| Provision for gratuity | 49.32 | (2.63) | 2.56 | 49.25 |
| Provision for stamp duty | - | 102.44 | - | 102.44 |
| Expenditure disallowed u/s. 40 (a) (ia) | - | 73.33 | - | 73.33 |
| Others | 6.05 | (2.14) | - | 3.91 |
| Total deferred tax assets (A) | 1,511.46 | 349.54 | 2.56 | 1,863.56 |
| Deferred tax liability arising out of timing differences on: | | | | |
| Fair valuation of investments | 0.52 | 0.48 | - | 1.00 |
| Total deferred tax liabilities (B) | 0.52 | 0.48 | - | 1.00 |
| Deferred tax assets (net) | 1,510.94 | 349.06 | 2.56 | 1,862.56 |

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7. Other Assets

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| A Non-Current | | | |
| a. Capital Advances | 86.71 | 13.64 | 106.46 |
| b. Prepaid Expenses | 839.56 | 915.62 | 333.37 |
| Total (A) | 926.27 | 929.26 | 439.83 |
| B Current | | | |
| a. Prepaid expenses | 283.85 | 122.09 | 46.92 |
| b. Cenvat credit receivable | 1,459.48 | 1,333.32 | 1,447.82 |
| c. Advance to contractors and vendors | 181.26 | 170.33 | 132.22 |
| d. Export incentive receivable (net of provision of ₹ 105.20 lakhs) (2016: ₹105.20 lakhs, 2015: ₹Nil) | - | - | 84.31 |
| e. Others | 5.06 | 0.19 | 9.74 |
| Total (B) | 1,929.65 | 1,625.93 | 1,721.01 |
| Total (A) + (B) | 2,855.92 | 2,555.19 | 2,160.84 |

8. Investments

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Current | | | |
| Investments at fair value through profit or loss (Quoted Mutual Funds) | 10,700.18 | 3,152.88 | 3,201.50 |
| Total | 10,700.18 | 3,152.88 | 3,201.50 |

9. Trade receivables - Unsecured

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| At amortised cost | | | |
| Considered good | 14,368.67 | 12,629.42 | 8,943.79 |
| Doubtful | 1,140.63 | 856.50 | 714.14 |
| | 15,509.30 | 13,485.92 | 9,657.93 |
| Less: Allowance for doubtful debts (expected credit loss allowance (Refer note 29 (d))) | (1,140.63) | (856.50) | (714.14) |
| Total | 14,368.67 | 12,629.42 | 8,943.79 |

The Company's exposure to customers is diversified and no other single customer has more than 2% of outstanding accounts receivable as on 31 March 2017, 31 March 2016 and 01 April 2015.

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10. Cash and cash equivalents

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Balances with banks | 1,338.23 | 691.34 | 328.73 |
| b. Remittances in transit | - | - | 62.89 |
| Cash and cash equivalent as per Statement of cash flows | 1,338.23 | 691.34 | 391.62 |

11. Bank balance other than note 10 above

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------|------------------------|------------------------|-----------------------|
| a. Restricted bank balance (Refer i below) | 2,292.34 | - | - |
| Total | 2,292.34 | - | - |

- i. ₹ 2,292.34 lakhs (2016: Nil, 2015: Nil) held towards interest and principal payments equivalent to 3 months as at the balance sheet date in accordance to the provisions of the bank term loan facility availed by of the Company.

12. Equity Share Capital

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Authorised: 50,000 (2016: 50,000; 2015: 50,000) Equity shares of ₹10 each | 5.00 | 5.00 | 5.00 |
| b. Issued, Subscribed and Paid up: 10,000 (2016: 10,000; 2015: 50,000) Equity shares of ₹10 each fully paid up (Refer i below) | 1.00 | 1.00 | 5.00 |

i. Issued, Subscribed and Paid up:

| Equity shares | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|-----------------------------------------|---------------------|-------------|---------------------|-------------|--------------------|-------------|
| | No of shares | ₹ in lakhs | No of shares | ₹ in lakhs | No of shares | ₹ in lakhs |
| Opening Balance | 10,000 | 1.00 | 50,000 | 5.00 | 50,000 | 5.00 |
| Add: Issued during the year | - | - | - | - | - | - |
| Less: Capital reduction during the year | - | - | 40,000 | 4.00 | - | - |
| Closing Balance | 10,000 | 1.00 | 10,000 | 1.00 | 50,000 | 5.00 |

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.

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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.

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

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|-----------------------------------------------------------------------|---------------------|------------|---------------------|------------|--------------------|------------|
| | No of shares | Percentage | No of shares | Percentage | No of shares | Percentage |
| STT India DC Pte. Ltd. (Holding Company w.e.f. 19 October 2016) | 7,400 | 74% | - | - | - | - |
| Tata Communications Limited (Holding Company upto 18 October 2016) | 2,600 | 26% | 10,000 | 100% | 10,000 | 100% |

13. Other Equity

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| a. General Reserve (Refer i below) | 8,750.00 | - | - |
| b. Retained Earnings | 3,498.53 | 59.82 | 1,237.47 |
| c. Debenture Redemption Reserve (Refer ii below) | - | 8,750.00 | 4,375.00 |
| d. Other Comprehensive Income | (9.84) | (4.84) | - |
| Total | 12,238.69 | 8,804.98 | 5,612.47 |

- i. **General reserve:** The general reserve is used from time to time to transfer profit from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to Statement of Profit and Loss.
- ii. **Debenture redemption reserve (DRR):** The Company had issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debenture) Rules, 2014 (as amended), requires that where a company issues debentures, it shall create a debenture redemption reserve out of profits of the company available for payment of dividend. The Company is required to maintain a Debenture Redemption Reserve of 25% of the value of debentures issued, either by a public issue or on a private placement basis. The amounts credited to the debenture redemption reserve may not be utilized by the company except to redeem debentures.

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14. Borrowings

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------------------|------------------------|---------------------------|--------------------------|
| A | | | |
| <u>Non – current financial liabilities</u> | | | |
| a. Unsecured Debentures | | | |
| 3,500, 9.75% Rated Non-Convertible Redeemable Debentures of Face Value ₹ 10 lakhs each (refer i below) | - | 35,000.00 | 35,000.00 |
| b. Secured | | | |
| Loan from Banks (net) (refer ii below) | 80,600.00 | - | - |
| Less: Arrangement fees | (1,676.36) | - | - |
| Total (A) | 78,923.64 | 35,000.00 | 35,000.00 |
| B | | | |
| <u>Current financial liabilities</u> | | | |
| a. Unsecured | | | |
| Loan from Tata Communications Limited (Rate of interest – nil (2016: 9.50%; 2015 - 8.50 %)) | - | 32,400.00 | 9,400.00 |
| Total (B) | - | 32,400.00 | 9,400.00 |
| Total (A) + (B) | 78,923.64 | 67,400.00 | 44,400.00 |

- i. During the year ended 31 March 2015, the Company had issued Unsecured Non-Convertible Redeemable Debentures in Demat form for cash at par to Tata Communications Limited on a private placement basis aggregating to ₹35,000.00 lakhs. Debentures were due for redemption on 26 June 2017. During the current year, the Company had repaid debentures ₹35,000.00 lakhs to Tata Communications Limited.

For facilitating the above redemption, the Company had a Debenture Redemption Reserve of ₹8,750.00 lakhs in 2016 (2015: ₹4,375.00 lakhs). During the current year, the Company has transferred ₹8,750.00 lakhs to General Reserve on redemption of the debentures.

ii. **Secured bank loan**

The loan has been secured by a first ranking exclusive charge in favour of the Security Trustee (for the benefit of the Finance Parties) by the Borrower over: (a) All movable fixed assets of Borrower, including but not limited to: (i) cooling infrastructure, wiring, equipments, racks, computers, other electrical and electronical devices, power equipments, in each case located in the Data Center Facilities; and (ii) and other movable fixed assets used in the Business (“Movable Fixed Assets”); (b) the Account Assets; (c) the receivables; and (d) the Insurance Assets.

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The repayment schedule of loan from bank is stated below:

(₹ in lakhs)

| Date of Repayment | Amount of Repayment |
|-------------------|---------------------|
| 24 April 2019 | 6,045 |
| 24 October 2019 | 6,045 |
| 24 April 2020 | 6,045 |
| 24 October 2020 | 6,045 |
| 24 April 2021 | 6,045 |
| 24 October 2021 | 6,045 |
| 24 April 2022 | 6,045 |
| 24 October 2022 | 6,045 |
| 24 April 2023 | 8,060 |
| 24 October 2023 | 8,060 |
| 24 April 2024 | 8,060 |
| | 80,600 |

Details of Covenant restrictions on bank loan

Bank loan contain certain debt covenants relating to debt service coverage ratio, asset cover ratio, cash and cash equivalents, tangible net worth and net debt to EBITDA.

As per the terms of the facility agreement, the Company is required to maintain Debt service coverage ratio of not less than 1.3:1 for each relevant period until final settlement of the loan. As on 30 September 2016, there was a breach in the said covenant viz. 0.38:1. However, the Company has received waiver from the agent as regards this breach. As on date of balance sheet the Company was in process of refinancing the borrowing and subsequent to 31 March 2017, the Non-current borrowing of ₹ 80,600 lakhs has been refinanced.

15. Other financial liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------|------------------------|------------------------|-----------------------|
| A <u>Non-current</u> | | | |
| a. Payable for capital goods | | | |
| - Payable to related parties | 6.73 | 6.73 | - |
| Total (A) | 6.73 | 6.73 | - |
| B <u>Current</u> | | | |
| a. Payable for capital goods | | | |
| - Payable to related parties | 6.73 | 6.73 | - |
| - Others | 6,646.70 | 6,217.69 | 3,533.02 |
| b. Other payables | 9.58 | 9.58 | 6.92 |
| Total (B) | 6,663.01 | 6,234.00 | 3,539.94 |
| Total (A) + (B) | 6,669.74 | 6,240.73 | 3,539.94 |

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16. Provisions

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| A <u>Non-current</u> | | | |
| Provision for employee benefits (Refer i below) | | | |
| - Provision for compensated absences | 130.53 | 110.30 | 103.90 |
| - Provision for gratuity | 158.78 | 134.90 | 142.50 |
| Total (A) | 289.31 | 245.20 | 246.40 |
| B <u>Current</u> | | | |
| Provisions for employee benefits (Refer i below) | | | |
| - Provision for compensated absences | 11.78 | 10.00 | 9.28 |
| Total (B) | 11.78 | 10.00 | 9.28 |
| Total (A) + (B) | 301.09 | 255.20 | 255.68 |

- i. The provision for employee benefits includes gratuity, annual leave and leave entitlements accrued and compensation claimed by employees. For other disclosures, refer note 25.

17. Other liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------|------------------------|------------------------|-----------------------|
| A <u>Non-current</u> | | | |
| a. Deferred revenue | 3,278.88 | 1,608.70 | 1,305.30 |
| b. Accrued employee benefits | 26.34 | 13.55 | - |
| Total (A) | 3,305.22 | 1,622.25 | 1,305.30 |
| B <u>Current</u> | | | |
| a. Deferred revenue | | | |
| - Payable to related parties | 44.55 | 1.95 | 1.99 |
| - Others | 3,322.25 | 1,196.63 | 3,001.14 |
| b. Statutory remittances | 404.40 | 421.68 | 321.99 |
| c. Accrued payroll | 1,147.05 | 243.46 | 178.79 |
| d. Others | 136.26 | 106.45 | 47.73 |
| Total (B) | 5,054.51 | 1,970.17 | 3,551.64 |
| Total (A) + (B) | 8,359.73 | 3,592.42 | 4,856.94 |

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18. Trade and other payables

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| <u>Current</u> | | | |
| a. Total outstanding dues of micro enterprises and small enterprises (Refer note 34) | 66.97 | 50.75 | 2.31 |
| (a) | 66.97 | 50.75 | 2.31 |
| b. Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| - Payable to related parties | 6,339.75 | 1,562.30 | 1,460.56 |
| - Trade payables | 3,391.66 | 2,781.80 | 1,757.40 |
| - Accrued payroll | 2.14 | 1.99 | 2.57 |
| (b) | 9,733.55 | 4,346.09 | 3,220.53 |
| Total (a + b) | 9,800.52 | 4,396.84 | 3,222.84 |

19. Other income

(₹ in lakhs)

| | Year Ended 31 March 2017 | Year Ended 31 March 2016 |
|----------------------------------------------------------------------------|-----------------------------|-----------------------------|
| a. <u>Interest Income</u> | | |
| - Bank deposits (at amortised cost) | 41.33 | - |
| b. Interest on income tax refund | 65.58 | - |
| c. Gain on disposal of property, plant and equipment and intangibles (net) | 57.61 | 177.26 |
| d. Gain on investments carried at fair value through profit or loss (net) | 385.95 | 172.08 |
| e. Other non-operating income (net) | | |
| - Foreign exchange gain (net) | 2.30 | 21.24 |
| - Miscellaneous income | 37.16 | 63.22 |
| Total | 589.93 | 433.80 |

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20. Operating and other expenses

(₹ in lakhs)

| | Year Ended 31 March, 2017 | Year Ended 31 March, 2016 |
|----------------------------------------------------------|------------------------------|------------------------------|
| a. Power and fuel | 23,604.70 | 20,215.07 |
| b. <u>Repairs and maintenance:</u> | | |
| Buildings | 44.94 | 35.12 |
| Plant and machinery | 2,804.07 | 2,755.27 |
| Others | 11.67 | 11.31 |
| c. Allowance for doubtful trade receivables | 284.13 | 142.36 |
| d. Bad debts written off | - | 80.61 |
| e. Network and cable charges | 535.30 | 555.36 |
| f. Rent | 9,698.78 | 8,075.77 |
| g. Rates and taxes | 889.53 | 408.19 |
| h. Travelling | 84.73 | 86.37 |
| i. Services rendered by agencies | 8,237.48 | 8,158.44 |
| j. Legal and professional charges | 427.20 | 141.40 |
| k. Insurance | 181.90 | 53.58 |
| l. Corporate social responsibility expenditure (Refer i) | 71.01 | 36.94 |
| m. Other expenses (Refer ii) | 250.12 | 369.99 |
| Total | 47,125.56 | 41,125.78 |

- 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 ₹70.93 lakhs (2016: ₹36.00 lakhs). The Company has spent ₹71.01 lakhs (2016: ₹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 including ₹0.50 lakhs (2016: ₹Nil) on construction/ acquisition of assets.

ii. **Other expenses include auditors' remuneration as follows (excluding service tax):**

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------------------------------------|-----------------------------|-----------------------------|
| Auditors' remuneration and expenses | | |
| • Audit fees | 15.00 | 15.00 |
| • Tax audit fees | 3.50 | 3.52 |
| • Other professional services | 7.91 | 7.51 |
| • For reimbursement of expenses | 0.08 | - |

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21. Employee benefits

(₹ in lakhs)

| | Year Ended 31 March 2017 | Year Ended 31 March 2016 |
|----------------------------------------------------|-----------------------------|-----------------------------|
| a. Salaries and related costs | 2,463.41 | 1,445.33 |
| b. Contribution to provident funds (Refer note 25) | 55.22 | 48.06 |
| c. Gratuity expense (Refer note 25) | 12.27 | 9.70 |
| d. Staff welfare expenses | 47.34 | 52.41 |
| Total | 2,578.24 | 1,555.50 |

22. Finance costs

(₹ in lakhs)

| | Year Ended 31 March 2017 | Year Ended 31 March 2016 |
|---------------------------------------------|-----------------------------|-----------------------------|
| Interest costs: | | |
| a. On loan from banks | 3,895.07 | 1.92 |
| b. On loan from Tata Communications Limited | 3,696.72 | 5,535.79 |
| c. Others | 117.82 | 20.68 |
| d. Less: Interest capitalization | - | (14.81) |
| Total | 7,709.61 | 5,543.58 |

23. Depreciation and amortisation

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------------------------------------|-----------------------------|-----------------------------|
| Depreciation on property, plant and equipment assets (Refer note 3) | 11,466.01 | 9,278.23 |
| Amortisation of intangible assets (Refer note 4) | 57.85 | 103.64 |
| Total | 11,523.86 | 9,381.87 |

24. Income Tax

i. Income tax recognised in Statement of Profit and loss:

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------|-----------------------------|-----------------------------|
| Current tax | | |
| In respect of current year | 2,353.71 | 2,184.97 |
| In respect of prior years | (280.95) | 85.28 |
| Total Current tax (a) | 2,072.76 | 2,270.25 |
| Deferred tax | | |
| In respect of the current year | (374.82) | (329.14) |
| In respect of the earlier years | 281.81 | (19.92) |
| Total deferred tax (b) | (93.01) | (349.06) |
| Total Income tax (a+b) | 1,979.75 | 1,921.19 |

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ii. The Income tax expense for the year can be reconciled to the accounting profit as follows:

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Profit before tax | 5,418.46 | 5,119.35 |
| Income tax expense calculated at 34.608% | | |
| Tax rate (2016: 34.608% Tax rate) | 1,875.22 | 1,771.70 |
| Reasoning | | |
| Effect of adjustments that are not deductible in determining taxable profit | 103.67 | 75.68 |
| True up impact of prior years | 0.86 | 73.81 |
| Total | 104.53 | 149.49 |
| Income tax expense recognised in Statement of Profit and Loss | 1,979.75 | 1,921.19 |

iii. Income tax recognised in other comprehensive income

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Deferred tax | | |
| Re-measurements of the defined benefit obligation | 2.64 | 2.56 |
| Total Income tax | 2.64 | 2.56 |
| Bifurcation of income taxes recognized in Other Comprehensive Income into: | | |
| Items that will be reclassified to profit and loss | - | - |
| Items that will not be reclassified to profit and loss | 2.64 | 2.56 |

25. 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 ₹55.22 lakhs (2016: ₹48.06 lakhs) have been charged to the Statement of Profit and Loss, under Contribution to provident, gratuity and other funds in note 21 "Employee benefits expense".

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.

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These plans typically expose the Company to actuarial risk such as interest rate risk and salary risk:

| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest rate risk | The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase |
| Salary risk | Higher than expected increases in salary will increase the defined benefit obligation |

No other post-retirement benefits are provided to the employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2017 by an independent actuary.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------|------------------------|------------------------|--------------------------------------|
| <u>Principal Actuarial assumptions</u> | | | |
| Discount rate | 7.20% | 7.90% | 7.80% |
| Salary Escalation Rate | 10% | 10% | 10% for 2015 and 9% thereafter |
| <u>Withdrawal rate</u> | | | |
| Less than 5 years | 15% | 15% | 15% |
| 5 years and more | 8% | 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.

Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in lakhs)

| | Year ended March | |
|-----------------------------------------------------------------------------------------------------------------|-------------------------|--------------|
| | 2017 | 2016 |
| I Expenses recognised in the Statement of Profit and Loss | | |
| Current service cost | 12.27 | 9.70 |
| Interest cost | 10.17 | 10.50 |
| Components of defined benefit cost recognised in the Statement of Profit and Loss (Refer note 21 and 22) | 22.44 | 20.20 |
| | Year ended March | |
| | 2017 | 2016 |
| II Expenses recognised in the Other Comprehensive Income | | |
| Actuarial changes arising from changes in Financial assumptions | 7.51 | 4.20 |
| Actuarial changes arising from experience adjustments | 0.13 | 3.20 |
| Components of defined benefit cost recognised in Other Comprehensive Income | 7.64 | 7.40 |

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The details in respect of the unfunded amounts recognised in the balance sheet for these defined benefit schemes are as under:

(₹ in lakhs)

| Particulars | | As at 31 March 2017 | Gratuity (Unfunded) As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------|-------------------------------|
| III | Amount recognised in the balance sheet | | | |
| | Obligation at the end of the year | 158.78 | 134.90 | 142.50 |
| | Net liability arising from defined benefit obligation | 158.78 | 134.90 | 142.50 |
| | Non-current provision (Refer note 16A) | | | |
| IV | Change in the defined benefit obligation | | | |
| | Opening defined benefit obligation | 134.90 | 142.50 | |
| | Current service cost | 12.27 | 9.70 | |
| | Interest cost | 10.17 | 10.50 | |
| | Liability transferred to other companies | 6.10 | (18.60) | |
| | Actuarial (gain) / loss on obligations- experience | 0.13 | 3.20 | |
| | Actuarial (gain) / loss on obligations- financial assumptions | 7.51 | 4.20 | |
| | Benefits paid | (12.30) | (16.60) | |
| | Closing defined benefit obligation | 158.78 | 134.90 | |
| V | A quantitative sensitivity analysis for significant assumption as at 31 March 2017 and 31 March 2016 is as shown below: (As per actuarial valuation report) | | | |
| The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. | | | | |
| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| | Discount rate | | | |
| | Increase (1%) | (10.54) | (8.90) | (8.40) |
| | Decrease (1%) | 11.97 | 10.10 | 9.50 |
| | Salary escalation rate | | | |
| | Increase (1%) | 5.67 | 5.00 | 4.60 |
| | Decrease (1%) | (5.85) | (5.10) | (4.60) |
| | Withdrawal Rate | | | |
| | Increase (5%) | 2.95 | 4.30 | 6.10 |
| | Decrease (5%) | (6.90) | (8.90) | (10.60) |
| The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. | | | | |
| Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. | | | | |

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(₹ in lakhs)

| VI | Maturity profile of defined benefit plan | As at 31 March 2017 |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| | March 31, 2018 | 13.84 |
| | March 31, 2019 | 29.48 |
| | March 31, 2020 | 15.29 |
| | March 31, 2021 | 15.98 |
| | March 31, 2022 | 19.92 |
| | March 31, 2023 to March 31, 2027 | 97.76 |
| | Total expected payments | 192.27 |
| VII | 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 leave of 120 days in addition to accumulated leave balance available in accumulated quota. | |
| | The liability for compensated absences as at the yearend is ₹142.31 lakhs (2016: ₹120.30 lakhs, 2015: ₹113.18 lakhs) as shown under non-current provisions ₹130.53 lakhs (2016: ₹110.30 lakhs, 2015: ₹103.90 lakhs) and current provisions ₹11.78 lakhs (2016: ₹10.00 lakhs, 2015: ₹9.28 lakhs). The amount charged to the Statement of Profit and Loss is ₹26.91 lakhs (2016: ₹35.25 lakhs) | |

26. Earnings per share

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 |
|-----------------------------------------------------------------------------|--------------------------------|--------------------------------|
| Net profit after tax attributable to the equity shareholders (A) | 3,438.71 | 3,198.16 |
| Number of equity shares outstanding at the end of the year | 10,000 | 10,000 |
| Weighted average number of shares outstanding during the year (B) | 10,000 | 35,465 |
| Basic and diluted earnings per share (₹ per equity share of ₹10 each) (A/B) | 34,387.17 | 9,017.79 |

27. 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 Indian Accounting Standard 108 on Segment Reporting.

Information about major customers: -

(₹ in lakhs)

| Name | For the Year Ended 31 March, 2017 |
|-------------------|----------------------------------------------|
| Customer A | 14,125.79 |
| Customer C | 7,123.74 |
| Customer B | 4,373.34 |

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(₹ in lakhs)

| Name | For the Year Ended 31 March, 2016 |
|------------|--------------------------------------|
| Customer A | 9,129.94 |
| Customer B | 8,427.11 |
| Customer C | 5,199.45 |

28. Financial Instruments:

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(s) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2017 is as follows:

(₹ in lakhs)

| | Fair value through Profit or loss | Fair value through Other Comprehensive Income | Amortised cost | Total Carrying value |
|--------------------------------|-----------------------------------------|--------------------------------------------------------|-------------------|----------------------------|
| Financial Assets: | | | | |
| Investments | 10,700.18 | | | 10,700.18 |
| Other financial assets | | | 108.82 | 108.82 |
| Trade receivables | | | 14,368.67 | 14,368.67 |
| Cash and Cash equivalents | | | 1,338.23 | 1,338.23 |
| Other bank balances | | | 2,292.34 | 2,292.34 |
| Total | 10,700.18 | - | 18,108.06 | 28,808.24 |
| Financials Liabilities: | | | | |
| Borrowings | | | 78,923.64 | 78,923.64 |
| Other financial liabilities | | | 6,669.74 | 6,669.74 |
| Trade payables | | | 9,800.52 | 9,800.52 |
| Total | - | - | 95,393.90 | 95,393.90 |

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The carrying value of financial instruments by categories as at 31 March 2016 is as follows:

(₹ in lakhs)

| | Fair value through Profit or loss | Fair value through Other Comprehensive Income | Amortised cost | Total Carrying value |
|--------------------------------|-----------------------------------------|--------------------------------------------------------|-------------------|----------------------------|
| Financial Assets: | | | | |
| Investments | 3,152.88 | | | 3,152.88 |
| Other financial assets | | | 64.00 | 64.00 |
| Trade receivables | | | 12,629.42 | 12,629.42 |
| Cash and Cash equivalents | | | 691.34 | 691.34 |
| Other bank balances | | | - | - |
| Total | 3,152.88 | - | 13,384.76 | 16,537.64 |
| Financials Liabilities: | | | | |
| Borrowings | | | 67,400.00 | 67,400.00 |
| Other financial liabilities | | | 6,240.73 | 6,240.73 |
| Trade payables | | | 4,396.84 | 4,396.84 |
| Total | - | - | 78,037.57 | 78,037.57 |

The carrying value of financial instruments by categories as at 01 April 2015 is as follows

(₹ in lakhs)

| | Fair value through Profit or loss | Fair value through Other Comprehensive Income | Amortised cost | Total Carrying value |
|--------------------------------|-----------------------------------------|--------------------------------------------------------|-------------------|----------------------------|
| Financial Assets: | | | | |
| Investments | 3,201.50 | | | 3,201.50 |
| Other financial assets | | | 0.75 | 0.75 |
| Trade receivables | | | 8,943.79 | 8,943.79 |
| Cash and Cash equivalents | | | 391.62 | 391.62 |
| Other bank balances | | | - | - |
| Total | 3,201.50 | - | 9,336.16 | 12,537.66 |
| Financials Liabilities: | | | | |
| Borrowings | | | 44,400.00 | 44,400.00 |
| Other financial liabilities | | | 3,539.94 | 3,539.94 |
| Trade payables | | | 3,222.84 | 3,222.84 |
| Total | - | - | 51,162.78 | 51,162.78 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at 31 March 2017, 31 March 2016 and 1 April 2015 approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

As at 31 March 2017:

| | | | | (₹ in lakhs) |
|-------------------------|------------------|---------|---------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | |
| i. Mutual funds | 10,700.18 | - | - | 10,700.18 |
| Total | 10,700.18 | - | - | 10,700.18 |

As at 31 March 2016:

| | | | | (₹ in lakhs) |
|-------------------------|-----------------|---------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | |
| i. Mutual funds | 3,152.88 | - | - | 3,152.88 |
| Total | 3,152.88 | - | - | 3,152.88 |

As at 31 March 2015:

| | | | | (₹ in lakhs) |
|-------------------------|-----------------|---------|---------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial Assets | | | | |
| i. Mutual funds | 3,201.50 | - | - | 3,201.50 |
| Total | 3,201.50 | - | - | 3,201.50 |

29. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, current investments and cash and cash equivalents that derive directly from its operations. The Company has investments in mutual funds on which gain or loss on fair value is recognised through profit or loss and also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

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a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, Fair Value through Profit or Loss investments and derivative financial instruments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016 including the effect of hedge accounting.

b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows with respect to interest payments on borrowings will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company's objective is to try and protect the underlying values of the functional currency of respective group company's balance sheet exposures. All exposures in currency other than functional currency are treated as 'Forex Exposures' irrespective of the group company from where the exposures originate. Exposures are broadly categorized into receivables and payable exposures.

The Company manages its foreign currency risk by entering into derivatives on Net Exposures, i.e. netting off the Receivable and Payable exposures in order to take full benefit of Natural Hedge.

Non-crystallized (not in books) exposures for which cash flows are highly probable are considered for hedging after due consideration of cost of cover, impact of such derivatives on Statement of Profit and Loss due to MTMs (mark to market loss or gains), market / industry practices, Regulatory restrictions etc.

As regards net investments in foreign operations, hedging decisions are guided by regulatory requirement, accounting practices and in consultation and approval of Senior Management on such hedging action.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 5% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which would affect the statement of Profit and Loss and equity.

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The following tables sets forth information relating to foreign currency exposure (net) as at 31 March 2017, 31 March 2016 and 01 April 2015.

(₹ in lakhs)

| Currency | As at 31 March 2017 | | As at 31 March 2016 | | As at 01 April 2015 | |
|----------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| | Financial liabilities | Financial Assets | Financial liabilities | Financial Assets | Financial liabilities | Financial Assets |
| USD | - | 239.90 | - | 233.53 | - | 694.23 |
| ZAR | 4.28 | - | - | - | - | 463.41 |
| SGD | 57.43 | - | - | 2.02 | 4.28 | - |
| Others | 0.72 | 5.96 | - | 2.24 | - | 0.66 |

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately ₹9.17 lakhs, ₹11.89 lakhs and ₹57.70 lakhs for the year ended 31 March 2017, 31 March 2016 and 01 April 2015 respectively.

d) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In determining the allowances for doubtful trade receivables the Company has used a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Ageing of receivables

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|----------------------|---------------------|---------------------|---------------------|
| Within Credit period | 3,494.07 | 2,043.90 | 1,277.23 |
| 0-90 days | 8,666.38 | 8,092.52 | 5,051.42 |
| 91-180 days | 960.76 | 1,251.46 | 1,095.06 |
| 181-360 days | 782.34 | 824.77 | 1,249.58 |
| More than 360 days | 465.12 | 416.77 | 270.50 |
| Total | 14,368.67 | 12,629.42 | 8,943.79 |

Movement in expected credit loss allowance

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|------------------------------------------------------------------------------|--------------------------|--------------------------|
| Opening balance | 856.50 | 714.14 |
| Movement in expected credit loss calculated at lifetime expected credit loss | 284.13 | 142.36 |
| Balance at the end of the year | 1,140.63 | 856.50 |

e) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, preference shares, finance leases and hire purchase contracts.

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Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in lakhs)

| Year ended 31 March 2017 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|-----------------------------------|------------------|-----------------------|---------------------|--------------------|--------------|
| Non-Current Borrowings | | - | 48,360.00 | 32,240.00 | 80,600.00 |
| Non-Current financial liabilities | - | - | 6.73 | - | 6.73 |
| Current Financial Liabilities | 4,030.49 | 2,632.52 | - | - | 6,663.01 |
| Trade Payables | 1,800.90 | 7,999.62 | - | - | 9,800.52 |

(₹ in lakhs)

| Year ended 31 March 2016 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|-----------------------------------|------------------|-----------------------|---------------------|--------------------|--------------|
| Non-Current Borrowings | - | - | 35,000.00 | - | 35,000.00 |
| Non-Current financial liabilities | - | - | 6.73 | - | 6.73 |
| Current Borrowings | - | 32,400.00 | - | - | 32,400.00 |
| Current Financial Liabilities | 2,567.69 | 3,666.31 | - | - | 6,234.00 |
| Trade Payables | 1,255.62 | 3,141.22 | - | - | 4,396.84 |

(₹ in lakhs)

| Year ended 1 April 2015 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------------|------------------|-----------------------|---------------------|--------------------|--------------|
| Non-Current Borrowings | - | - | 35,000.00 | - | 35,000.00 |
| Current Borrowings | - | 9,400.00 | - | - | 9,400.00 |
| Current Financial Liabilities | 1,685.90 | 1,854.04 | - | - | 3,539.94 |
| Trade Payables | 1,005.74 | 2,217.10 | - | - | 3,222.84 |

30. Capital Management:

The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, loans and operating cash flows generated. The Company is not subject to any externally imposed capital requirements.

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31. Related Party Transactions

i. Names of related parties and nature of relationship

| Sr No | Category of related parties | Names |
|--------------|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A | Holding Company | STT India DC Pte. Ltd. (w.e.f 19 October 2016) Tata Communications Limited (upto 18 October 2016) |
| B | Investing Company, its subsidiaries and joint ventures | Tata Communications Limited (w.e.f 19 October 2016) Tata Communications (Australia) Pty Limited Tata Communications (America) Inc. Tata Communications (Hong Kong) Limited Tata Communications (Canada) Limited Tata Communications International Pte Limited Tata Communications Services International Pte Limited Tata Communications Payment Solutions Limited Tata Communications Transformation Services Limited Tata Communications (UK) Limited Tata Communications (Ireland) Limited Tata Communications (Middle East) FZ – LLC Tata Communications (France) SAS Smart ICT Services Private Limited |
| C | Tata Sons Limited, its subsidiaries and joint ventures | Tata Sons Limited (upto 18 October 2016) APOnline Limited (formerly APOne Limited) MP Online Limited Tata AIA Life Insurance Company Limited Tata AIG General Insurance Company Limited Tata Autocomp Systems Limited Tata Consultancy Services Limited Tata Interactive Systems GmbH Tata Sky Limited Tata Consultancy Services (South Africa) (Pty) Ltd. Infiniti Retail Limited Tata Capital Limited Landmark E-tail Limited (w.e.f. 12 June 2015) Tata Teleservices Limited Tata AutoComp GY Batteries Private Limited (formerly Tata AutoComp GY Batteries Limited) |
| D | Key Managerial Personnel | Mr. Sumit Mukhija (w.e.f. 19 October 2016) |

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

(₹ in lakhs)

| Particulars | Holding Company | Investing Company, its subsidiaries and associates | Tata Sons Limited, its subsidiaries and joint ventures | Total |
|---------------------------------------------------|-----------------|----------------------------------------------------|--------------------------------------------------------|------------------|
| <u>Transactions</u> | | | | |
| Revenue from operations | 3,745.48 | 4,000.79 | 1,611.11 | 9,357.38 |
| | 8,427.11 | 555.62 | 2,059.28 | 11,042.01 |
| Other Income | | 31.86 | | 31.86 |
| | | - | | - |
| Services rendered by agencies | 4,759.78 | 3,178.82 | | 7,938.60 |
| | 7,908.31 | - | | 7,908.31 |
| Rent | 4,240.44 | 4,601.16 | | 8,841.60 |
| | 7,440.50 | - | | 7,440.50 |
| Network and cable charges | 229.13 | 173.28 | | 402.41 |
| | 435.33 | - | | 435.33 |
| Other Expenses | 16.57 | 30.52 | 23.99 | 71.08 |
| | 81.37 | - | 52.30 | 133.67 |
| Salaries and related costs | | | 2.02 | 2.02 |
| | | | 1.16 | 1.16 |
| Brand equity | | 77.44 | 98.46 | 175.90 |
| | | - | 137.23 | 137.23 |
| Finance costs | 3,585.82 | 110.92 | | 3,696.74 |
| | 5,535.79 | - | | 5,535.79 |
| Loan taken | 3,822.00 | | | 3,822.00 |
| | 23,000.00 | | | 23,000.00 |
| Loan Repaid | | 36,222.00 | | 36,222.00 |
| | | - | | - |
| Redemption of Debentures | 1,100.00 | 33,900.00 | | 35,000.00 |
| | - | - | | - |
| Equity capital reduction | - | | | - |
| | 4.00 | | | 4.00 |
| Purchase of property, plant and equipment* | - | | - | - |
| | 45.76 | | 2.17 | 47.93 |
| Sale of property, plant and equipment* | - | 30.38 | | 30.38 |
| | 87.17 | - | | 87.17 |

STT Global Data Centres India Private Limited
(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements
for the year ended 31 March 2017

| Particulars | Holding Company | Investing Company, its subsidiaries and associates | Tata Sons Limited, its subsidiaries and joint ventures | Total |
|----------------------------------------------------|------------------|----------------------------------------------------|--------------------------------------------------------|------------------|
| Balances | | | | |
| Receivables | | 408.11 | - | 408.11 |
| | | <i>186.10</i> | <i>1,427.11</i> | <i>1,613.21</i> |
| | | <i>570.63</i> | <i>1,186.87</i> | <i>1,757.50</i> |
| Payables | - | 6,353.21 | - | 6,353.21 |
| | <i>1,342.83</i> | <i>90.58</i> | <i>142.35</i> | <i>1,575.76</i> |
| | <i>1,368.74</i> | <i>11.17</i> | <i>80.65</i> | <i>1,460.56</i> |
| Other liabilities – current | | 44.55 | - | 44.55 |
| | | - | <i>1.95</i> | <i>1.95</i> |
| | | - | <i>1.99</i> | <i>1.99</i> |
| Other assets – current | | | - | - |
| | | | <i>15.03</i> | <i>15.03</i> |
| | | | - | - |
| Letter of Comfort provided to third parties | - | | | - |
| | <i>5,600.00</i> | | | <i>5,600.00</i> |
| | <i>5,600.00</i> | | | <i>5,600.00</i> |
| Loan Balances | - | | | - |
| | <i>32,400.00</i> | | | <i>32,400.00</i> |
| | <i>9,400.00</i> | | | <i>9,400.00</i> |

Note: Previous year's figures are in italics

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

32. 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 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|---------------------------------------------------------------------------------|------------------------|------------------------|------------------------|
| Minimum lease payments under operating leases recognised as expense in the year | 8,633.27 | 7,278.93 | 6,202.65 |

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Notes forming part of the financial statements
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At the balance sheet date, minimum lease payments under non-cancellable operating leases fall due as follows:

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2015 |
|-------------------------------------------------------|------------------------|------------------------|------------------------|
| Due not later than one year | 10,114.70 | 7,440.39 | 6,317.82 |
| Due later than one year but not later than five years | 15,686.39 | 20,461.08 | 23,535.62 |
| Later than five years | - | - | - |
| | 25,801.09 | 27,901.47 | 29,853.44 |

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 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------------|------------------------|------------------------|-----------------------|
| Due not later than one year | 21,622.76 | 14,473.73 | 5,915.44 |
| Due later than one year but not later than five years | 68,462.40 | 52,805.40 | 23,265.56 |
| Later than five years | - | 6,593.07 | 8,728.63 |
| | 90,085.16 | 73,872.20 | 37,909.63 |

33. Contingent liabilities and commitments:

i. Contingent liabilities

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------|------------------------|------------------------|-----------------------|
| i. Claims against the Company not acknowledged as debt | 525.06 | - | - |
| ii. Other claims | 115.26 | - | - |

ii. Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account, not provided for amount to ₹7,977.42 lakhs (2016: ₹5,402.78 lakhs, 2015: ₹18,308.65 lakhs)

STT Global Data Centres India Private Limited
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Notes forming part of the financial statements
for the year ended 31 March 2017

34. Micro and small enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management:

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year | 37.71 | 46.16 | 2.03 |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 0.40 | 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 | 668.19 | 1,439.93 | 831.87 |
| d. The amount of interest due and payable for the year | 0.40 | 2.48 | 0.28 |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year | 0.40 | 2.48 | 0.28 |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - | - |
| g. Total outstanding dues of micro and small enterprises* | 66.97 | 50.75 | 2.31 |

* Includes principal amount of ₹28.86 lakhs (2016: ₹2.11 lakhs) remaining unpaid to supplier prior to scheduled date

35. Specified Bank Notes (SBNs)

During the year, the Company did not have any holdings or dealings in specified bank notes, as defined in the Notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016.

36. Events after the reporting period

At the date of finalising our review report, the Company has repaid the loan facility of ₹80,600 lakhs taken from Standard Chartered Bank, by way of refinancing from HDFC Bank Limited, ICICI Bank Limited and Axis Bank Limited.

Other than the above, there are no subsequent events between the year ended 31 March 2017 and signing of financial statements as on 30 May 2017 which have material impact on the financials of the Company.

37. First-time Ind AS adoption reconciliation

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 01 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

A. Exemptions and exceptions availed

The transition as at 01 April 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

STT Global Data Centres India Private Limited
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Notes forming part of the financial statements
for the year ended 31 March 2017

A.1 Ind AS optional exemptions

a. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at Fair Value through Other Comprehensive Income on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has designated its investments in mutual funds at Fair Value through Profit or Loss held at 1 April 2015.

b. Fair value measurement of financial assets or financial liabilities at initial recognition

The Company has applied requirements of fair value measurement of financial assets and financial liabilities at initial recognition for transactions entered into on or after date of transition to Ind AS.

A.2 Ind AS mandatory exceptions

a. De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has applied the above requirement prospectively.

c. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company has made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

B. Reconciliations between Previous GAAP and Ind AS

i. Equity reconciliation

(₹ in lakhs)

| Sr. no | Particulars | Notes | As at 31 March 2016 | As at 1 April 2015 |
|--------|------------------------------------------------------------------------------|-------|---------------------|--------------------|
| | Equity as reported under previous GAAP | | 8,911.44 | 5,641.69 |
| a | Provision for expected credit loss | I | (169.56) | (40.32) |
| b | Impact of measuring investments at fair value through profit or loss (FVTPL) | II | 2.88 | 1.50 |
| c | Tax adjustments on above items | IV | 61.22 | 14.60 |
| | Equity under Ind AS | | 8,805.98 | 5,617.47 |

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Notes forming part of the financial statements
for the year ended 31 March 2017

ii. Total comprehensive income reconciliation

(₹ in lakhs)

| Sr. no | Particulars | Notes | For the year ended 31 March 2016 |
|--------|----------------------------------------------------------------------------------------------|-------|----------------------------------|
| | Net profit as reported under previous GAAP | | 3,274.56 |
| a. | Impact of measuring investments at fair value through profit or loss (FVTPL) | II | 1.38 |
| b. | Actuarial gains on employee defined benefit plans reclassified to Other Comprehensive Income | III | 7.40 |
| c. | Provision for expected credit loss | I | (129.24) |
| d. | Tax adjustments on above items | IV | 44.06 |
| | Net profit for the period under Ind AS | | 3,198.16 |
| | Other Comprehensive Income (net of tax) | | (4.84) |
| | Total Comprehensive Income under Ind AS | | 3,193.32 |

iii. Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statement of Cash Flows as reported under the Previous GAAP.

Notes to reconciliations between Previous GAAP and Ind AS

I. Trade receivables

Under previous GAAP, the Company had created allowance for trade receivables based on incurred loss model. In Ind AS, impairment allowance has been calculated based on expected credit loss model. As a result, for the year ended 31 March 2016 ₹129.24 lakhs provision for expected credit loss is recognised in Statement of Profit and Loss and impact of ₹40.32 lakhs and ₹169.56 lakhs has been recognised in equity as at 31 March 2016 and 01 April 2015 respectively.

II. Fair valuation of investments

Under previous GAAP, mutual funds were measured at lower of cost or fair value. Under Ind AS, these investments are classified as fair value through Profit or Loss and accordingly all gain and losses on these investments needs to recorded through Profit and Loss.

As at 01 April 2015, fair value gain on these instruments of ₹2.88 lakhs is recognised in equity and fair value gain of ₹1.38 lakhs for year ended 31 March 2016 is recognised in Statement of Profit and Loss. Corresponding impact of fair value gain is recognised in current investments.

III. Employee benefits

Under previous GAAP, actuarial gains and losses on re-measurement of the net defined benefit liability was recognised in Statement of Profit and Loss. Under Ind AS, actuarial gains and losses on re-measurement of the net defined benefit liability are recognised in Other Comprehensive Income. Accordingly, ₹7.40 lakhs on re-measurement of the net defined benefit liability is reclassified to other comprehensive income from employee cost resulting in increase in net profit for the year ended 31 March 2016. However, the same does not result in difference in equity or total comprehensive income.

IV. Tax adjustments

Tax adjustments include tax impact on account of differences between previous GAAP and Ind AS. These adjustments have resulted in an increase in equity under Ind AS by ₹61.22 lakhs and ₹14.60 lakhs as at 31 March 2016 and 01 April 2015 respectively. Also, an increase in net profit and other comprehensive income by ₹44.06 lakhs and ₹2.56 lakhs respectively for the year ended 31 March 2016.

STT Global Data Centres India Private Limited
(Formerly known as Tata Communications Data Centers Private Limited)

Notes forming part of the financial statements
for the year ended 31 March 2017

38. Approval of financial statements

The financial statements were approved for issue by the board of directors on 30 May 2017.

For and on behalf of the Board of Directors

SUMIT MUKHIJA
Chief Executive Officer

BRUNO LOPEZ
Director

TRI PHAM
Director

MUMBAI
Dated: 30 May 2017

ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **UNITED TELECOM LTD.** ("the associate") registered in Kathmandu as at 31 March 2017 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the associate 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;
- 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, based on trial balance and other information provided by the management.



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.

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



V. Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545

Place: Mumbai
Date: 03 May 2017

UNITED TELECOM LIMITED

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|--------------------|----------------------|----------------------|
| | | | NPR | INR* | NPR | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 298,545,182 | 188,083,465 | 712,908,205 | 449,132,169 |
| | Capital work-in-progress | | 1,519,488 | 957,277 | 1,680,792 | 1,058,899 |
| | Other intangible assets | 2 | 16,846,933 | 10,613,568 | 38,128,011 | 24,020,647 |
| | | | 316,911,603 | 199,654,310 | 752,717,008 | 474,211,715 |
| (2) | Current assets | | | | | |
| | Inventories | | 37,489,788 | 23,618,566 | 38,770,807 | 24,425,609 |
| | Financial assets | | | | | |
| | (i) Trade receivables | 3 | 19,049,427 | 12,001,139 | 20,389,536 | 12,845,408 |
| | (ii) Cash and cash equivalent | 4 | 3,124,068 | 1,968,163 | 1,667,396 | 1,050,460 |
| | (iii) Other financial assets | 5 | 586,764,005 | 369,661,323 | 1,000,806,363 | 630,508,009 |
| | | | 646,427,287 | 407,249,191 | 1,061,634,103 | 668,829,485 |
| | TOTAL ASSETS | | 963,338,890 | 606,903,501 | 1,814,351,111 | 1,143,041,200 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 6 | 3,827,300,000 | 2,411,199,000 | 3,572,400,000 | 2,250,612,000 |
| | Other equity | 7 | (3,403,410,812) | (2,144,148,812) | (2,648,545,642) | (1,668,583,734) |
| | Total Equity | | 423,889,188 | 267,050,188 | 923,854,358 | 582,028,246 |
| (2) | Non-current liabilities | | | | | |
| | Deferred tax liabilities (Net) | | 45,355,449 | 28,573,933 | 35,760,995 | 22,529,427 |
| | | | 45,355,449 | 28,573,933 | 35,760,995 | 22,529,427 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 8 | 471,323,950 | 296,934,088 | 818,154,583 | 515,437,387 |
| | Other current liabilities | 9 | 22,770,303 | 14,345,291 | 36,581,175 | 23,046,140 |
| | | | 494,094,253 | 311,279,379 | 854,735,758 | 538,483,527 |
| | TOTAL EQUITY AND LIABILITIES | | 963,338,890 | 606,903,501 | 1,814,351,111 | 1,143,041,200 |

*Exchange rate as at 31 March 2017 1 NPR = INR 0.63 (as at 31 March 2016 1 NPR = INR 0.63)



UNITED TELECOM LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | As at 31 March 2016 | |
|-----|--------------------------------------------|----------|----------------------|---------------|---------------------|---------------|
| | | | NPR | INR* | NR | INR* |
| i | Revenue from telecommunications services | 10 | 98,167,299 | 61,845,398 | 110,574,367 | 69,661,851 |
| ii | Other Income | 11 | - | - | 1,452,042 | 914,786 |
| iii | Total income (i + ii) | | 98,167,299 | 61,845,398 | 112,026,409 | 70,576,638 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 12 | 474,990,016 | 299,243,710 | 504,362,607 | 317,748,442 |
| | (ii) Employee benefits expenses | 13 | 12,201,722 | 7,687,085 | 45,630,700 | 28,747,341 |
| | (iii) Operating and other expenses | 14 | 112,340,632 | 70,774,598 | 83,170,300 | 52,397,289 |
| | (iv) Finance costs | 15 | - | - | 22,937,233 | 14,450,457 |
| | (v) Depreciation and amortisation expenses | | 253,500,098 | 159,705,062 | 136,100,757 | 85,743,477 |
| | Total expenses | | 853,032,469 | 537,410,456 | 792,201,596 | 499,087,005 |
| v | Profit before taxes (iii - iv) | | (754,865,170) | (475,565,057) | (680,175,187) | (428,510,368) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (754,865,170) | (475,565,057) | (680,175,187) | (428,510,368) |

*Exchange rate as at 31 March 2017 | NPR = INR 0.63 (as at 31 March 2016 | NPR = INR 0.63)



1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | NPR | INR | NPR | INR |
| Gross block: | | | | |
| Land | 9,406,115 | 5,925,852 | 9,406,115 | 5,925,852 |
| Plant and machinery | 1,787,710,234 | 1,126,257,447 | 1,970,016,137 | 1,241,110,166 |
| Furniture and fixtures | 38,847,311 | 24,473,806 | 38,847,311 | 24,473,806 |
| Computers | 28,284,425 | 17,819,188 | 28,183,889 | 17,755,850 |
| Office equipment | 75,770,355 | 47,735,323 | 75,708,990 | 47,696,664 |
| Vehicles | 18,140,866 | 11,428,746 | 18,140,866 | 11,428,746 |
| (a) | 1,958,159,305 | 1,233,640,362 | 2,140,303,308 | 1,348,391,084 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 1,511,257,063 | 952,091,950 | 1,296,731,835 | 816,941,056 |
| Furniture and fixtures | 38,103,880 | 24,005,444 | 38,103,880 | 24,005,444 |
| Computers | 27,955,082 | 17,611,702 | 27,955,082 | 17,611,702 |
| Office equipment | 67,808,875 | 42,719,591 | 52,654,804 | 35,172,526 |
| Vehicles | 14,489,273 | 9,128,211 | 11,949,502 | 7,528,186 |
| (b) | 1,659,614,123 | 1,045,556,898 | 1,427,395,103 | 899,258,915 |
| Net block (a) - (b) | 298,545,182 | 188,083,465 | 712,908,205 | 449,132,169 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------|---------------------|-------------|
| | NPR | INR | NPR | INR |
| Gross block: | | | | |
| License 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 |
| Accumulated amortisation: | | | | |
| License Fees | 193,129,811 | 121,671,781 | 171,848,733 | 108,264,702 |
| (b) | 193,129,811 | 121,671,781 | 171,848,733 | 108,264,702 |
| Net block (a) - (b) | 16,846,933 | 10,613,568 | 38,128,011 | 24,020,647 |

3 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|---------------|---------------------|---------------|
| | NPR | INR | NPR | INR |
| Trade receivables | 485,743,927 | 306,018,674 | 481,854,751 | 303,568,493 |
| Provision for doubtful debts | (466,694,500) | (294,017,535) | (461,465,215) | (290,723,085) |
| Total | 19,049,427 | 12,001,139 | 20,389,536 | 12,845,408 |

4 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-----------|---------------------|-----------|
| | NPR | INR | NPR | INR |
| Balance with bank | 3,124,068 | 1,968,163 | 1,667,396 | 1,050,460 |
| Total | 3,124,068 | 1,968,163 | 1,667,396 | 1,050,460 |

5 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------|---------------------|-------------|
| | NPR | INR | NPR | INR |
| Security Deposit | 176,953,458 | 111,480,679 | 592,034,144 | 372,981,511 |
| Others | 409,810,547 | 258,180,645 | 408,772,220 | 257,526,498 |
| Total | 586,764,005 | 369,661,323 | 1,000,806,363 | 630,508,009 |

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|---------------|---------------------|---------------|
| | NPR | INR | NPR | INR |
| Equity share capital | 3,827,300,000 | 2,411,199,000 | 3,572,400,000 | 2,250,612,000 |
| Total | 3,827,300,000 | 2,411,199,000 | 3,572,400,000 | 2,250,612,000 |



7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-----------------|---------------------|-----------------|
| | NPR | INR | NPR | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (2,648,545,642) | (1,668,583,754) | (1,968,370,455) | (1,240,073,387) |
| Profit / (loss) for the year | (754,865,170) | (475,565,057) | (680,175,187) | (428,510,368) |
| Closing balance | (3,403,410,812) | (2,144,148,812) | (2,648,545,642) | (1,668,583,754) |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------|---------------------|-------------|
| | NPR | INR | NPR | INR |
| Payable for capital and other supplies | 471,323,950 | 296,934,088 | 818,154,583 | 515,437,387 |
| Total | 471,323,950 | 296,934,088 | 818,154,583 | 515,437,387 |

9 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|------------|---------------------|------------|
| | NPR | INR | NPR | INR |
| Deferred revenue and advance from customers | 22,770,303 | 14,345,291 | 36,581,175 | 23,046,140 |
| Total | 22,770,303 | 14,345,291 | 36,581,175 | 23,046,140 |

10 Revenue from operations

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|------------------------|----------------------|------------|---------------------|------------|
| | NPR | INR | NPR | INR |
| Data and voice revenue | 98,167,299 | 61,845,398 | 110,574,367 | 69,661,851 |
| Total | 98,167,299 | 61,845,398 | 110,574,367 | 69,661,851 |

11 Other income

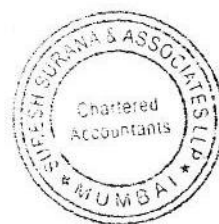
| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|----------------------|----------------------|-----|---------------------|---------|
| | NPR | INR | NPR | INR |
| Miscellaneous income | - | - | 1,452,042 | 914,786 |
| Total | - | - | 1,452,042 | 914,786 |

12 Network costs

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|--------------------------------------------|----------------------|-------------|---------------------|-------------|
| | NPR | INR | NPR | INR |
| Charges for use of transmission facilities | 474,990,016 | 299,243,710 | 504,362,607 | 317,748,442 |
| Total | 474,990,016 | 299,243,710 | 504,362,607 | 317,748,442 |

13 Employee benefit expenses

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|--------------------------------|----------------------|-----------|---------------------|------------|
| | NPR | INR | NPR | INR |
| Salaries, bonus and allowances | 12,088,483 | 7,615,744 | 45,477,890 | 28,651,070 |
| Staff welfare expenses | 113,239 | 71,341 | 152,810 | 96,270 |
| Total | 12,201,722 | 7,687,085 | 45,630,700 | 28,747,341 |



14 Other expenses

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|--------------------------------------|----------------------|-------------------|---------------------|-------------------|
| | NPR | INR | NPR | INR |
| Advertising and publicity | 1,878,174 | 1,183,249 | 13,358,632 | 8,415,938 |
| Communication expenses | 2,876,304 | 1,812,072 | 3,029,842 | 1,908,801 |
| Exchange (Gain)/Loss -Net | 44,388 | 27,965 | 76,263 | 48,046 |
| Insurance expenses | 1,617,131 | 1,018,793 | 4,682,870 | 2,950,208 |
| Miscellaneous expenses | 59,564,841 | 37,525,850 | 4,154,036 | 2,617,042 |
| Printing and stationery | 251,279 | 158,306 | 434,237 | 273,569 |
| Provision for doubtful debts | 5,229,285 | 3,294,450 | 6,834,215 | 4,305,555 |
| Rent | 17,659,253 | 11,125,329 | 21,791,678 | 13,728,757 |
| Repairs and Maintenance - IT systems | 7,032,801 | 4,430,665 | 9,851,144 | 6,206,221 |
| Security charges | 12,277,040 | 7,734,535 | 11,374,714 | 7,166,070 |
| Travelling and conveyance expenses | 3,910,135 | 2,463,385 | 7,582,670 | 4,777,082 |
| Total | 112,340,632 | 70,774,598 | 83,170,300 | 52,397,289 |

15 Finance costs

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|-------------------|----------------------|----------|---------------------|-------------------|
| | NPR | INR | NPR | INR |
| Interest expenses | - | - | 22,937,233 | 14,450,457 |
| Total | - | - | 22,937,233 | 14,450,457 |



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 **Smart ICT Services Private Limited** ("the associate") registered in India as at 31 March 2017 and the related statement of profit and loss for the year then ended, attached herewith.

The management of the associate 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, based on trial balance and other information provided by the management.



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.

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

Va
(Vinodkumar Varma)
PARTNER
Membership No. 105545

Place Mumbai
Date: 03 May 2017



SMART ICT SERVICES PRIVATE LIMITED
BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 INR |
|-------------------------------------|-------------|----------|----------------------------|
| (A) ASSETS | | | |
| (1) Non-current assets | | | |
| Financial assets | | | |
| (i) Other financial assets | 1 | | 9,713 |
| Non current tax asset | | | 8,368 |
| | | | 18,081 |
| (2) Current assets | | | |
| Financial assets | | | |
| (i) Trade receivables | 2 | | 1,706,492 |
| (ii) Cash and cash equivalent | 3 | | 234,636 |
| Other current assets | 4 | | 410,171 |
| | | | 2,351,299 |
| TOTAL ASSETS | | | 2,369,380 |
| (B) EQUITY AND LIABILITIES | | | |
| (1) Equity | | | |
| Equity share capital | 5 | | 500,000 |
| Other equity | 6 | | (8,452,725) |
| Total Equity | | | (7,952,725) |
| (2) Non-current liabilities | | | |
| Financial liabilities | | | |
| (i) Other financial liabilities | 7 | | 8,350,000 |
| | | | 8,350,000 |
| (2) Current liabilities | | | |
| Financial liabilities | | | |
| (i) Trade payables | 8 | | 1,366,277 |
| Other current liabilities | 9 | | 605,828 |
| | | | 1,972,105 |
| TOTAL EQUITY AND LIABILITIES | | | 2,369,380 |



SMART ICT SERVICES PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 |
|-----|--------------------------------------------|----------|----------------------|
| | | | INR |
| i | Revenue from telecommunications services | 10 | 2,024,839 |
| ii | Other Income | 11 | 6,863 |
| iii | Total income (i + ii) | | 2,031,702 |
| iv | Expenses: | | |
| | (i) Network and transmission expenses | 12 | 1,601,001 |
| | (ii) Operating and other expenses | 13 | 1,228,513 |
| | (iii) Finance costs | 14 | 679 |
| | Total expenses | | 2,830,193 |
| v | Profit before taxes (iii - iv) | | (798,491) |
| vi | Tax expenses | | |
| | (i) Current tax expense/(benefit) | | - |
| | (ii) Deferred tax expense/(benefit) | | - |
| | Net tax expenses | | - |
| vii | Profit / (loss) for the year (v-vi) | | (798,491) |



SMART ICT SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 |
|-----------------|---------------------|
| | INR |
| Vendor deposits | 9,713 |
| Total | 9,713 |

2 Trade receivables

| Particulars | As at 31 March 2017 |
|-------------------|---------------------|
| | INR |
| Trade receivables | 1,706,492 |
| Total | 1,706,492 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 |
|-------------------|---------------------|
| | INR |
| Balance with bank | 234,636 |
| Total | 234,636 |

4 Current assets - other assets

| Particulars | As at 31 March 2017 |
|-------------------------|---------------------|
| | INR |
| Indirect tax receivable | 410,171 |
| Total | 410,171 |

5 Equity share capital

| Particulars | As at 31 March 2017 |
|----------------------|---------------------|
| | INR |
| Equity share capital | 500,000 |
| Total | 500,000 |



SMART ICT SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Other Equity

| Particulars | As at 31 March 2017 |
|------------------------------|---------------------|
| | INR |
| Surplus / (Deficit) | |
| Opening balance | (7,654,234) |
| Profit / (loss) for the year | (798,491) |
| Closing balance | (8,452,725) |

7 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 |
|--------------------------|---------------------|
| | INR |
| Preference Share Capital | 8,350,000 |
| Total | 8,350,000 |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 |
|---------------|---------------------|
| | INR |
| Trade payable | 1,366,277 |
| Total | 1,366,277 |

9 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 |
|---------------------------------------------|---------------------|
| | INR |
| Deferred revenue and advance from customers | 312,763 |
| Other Statutory dues | 293,065 |
| Total | 605,828 |

10 Revenue from operations

| Particulars | Current year 2016-17 |
|---------------------------------|----------------------|
| | INR |
| Management consultancy Services | 2,024,839 |
| Total | 2,024,839 |



SMART ICT SERVICES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Other income

| Particulars | Current year 2016-17 |
|--------------------------|----------------------|
| | INR |
| Interest income - others | 6,863 |
| Total | 6,863 |

12 Network costs

| Particulars | Current year 2016-17 |
|--------------------------------------------|----------------------|
| | INR |
| Charges for use of transmission facilities | 1,601,001 |
| Total | 1,601,001 |

13 Other expenses

| Particulars | Current year 2016-17 |
|------------------------------------|----------------------|
| | INR |
| Auditors remuneration | 22,500 |
| Communication expenses | 2,341 |
| Directors fees | 400,000 |
| Legal and professional fees | 769,000 |
| Miscellaneous expenses | 24,426 |
| Printing and stationery | 675 |
| Travelling and conveyance expenses | 9,571 |
| Total | 1,228,513 |

14 Finance costs

| Particulars | Current year 2016-17 |
|-------------------|----------------------|
| | INR |
| Interest expenses | 679 |
| Total | 679 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|-----------------|---------------------|------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 50,910,881 | 3,305,134,395 | 100,100,462 | 6,631,655,608 |
| | Capital work-in-progress | | 2,899,484 | 188,234,501 | 2,685,229 | 177,896,421 |
| | Other intangible assets | 2 | 702,029 | 45,575,722 | 266,875 | 17,680,469 |
| | Intangible assets under development | | - | - | 95,199 | 6,306,934 |
| | Investments in subsidiaries & associates | 3 | 225,991,565 | 14,671,372,399 | 192,503,193 | 12,753,336,536 |
| | Financial assets | | | | | |
| | (i) Loans | 4 | 78,136,781 | 5,072,639,823 | 77,178,276 | 5,113,060,785 |
| | (ii) Other financial assets | 5 | 134,500 | 8,731,740 | 141,625 | 9,382,656 |
| | Non current tax asset | | - | - | 140,013 | 9,275,861 |
| | Other non-current assets | 6 | 7,701,321 | 499,969,759 | 8,399,261 | 556,451,041 |
| | | | 366,476,561 | 23,791,658,339 | 381,510,133 | 25,275,046,311 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 7 | 26,876,224 | 1,744,804,462 | 31,180,372 | 2,065,699,645 |
| | (ii) Cash and cash equivalent | 8 | 12,322,463 | 799,974,298 | 1,497,574 | 99,214,278 |
| | (iii) Other financial assets | 9 | 522,290 | 33,907,066 | 197,513 | 13,085,236 |
| | Other current assets | 10 | 4,125,683 | 267,839,340 | 4,543,025 | 300,975,407 |
| | | | 43,846,660 | 2,846,525,166 | 37,418,484 | 2,478,974,566 |
| | | | | | | |
| | | | | | | |
| | TOTAL ASSETS | | 410,323,221 | 26,638,183,505 | 418,928,617 | 27,754,020,877 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 11 | 191,102,863 | 12,406,397,866 | 110,810,000 | 7,341,162,500 |
| | Other equity | 12 | (92,990,802) | (6,036,962,869) | (428,553,094) | (28,391,642,477) |
| | Total Equity | | 98,112,061 | 6,369,434,997 | (317,743,094) | (21,050,479,977) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 13 | 42,884,439 | 2,784,057,780 | 19,595,800 | 1,298,221,750 |
| | (ii) Other financial liabilities | 14 | 33,597,596 | 2,181,155,932 | 38,873,264 | 2,575,353,740 |
| | Provisions | 15 | 9,108,655 | 591,333,883 | 9,990,073 | 661,842,336 |
| | Other non current liabilities (Deferred revenue) | | 57,140,510 | 3,709,561,909 | 62,340,660 | 4,130,068,725 |
| | | | 142,731,200 | 9,266,109,504 | 130,799,797 | 8,665,486,551 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 16 | 88,498,279 | 5,745,308,273 | 461,192,359 | 30,553,993,784 |
| | (ii) Trade payables | 17 | 42,483,205 | 2,758,009,668 | 24,534,321 | 1,625,398,766 |
| | (iii) Other financial liabilities | 18 | 21,046,723 | 1,366,353,258 | 102,863,589 | 6,814,712,772 |
| | Other current liabilities | 19 | 16,488,410 | 1,070,427,577 | 16,845,420 | 1,116,009,075 |
| | Provisions | 20 | 470,700 | 30,557,844 | 436,225 | 28,899,906 |
| | Current tax liabilities (Net) | | 492,643 | 31,982,384 | - | - |
| | | | 169,479,960 | 11,002,639,004 | 605,871,914 | 40,139,014,303 |
| | | | | | | |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 410,323,221 | 26,638,183,505 | 418,928,617 | 27,754,020,877 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|----------|----------------------------------------------------------------------------|----------|----------------------|----------------------|-----------------------|------------------------|
| | | | USD | INR* | USD | INR* |
| A | CONTINUING OPERATION | | | | | |
| i | Revenue from telecommunications services | 21 | 142,814,006 | 9,271,485,270 | 107,498,008 | 7,121,743,018 |
| ii | Other Income | 22 | 3,033,346 | 196,924,823 | 2,730,077 | 180,867,601 |
| iii | Total income (i + ii) | | 145,847,352 | 9,468,410,093 | 110,228,085 | 7,302,610,619 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 23 | 78,608,497 | 5,103,263,626 | 47,228,599 | 3,128,894,672 |
| (ii) | Employee benefits expenses | 24 | 23,539,014 | 1,528,152,790 | 16,604,636 | 1,100,057,153 |
| (iii) | Operating and other expenses | 25 | 27,074,326 | 1,757,665,245 | 29,900,878 | 1,980,933,146 |
| (iv) | Finance costs | 26 | 20,678,617 | 1,342,455,816 | 16,225,213 | 1,074,920,331 |
| (v) | Depreciation and amortisation expenses | | 9,744,606 | 632,619,822 | 11,460,431 | 759,253,543 |
| (vi) | Staff optimisation cost | | 336,318 | 21,833,765 | 1,049,828 | 69,551,105 |
| (vii) | Allowance for loans receivables | | (33,270,020) | (2,159,889,698) | 128,942,800 | 8,542,460,500 |
| | Total expenses | | 126,711,358 | 8,226,101,366 | 251,412,384 | 16,656,070,450 |
| v | Profit before taxes (iii - iv) | | 19,135,994 | 1,242,308,727 | (141,184,299) | (9,353,459,831) |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | 1,060,938 | 70,287,143 |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | 1,060,938 | 70,287,143 |
| vii | Profit / (loss) for the year (v-vi) | | 19,135,994 | 1,242,308,727 | (142,245,237) | (9,423,746,974) |
| B | DISCONTINUED OPERATIONS | | | | | |
| i | Profit/(loss) before exceptional item and tax from discontinued operations | | 8,252,932 | 535,780,345 | 1,466,310 | 97,143,060 |
| ii | Impairment loss on goodwill | | - | - | - | - |
| iii | Profit on disposal of subsidiaries | | 109,661,846 | 7,119,247,042 | - | - |
| iv | Profit/(loss) from discontinued operations (before tax) (i+ii+iii) | | 117,914,778 | 7,655,027,388 | 1,466,310 | 97,143,060 |
| v | Tax expense on discontinued operations | | - | - | - | - |
| vi | Profit/(loss) from discontinued operations (iv-v) | | 117,914,778 | 7,655,027,388 | 1,466,310 | 97,143,060 |
| C | Profit/(loss) for the year | | 137,050,772 | 8,897,336,115 | (140,778,927) | (9,326,603,914) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 2,957,571 | 192,005,509 | 38,340,802 | 2,540,078,133 |
| Cables | 80,085,449 | 5,199,147,349 | 75,478,877 | 5,000,475,601 |
| Plant and machinery | 56,262,278 | 3,652,547,088 | 75,602,275 | 5,008,650,719 |
| Furniture and fixtures | 97,889 | 6,354,954 | 158,126 | 10,475,848 |
| Computers | 2,112,231 | 137,126,037 | 3,466,107 | 229,629,589 |
| Office equipment | 334,765 | 21,732,944 | 868,485 | 57,537,131 |
| (a) | 141,850,183 | 9,208,913,881 | 193,914,672 | 12,846,847,021 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 1,335,005 | 86,668,525 | 7,772,430 | 514,923,488 |
| Cables | 49,222,861 | 3,195,548,136 | 44,604,023 | 2,955,016,524 |
| Plant and machinery | 38,120,146 | 2,474,759,878 | 37,933,077 | 2,513,066,351 |
| Furniture and fixtures | 60,539 | 3,930,192 | 69,384 | 4,596,690 |
| Computers | 1,893,316 | 122,914,075 | 2,986,432 | 197,851,120 |
| Office equipment | 307,435 | 19,958,680 | 448,864 | 29,737,240 |
| (b) | 90,939,302 | 5,903,779,486 | 93,814,210 | 6,215,191,413 |
| Net block (a) - (b) | 50,910,881 | 3,305,134,395 | 100,100,462 | 6,631,655,608 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 2,703,960 | 175,541,083 | 2,034,652 | 134,795,695 |
| (a) | 2,703,960 | 175,541,083 | 2,034,652 | 134,795,695 |
| Accumulated amortisation: | | | | |
| Computer software | 2,001,931 | 129,965,361 | 1,767,777 | 117,115,226 |
| (b) | 2,001,931 | 129,965,361 | 1,767,777 | 117,115,226 |
| Net block (a) - (b) | 702,029 | 45,575,722 | 266,875 | 17,680,469 |

3 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 203,387,020 | 13,203,885,338 | 203,126,193 | 13,457,110,286 |
| Impairment of investment in subsidiaries | (10,623,000) | (689,645,160) | (10,623,000) | (703,773,750) |
| Investments in associates | 33,227,545 | 2,157,132,221 | - | - |
| Total | 225,991,565 | 14,671,372,399 | 192,503,193 | 12,753,336,536 |

4 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 492,691,130 | 31,985,508,160 | 581,372,431 | 38,515,923,554 |
| Allowances for loan receivables | (470,924,135) | (30,572,394,844) | (504,194,155) | (33,402,862,769) |
| Loan to others | 56,369,786 | 3,659,526,507 | - | - |
| Total | 78,136,781 | 5,072,639,823 | 77,178,276 | 5,113,060,785 |



5 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 134,500 | 8,731,740 | 141,625 | 9,382,656 |
| Total | 134,500 | 8,731,740 | 141,625 | 9,382,656 |

6 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 7,701,321 | 499,969,759 | 8,399,261 | 556,451,041 |
| Total | 7,701,321 | 499,969,759 | 8,399,261 | 556,451,041 |

7 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade receivables | 28,413,265 | 1,844,589,164 | 28,864,024 | 1,912,241,590 |
| Intercompany receivables | - | - | 3,270,714 | 216,684,803 |
| Provision for doubtful debts | (1,537,041) | (99,784,702) | (954,366) | (63,226,748) |
| Total | 26,876,224 | 1,744,804,462 | 31,180,372 | 2,065,699,645 |

8 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|--------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Cash in hand | 100,458 | 6,521,733 | - | - |
| Balance with bank | 12,222,005 | 793,452,565 | 1,497,574 | 99,214,278 |
| Total | 12,322,463 | 799,974,298 | 1,497,574 | 99,214,278 |

9 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Security Deposit | 245 | 15,905 | 245 | 16,231 |
| Advances to employees | 18,034 | 1,170,767 | 189,991 | 12,586,904 |
| Interest Receivable | 313,166 | 20,330,737 | - | - |
| Others | 190,845 | 12,389,657 | 7,277 | 482,101 |
| Total | 522,290 | 33,907,066 | 197,513 | 13,085,236 |

10 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 5,000 | 324,600 | 36,039 | 2,387,584 |
| Prepaid expenses | 4,120,683 | 267,514,740 | 4,390,111 | 290,844,854 |
| Indirect tax receivable | - | - | 116,875 | 7,742,969 |
| Total | 4,125,683 | 267,839,340 | 4,543,025 | 300,975,407 |



11 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 191,102,863 | 12,406,397,866 | 110,810,000 | 7,341,162,500 |
| Total | 191,102,863 | 12,406,397,866 | 110,810,000 | 7,341,162,500 |

12 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (428,553,094) | (27,821,666,862) | (315,633,892) | (20,910,745,345) |
| Profit / (loss) for the year | 137,050,772 | 8,897,336,115 | (140,778,927) | (9,326,603,914) |
| Closing balance | (291,502,322) | (18,924,330,747) | (456,412,819) | (30,237,349,259) |
| Share premium | 232,046,371 | 15,064,450,405 | - | - |
| Compulsory convertible preference shares classified as equity | (30,955,250) | (2,009,614,830) | 30,955,250 | 2,050,785,313 |
| Dividend | (2,579,601) | (167,467,697) | (3,095,525) | (205,078,531) |
| Total | (92,990,802) | (6,036,962,869) | (428,553,094) | (28,391,642,477) |

13 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Loan from banks | 42,884,439 | 2,784,057,780 | 19,595,800 | 1,298,221,750 |
| Total | 42,884,439 | 2,784,057,780 | 19,595,800 | 1,298,221,750 |

14 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Dividend payable | 33,461,000 | 2,172,288,120 | 30,881,399 | 2,045,892,684 |
| Lease equalisation | 136,596 | 8,867,812 | 7,991,865 | 529,461,056 |
| Total | 33,597,596 | 2,181,155,932 | 38,873,264 | 2,575,353,740 |

15 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 7,976,991 | 517,866,256 | 9,649,952 | 639,309,320 |
| Retention liability | 1,131,664 | 73,467,627 | 340,121 | 22,533,016 |
| Total | 9,108,655 | 591,333,883 | 9,990,073 | 661,842,336 |

16 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Loan from bank | 40,000,000 | 2,596,800,000 | 65,000,000 | 4,306,250,000 |
| Inter company loans taken | 48,498,279 | 3,148,508,273 | 396,192,359 | 26,247,743,784 |
| Total | 88,498,279 | 5,745,308,273 | 461,192,359 | 30,553,993,784 |



17 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 26,159,694 | 1,698,287,334 | 24,534,321 | 1,625,398,766 |
| Inter Company - Payables | 16,323,511 | 1,059,722,334 | - | - |
| Total | 42,483,205 | 2,758,009,668 | 24,534,321 | 1,625,398,766 |

18 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Current portion of long term loans | 16,731,340 | 1,086,198,593 | 89,493,482 | 5,928,943,183 |
| Deposit from customers and contractors | 1,166,862 | 75,752,681 | 192,580 | 12,758,425 |
| Interest accrued but not due | 3,000,604 | 194,799,212 | 6,471,211 | 428,717,729 |
| Derivative Liabilities | 147,917 | 9,602,772 | 6,706,316 | 444,293,435 |
| Total | 21,046,723 | 1,366,353,258 | 102,863,589 | 6,814,712,772 |

19 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 11,083,894 | 719,566,398 | 11,424,012 | 756,840,795 |
| Other Employee dues | 4,894,760 | 317,767,819 | 5,418,976 | 359,007,160 |
| Other Statutory dues | 500,889 | 32,517,714 | - | - |
| Others | 8,867 | 575,646 | 2,432 | 161,120 |
| Total | 16,488,410 | 1,070,427,577 | 16,845,420 | 1,116,009,075 |

20 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 470,700 | 30,557,844 | 436,225 | 28,899,906 |
| Total | 470,700 | 30,557,844 | 436,225 | 28,899,906 |

21 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 142,814,006 | 9,271,485,270 | 107,498,008 | 7,121,743,018 |
| Management consultancy Services | - | - | - | - |
| Total | 142,814,006 | 9,271,485,270 | 107,498,008 | 7,121,743,018 |

22 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest income - others | 326,063 | 21,168,010 | - | - |
| Interest on loan to subsidiaries | 348,374 | 22,616,440 | 510,200 | 33,800,750 |
| Profit on sale of fixed assets | 1 | 65 | - | - |
| Net gain on sale of investments | - | - | - | - |
| Exchange gain - Net | 497,316 | 32,285,755 | 920,636 | 60,992,135 |
| Miscellaneous income | 1,861,592 | 120,854,553 | 1,299,241 | 86,074,716 |
| Total | 3,033,346 | 196,924,823 | 2,730,077 | 180,867,601 |



23 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 78,558,316 | 5,100,005,875 | 47,110,677 | 3,121,082,339 |
| Rent of satellite channels | 50,181 | 3,257,751 | 117,922 | 7,812,333 |
| Total | 78,608,497 | 5,103,263,626 | 47,228,599 | 3,128,894,672 |

24 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 22,330,792 | 1,449,715,017 | 15,493,982 | 1,026,476,289 |
| Contribution to provident and other funds | 983,030 | 63,818,308 | 865,270 | 57,324,110 |
| Staff welfare expenses | 225,192 | 14,619,465 | 245,385 | 16,256,754 |
| Total | 23,539,014 | 1,528,152,790 | 16,604,636 | 1,100,057,153 |

25 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 1,072,439 | 69,622,740 | 1,043,478 | 69,130,418 |
| Auditors remuneration | 50,374 | 3,270,280 | 56,946 | 3,772,673 |
| Bad debts | - | - | 1,410,064 | 93,416,738 |
| Communication expenses | 256,894 | 16,677,558 | 440,482 | 29,181,935 |
| CSR expenses | 30,199 | 1,960,519 | - | - |
| Directors fees | 73,887 | 4,796,744 | 47,955 | 3,177,019 |
| Donations | - | - | 42,466 | 2,813,373 |
| Electricity | 951,143 | 61,748,204 | 1,046,448 | 69,327,208 |
| Entertainment expenses | 59,199 | 3,843,199 | 88,099 | 5,836,588 |
| Insurance expenses | 27,364 | 1,776,471 | 29,078 | 1,926,410 |
| IT consumables | 39,150 | 2,541,618 | 29,629 | 1,962,926 |
| Legal and professional fees | (590,602) | (38,341,882) | 2,343,315 | 155,244,651 |
| Miscellaneous expenses | 4,219,487 | 273,929,099 | 4,825,412 | 319,683,562 |
| Printing and stationery | 38,183 | 2,478,840 | 43,281 | 2,867,392 |
| Provision for doubtful debts | 572,716 | 37,180,723 | (1,230,761) | (81,537,886) |
| Rates and Taxes | 258,133 | 16,757,994 | 406,569 | 26,935,223 |
| Recruitment expenses | 563,318 | 36,570,605 | 499,368 | 33,083,130 |
| Relocation Expense | 91,644 | 5,949,528 | 147,858 | 9,795,593 |
| Rent | 603,060 | 39,150,655 | 359,644 | 23,826,400 |
| Repairs and Maintenance - Plant & Machinery | 14,275,386 | 926,758,059 | 14,834,298 | 982,772,218 |
| Repairs and Maintenance -Building | 4,280 | 277,858 | 1,917 | 126,985 |
| Seminars, trainings and conferences | 229,758 | 14,915,889 | 282,737 | 18,731,349 |
| Services rendered by agencies | 2,039,432 | 132,399,925 | 889,580 | 58,934,644 |
| Sundry balances written off | - | - | 6,454 | 427,578 |
| Travelling and conveyance expenses | 2,208,882 | 143,400,619 | 2,256,559 | 149,497,019 |
| Total | 27,074,326 | 1,757,665,245 | 29,900,878 | 1,980,933,146 |

26 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Interest expenses | 18,932,788 | 1,229,116,597 | 21,833,075 | 1,446,441,187 |
| Guarantee fees | 1,745,829 | 113,339,219 | (5,607,862) | (371,520,856) |
| Total | 20,678,617 | 1,342,455,816 | 16,225,213 | 1,074,920,331 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vatma: uiv
(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------------------|-------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| Property, plant and equipment | 1 | | 1,315,869 | 85,426,195 | 1,607,941 | 106,526,097 |
| Capital work-in-progress | | | 16,999 | 1,103,578 | 41,921 | 2,777,246.38 |
| Other intangible assets | 2 | | 549,209 | 35,654,678 | 16,436 | 1,088,915 |
| Financial assets | | | | | | |
| (i) Other financial assets | 3 | | 33 | 2,169 | 33 | 2,213 |
| Other non-current assets | 4 | | 186,030 | 12,077,090 | 292,117 | 19,352,756 |
| | | | 2,068,141 | 134,263,710 | 1,958,448 | 129,747,228 |
| (2) Current assets | | | | | | |
| Inventories | | | 203,370 | 13,202,778 | 199,876 | 13,241,808.85 |
| Financial assets | | | | | | |
| (i) Trade receivables | 5 | | 3,711,793 | 240,969,596 | 6,683,375 | 442,773,598 |
| (ii) Cash and cash equivalent | 6 | | 9,791,821 | 635,685,002 | 11,474,532 | 760,187,744 |
| (iii) Other financial assets | 7 | | 69,187 | 4,491,623 | 74,625 | 4,943,924 |
| Other current assets | 8 | | 316,033 | 20,516,858 | 733,304 | 48,581,383 |
| | | | 14,092,204 | 914,865,857 | 19,165,713 | 1,269,728,458 |
| TOTAL ASSETS | | | 16,160,345 | 1,049,129,567 | 21,124,160 | 1,399,475,685 |
| (B) EQUITY AND LIABILITIES | | | | | | |
| (1) Equity | | | | | | |
| Equity share capital | 9 | | 1,197,348 | 77,731,817 | 1,197,348 | 79,324,289 |
| Other equity | 10 | | 11,997,930 | 778,905,604 | 12,829,220 | 849,935,892 |
| Total Equity | | | 13,195,278 | 856,637,420 | 14,026,568 | 929,260,181 |
| (2) Non-current liabilities | | | | | | |
| Provisions | 11 | | 9,774 | 634,527 | 9,774 | 647,526 |
| Deferred tax liabilities (Net) | | | 239,069 | 15,520,339 | 235,849 | 15,625,011 |
| | | | 248,843 | 16,154,865 | 245,623 | 16,272,537 |
| (3) Current liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Borrowings | 12 | | - | - | 10 | 663 |
| (ii) Trade payables | 13 | | 2,202,000 | 142,953,814 | 6,337,393 | 419,852,288 |
| (ii) Other financial liabilities | 14 | | 6,476 | 420,420 | 5,868 | 388,763 |
| Other current liabilities | 15 | | 434,307 | 28,195,207 | 436,042 | 28,887,775 |
| Provisions | 16 | | 73,442 | 4,767,840 | 72,656 | 4,813,480 |
| | | | 2,716,224 | 176,337,281 | 6,851,969 | 453,942,967 |
| TOTAL EQUITY AND LIABILITIES | | | 16,160,345 | 1,049,129,567 | 21,124,160 | 1,399,475,685 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 17 | 15,240,879 | 989,437,843 | 23,204,454 | 1,537,295,060 |
| ii | Other Income | 18 | 535,969 | 34,795,105 | 374,372 | 24,802,155 |
| iii | Total income (i + ii) | | 15,776,848 | 1,024,232,947 | 23,578,826 | 1,562,097,215 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 19 | 9,607,791 | 623,737,765 | 17,903,930 | 1,186,135,348 |
| | (ii) Employee benefits expenses | 20 | 686,797 | 44,586,872 | 699,771 | 46,359,829 |
| | (iii) Operating and other expenses | 21 | 1,477,860 | 95,942,660 | 1,664,122 | 110,248,079 |
| | (iv) Depreciation and amortisation expenses | | 468,977 | 30,445,969 | 467,407 | 30,965,682 |
| | Total expenses | | 12,241,424 | 794,713,266 | 20,735,229 | 1,373,708,938 |
| v | Profit before taxes (iii-iv) | | 3,535,423 | 229,519,681 | 2,843,597 | 188,388,277 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 181,158 | 11,760,748 | 118,565 | 7,854,961 |
| | (ii) Deferred tax expense/(benefit) | | 3,219 | 209,007 | 228 | 15,098 |
| | Net tax expenses | | 184,377 | 11,969,755 | 118,793 | 7,870,059 |
| vii | Profit / (loss) for the year (v-vi) | | 3,351,046 | 217,549,926 | 2,724,803 | 180,518,217 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 3,225,855 | 209,422,512 | 3,226,353 | 213,745,917 |
| Furniture and fixtures | 94,840 | 6,157,025 | 96,560 | 6,397,070 |
| Computers | 223,495 | 14,509,294 | 188,648 | 12,497,921 |
| Office equipment | 40,425 | 2,624,403 | 45,214 | 2,995,454 |
| (a) | 3,584,615 | 232,713,234 | 3,556,775 | 235,636,362 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 2,069,307 | 134,339,386 | 1,793,610 | 118,826,675 |
| Furniture and fixtures | 40,136 | 2,605,654 | 28,320 | 1,876,205 |
| Computers | 134,012 | 8,700,053 | 115,622 | 7,659,954 |
| Office equipment | 25,292 | 1,641,947 | 11,282 | 747,431 |
| (b) | 2,268,747 | 147,287,040 | 1,948,834 | 129,110,265 |
| Net block (a) - (b) | 1,315,869 | 85,426,195 | 1,607,941 | 106,526,097 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 16,436 | 1,067,054 | 16,436 | 1,088,915 |
| License Fees | 823,656 | 53,471,741 | - | - |
| (a) | 840,092 | 54,538,795 | 16,436 | 1,088,915 |
| Accumulated amortisation: | | | | |
| Computer software | 13,861 | 899,860 | - | - |
| License Fees | 277,022 | 17,984,257 | - | - |
| (b) | 290,883 | 18,884,117 | - | - |
| Net block (a) - (b) | 549,209 | 35,654,678 | 16,436 | 1,088,915 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|--------------|---------------------|--------------|
| | USD | INR | USD | INR |
| Vendor deposits | 33 | 2,169 | 33 | 2,213 |
| Total | 33 | 2,169 | 33 | 2,213 |

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Advance Income tax Paid | 181,282 | 11,768,828 | 292,117 | 19,352,756 |
| Others | 4,748 | 308,262 | - | - |
| Total | 186,030 | 12,077,090 | 292,117 | 19,352,756 |



5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 2,204,423 | 143,111,111 | 2,227,893 | 147,597,927 |
| Intercompany receivables | 1,709,815 | 111,001,204 | 4,698,540 | 311,278,302 |
| Provision for doubtful debts | (202,445) | (13,142,719) | (243,059) | (16,102,632) |
| Total | 3,711,793 | 240,969,596 | 6,683,375 | 442,773,598 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Balance with bank | 9,791,821 | 635,685,002 | 11,474,532 | 760,187,744 |
| Total | 9,791,821 | 635,685,002 | 11,474,532 | 760,187,744 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Security Deposit | 36,242 | 2,352,803 | 38,124 | 2,525,743 |
| Interest Receivable | 32,945 | 2,138,819 | 36,501 | 2,418,181 |
| Total | 69,187 | 4,491,623 | 74,625 | 4,943,924 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 4,767 | 309,459 | 20,007 | 1,325,481 |
| Salary Advances | 204 | 13,229 | 320 | 21,204 |
| Prepaid expenses | 110,143 | 7,150,473 | 712,977 | 47,234,698 |
| Service Tax receivable | 200,920 | 13,043,697 | - | - |
| Total | 316,033 | 20,516,858 | 733,304 | 48,581,383 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 1,197,348 | 77,731,817 | 1,197,348 | 79,324,289 |
| Total | 1,197,348 | 77,731,817 | 1,197,348 | 79,324,289 |

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 12,829,220 | 832,872,974 | 11,238,695 | 744,563,561 |
| Profit / (loss) for the year | 3,351,046 | 217,549,926 | 2,724,803 | 180,518,217 |
| Closing balance | 16,180,266 | 1,050,422,900 | 13,963,498 | 925,081,778 |
| Dividend | (4,182,337) | (271,517,296) | (1,134,278) | (75,145,886) |
| Total | 11,997,930 | 778,905,604 | 12,829,220 | 849,935,892 |



11 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 9,774 | 634,527 | 9,774 | 647,526 |
| Total | 9,774 | 634,527 | 9,774 | 647,526 |

12 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------|---------------------|----------|---------------------|------------|
| | USD | INR | USD | INR |
| Bank overdraft | | - | 10 | 663 |
| Total | - | - | 10 | 663 |

13 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade Payables | 2,202,000 | 142,953,814 | 6,337,393 | 419,852,288 |
| Total | 2,202,000 | 142,953,814 | 6,337,393 | 419,852,288 |

14 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Others | 6,476 | 420,420 | 5,868 | 388,763 |
| Total | 6,476 | 420,420 | 5,868 | 388,763 |

15 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 129,857 | 8,430,334 | 161,202 | 10,679,607 |
| Accrued Payroll | 84,330 | 5,474,731 | 82,025 | 5,434,182 |
| Other Statutory dues | 220,099 | 14,288,845 | 192,815 | 12,773,985 |
| Others | 20 | 1,297 | - | - |
| Total | 434,307 | 28,195,207 | 436,042 | 28,887,775 |

16 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 43,104 | 2,798,335 | 29,950 | 1,984,207 |
| Provision for Gratuity Funded | 30,337 | 1,969,505 | 42,706 | 2,829,273 |
| Total | 73,442 | 4,767,840 | 72,656 | 4,813,480 |



17 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 15,240,879 | 989,437,843 | 23,204,454 | 1,537,295,060 |
| Total | 15,240,879 | 989,437,843 | 23,204,454 | 1,537,295,060 |

18 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-----------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest income - others | 368,946 | 23,951,944 | 216,079 | 14,315,246 |
| Profit on sale of fixed assets | 492 | 31,926 | 40,497 | 2,682,928 |
| Provision for Doubtful Debts write back | 40,614 | 2,636,645 | - | - |
| Miscellaneous income | 125,918 | 8,174,591 | 117,796 | 7,803,980 |
| Total | 535,969 | 34,795,105 | 374,372 | 24,802,155 |

19 Network costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 9,607,791 | 623,737,765 | 17,903,930 | 1,186,135,348 |
| Total | 9,607,791 | 623,737,765 | 17,903,930 | 1,186,135,348 |

20 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 572,309 | 37,154,305 | 583,303 | 38,643,856 |
| Contribution to provident and other funds | 78,326 | 5,084,907 | 72,154 | 4,780,179 |
| Staff welfare expenses | 36,162 | 2,347,660 | 44,314 | 2,935,795 |
| Total | 686,797 | 44,586,872 | 699,771 | 46,359,829 |

21 Other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 4,511 | 292,829 | 33,351 | 2,209,493 |
| Auditors remuneration | 8,166 | 530,167 | 4,876 | 323,010 |
| Bad debts Written off | 21,030 | 1,365,267 | - | - |
| Communication expenses | 13,109 | 851,058 | 20,024 | 1,326,585 |
| Directors fees | 1,980 | 128,548 | 2,458 | 162,823 |
| Donations | 909 | 59,021 | - | - |
| Electricity | 81,829 | 5,312,326 | 74,895 | 4,961,789 |
| Entertainment expenses | 749 | 48,606 | 1,572 | 104,122 |
| Exchange (Gain)/Loss -Net | 50,196 | 3,258,715 | 84,229 | 5,580,180 |
| Insurance expenses | 5,853 | 379,948 | 8,106 | 537,045 |
| Legal and professional fees | 5,604 | 363,794 | 141,748 | 9,390,818 |
| Miscellaneous expenses | 34,681 | 2,251,519 | 59,946 | 3,971,412 |
| Printing and stationery | 1,892 | 122,809 | 1,278 | 84,648 |
| Provision for doubtful debts | - | - | 74,772 | 4,953,657 |
| Rates and Taxes | 5,309 | 344,669 | - | - |
| Rent | 93,832 | 6,091,562 | 97,308 | 6,446,686 |
| Repairs and Maintenance - Plant & Machinery | 1,019,579 | 66,191,067 | 928,166 | 61,490,993 |
| Repairs and Maintenance -Building | 736 | 47,801 | - | - |
| Seminars, trainings and conferences | 2,411 | 156,534 | 13,409 | 888,345 |
| Services rendered by agencies | 87,208 | 5,661,561 | 69,716 | 4,618,670 |
| Travelling and conveyance expenses | 38,276 | 2,484,858 | 48,269 | 3,197,802 |
| Total | 1,477,860 | 95,942,660 | 1,664,122 | 110,248,079 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma
(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------------------|----------|----------------------|-----------------------|----------------------|-----------------------|
| | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | |
| (1) Non-current assets | | | | | |
| Property, plant and equipment | 1 | 3,465,795 | 224,999,412 | 3,749,070 | 248,375,888 |
| Capital work-in-progress | | 336,874 | 21,869,860 | 60,437 | 4,003,951 |
| Other intangible assets | 2 | 48,222 | 3,130,572 | 92,734 | 6,143,627 |
| Investments in subsidiaries & associates | 3 | 286,538,652 | 18,602,089,288 | 273,097,152 | 18,092,686,320 |
| Financial assets | | | | | |
| (i) Loans | 4 | 695,714,203 | 45,165,766,059 | 1,147,089,497 | 75,994,679,176 |
| (ii) Other financial assets | 5 | 426,604 | 27,695,131 | 5,011 | 331,979 |
| Deferred tax assets (Net) | | 52,934 | 3,436,475 | 1,014,682 | 67,222,683 |
| Non current tax asset | | 2,111,248 | 137,062,220 | 2,571,359 | 170,352,534 |
| Other non-current assets | 6 | 5,371,513 | 348,718,624 | 10,554,781 | 699,254,241 |
| | | 994,066,045 | 64,534,767,641 | 1,438,234,723 | 95,283,050,399 |
| (2) Current assets | | | | | |
| Financial assets | | | | | |
| (i) Trade receivables | 7 | 20,633,571 | 1,339,531,430 | 1,317,092 | 87,257,345 |
| (ii) Cash and cash equivalent | 8 | 23,489,196 | 1,524,918,604 | 16,904,275 | 1,119,908,219 |
| (iii) Other financial assets | 9 | 15,373,094 | 998,021,263 | 22,297,466 | 1,477,207,123 |
| Other current assets | 10 | 2,533,699 | 164,487,739 | 4,439,201 | 294,097,066 |
| | | 62,029,560 | 4,026,959,036 | 44,958,034 | 2,978,469,753 |
| TOTAL ASSETS | | 1,056,095,605 | 68,561,726,677 | 1,483,192,757 | 98,261,520,152 |
| (B) EQUITY AND LIABILITIES | | | | | |
| (1) Equity | | | | | |
| Equity share capital | 11 | 179,800,561 | 11,672,652,420 | 179,800,561 | 11,911,787,166 |
| Other equity | 12 | (72,827,912) | (4,727,988,047) | (80,860,037) | (5,356,977,451) |
| Total Equity | | 106,972,649 | 6,944,664,373 | 98,940,524 | 6,554,809,715 |
| (2) Non-current liabilities | | | | | |
| Financial liabilities | | | | | |
| (i) Borrowings | 13 | 843,340,000 | 54,749,632,800 | 1,236,666,667 | 81,929,166,689 |
| (ii) Other financial liabilities | 14 | - | - | 7,258,041 | 480,845,216 |
| Other non current liabilities (Deferred revenue) | | 182,862 | 11,871,401 | 212,462 | 14,075,608 |
| | | 843,522,862 | 54,761,504,201 | 1,244,137,170 | 82,424,087,513 |
| (3) Current liabilities | | | | | |
| Financial liabilities | | | | | |
| (i) Trade payables | 15 | 3,185,913 | 206,829,472 | 7,608,478 | 504,061,667 |
| (ii) Other financial liabilities | 16 | 102,272,013 | 6,639,499,084 | 132,392,264 | 8,770,987,491 |
| Other current liabilities | 17 | 101,425 | 6,584,511 | 87,240 | 5,779,650 |
| Provisions | 18 | 40,743 | 2,645,036 | 27,081 | 1,794,116 |
| | | 105,600,094 | 6,855,558,103 | 140,115,063 | 9,282,622,924 |
| TOTAL EQUITY AND LIABILITIES | | 1,056,095,605 | 68,561,726,677 | 1,483,192,757 | 98,261,520,152 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|-----------------------|-----------------------|-----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 19 | 265,171,762 | 17,214,950,789 | 345,376,506 | 22,881,193,523 |
| ii | Other Income | 20 | 42,042,840 | 2,729,421,173 | 58,575,568 | 3,880,631,381 |
| iii | Total income (i + ii) | | 307,214,602 | 19,944,371,962 | 403,952,074 | 26,761,824,904 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 21 | 244,315,772 | 15,860,979,918 | 337,761,336 | 22,376,688,510 |
| | (ii) Employee benefits expenses | 22 | 1,181,627 | 76,711,225 | 617,764 | 40,926,865 |
| | (iii) Operating and other expenses | 23 | 16,450,311 | 1,067,954,190 | 11,018,097 | 729,948,927 |
| | (iv) Finance costs | 24 | 40,014,441 | 2,597,737,510 | 48,201,763 | 3,193,366,799 |
| | (v) Depreciation and amortisation expenses | | 840,174 | 54,544,096 | 913,567 | 60,523,814 |
| | Total expenses | | 302,802,325 | 19,657,926,939 | 398,512,527 | 26,401,454,915 |
| v | Profit before taxes (iii - iv) | | 4,412,277 | 286,445,023 | 5,439,547 | 360,369,989 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 1,952,665 | 126,767,012 | (1,765,415) | (116,958,744) |
| | (ii) Deferred tax expense/(benefit) | | 961,748 | 62,436,680 | 1,332,735 | 88,293,694 |
| | Net tax expenses | | 2,914,413 | 189,203,692 | (432,680) | (28,665,050) |
| vii | Profit / (loss) for the year (v-vi) | | 1,497,864 | 97,241,331 | 5,872,227 | 389,035,039 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 21,973 | 1,426,487 | 21,973 | 1,455,711 |
| Cables | 3,293,202 | 213,794,674 | 3,111,590 | 206,142,838 |
| Plant and machinery | 8,161,830 | 529,866,004 | 7,854,699 | 520,373,809 |
| Furniture and fixtures | 7,154 | 464,438 | 7,154 | 473,953 |
| Computers | 382,975 | 24,862,737 | 383,958 | 25,437,218 |
| Office equipment | 67,655 | 4,392,163 | 67,655 | 4,482,144 |
| (a) | 11,934,789 | 774,806,503 | 11,447,029 | 758,365,673 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 21,973 | 1,426,487 | 21,345 | 1,414,106 |
| Cables | 2,240,749 | 145,469,425 | 2,017,690 | 133,671,963 |
| Plant and machinery | 5,794,891 | 376,204,324 | 5,254,712 | 348,124,670 |
| Furniture and fixtures | 3,980 | 258,382 | 3,114 | 206,303 |
| Computers | 381,971 | 24,797,557 | 381,984 | 25,306,440 |
| Office equipment | 25,430 | 1,650,916 | 19,114 | 1,266,303 |
| (b) | 8,468,994 | 549,807,091 | 7,697,959 | 509,989,785 |
| Net block (a) - (b) | 3,465,795 | 224,999,412 | 3,749,070 | 248,375,888 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 133,537 | 8,669,222 | 133,537 | 8,846,826 |
| (a) | 133,537 | 8,669,222 | 133,537 | 8,846,826 |
| Accumulated amortisation: | | | | |
| Computer software | 85,315 | 5,538,650 | 40,803 | 2,703,199 |
| (b) | 85,315 | 5,538,650 | 40,803 | 2,703,199 |
| Net block (a) - (b) | 48,222 | 3,130,572 | 92,734 | 6,143,627 |

3 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 273,183,902 | 17,735,098,918 | 273,097,152 | 18,092,686,320 |
| Investments in associates | 13,354,750 | 866,990,370 | - | - |
| Total | 286,538,652 | 18,602,089,288 | 273,097,152 | 18,092,686,320 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----------------------|----------------------|-----------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 695,714,203 | 45,165,766,059 | 1,147,089,497 | 75,994,679,176 |
| Total | 695,714,203 | 45,165,766,059 | 1,147,089,497 | 75,994,679,176 |

5 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Vendor deposits | 4,707 | 305,578 | 5,011 | 331,979 |
| Others | 421,897 | 27,389,553 | - | - |
| Total | 426,604 | 27,695,131 | 5,011 | 331,979 |

6 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 5,371,248 | 348,701,420 | 10,554,516 | 699,236,685 |
| Others | 265 | 17,204 | 265 | 17,556 |
| Total | 5,371,513 | 348,718,624 | 10,554,781 | 699,254,241 |

7 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 1,455,477 | 94,489,567 | 1,425,728 | 94,454,480 |
| Intercompany receivables | 19,314,914 | 1,253,924,217 | - | - |
| Provision for doubtful debts | (136,820) | (8,882,354) | (108,636) | (7,197,135) |
| Total | 20,633,571 | 1,339,531,430 | 1,317,092 | 87,257,345 |

8 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Balance with bank | 23,489,196 | 1,524,918,604 | 16,904,275 | 1,119,908,219 |
| Total | 23,489,196 | 1,524,918,604 | 16,904,275 | 1,119,908,219 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|--------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Advances to employees | 2,640 | 171,389 | 2,557 | 169,401 |
| Interest Receivable | 15,347,302 | 996,346,846 | 22,259,275 | 1,474,676,969 |
| Others | 23,152 | 1,503,028 | 35,634 | 2,360,753 |
| Total | 15,373,094 | 998,021,263 | 22,297,466 | 1,477,207,123 |

10 Current assets - other assets

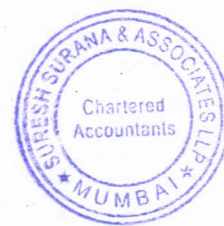
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 2,533,699 | 164,487,739 | 4,340,109 | 287,532,221 |
| Indirect tax receivable | - | - | 99,092 | 6,564,845 |
| Total | 2,533,699 | 164,487,739 | 4,439,201 | 294,097,066 |

11 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 179,800,561 | 11,672,652,420 | 179,800,561 | 11,911,787,166 |
| Total | 179,800,561 | 11,672,652,420 | 179,800,561 | 11,911,787,166 |

12 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (73,629,271) | (4,780,012,273) | (79,501,498) | (5,266,974,243) |
| Profit / (loss) for the year | 1,497,864 | 97,241,331 | 5,872,227 | 389,035,039 |
| Closing balance | (72,131,407) | (4,682,770,942) | (73,629,271) | (4,877,939,204) |
| Capital reserves | - | - | 27,274 | 1,806,903 |
| OCI - Reserves derivatives | (696,505) | (45,217,105) | (7,258,040) | (480,845,150) |
| Total | (72,827,912) | (4,727,988,047) | (80,860,037) | (5,356,977,451) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-----------------------|----------------------|-----------------------|
| | USD | INR | USD | INR |
| Loan from banks | 843,340,000 | 54,749,632,800 | 1,236,666,667 | 81,929,166,689 |
| Total | 843,340,000 | 54,749,632,800 | 1,236,666,667 | 81,929,166,689 |

14 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------|---------------------|----------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Derivative liabilities | - | - | 7,258,041 | 480,845,216 |
| Total | - | - | 7,258,041 | 480,845,216 |

15 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 3,185,913 | 206,829,472 | 2,677,233 | 177,366,686 |
| Inter Company - Payables | - | - | 4,931,245 | 326,694,981 |
| Total | 3,185,913 | 206,829,472 | 7,608,478 | 504,061,667 |

16 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Current portion of long term loans | 100,000,000 | 6,492,000,000 | 130,000,000 | 8,612,500,000 |
| Deposit from customers and contractors | 28,536 | 1,852,557 | 38,206 | 2,531,148 |
| Interest accrued but not due | 906,822 | 58,870,884 | 2,354,058 | 155,956,343 |
| Derivative Liabilities | 1,336,655 | 86,775,643 | - | - |
| Total | 102,272,013 | 6,639,499,084 | 132,392,264 | 8,770,987,491 |

17 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 48,434 | 3,144,335 | 38,713 | 2,564,736 |
| Other Employee dues | 46,617 | 3,026,376 | 48,525 | 3,214,781 |
| Other Statutory dues | 6,374 | 413,800 | - | - |
| Others | - | - | 2 | 133 |
| Total | 101,425 | 6,584,511 | 87,240 | 5,779,650 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

18 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 40,743 | 2,645,036 | 27,081 | 1,794,116 |
| Total | 40,743 | 2,645,036 | 27,081 | 1,794,116 |

19 Revenue from operations

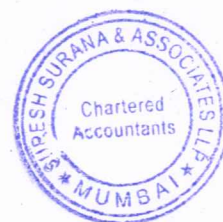
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 265,171,762 | 17,214,950,789 | 345,376,506 | 22,881,193,523 |
| Total | 265,171,762 | 17,214,950,789 | 345,376,506 | 22,881,193,523 |

20 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Interest income - others | - | - | 45,850 | 3,037,563 |
| Interest on loan to subsidiaries | 41,974,661 | 2,724,994,992 | 50,044,647 | 3,315,457,864 |
| Exchange gain -Net | - | - | 8,485,071 | 562,135,954 |
| Miscellaneous income | 68,179 | 4,426,181 | - | - |
| Total | 42,042,840 | 2,729,421,173 | 58,575,568 | 3,880,631,381 |

21 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 242,715,932 | 15,757,118,305 | 337,761,336 | 22,376,688,510 |
| Rent of satellite channels | 1,599,840 | 103,861,613 | - | - |
| Total | 244,315,772 | 15,860,979,918 | 337,761,336 | 22,376,688,510 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22 Employee benefit expenses

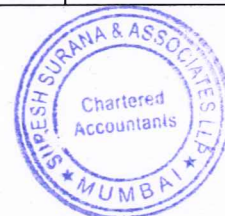
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 1,173,074 | 76,155,964 | 607,289 | 40,232,896 |
| Staff welfare expenses | 8,553 | 555,261 | 10,475 | 693,969 |
| Total | 1,181,627 | 76,711,225 | 617,764 | 40,926,865 |

23 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|----------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | - | - | 5,974 | 395,778 |
| Auditors remuneration | 183,026 | 11,882,048 | 183,615 | 12,164,494 |
| Bad debts | - | - | 80,755 | 5,350,019 |
| Communication expenses | 47,716 | 3,097,723 | 18,352 | 1,215,820 |
| Donations | - | - | 7 | 464 |
| Electricity | 97,986 | 6,361,251 | 75,427 | 4,997,039 |
| Entertainment expenses | 4,171 | 270,781 | 1,341 | 88,841 |
| Exchange loss -Net | 7,139,470 | 463,494,392 | - | - |
| Insurance expenses | 5,130 | 333,040 | 5,636 | 373,385 |
| IT consumables | 561 | 36,420 | 13 | 861 |
| Legal and professional fees | 1,145,822 | 74,386,764 | 2,371,952 | 157,141,820 |
| Loss on sale of fixed asset | 68,823 | 4,467,989 | - | - |
| Miscellaneous expenses | 68,334 | 4,436,244 | 131,883 | 8,737,247 |
| Printing and stationery | 3,266 | 212,029 | 1,456 | 96,460 |
| Provision for doubtful debts | 28,184 | 1,829,705 | (65,556) | (4,343,085) |
| Rates and Taxes | 11,151 | 723,923 | 11,439 | 757,834 |
| Recruitment expenses | 27 | 1,753 | - | - |
| Relocation Expense | 17,233 | 1,118,766 | 7,571 | 501,579 |
| Rent | 388,410 | 25,215,577 | 664,993 | 44,055,786 |
| Repairs and Maintenance | 837,252 | 54,354,400 | 624,122 | 41,348,083 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 268 | 17,399 | 598 | 39,618 |
| Security charges | 259 | 16,814 | 259 | 17,159 |
| Seminars, trainings and conferences | 3,888 | 252,409 | 26,853 | 1,779,011 |
| Services rendered by agencies | 6,328,134 | 410,822,459 | 6,808,232 | 451,045,370 |
| Travelling and conveyance expenses | 71,200 | 4,622,304 | 63,175 | 4,185,344 |
| Total | 16,450,311 | 1,067,954,190 | 11,018,097 | 729,948,927 |

24 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Interest expenses | 40,014,231 | 2,597,723,877 | 48,196,395 | 3,193,011,169 |
| Guarantee fees | 210 | 13,633 | 5,368 | 355,630 |
| Total | 40,014,441 | 2,597,737,510 | 48,201,763 | 3,193,366,799 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|-----------------|---------------------|-----------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 141,352,307 | 9,176,591,771 | 151,294,622 | 10,023,268,708 |
| | Capital work-in-progress | | 8,770,880 | 569,405,530 | 12,636,251 | 837,151,629 |
| | Goodwill | | - | - | 14,567,055 | 965,067,394 |
| | Other intangible assets | 2 | 12,911,496 | 838,214,321 | 11,687,830 | 774,318,737 |
| | Intangible assets under development | | 3,742,032 | 242,932,717 | 3,070,241 | 203,403,466 |
| | Financial assets | | | | | |
| | (i) Investments -others | | 15,478,602 | 1,004,870,842 | 12,678,602 | 839,957,383 |
| | (ii) Loans | 3 | 78,406,764 | 5,090,167,119 | 76,729,496 | 5,083,329,110 |
| | (iii) Other financial assets | 4 | 1,278,734 | 83,015,411 | 1,208,753 | 80,079,886 |
| | Non current tax asset | | 3,049,131 | 197,949,585 | 2,922,879 | 193,640,734 |
| | Other non-current assets | 5 | 935,374 | 60,724,480 | 921,175 | 61,027,844 |
| | | | 265,925,320 | 17,263,871,776 | 287,716,904 | 19,061,244,891 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 6 | 44,400,671 | 2,882,491,562 | 39,579,591 | 2,622,147,904 |
| | (ii) Cash and cash equivalent | 7 | 7,184 | 466,386 | 36,980 | 2,449,925 |
| | (iii) Other financial assets | 8 | 2,054,785 | 133,396,643 | 3,377,824 | 223,780,840 |
| | Other current assets | 9 | 5,104,332 | 331,373,233 | 3,908,289 | 258,924,146 |
| | | | 51,566,972 | 3,347,727,824 | 46,902,684 | 3,107,302,815 |
| | | | | | | |
| | TOTAL ASSETS | | 317,492,292 | 20,611,599,600 | 334,619,588 | 22,168,547,706 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 10 | 226,603,995 | 14,711,131,355 | 226,603,995 | 15,012,514,669 |
| | Other equity | 11 | (120,393,583) | (7,815,951,406) | (116,923,391) | (7,746,174,654) |
| | Total Equity | | 106,210,412 | 6,895,179,949 | 109,680,604 | 7,266,340,015 |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Other financial liabilities | 12 | 4,983,487 | 323,527,976 | 5,054,672 | 334,872,020 |
| | Provisions | 13 | 1,784,078 | 115,822,344 | 1,351,313 | 89,524,486 |
| | Deferred tax liabilities (Net) | | - | - | 11,729 | 777,046 |
| | Other non current liabilities (Deferred revenue) | | 79,972,467 | 5,191,812,558 | 94,967,320 | 6,291,584,950 |
| | | | 86,740,032 | 5,631,162,878 | 101,385,034 | 6,716,758,502 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 14 | 82,302,133 | 5,343,054,475 | 79,222,976 | 5,248,522,161 |
| | (ii) Other financial liabilities | 15 | 1,723,010 | 111,857,809 | 2,902,371 | 192,282,079 |
| | Other current liabilities | 16 | 38,181,161 | 2,478,720,973 | 39,504,835 | 2,617,195,319 |
| | Provisions | 17 | 2,335,544 | 151,623,516 | 1,923,768 | 127,449,630 |
| | | | 124,541,848 | 8,085,256,773 | 123,553,950 | 8,185,449,189 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 317,492,292 | 20,611,599,600 | 334,619,588 | 22,168,547,706 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|-----------------------|-----------------------|-----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 19 | 476,423,291 | 30,929,400,052 | 478,679,105 | 31,712,490,706 |
| ii | Other Income | 20 | 11,870,366 | 770,624,161 | 19,526,384 | 1,293,622,941 |
| iii | Total income (i + ii) | | 488,293,657 | 31,700,024,213 | 498,205,489 | 33,006,113,647 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 21 | 258,427,361 | 16,777,104,276 | 259,870,196 | 17,216,400,485 |
| (ii) | Employee benefits expenses | 22 | 94,394,680 | 6,128,102,626 | 99,649,683 | 6,601,791,499 |
| (iii) | Operating and other expenses | 23 | 81,175,301 | 5,269,900,538 | 79,274,320 | 5,251,923,699 |
| (iv) | Finance costs | 24 | 4,782,601 | 310,486,457 | 3,356,630 | 222,376,738 |
| (v) | Depreciation and amortisation expenses | | 36,824,776 | 2,390,664,458 | 36,571,286 | 2,422,847,698 |
| (vi) | Staff optimisation cost | | 1,331,007 | 86,408,974 | 4,041,162 | 267,726,983 |
| (vii) | Impairment loss on goodwill | | 14,567,055 | 945,693,211 | - | - |
| | Total expenses | | 491,502,781 | 31,908,360,540 | 482,763,277 | 31,983,067,102 |
| v | Profit before taxes (iii - iv) | | (3,209,124) | (208,336,327) | 15,442,212 | 1,023,046,545 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | 261,068 | 16,948,535 | 311,345 | 20,626,606 |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | 261,068 | 16,948,535 | 311,345 | 20,626,606 |
| vii | Profit / (loss) for the year (v-vi) | | (3,470,192) | (225,284,862) | 15,130,867 | 1,002,419,939 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 1,498,991 | 97,314,496 | 1,498,991 | 99,308,154 |
| Leasehold land | 33,027 | 2,144,113 | 33,027 | 2,188,039 |
| Building | 5,609,046 | 364,139,266 | 5,609,046 | 371,599,298 |
| Lease hold improvement | 5,218,555 | 338,788,591 | 5,701,768 | 377,742,130 |
| Cables | 127,054,826 | 8,248,399,304 | 121,337,079 | 8,038,581,484 |
| Plant and machinery | 315,194,070 | 20,462,399,024 | 306,403,482 | 20,299,230,683 |
| Furniture and fixtures | 1,110,186 | 72,073,275 | 1,001,262 | 66,333,608 |
| Computers | 21,170,089 | 1,374,362,178 | 23,283,256 | 1,542,515,710 |
| Office equipment | 1,209,068 | 78,492,695 | 1,051,309 | 69,649,221 |
| Vehicles | 28,208 | 1,831,263 | 28,208 | 1,868,780 |
| (a) | 478,126,066 | 31,039,944,205 | 465,947,428 | 30,869,017,107 |
| Accumulated depreciation: | | | | |
| Leasehold land | 4,355 | 282,727 | 2,178 | 144,293 |
| Building | 2,654,999 | 172,362,535 | 2,417,063 | 160,130,424 |
| Lease hold improvement | 4,480,871 | 290,898,145 | 4,744,822 | 314,344,458 |
| Cables | 80,848,674 | 5,248,695,916 | 73,421,443 | 4,864,170,599 |
| Plant and machinery | 227,215,508 | 14,750,830,779 | 211,697,909 | 14,024,986,471 |
| Furniture and fixtures | 836,391 | 54,298,504 | 765,311 | 50,701,854 |
| Computers | 19,922,114 | 1,293,343,641 | 20,848,159 | 1,381,190,534 |
| Office equipment | 782,639 | 50,808,924 | 727,713 | 48,210,986 |
| Vehicles | 28,208 | 1,831,263 | 28,208 | 1,868,780 |
| (b) | 336,773,759 | 21,863,352,434 | 314,652,806 | 20,845,748,399 |
| Net block (a) - (b) | 141,352,307 | 9,176,591,771 | 151,294,622 | 10,023,268,708 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 64,170,556 | 4,165,952,496 | 57,703,908 | 3,822,883,905 |
| (a) | 64,170,556 | 4,165,952,496 | 57,703,908 | 3,822,883,905 |
| Accumulated amortisation: | | | | |
| Computer software | 51,259,060 | 3,327,738,175 | 46,016,078 | 3,048,565,168 |
| (b) | 51,259,060 | 3,327,738,175 | 46,016,078 | 3,048,565,168 |
| Net block (a) - (b) | 12,911,496 | 838,214,321 | 11,687,830 | 774,318,737 |

3 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 78,406,764 | 5,090,167,119 | 76,729,496 | 5,083,329,110 |
| Total | 78,406,764 | 5,090,167,119 | 76,729,496 | 5,083,329,110 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 1,278,734 | 83,015,411 | 1,208,753 | 80,079,886 |
| Total | 1,278,734 | 83,015,411 | 1,208,753 | 80,079,886 |

5 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 935,374 | 60,724,480 | 921,175 | 61,027,844 |
| Total | 935,374 | 60,724,480 | 921,175 | 61,027,844 |

6 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade receivables | 49,233,706 | 3,196,252,194 | 44,040,319 | 2,917,671,134 |
| Provision for doubtful debts | (4,833,035) | (313,760,632) | (4,460,728) | (295,523,230) |
| Total | 44,400,671 | 2,882,491,562 | 39,579,591 | 2,622,147,904 |

7 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Cash in hand | 29 | 1,883 | 199 | 13,184 |
| Balance with bank | 7,155 | 464,503 | 36,781 | 2,436,741 |
| Total | 7,184 | 466,386 | 36,980 | 2,449,925 |

8 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Security Deposit | 85,579 | 5,555,789 | 91,839 | 6,084,334 |
| Advances to employees | 149,018 | 9,674,249 | 167,416 | 11,091,310 |
| Interest Receivable | 1,200,234 | 77,919,191 | 1,493,492 | 98,943,845 |
| Others | 619,954 | 40,247,414 | 1,625,077 | 107,661,351 |
| Total | 2,054,785 | 133,396,643 | 3,377,824 | 223,780,840 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 392,098 | 25,455,002 | - | - |
| Prepaid expenses | 4,712,234 | 305,918,231 | 3,908,289 | 258,924,146 |
| Total | 5,104,332 | 331,373,233 | 3,908,289 | 258,924,146 |

10 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 226,603,995 | 14,711,131,355 | 226,603,995 | 15,012,514,669 |
| Total | 226,603,995 | 14,711,131,355 | 226,603,995 | 15,012,514,669 |

11 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|----------------------|------------------------|----------------------|------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (116,923,391) | (7,590,666,544) | (132,054,258) | (8,748,594,593) |
| Profit / (loss) for the year | (3,470,192) | (225,284,862) | 15,130,867 | 1,002,419,939 |
| Closing balance | (120,393,583) | (7,815,951,406) | (116,923,391) | (7,746,174,654) |

12 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 4,983,487 | 323,527,976 | 5,054,672 | 334,872,020 |
| Total | 4,983,487 | 323,527,976 | 5,054,672 | 334,872,020 |

13 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 748,690 | 48,604,955 | 714,504 | 47,335,890 |
| Retention liability | 1,035,388 | 67,217,389 | 636,809 | 42,188,596 |
| Total | 1,784,078 | 115,822,344 | 1,351,313 | 89,524,486 |

15 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 71,049,578 | 4,612,538,604 | 65,274,310 | 4,324,423,038 |
| Inter Company - Payables | 11,252,555 | 730,515,871 | 13,948,666 | 924,099,123 |
| Total | 82,302,133 | 5,343,054,475 | 79,222,976 | 5,248,522,161 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 1,630,565 | 105,856,280 | 2,797,814 | 185,355,178 |
| Others | 92,445 | 6,001,529 | 104,557 | 6,926,901 |
| Total | 1,723,010 | 111,857,809 | 2,902,371 | 192,282,079 |

17 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 21,771,655 | 1,413,415,843 | 22,695,793 | 1,503,596,286 |
| Other Employee dues | 14,656,116 | 951,475,051 | 15,542,238 | 1,029,673,268 |
| Other Statutory dues | 938,464 | 60,925,083 | 496,624 | 32,901,340 |
| Others | 814,926 | 52,904,996 | 770,180 | 51,024,425 |
| Total | 38,181,161 | 2,478,720,973 | 39,504,835 | 2,617,195,319 |

18 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 2,335,544 | 151,623,516 | 1,923,768 | 127,449,630 |
| Total | 2,335,544 | 151,623,516 | 1,923,768 | 127,449,630 |

19 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 476,423,291 | 30,929,400,052 | 478,679,105 | 31,712,490,706 |
| Total | 476,423,291 | 30,929,400,052 | 478,679,105 | 31,712,490,706 |

20 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|--------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Interest income - others | 1 | 65 | 438 | 29,018 |
| Interest on loan to subsidiaries | 7,747,340 | 502,957,313 | 8,130,498 | 538,645,493 |
| Profit on sale of fixed assets | 2 | 130 | - | - |
| Exchange gain -Net | - | - | 2,755,571 | 182,556,579 |
| Miscellaneous income | 4,123,023 | 267,666,653 | 8,639,877 | 572,391,851 |
| Total | 11,870,366 | 770,624,161 | 19,526,384 | 1,293,622,941 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 258,427,360 | 16,777,104,211 | 259,810,245 | 17,212,428,731 |
| Rent of satellite channels | 1 | 65 | 59,951 | 3,971,754 |
| Total | 258,427,361 | 16,777,104,276 | 259,870,196 | 17,216,400,485 |

22 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 94,000,588 | 6,102,518,173 | 99,215,986 | 6,573,059,073 |
| Staff welfare expenses | 394,092 | 25,584,453 | 433,697 | 28,732,426 |
| Total | 94,394,680 | 6,128,102,626 | 99,649,683 | 6,601,791,499 |

23 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 2,860,507 | 185,704,114 | 3,776,759 | 250,210,284 |
| Auditors remuneration | 25,457 | 1,652,668 | 21,605 | 1,431,331 |
| Bad debts | - | - | 22,345,929 | 1,480,417,796 |
| Communication expenses | 1,647,584 | 106,961,153 | 1,669,940 | 110,633,525 |
| CSR expenses | 15,072 | 978,474 | 1,958 | 129,718 |
| Donations | - | - | 2,000 | 132,500 |
| Electricity | 8,068,638 | 523,815,979 | 7,468,867 | 494,812,439 |
| Entertainment expenses | 162,249 | 10,533,205 | 223,241 | 14,789,716 |
| Exchange loss -Net | 3,323,294 | 215,748,246 | - | - |
| Insurance expenses | 760,389 | 49,364,454 | 852,116 | 56,452,685 |
| IT consumables | 107,030 | 6,948,388 | 69,778 | 4,622,793 |
| Legal and professional fees | 6,064,816 | 393,727,855 | 6,214,860 | 411,734,475 |
| Loss on sale of fixed asset | 152,862 | 9,923,801 | - | - |
| Miscellaneous expenses | 2,874,099 | 186,586,504 | 2,904,572 | 192,427,892 |
| Printing and stationery | 177,933 | 11,551,410 | 191,202 | 12,667,133 |
| Provision for doubtful debts | 372,306 | 24,170,106 | (21,243,891) | (1,407,407,779) |
| Rates and Taxes | 6,607,867 | 428,982,726 | 5,208,436 | 345,058,885 |
| Recruitment expenses | 685,769 | 44,520,123 | 1,047,061 | 69,367,791 |
| Relocation Expense | 511,793 | 33,225,602 | 517,598 | 34,290,868 |
| Rent | 12,144,724 | 788,435,482 | 12,645,535 | 837,766,694 |
| Repairs and Maintenance | 22,331,987 | 1,449,792,596 | 23,229,951 | 1,538,984,254 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 81,889 | 5,316,234 | 112,234 | 7,435,503 |
| Security charges | 146,314 | 9,498,705 | 115,677 | 7,663,601 |
| Seminars, trainings and conferences | 1,156,031 | 75,049,533 | 1,420,884 | 94,133,565 |
| Services rendered by agencies | 6,425,090 | 417,116,843 | 5,522,583 | 365,871,124 |
| Sundry balances written off | - | - | - | - |
| Travelling and conveyance expenses | 4,471,601 | 290,296,337 | 4,955,425 | 328,296,906 |
| Total | 81,175,301 | 5,269,900,538 | 79,274,320 | 5,251,923,699 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 4,782,601 | 310,486,457 | 5,320,570 | 352,487,763 |
| Guarantee fees | - | - | (1,963,940) | (130,111,025) |
| Total | 4,782,601 | 310,486,457 | 3,356,630 | 222,376,738 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma
(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 1,569,728 | 101,906,742 | 1,431,302 | 94,823,756 |
| | Capital work-in-progress | | 217,127 | 14,095,885 | 170,026 | 11,264,223 |
| | Intangible assets under development | | - | - | 24,735 | 1,638,694 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | - | - | 1,729,607 | 114,586,464 |
| | Deferred tax assets (Net) | | 319,924 | 20,769,466 | 288,986 | 19,145,323 |
| | Non current tax asset | | 212,233 | 13,778,166 | 415,299 | 27,513,559 |
| | Other non-current assets | 3 | 20,075 | 1,303,269 | - | - |
| | | | 2,339,087 | 151,853,528 | 4,059,955 | 268,972,019 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 3,606,531 | 234,135,992 | 5,420,135 | 359,083,944 |
| | (ii) Cash and cash equivalent | 5 | 3,955,102 | 256,765,222 | 938,570 | 62,180,263 |
| | (iii) Other financial assets | 6 | 34,294 | 2,226,366 | 92,380 | 6,120,175 |
| | Other current assets | 7 | 33,632 | 2,183,389 | 34,293 | 2,271,911 |
| | | | 7,629,559 | 495,310,969 | 6,485,378 | 429,656,293 |
| | TOTAL ASSETS | | 9,968,646 | 647,164,497 | 10,545,333 | 698,628,312 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 357,000 | 23,176,440 | 357,000 | 23,651,250 |
| | Other equity | 9 | 1,035,655 | 67,234,722 | 1,418,855 | 93,999,143 |
| | Total Equity | | 1,392,655 | 90,411,162 | 1,775,855 | 117,650,393 |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Other financial liabilities | 10 | 16,450 | 1,067,934 | 15,702 | 1,040,258 |
| | | | 16,450 | 1,067,934 | 15,702 | 1,040,258 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 11 | 376,015 | 24,410,894 | - | - |
| | (ii) Trade payables | 12 | 7,534,195 | 489,119,939 | 8,172,905 | 541,454,956 |
| | (iii) Other financial liabilities | 13 | 33,950 | 2,204,034 | 31,490 | 2,086,213 |
| | Other current liabilities | 14 | 378,359 | 24,563,066 | 337,526 | 22,361,098 |
| | Provisions | 15 | 237,022 | 15,387,468 | 211,855 | 14,035,394 |
| | | | 8,559,541 | 555,685,401 | 8,753,776 | 579,937,661 |
| | TOTAL EQUITY AND LIABILITIES | | 9,968,646 | 647,164,497 | 10,545,333 | 698,628,312 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 16 | 33,372,334 | 2,166,531,923 | 29,915,582 | 1,981,907,308 |
| ii | Other Income | 17 | 512,896 | 33,297,208 | 352,554 | 23,356,702 |
| iii | Total income (i + ii) | | 33,885,230 | 2,199,829,131 | 30,268,136 | 2,005,264,010 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 18 | 28,709,691 | 1,863,833,140 | 25,097,601 | 1,662,716,066 |
| (ii) | Employee benefits expenses | 19 | 2,229,302 | 144,726,286 | 1,897,222 | 125,690,958 |
| (iii) | Operating and other expenses | 20 | 2,178,309 | 141,415,820 | 2,547,100 | 168,745,376 |
| (iv) | Finance costs | 21 | 1,481 | 96,147 | 31 | 2,054 |
| (v) | Depreciation and amortisation expenses | | 401,146 | 26,042,398 | 421,805 | 27,944,581 |
| | Total expenses | | 33,519,929 | 2,176,113,791 | 29,963,759 | 1,985,099,035 |
| v | Profit before taxes (iii - iv) | | 365,301 | 23,715,340 | 304,377 | 20,164,975 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | 669,127 | 43,439,725 | 14,452 | 957,445 |
| (ii) | Deferred tax expense (benefit) | | (30,938) | (2,008,495) | 267,392 | 17,714,720 |
| | Net tax expenses | | 638,189 | 41,431,230 | 281,844 | 18,672,165 |
| vii | Profit / (loss) for the year (v-vi) | | (272,888) | (17,715,890) | 22,533 | 1,492,810 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Cables | 365,273 | 23,713,523 | 365,273 | 24,199,336 |
| Plant and machinery | 6,194,251 | 402,130,775 | 6,308,932 | 417,966,745 |
| Furniture and fixtures | 19,941 | 1,294,570 | 19,941 | 1,321,091 |
| Computers | 36,237 | 2,352,506 | 38,789 | 2,569,771 |
| Office equipment | 647 | 42,003 | 647 | 42,864 |
| (a) | 6,616,349 | 429,533,377 | 6,733,582 | 446,099,807 |
| Accumulated depreciation: | | | | |
| Cables | 360,150 | 23,380,938 | 340,679 | 22,569,984 |
| Plant and machinery | 4,635,745 | 300,952,565 | 4,910,137 | 325,296,576 |
| Furniture and fixtures | 15,163 | 984,382 | 14,455 | 957,644 |
| Computers | 34,916 | 2,266,747 | 36,362 | 2,408,983 |
| Office equipment | 647 | 42,003 | 647 | 42,864 |
| (b) | 5,046,621 | 327,626,635 | 5,302,280 | 351,276,051 |
| Net block (a) - (b) | 1,569,728 | 101,906,742 | 1,431,302 | 94,823,756 |

2 Non-current assets - financial assets - loans

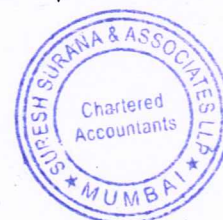
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----|---------------------|-------------|
| | USD | INR | USD | INR |
| Inter company loans given | - | - | 1,729,607 | 114,586,464 |
| Total | - | - | 1,729,607 | 114,586,464 |

3 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-----------|---------------------|-----|
| | USD | INR | USD | INR |
| Prepaid expenses | 20,075 | 1,303,269 | - | - |
| Total | 20,075 | 1,303,269 | - | - |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade receivables | 3,686,386 | 239,320,179 | 5,430,220 | 359,752,075 |
| Provision for doubtful debts | (79,855) | (5,184,187) | (10,085) | (668,131) |
| Total | 3,606,531 | 234,135,992 | 5,420,135 | 359,083,944 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|--------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Cash in hand | - | - | 7 | 464 |
| Balance with bank | 3,955,102 | 256,765,222 | 938,563 | 62,179,799 |
| Total | 3,955,102 | 256,765,222 | 938,570 | 62,180,263 |

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to employees | 6,103 | 396,207 | 19,969 | 1,322,946 |
| Interest Receivable | 28,184 | 1,829,705 | 51,507 | 3,412,339 |
| Others | 7 | 454 | 20,904 | 1,384,890 |
| Total | 34,294 | 2,226,366 | 92,380 | 6,120,175 |

7 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 33,632 | 2,183,389 | 34,293 | 2,271,911 |
| Total | 33,632 | 2,183,389 | 34,293 | 2,271,911 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 357,000 | 23,176,440 | 357,000 | 23,651,250 |
| Total | 357,000 | 23,176,440 | 357,000 | 23,651,250 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 1,308,543 | 84,950,612 | 1,286,010 | 85,198,163 |
| Profit / (loss) for the year | (272,888) | (17,715,890) | 22,533 | 1,492,810 |
| Closing balance | 1,035,655 | 67,234,722 | 1,308,543 | 86,690,973 |
| Capital reserves | - | - | 110,312 | 7,308,170 |
| Total | 1,035,655 | 67,234,722 | 1,418,855 | 93,999,143 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 16,450 | 1,067,934 | 15,702 | 1,040,258 |
| Total | 16,450 | 1,067,934 | 15,702 | 1,040,258 |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Inter company loans taken | 376,015 | 24,410,894 | - | - |
| Total | 376,015 | 24,410,894 | - | - |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 2,533,086 | 164,447,943 | 2,273,593 | 150,625,536 |
| Inter Company - Payables | 5,001,109 | 324,671,996 | 5,899,312 | 390,829,420 |
| Total | 7,534,195 | 489,119,939 | 8,172,905 | 541,454,956 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 31,307 | 2,032,450 | 31,490 | 2,086,213 |
| Others | 2,643 | 171,584 | - | - |
| Total | 33,950 | 2,204,034 | 31,490 | 2,086,213 |

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | - | - | 783 | 51,874 |
| Other Employee dues | 189,597 | 12,308,637 | 163,624 | 10,840,090 |
| Other Statutory dues | 188,762 | 12,254,429 | 150,827 | 9,992,289 |
| Others | - | - | 22,292 | 1,476,845 |
| Total | 378,359 | 24,563,066 | 337,526 | 22,361,098 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 237,022 | 15,387,468 | 211,855 | 14,035,394 |
| Total | 237,022 | 15,387,468 | 211,855 | 14,035,394 |

16 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 33,372,334 | 2,166,531,923 | 29,915,582 | 1,981,907,308 |
| Total | 33,372,334 | 2,166,531,923 | 29,915,582 | 1,981,907,308 |

17 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest income - others | 885 | 57,454 | 1,836 | 121,635 |
| Interest on loan to subsidiaries | 96,151 | 6,242,123 | 94,325 | 6,249,031 |
| Exchange gain -Net | - | - | 127,365 | 8,437,931 |
| Miscellaneous income | 415,860 | 26,997,631 | 129,028 | 8,548,105 |
| Total | 512,896 | 33,297,208 | 352,554 | 23,356,702 |

18 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 28,709,691 | 1,863,833,140 | 25,097,601 | 1,662,716,066 |
| Total | 28,709,691 | 1,863,833,140 | 25,097,601 | 1,662,716,066 |

19 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 2,217,679 | 143,971,721 | 1,888,103 | 125,086,824 |
| Staff welfare expenses | 11,623 | 754,565 | 9,119 | 604,134 |
| Total | 2,229,302 | 144,726,286 | 1,897,222 | 125,690,958 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 34,488 | 2,238,961 | 54,116 | 3,585,185 |
| Auditors remuneration | 25,859 | 1,678,766 | - | - |
| Bad debts | - | - | 95,909 | 6,353,971 |
| Communication expenses | 37,268 | 2,419,439 | 41,982 | 2,781,308 |
| Directors fees | - | - | 975 | 64,594 |
| Donations | - | - | 12,290 | 814,213 |
| Electricity | 191,850 | 12,454,902 | 173,931 | 11,522,929 |
| Entertainment expenses | 22,228 | 1,443,042 | 21,162 | 1,401,983 |
| Exchange loss -Net | 37,031 | 2,404,053 | - | - |
| Insurance expenses | 29,533 | 1,917,282 | 23,800 | 1,576,750 |
| IT consumables | 612 | 39,731 | 477 | 31,601 |
| Legal and professional fees | 103,705 | 6,732,529 | 66,552 | 4,409,070 |
| Miscellaneous expenses | 75,480 | 4,900,162 | 44,335 | 2,937,193 |
| Printing and stationery | 5,695 | 369,719 | 11,239 | 744,584 |
| Provision for doubtful debts | 69,770 | 4,529,468 | (91,126) | (6,037,098) |
| Rates and Taxes | 89,134 | 5,786,579 | 67,340 | 4,461,275 |
| Recruitment expenses | 41,175 | 2,673,081 | - | - |
| Relocation Expense | 20,746 | 1,346,830 | 53,695 | 3,557,294 |
| Rent | 225,422 | 14,634,396 | 233,068 | 15,440,755 |
| Repairs and Maintenance | 359,396 | 23,331,988 | 275,978 | 18,283,543 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 22 | 1,428 | 617 | 40,876 |
| Seminars, trainings and conferences | 492 | 31,941 | 25,228 | 1,671,355 |
| Services rendered by agencies | 684,716 | 44,451,763 | 1,230,413 | 81,514,861 |
| Travelling and conveyance expenses | 123,687 | 8,029,760 | 205,119 | 13,589,134 |
| Total | 2,178,309 | 141,415,820 | 2,547,100 | 168,745,376 |

21 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|---------------|-----------------------|--------------|
| | USD | INR | USD | INR |
| Interest expenses | 1,481 | 96,147 | - | - |
| Guarantee fees | - | - | 31 | 2,054 |
| Total | 1,481 | 96,147 | 31 | 2,054 |



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 2017 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar V

(Vinodkumar Varma)

PARTNER

Membership No. 105545



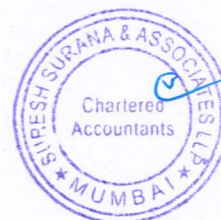
Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------------------|-------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | | |
| (1) Current assets | | | | | | |
| Financial assets | | | | | | |
| (i) Trade receivables | 1 | | 43,576 | 2,828,954 | 9,588 | 635,205 |
| (ii) Cash and cash equivalent | 2 | | 144,385 | 9,373,474 | 156,377 | 10,359,976 |
| (iii) Other financial assets | 3 | | 7,453 | 483,849 | 7,154 | 473,953 |
| Other current assets | 4 | | 1,823 | 118,350 | 770 | 51,013 |
| | | | 197,237 | 12,804,627 | 173,889 | 11,520,147 |
| TOTAL ASSETS | | | 197,237 | 12,804,627 | 173,889 | 11,520,147 |
| (B) EQUITY AND LIABILITIES | | | | | | |
| (1) Equity | | | | | | |
| Equity share capital | 5 | | 163,081 | 10,587,219 | 163,081 | 10,804,116 |
| Other equity | 6 | | (37,657) | (2,444,692) | (42,736) | (2,831,259) |
| Total Equity | | | 125,424 | 8,142,527 | 120,345 | 7,972,857 |
| (2) Current liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Trade payables | 7 | | 16,834 | 1,092,863 | 25,804 | 1,709,515 |
| (ii) Other financial liabilities | 8 | | 778 | 50,508 | 497 | 32,926 |
| Other current liabilities | 9 | | 43,239 | 2,807,076 | 19,936 | 1,320,760 |
| Provisions | 10 | | 10,962 | 711,653 | 7,307 | 484,089 |
| | | | 71,813 | 4,662,100 | 53,544 | 3,547,290 |
| TOTAL EQUITY AND LIABILITIES | | | 197,237 | 12,804,627 | 173,889 | 11,520,147 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|------|------------------------------------------|----------|----------------------|------------|-----------------------|------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 11 | 505,617 | 32,824,656 | 293,805 | 19,464,581 |
| ii | Other Income | 12 | 328 | 21,294 | 351 | 23,254 |
| iii | Total income (i + ii) | | 505,945 | 32,845,950 | 294,156 | 19,487,835 |
| iv | Expenses: | | | | | |
| (i) | Employee benefits expenses | 13 | 366,703 | 23,806,359 | 175,173 | 11,605,211 |
| (ii) | Operating and other expenses | 14 | 134,163 | 8,709,862 | 110,571 | 7,325,328 |
| | Total expenses | | 500,866 | 32,516,221 | 285,744 | 18,930,539 |
| v | Profit before taxes (iii - iv) | | 5,079 | 329,729 | 8,412 | 557,296 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 5,079 | 329,729 | 8,412 | 557,296 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Intercompany receivables | 43,576 | 2,828,954 | 9,588 | 635,205 |
| Total | 43,576 | 2,828,954 | 9,588 | 635,205 |

2 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 144,385 | 9,373,474 | 156,377 | 10,359,976 |
| Total | 144,385 | 9,373,474 | 156,377 | 10,359,976 |

3 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Security Deposit | 7,453 | 483,849 | 7,154 | 473,953 |
| Total | 7,453 | 483,849 | 7,154 | 473,953 |

4 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,806 | 117,246 | 770 | 51,013 |
| Others | 17 | 1,104 | - | - |
| Total | 1,823 | 118,350 | 770 | 51,013 |

5 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 163,081 | 10,587,219 | 163,081 | 10,804,116 |
| Total | 163,081 | 10,587,219 | 163,081 | 10,804,116 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (42,907) | (2,785,522) | (51,319) | (3,399,884) |
| Profit / (loss) for the year | 5,079 | 329,729 | 8,412 | 557,296 |
| Closing balance | (37,828) | (2,455,793) | (42,907) | (2,842,588) |
| Capital reserves | 171 | 11,101 | 171 | 11,329 |
| Total | (37,657) | (2,444,692) | (42,736) | (2,831,259) |

7 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 16,834 | 1,092,863 | 25,804 | 1,709,515 |
| Total | 16,834 | 1,092,863 | 25,804 | 1,709,515 |

8 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Others | 778 | 50,508 | 497 | 32,926 |
| Total | 778 | 50,508 | 497 | 32,926 |

9 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 43,239 | 2,807,076 | 19,899 | 1,318,309 |
| Others | - | - | 37 | 2,451 |
| Total | 43,239 | 2,807,076 | 19,936 | 1,320,760 |

10 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Leave entitlement | 10,962 | 711,653 | 7,307 | 484,089 |
| Total | 10,962 | 711,653 | 7,307 | 484,089 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Management consultancy Services | 505,617 | 32,824,656 | 293,805 | 19,464,581 |
| Total | 505,617 | 32,824,656 | 293,805 | 19,464,581 |

12 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------|----------------------|---------------|-----------------------|---------------|
| | USD | INR | USD | INR |
| Interest income - others | 328 | 21,294 | 148 | 9,805 |
| Exchange gain -Net | - | - | 203 | 13,449 |
| Total | 328 | 21,294 | 351 | 23,254 |

13 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 366,667 | 23,804,022 | 175,173 | 11,605,211 |
| Staff welfare expenses | 36 | 2,337 | - | - |
| Total | 366,703 | 23,806,359 | 175,173 | 11,605,211 |

14 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 19,392 | 1,258,929 | - | - |
| Auditors remuneration | 1,910 | 123,997 | 2,648 | 175,430 |
| Communication expenses | 1,484 | 96,341 | 829 | 54,921 |
| Entertainment expenses | 53 | 3,441 | 35 | 2,319 |
| Exchange loss -Net | 9,594 | 622,842 | - | - |
| Insurance expenses | 9,308 | 604,275 | 1,760 | 116,600 |
| IT consumables | 753 | 48,885 | - | - |
| Legal and professional fees | 42,710 | 2,772,733 | 60,134 | 3,983,878 |
| Miscellaneous expenses | 170 | 11,037 | 175 | 11,592 |
| Printing and stationery | 9 | 584 | 15 | 994 |
| Rates and Taxes | 1,305 | 84,721 | 81 | 5,366 |
| Recruitment expenses | 426 | 27,656 | - | - |
| Rent | 40,709 | 2,642,828 | 40,635 | 2,692,069 |
| Travelling and conveyance expenses | 6,340 | 411,593 | 4,259 | 282,159 |
| Total | 134,163 | 8,709,862 | 110,571 | 7,325,328 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 80,473 | 5,224,307 | 108,986 | 7,220,322 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | 96,267 | 6,249,654 | - | - |
| | (ii) Other financial assets | 3 | 18,468 | 1,198,943 | 19,660 | 1,302,475 |
| | Non current tax asset | | 1,956 | 126,984 | 1,956 | 129,585 |
| | | | 197,164 | 12,799,888 | 130,602 | 8,652,382 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 64,517 | 4,188,443 | 74,040 | 4,905,150 |
| | (ii) Other financial assets | 5 | 3,416 | 221,767 | 3,217 | 213,126 |
| | Other current assets | 6 | 5,052 | 327,976 | 29,330 | 1,943,113 |
| | | | 72,985 | 4,738,186 | 106,587 | 7,061,389 |
| | | | | | | |
| | TOTAL ASSETS | | 270,149 | 17,538,074 | 237,189 | 15,713,771 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 7 | 3,337,592 | 216,676,473 | 3,337,592 | 221,115,470 |
| | Other equity | 8 | (3,237,902) | (210,204,597) | (3,250,034) | (215,314,753) |
| | Total Equity | | 99,690 | 6,471,876 | 87,558 | 5,800,717 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 9 | - | - | 35,310 | 2,339,288 |
| | (ii) Trade payables | 10 | 170,271 | 11,053,993 | 111,426 | 7,381,972 |
| | (iii) Other financial liabilities | 11 | 188 | 12,205 | 1,945 | 128,856 |
| | Other current liabilities | 12 | - | - | 950 | 62,938 |
| | | | 170,459 | 11,066,198 | 149,631 | 9,913,054 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 270,149 | 17,538,074 | 237,189 | 15,713,771 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 614,694 | 39,905,934 | 588,200 | 38,968,250 |
| ii | Other Income | 14 | 6,676 | 433,406 | 12,158 | 805,468 |
| iii | Total income (i + ii) | | 621,370 | 40,339,340 | 600,358 | 39,773,718 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 15 | 400,712 | 26,014,223 | 380,422 | 25,202,958 |
| | (ii) Operating and other expenses | 16 | 163,050 | 10,585,205 | 150,693 | 9,983,412 |
| | (iii) Finance costs | 17 | 888 | 57,649 | (19,648) | (1,301,680) |
| | (iv) Depreciation and amortisation expenses | | 44,588 | 2,894,653 | 82,048 | 5,435,680 |
| | Total expenses | | 609,238 | 39,551,730 | 593,515 | 39,320,370 |
| v | Profit before taxes (iii - iv) | | 12,132 | 787,610 | 6,843 | 453,348 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 12,132 | 787,610 | 6,843 | 453,348 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 1,297,409 | 84,227,792 | 1,667,484 | 110,470,815 |
| (a) | 1,297,409 | 84,227,792 | 1,667,484 | 110,470,815 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 1,216,936 | 79,003,485 | 1,558,498 | 103,250,493 |
| (b) | 1,216,936 | 79,003,485 | 1,558,498 | 103,250,493 |
| Net block (a) - (b) | 80,473 | 5,224,307 | 108,986 | 7,220,322 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Inter company loans given | 96,267 | 6,249,654 | - | - |
| Total | 96,267 | 6,249,654 | - | - |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 18,468 | 1,198,943 | 19,660 | 1,302,475 |
| Total | 18,468 | 1,198,943 | 19,660 | 1,302,475 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade receivables | 49,198 | 3,193,934 | 74,040 | 4,905,150 |
| Intercompany receivables | 16,174 | 1,050,016 | - | - |
| Provision for doubtful debts | (855) | (55,507) | - | - |
| Total | 64,517 | 4,188,443 | 74,040 | 4,905,150 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Security Deposit | 3,217 | 208,848 | 3,217 | 213,126 |
| Others | 199 | 12,919 | - | - |
| Total | 3,416 | 221,767 | 3,217 | 213,126 |

6 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 684 | 44,405 | 29,330 | 1,943,113 |
| Indirect tax receivable | 4,368 | 283,571 | - | - |
| Total | 5,052 | 327,976 | 29,330 | 1,943,113 |

7 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 3,337,592 | 216,676,473 | 3,337,592 | 221,115,470 |
| Total | 3,337,592 | 216,676,473 | 3,337,592 | 221,115,470 |

8 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (3,250,034) | (210,992,207) | (3,256,877) | (215,768,101) |
| Profit / (loss) for the year | 12,132 | 787,610 | 6,843 | 453,348 |
| Closing balance | (3,237,902) | (210,204,597) | (3,250,034) | (215,314,753) |

9 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------|---------------------|------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | - | - | 35,310 | 2,339,288 |
| Total | - | - | 35,310 | 2,339,288 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 170,271 | 11,053,993 | 103,877 | 6,881,851 |
| Inter Company - Payables | - | - | 7,549 | 500,121 |
| Total | 170,271 | 11,053,993 | 111,426 | 7,381,972 |

11 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|---------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 188 | 12,205 | 1,057 | 70,026 |
| Others | - | - | 888 | 58,830 |
| Total | 188 | 12,205 | 1,945 | 128,856 |

12 Current liabilities - other current liabilities

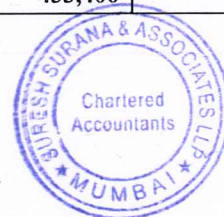
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------|---------------------|---------------|
| | USD | INR | USD | INR |
| Other Statutory dues | - | - | 950 | 62,938 |
| Total | - | - | 950 | 62,938 |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 614,694 | 39,905,934 | 588,200 | 38,968,250 |
| Total | 614,694 | 39,905,934 | 588,200 | 38,968,250 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 791 | 51,352 | 119 | 7,884 |
| Profit on sale of fixed assets | 1 | 65 | - | - |
| Exchange gain -Net | - | - | 11,661 | 772,541 |
| Miscellaneous income | 5,884 | 381,989 | 378 | 25,043 |
| Total | 6,676 | 433,406 | 12,158 | 805,468 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 400,712 | 26,014,223 | 380,422 | 25,202,958 |
| Total | 400,712 | 26,014,223 | 380,422 | 25,202,958 |

16 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | - | - | 1,405 | 93,081 |
| Auditors remuneration | 46,200 | 2,999,304 | 46,200 | 3,060,750 |
| Bad debts | - | - | 71,128 | 4,712,230 |
| Communication expenses | - | - | 56 | 3,710 |
| Electricity | 8,249 | 535,525 | 13,416 | 888,810 |
| Exchange loss -Net | 486 | 31,551 | - | - |
| Insurance expenses | 2,575 | 167,169 | 2,784 | 184,440 |
| Legal and professional fees | 26,719 | 1,734,597 | 16,610 | 1,100,413 |
| Miscellaneous expenses | 2,851 | 185,086 | 1,695 | 112,293 |
| Provision for doubtful debts | 855 | 55,507 | (71,128) | (4,712,230) |
| Rates and Taxes | 1,676 | 108,806 | 1,815 | 120,244 |
| Rent | - | - | 20,864 | 1,382,240 |
| Repairs and Maintenance | 72,174 | 4,685,536 | 44,498 | 2,947,993 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 1,265 | 82,124 | 1,350 | 89,438 |
| Total | 163,050 | 10,585,205 | 150,693 | 9,983,412 |

17 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|---------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 871 | 56,545 | 1,418 | 93,943 |
| Guarantee fees | 17 | 1,104 | (21,066) | (1,395,623) |
| Total | 888 | 57,649 | (19,648) | (1,301,680) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|------------------|---------------------|------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 560,599,638 | 36,394,128,499 | 605,710,601 | 40,128,327,316 |
| | Capital work-in-progress | | 1,375,114 | 89,272,401 | 2,573,318 | 170,482,318 |
| | Goodwill | | - | - | 71,967,630 | 4,767,855,488 |
| | Investments in subsidiaries & associates | 2 | 20,452,924 | 1,327,803,826 | 21,787,365 | 1,443,412,931 |
| | Other non-current assets | 3 | 5,337,087 | 346,483,688 | 6,604,258 | 437,532,093 |
| | | | 587,764,763 | 38,157,688,414 | 708,643,172 | 46,947,610,146 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 3,250,420 | 211,017,267 | 13,870,299 | 918,907,309 |
| | (ii) Cash and cash equivalent | 5 | 108,271 | 7,028,953 | 3,592,027 | 237,971,789 |
| | (iii) Other financial assets | 6 | 131,805 | 8,556,781 | 3,938 | 260,893 |
| | Other current assets | 7 | 1,940,447 | 125,973,819 | 1,615,981 | 107,058,741 |
| | | | 5,430,943 | 352,576,820 | 19,082,245 | 1,264,198,732 |
| | | | | | | |
| | TOTAL ASSETS | | 593,195,706 | 38,510,265,234 | 727,725,417 | 48,211,808,878 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 13,061 | 847,920 | 13,061 | 865,291 |
| | Other equity | 9 | (374,895,744) | (24,338,231,699) | (290,423,966) | (19,240,587,746) |
| | Total Equity | | (374,882,683) | (24,337,383,779) | (290,410,905) | (19,239,722,455) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 10 | 48,297,905 | 3,135,499,993 | 64,275,380 | 4,258,243,925 |
| | (ii) Other financial liabilities | 11 | - | - | 158,076 | 10,472,535 |
| | Provisions | 12 | 629,733 | 40,882,266 | 577,987 | 38,291,639 |
| | Other non current liabilities (Deferred revenue) | | 223,030,519 | 14,479,141,293 | 244,041,451 | 16,167,746,129 |
| | | | 271,958,157 | 17,655,523,552 | 309,052,894 | 20,474,754,228 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 13 | 628,484,920 | 40,801,241,006 | 638,343,405 | 42,290,250,581 |
| | (ii) Trade payables | 14 | 16,706,697 | 1,084,598,769 | 18,470,945 | 1,223,700,106 |
| | (iii) Other financial liabilities | 15 | 29,265,467 | 1,899,914,118 | 30,554,662 | 2,024,246,358 |
| | Other current liabilities | 16 | 21,663,148 | 1,406,371,568 | 21,714,416 | 1,438,580,060 |
| | | | 696,120,232 | 45,192,125,461 | 709,083,428 | 46,976,777,105 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 593,195,706 | 38,510,265,234 | 727,725,417 | 48,211,808,878 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|------------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 17 | 56,932,297 | 3,696,044,721 | 43,066,568 | 2,853,160,130 |
| ii | Other Income | 18 | 42,543,527 | 2,761,925,773 | 59,806,119 | 3,962,155,384 |
| iii | Total income (i + ii) | | 99,475,824 | 6,457,970,494 | 102,872,687 | 6,815,315,514 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 19 | 2,554,360 | 165,829,051 | 2,786,792 | 184,624,970 |
| | (ii) Employee benefits expenses | 20 | 391,780 | 25,434,358 | 410,049 | 27,165,747 |
| | (iii) Operating and other expenses | 21 | 30,770,243 | 1,997,604,175 | 28,360,112 | 1,878,857,419 |
| | (iv) Finance costs | 22 | 31,206,250 | 2,025,909,750 | 11,402,561 | 755,419,666 |
| | (v) Depreciation and amortisation expenses | | 47,644,069 | 3,093,052,959 | 47,170,869 | 3,125,070,071 |
| | (vi) Impairment loss on goodwill | | 71,967,632 | 4,672,138,669 | - | - |
| | Total expenses | | 184,534,334 | 11,979,968,962 | 90,130,383 | 5,971,137,873 |
| v | Profit before taxes (iii - iv) | | (85,058,510) | (5,521,998,468) | 12,742,304 | 844,177,641 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (85,058,510) | (5,521,998,468) | 12,742,304 | 844,177,641 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 9,323 | 605,249 | - | - |
| Cables | 862,468,803 | 55,991,474,691 | 859,770,403 | 56,959,789,199 |
| Plant and machinery | 48,762,769 | 3,165,678,963 | 48,941,460 | 3,242,371,725 |
| Furniture and fixtures | 2,000 | 129,840 | - | - |
| Computers | 2,430 | 157,756 | 800 | 53,000 |
| (a) | 911,245,325 | 59,158,046,499 | 908,712,663 | 60,202,213,924 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 3,996 | 259,420 | - | - |
| Cables | 317,186,758 | 20,591,764,329 | 273,445,012 | 18,115,732,045 |
| Plant and machinery | 33,452,253 | 2,171,720,265 | 29,556,250 | 1,958,101,563 |
| Furniture and fixtures | 250 | 16,230 | - | - |
| Computers | 2,430 | 157,756 | 800 | 53,000 |
| (b) | 350,645,687 | 22,763,918,000 | 303,002,062 | 20,073,886,608 |
| Net block (a) - (b) | 560,599,638 | 36,394,128,499 | 605,710,601 | 40,128,327,316 |

2 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 20,452,924 | 1,327,803,826 | 21,787,365 | 1,443,412,931 |
| Total | 20,452,924 | 1,327,803,826 | 21,787,365 | 1,443,412,931 |

3 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 5,337,087 | 346,483,688 | 6,604,258 | 437,532,093 |
| Total | 5,337,087 | 346,483,688 | 6,604,258 | 437,532,093 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 411,053 | 26,685,561 | 3,667,195 | 242,951,669 |
| Intercompany receivables | 2,839,367 | 184,331,706 | 10,203,104 | 675,955,640 |
| Total | 3,250,420 | 211,017,267 | 13,870,299 | 918,907,309 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Balance with bank | 108,271 | 7,028,953 | 3,592,027 | 237,971,789 |
| Total | 108,271 | 7,028,953 | 3,592,027 | 237,971,789 |

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Others | 131,805 | 8,556,781 | 3,938 | 260,893 |
| Total | 131,805 | 8,556,781 | 3,938 | 260,893 |

7 Current assets - other assets

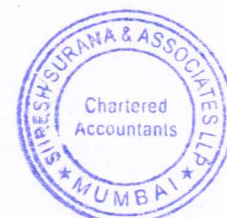
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,940,447 | 125,973,819 | 1,615,981 | 107,058,741 |
| Total | 1,940,447 | 125,973,819 | 1,615,981 | 107,058,741 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Equity share capital | 13,061 | 847,920 | 13,061 | 865,291 |
| Total | 13,061 | 847,920 | 13,061 | 865,291 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (300,569,373) | (19,512,963,695) | (313,311,677) | (20,756,898,601) |
| Profit / (loss) for the year | (85,058,510) | (5,521,998,468) | 12,742,304 | 844,177,641 |
| Closing balance | (385,627,883) | (25,034,962,163) | (300,569,373) | (19,912,720,960) |
| Share premium | 10,609,939 | 688,797,240 | 10,609,939 | 702,908,459 |
| OCI - Reserves derivatives | 122,200 | 7,933,224 | (464,532) | (30,775,245) |
| Total | (374,895,744) | (24,338,231,699) | (290,423,966) | (19,240,587,746) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Loan from banks | 48,297,905 | 3,135,499,993 | 64,275,380 | 4,258,243,925 |
| Total | 48,297,905 | 3,135,499,993 | 64,275,380 | 4,258,243,925 |

11 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------|---------------------|----------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Derivative liabilities | - | - | 158,076 | 10,472,535 |
| Total | - | - | 158,076 | 10,472,535 |

12 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 629,733 | 40,882,266 | 577,987 | 38,291,639 |
| Total | 629,733 | 40,882,266 | 577,987 | 38,291,639 |

13 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 628,484,920 | 40,801,241,006 | 638,343,405 | 42,290,250,581 |
| Total | 628,484,920 | 40,801,241,006 | 638,343,405 | 42,290,250,581 |

14 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 16,706,697 | 1,084,598,769 | 18,470,945 | 1,223,700,106 |
| Total | 16,706,697 | 1,084,598,769 | 18,470,945 | 1,223,700,106 |

15 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Current portion of long term loans | 15,977,475 | 1,037,257,677 | 15,977,475 | 1,058,507,719 |
| Deposit from customers and contractors | 1,006,650 | 65,351,718 | 201,941 | 13,378,591 |
| Interest accrued but not due | 12,281,342 | 797,304,723 | 14,068,790 | 932,057,338 |
| Derivative Liabilities | - | - | 306,456 | 20,302,710 |
| Total | 29,265,467 | 1,899,914,118 | 30,554,662 | 2,024,246,358 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

16 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 21,634,276 | 1,404,497,198 | 21,677,443 | 1,436,130,599 |
| Other Employee dues | 28,872 | 1,874,370 | 36,973 | 2,449,461 |
| Total | 21,663,148 | 1,406,371,568 | 21,714,416 | 1,438,580,060 |

17 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 56,932,297 | 3,696,044,721 | 43,066,568 | 2,853,160,130 |
| Total | 56,932,297 | 3,696,044,721 | 43,066,568 | 2,853,160,130 |

18 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Dividend income | 42,300,000 | 2,746,116,000 | 54,850,000 | 3,633,812,500 |
| Interest income - others | 2,036 | 132,177 | 136 | 9,010 |
| Interest on loan to subsidiaries | - | - | 3,853,117 | 255,269,001 |
| Profit on sale of fixed assets | 239,701 | 15,561,389 | 997,387 | 66,076,889 |
| Exchange gain -Net | 1,790 | 116,207 | 105,479 | 6,987,984 |
| Total | 42,543,527 | 2,761,925,773 | 59,806,119 | 3,962,155,384 |

19 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 2,554,360 | 165,829,051 | 2,786,792 | 184,624,970 |
| Total | 2,554,360 | 165,829,051 | 2,786,792 | 184,624,970 |

20 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 391,780 | 25,434,358 | 409,751 | 27,146,004 |
| Staff welfare expenses | - | - | 298 | 19,743 |
| Total | 391,780 | 25,434,358 | 410,049 | 27,165,747 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

21 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Asset retirement expense | 135,856 | 8,819,772 | 1,738,245 | 115,158,731 |
| Auditors remuneration | 8,837 | 573,698 | 5,737 | 380,076 |
| Bad debts | - | - | 3,749 | 248,371 |
| Communication expenses | 13,225 | 858,567 | 13,111 | 868,604 |
| Entertainment expenses | 496 | 32,200 | 462 | 30,608 |
| Insurance expenses | 19,286 | 1,252,047 | 15,782 | 1,045,558 |
| IT consumables | 191 | 12,400 | 225 | 14,906 |
| Legal and professional fees | 16,193 | 1,051,250 | 15,679 | 1,038,734 |
| Miscellaneous expenses | 1,978 | 128,411 | 104,813 | 6,943,859 |
| Printing and stationery | 2,479 | 160,937 | 3,803 | 251,949 |
| Provision for doubtful debts | - | - | (3,749) | (248,371) |
| Rates and Taxes | 3,058 | 198,525 | 4,166 | 275,998 |
| Recruitment expenses | 563 | 36,550 | 650 | 43,063 |
| Rent | 21,082 | 1,368,643 | 35,677 | 2,363,601 |
| Repairs and Maintenance | 30,416,005 | 1,974,607,045 | 26,304,116 | 1,742,647,685 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 2,808 | 182,295 | 1,817 | 120,376 |
| Seminars, trainings and conferences | - | - | 124 | 8,215 |
| Services rendered by agencies | 105,964 | 6,879,183 | 85,013 | 5,632,111 |
| Travelling and conveyance expenses | 22,222 | 1,442,652 | 30,692 | 2,033,345 |
| Total | 30,770,243 | 1,997,604,175 | 28,360,112 | 1,878,857,419 |

22 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 28,720,019 | 1,864,503,633 | 31,490,823 | 2,086,267,024 |
| Guarantee fees | 2,486,231 | 161,406,117 | (20,088,262) | (1,330,847,358) |
| Total | 31,206,250 | 2,025,909,750 | 11,402,561 | 755,419,666 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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: 03 May 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|----------------------|-------------------------|----------------------|-------------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 30,992,667 | 2,012,043,943 | 31,770,341 | 2,104,785,091 |
| | Capital work-in-progress | | 1,951,343 | 126,681,188 | 2,708,376 | 179,429,910 |
| | Goodwill | | - | - | 10,001,989 | 662,631,771 |
| | Other intangible assets | 2 | 9,115,921 | 591,805,591 | 7,774,604 | 515,067,515 |
| | Intangible assets under development | | 2,551,757 | 165,660,064 | 5,020,421 | 332,602,891 |
| | Financial assets | | | | | |
| | (i) Other financial assets | 3 | 2,379 | 154,445 | 2,344 | 155,290 |
| | Non current tax asset | | 1,087,630 | 70,608,940 | 437,762 | 29,001,733 |
| | Other non-current assets | 4 | 12,956,898 | 841,161,818 | 13,739,363 | 910,232,799 |
| | | | 58,658,595 | 3,808,115,989 | 71,455,200 | 4,733,907,000 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 5 | 61,058,879 | 3,963,942,425 | 99,630,958 | 6,600,550,968 |
| | (ii) Cash and cash equivalent | 6 | 581,379 | 37,743,125 | 282,638 | 18,724,768 |
| | (iii) Other financial assets | 7 | 3,146,410 | 204,264,937 | 3,215,190 | 213,006,338 |
| | Other current assets | 8 | 3,171,251 | 205,877,616 | 1,579,199 | 104,621,934 |
| | | | 67,957,919 | 4,411,828,103 | 104,707,985 | 6,936,904,008 |
| | TOTAL ASSETS | | 126,616,514 | 8,219,944,092 | 176,163,185 | 11,670,811,008 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 9 | 66,520,000 | 4,318,478,400 | 66,520,000 | 4,406,950,000 |
| | Other equity | 10 | (275,593,980) | (17,891,561,178) | (247,130,404) | (16,372,389,265) |
| | Total Equity | | (209,073,980) | (13,573,082,778) | (180,610,404) | (11,965,439,265) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 11 | 100,000,000 | 6,492,000,000 | - | - |
| | (ii) Other financial liabilities | 12 | 618,376 | 40,144,970 | 752,551 | 49,856,504 |
| | Provisions | 13 | 1,672,389 | 108,571,494 | 1,496,131 | 99,118,679 |
| | Other non current liabilities (Deferred revenue) | | 695,249 | 45,135,565 | 819,228 | 54,273,855 |
| | | | 102,986,014 | 6,685,852,029 | 3,067,910 | 203,249,038 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 14 | 89,456,797 | 5,807,535,261 | 205,728,392 | 13,629,505,970 |
| | (ii) Trade payables | 15 | 134,293,854 | 8,718,357,002 | 134,759,480 | 8,927,815,550 |
| | (iii) Other financial liabilities | 16 | 2,364,950 | 153,532,553 | 6,283,391 | 416,274,654 |
| | Other current liabilities | 17 | 5,652,463 | 366,957,898 | 6,140,203 | 406,788,450 |
| | Provisions | 18 | 936,416 | 60,792,127 | 794,213 | 52,616,611 |
| | | | 232,704,480 | 15,107,174,841 | 353,705,679 | 23,433,001,235 |
| | TOTAL EQUITY AND LIABILITIES | | 126,616,514 | 8,219,944,092 | 176,163,185 | 11,670,811,008 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|------------------------|-----------------------|------------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 19 | 473,221,749 | 30,721,555,945 | 565,544,724 | 37,467,337,965 |
| ii | Other Income | 20 | 16,342,887 | 1,060,980,224 | 4,792,554 | 317,506,703 |
| iii | Total income (i + ii) | | 489,564,636 | 31,782,536,169 | 570,337,278 | 37,784,844,668 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 21 | 437,904,154 | 28,428,737,677 | 499,815,332 | 33,112,765,745 |
| | (ii) Employee benefits expenses | 22 | 29,776,310 | 1,933,078,045 | 32,219,846 | 2,134,564,798 |
| | (iii) Operating and other expenses | 23 | 20,966,598 | 1,361,151,540 | 29,060,803 | 1,925,278,198 |
| | (iv) Finance costs | 24 | 8,478,146 | 550,401,238 | 8,343,638 | 552,766,018 |
| | (v) Depreciation and amortisation expenses | | 9,612,523 | 624,044,993 | 14,177,948 | 939,289,055 |
| | (vi) Staff optimisation cost | | 461,994 | 29,992,650 | 2,568,799 | 170,182,934 |
| | (vii) Impairment loss on goodwill | | 10,001,989 | 649,329,126 | - | - |
| | Total expenses | | 517,201,714 | 33,576,735,269 | 586,186,366 | 38,834,846,748 |
| v | Profit before taxes (iii - iv) | | (27,637,078) | (1,794,199,100) | (15,849,088) | (1,050,002,080) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | 11,205 | 742,331 |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | 11,205 | 742,331 |
| vii | Profit / (loss) for the year (v-vi) | | (27,637,078) | (1,794,199,100) | (15,860,293) | (1,050,744,411) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 7,750,000 | 503,130,000 | 7,750,000 | 513,437,500 |
| Building | 6,925,865 | 449,627,156 | 6,867,928 | 455,000,230 |
| Lease hold improvement | 3,107,125 | 201,714,555 | 3,107,125 | 205,847,031 |
| Cables | 86,152 | 5,592,988 | 1,094,941 | 72,539,841 |
| Plant and machinery | 78,290,505 | 5,082,619,585 | 77,101,192 | 5,107,953,970 |
| Furniture and fixtures | 5,033,323 | 326,763,329 | 4,137,472 | 274,107,520 |
| Computers | 15,876,229 | 1,030,684,787 | 15,950,159 | 1,056,698,034 |
| Office equipment | 1,361,962 | 88,418,573 | 1,123,962 | 74,462,483 |
| (a) | 118,431,161 | 7,688,550,973 | 117,132,779 | 7,760,046,609 |
| Accumulated depreciation: | | | | |
| Building | 2,832,498 | 183,885,770 | 2,534,571 | 167,915,329 |
| Lease hold improvement | 2,196,779 | 142,614,893 | 1,954,020 | 129,453,825 |
| Cables | 56,440 | 3,664,085 | 918,687 | 60,863,014 |
| Plant and machinery | 62,722,044 | 4,071,915,096 | 60,799,028 | 4,027,935,605 |
| Furniture and fixtures | 3,414,389 | 221,662,134 | 3,188,873 | 211,262,836 |
| Computers | 15,528,147 | 1,008,087,303 | 15,382,514 | 1,019,091,553 |
| Office equipment | 688,197 | 44,677,749 | 584,745 | 38,739,356 |
| (b) | 87,438,494 | 5,676,507,030 | 85,362,438 | 5,655,261,518 |
| Net block (a) - (b) | 30,992,667 | 2,012,043,943 | 31,770,341 | 2,104,785,091 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 75,019,508 | 4,870,266,459 | 69,476,895 | 4,602,844,294 |
| (a) | 75,019,508 | 4,870,266,459 | 69,476,895 | 4,602,844,294 |
| Accumulated amortisation: | | | | |
| Computer software | 65,903,587 | 4,278,460,868 | 61,702,291 | 4,087,776,779 |
| (b) | 65,903,587 | 4,278,460,868 | 61,702,291 | 4,087,776,779 |
| Net block (a) - (b) | 9,115,921 | 591,805,591 | 7,774,604 | 515,067,515 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|---------|---------------------|---------|
| | USD | INR | USD | INR |
| Vendor deposits | 2,379 | 154,445 | 2,344 | 155,290 |
| Total | 2,379 | 154,445 | 2,344 | 155,290 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 2,519,801 | 163,585,481 | 2,043,937 | 135,410,826 |
| Prepaid pension asset | 10,437,097 | 677,576,337 | 11,695,426 | 774,821,973 |
| Total | 12,956,898 | 841,161,818 | 13,739,363 | 910,232,799 |

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade receivables | 48,783,277 | 3,167,010,343 | 67,802,551 | 4,491,919,004 |
| Intercompany receivables | 15,008,456 | 974,348,964 | 33,716,175 | 2,233,696,594 |
| Provision for doubtful debts | (2,732,854) | (177,416,882) | (1,887,768) | (125,064,630) |
| Total | 61,058,879 | 3,963,942,425 | 99,630,958 | 6,600,550,968 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Cash in hand | - | - | 98 | 6,493 |
| Balance with bank | 581,379 | 37,743,125 | 282,540 | 18,718,275 |
| Total | 581,379 | 37,743,125 | 282,638 | 18,724,768 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to employees | 42,411 | 2,753,322 | 48,514 | 3,214,053 |
| Others | 3,103,999 | 201,511,615 | 3,166,676 | 209,792,285 |
| Total | 3,146,410 | 204,264,937 | 3,215,190 | 213,006,338 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 165,980 | 10,775,422 | 102,271 | 6,775,454 |
| Other Advances | 2 | 130 | 98 | 6,493 |
| Prepaid expenses | 2,128,856 | 138,205,332 | 1,021,185 | 67,653,506 |
| Indirect tax receivable | 876,413 | 56,896,732 | 455,645 | 30,186,481 |
| Total | 3,171,251 | 205,877,616 | 1,579,199 | 104,621,934 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 66,520,000 | 4,318,478,400 | 66,520,000 | 4,406,950,000 |
| Total | 66,520,000 | 4,318,478,400 | 66,520,000 | 4,406,950,000 |

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------------|----------------------|-------------------------|----------------------|-------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (215,838,841) | (14,012,257,558) | (199,978,548) | (13,248,578,805) |
| Profit / (loss) for the year | (27,637,078) | (1,794,199,100) | (15,860,293) | (1,050,744,411) |
| Closing balance | (243,475,919) | (15,806,456,658) | (215,838,841) | (14,299,323,216) |
| OCI Reserves Employee Benefit Plan | (32,118,061) | (2,085,104,520) | (31,291,563) | (2,073,066,049) |
| Total | (275,593,980) | (17,891,561,178) | (247,130,404) | (16,372,389,265) |

11 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Loan from banks | 100,000,000 | 6,492,000,000 | - | - |
| Total | 100,000,000 | 6,492,000,000 | - | - |

12 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 618,376 | 40,144,970 | 752,551 | 49,856,504 |
| Total | 618,376 | 40,144,970 | 752,551 | 49,856,504 |

13 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|--------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Pension liability | 1,100,533 | 71,446,602 | 1,056,041 | 69,962,716 |
| Retention liability | 571,856 | 37,124,892 | 440,090 | 29,155,963 |
| Total | 1,672,389 | 108,571,494 | 1,496,131 | 99,118,679 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|-----------------------|
| | USD | INR | USD | INR |
| Loan from bank | 25,000,000 | 1,623,000,000 | - | - |
| Inter company loans taken | 64,456,797 | 4,184,535,261 | 205,728,392 | 13,629,505,970 |
| Total | 89,456,797 | 5,807,535,261 | 205,728,392 | 13,629,505,970 |

15 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 134,293,854 | 8,718,357,002 | 134,759,480 | 8,927,815,550 |
| Total | 134,293,854 | 8,718,357,002 | 134,759,480 | 8,927,815,550 |

16 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 1,171,696 | 76,066,504 | 1,151,505 | 76,287,206 |
| Interest accrued but not due | 1,100,857 | 71,467,636 | 4,535,332 | 300,465,745 |
| Others | 92,397 | 5,998,413 | 596,554 | 39,521,703 |
| Total | 2,364,950 | 153,532,553 | 6,283,391 | 416,274,654 |

17 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 147,163 | 9,553,822 | 147,163 | 9,749,549 |
| Other Employee dues | 4,837,796 | 314,069,716 | 5,250,082 | 347,817,933 |
| Other Statutory dues | 656,316 | 42,608,035 | 738,483 | 48,924,499 |
| Others | 11,188 | 726,325 | 4,475 | 296,469 |
| Total | 5,652,463 | 366,957,898 | 6,140,203 | 406,788,450 |

18 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 936,416 | 60,792,127 | 794,213 | 52,616,611 |
| Total | 936,416 | 60,792,127 | 794,213 | 52,616,611 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 473,221,749 | 30,721,555,945 | 565,544,724 | 37,467,337,965 |
| Total | 473,221,749 | 30,721,555,945 | 565,544,724 | 37,467,337,965 |

20 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest income - others | 2,380 | 154,510 | 472 | 31,270 |
| Interest on loan to subsidiaries | 438,005 | 28,435,285 | - | - |
| Profit on sale of fixed assets | 1,880,660 | 122,092,447 | 442 | 29,283 |
| Exchange gain -Net | 11,086,835 | 719,757,328 | - | - |
| Miscellaneous income | 2,935,007 | 190,540,654 | 4,791,640 | 317,446,150 |
| Total | 16,342,887 | 1,060,980,224 | 4,792,554 | 317,506,703 |

21 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 434,990,419 | 28,239,578,001 | 492,487,096 | 32,627,270,110 |
| Rent of satellite channels | 2,913,735 | 189,159,676 | 7,328,236 | 485,495,635 |
| Total | 437,904,154 | 28,428,737,677 | 499,815,332 | 33,112,765,745 |

22 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 26,316,321 | 1,708,455,559 | 29,293,379 | 1,940,686,359 |
| Contribution to provident and other funds | 3,235,624 | 210,056,710 | 2,660,437 | 176,253,951 |
| Staff welfare expenses | 224,365 | 14,565,776 | 266,030 | 17,624,488 |
| Total | 29,776,310 | 1,933,078,045 | 32,219,846 | 2,134,564,798 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 1,408,348 | 91,429,952 | 1,440,766 | 95,450,748 |
| Auditors remuneration | 21,034 | 1,365,527 | 17,150 | 1,136,188 |
| Bad debts | - | - | 6,177,370 | 409,250,763 |
| Communication expenses | 481,008 | 31,227,039 | 710,773 | 47,088,711 |
| Donations | 1,163 | 75,502 | 1,259 | 83,409 |
| Electricity | 1,397,166 | 90,704,017 | 1,441,070 | 95,470,888 |
| Entertainment expenses | 26,835 | 1,742,128 | 46,875 | 3,105,469 |
| Exchange loss -Net | - | - | 7,136,571 | 472,797,829 |
| Insurance expenses | 191,953 | 12,461,589 | 208,683 | 13,825,249 |
| IT consumables | 13,248 | 860,060 | 40,637 | 2,692,201 |
| Legal and professional fees | 2,165,350 | 140,574,522 | 2,751,445 | 182,283,231 |
| Miscellaneous expenses | 433,470 | 28,140,870 | 480,940 | 31,862,271 |
| Printing and stationery | 72,987 | 4,738,316 | 102,600 | 6,797,250 |
| Provision for doubtful debts | 845,087 | 54,863,048 | (6,185,777) | (409,807,726) |
| Rates and Taxes | 999,463 | 64,885,138 | 1,058,772 | 70,143,645 |
| Recruitment expenses | 32,309 | 2,097,500 | 14,701 | 973,941 |
| Relocation Expense | 95,726 | 6,214,532 | 102,997 | 6,823,551 |
| Rent | 1,339,302 | 86,947,486 | 1,379,635 | 91,400,819 |
| Repairs and Maintenance | 7,283,818 | 472,865,465 | 8,717,111 | 577,508,604 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 224,288 | 14,560,777 | 261,983 | 17,356,374 |
| Security charges | 277,629 | 18,023,675 | 255,326 | 16,915,348 |
| Seminars, trainings and conferences | 166,997 | 10,841,445 | 237,497 | 15,734,176 |
| Services rendered by agencies | 2,203,028 | 143,020,578 | 1,250,514 | 82,846,553 |
| Travelling and conveyance expenses | 1,286,389 | 83,512,374 | 1,411,905 | 93,538,706 |
| Total | 20,966,598 | 1,361,151,540 | 29,060,803 | 1,925,278,198 |

24 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 7,966,064 | 517,156,875 | 7,885,279 | 522,399,734 |
| Guarantee fees | 512,082 | 33,244,363 | 458,359 | 30,366,284 |
| Total | 8,478,146 | 550,401,238 | 8,343,638 | 552,766,018 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|----------------------|---------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 32,826,011 | 2,131,064,633 | 30,322,720 | 2,008,880,200 |
| | Capital work-in-progress | | 1,183,787 | 76,851,452 | 1,104,684 | 73,185,315 |
| | Other intangible assets | 2 | 24,880 | 1,615,210 | 145,409 | 9,633,346 |
| | Financial assets | | | | | |
| | (i) Loans | 3 | 1,276,588 | 82,876,093 | - | - |
| | (ii) Other financial assets | 4 | 533,900 | 34,660,788 | 565,541 | 37,467,091 |
| | Non current tax asset | | 73,936 | 4,799,925 | 73,936 | 4,898,260 |
| | Other non-current assets | 5 | 161,266 | 10,469,389 | 140,647 | 9,317,864 |
| | | | 36,080,368 | 2,342,337,490 | 32,352,937 | 2,143,382,076 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 6 | 7,627,489 | 495,176,586 | 9,644,021 | 638,916,391 |
| | (ii) Cash and cash equivalent | 7 | 1,856 | 120,492 | 1 | 66 |
| | (iii) Other financial assets | 8 | 122,288 | 7,938,937 | 157,629 | 10,442,921 |
| | Other current assets | 9 | 707,501 | 45,930,965 | 625,861 | 41,463,291 |
| | | | 8,459,134 | 549,166,980 | 10,427,512 | 690,822,669 |
| | TOTAL ASSETS | | 44,539,502 | 2,891,504,470 | 42,780,449 | 2,834,204,745 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 10 | 20,391,358 | 1,323,806,961 | 20,391,358 | 1,350,927,468 |
| | Other equity | 11 | (18,134,422) | (1,177,286,674) | (17,691,675) | (1,172,073,473) |
| | Total Equity | | 2,256,936 | 146,520,287 | 2,699,683 | 178,853,995 |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Other financial liabilities | 12 | 416,111 | 27,013,926 | 364,802 | 24,168,133 |
| | Provisions | 13 | 455,357 | 29,561,776 | 379,583 | 25,147,374 |
| | Other non current liabilities (Deferred revenue) | | 27,218,676 | 1,767,036,446 | 20,484,454 | 1,357,095,078 |
| | | | 28,090,144 | 1,823,612,148 | 21,228,839 | 1,406,410,585 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 14 | - | - | 4,887,690 | 323,809,463 |
| | (ii) Trade payables | 15 | 6,684,276 | 433,943,197 | 8,447,241 | 559,629,716 |
| | (iii) Other financial liabilities | 16 | 193,582 | 12,567,344 | 84,058 | 5,568,843 |
| | Other current liabilities | 17 | 5,961,979 | 387,051,676 | 4,271,172 | 282,965,145 |
| | Provisions | 18 | 1,352,585 | 87,809,818 | 1,161,766 | 76,966,998 |
| | | | 14,192,422 | 921,372,035 | 18,851,927 | 1,248,940,165 |
| | TOTAL EQUITY AND LIABILITIES | | 44,539,502 | 2,891,504,470 | 42,780,449 | 2,834,204,745 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 19 | 40,641,723 | 2,638,460,657 | 43,129,990 | 2,857,361,838 |
| ii | Other Income | 20 | 1,052,334 | 68,317,522 | 54,082 | 3,582,933 |
| iii | Total income (i + ii) | | 41,694,057 | 2,706,778,179 | 43,184,072 | 2,860,944,771 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 21 | 20,822,926 | 1,351,824,356 | 22,810,001 | 1,511,162,566 |
| (ii) | Employee benefits expenses | 22 | 10,959,133 | 711,466,915 | 9,792,625 | 648,761,407 |
| (iii) | Operating and other expenses | 23 | 3,914,636 | 254,138,165 | 5,181,376 | 343,266,164 |
| (iv) | Finance costs | 24 | 163,492 | 10,613,900 | (210,516) | (13,946,685) |
| (v) | Depreciation and amortisation expenses | | 5,500,071 | 357,064,609 | 5,404,142 | 358,024,408 |
| (vi) | Staff optimisation cost | | 634,905 | 41,218,033 | 317,468 | 21,032,255 |
| | Total expenses | | 41,995,163 | 2,726,325,978 | 43,295,096 | 2,868,300,115 |
| v | Profit before taxes (iii - iv) | | (301,106) | (19,547,799) | (111,024) | (7,355,344) |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (301,106) | (19,547,799) | (111,024) | (7,355,344) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 653,718 | 42,439,373 | 184,423 | 12,218,024 |
| Cables | 34,235,685 | 2,222,580,670 | 28,322,869 | 1,876,390,071 |
| Plant and machinery | 37,683,484 | 2,446,411,781 | 36,639,234 | 2,427,349,253 |
| Furniture and fixtures | 157,669 | 10,235,871 | 146,502 | 9,705,758 |
| Computers | 111,100 | 7,212,612 | 127,404 | 8,440,515 |
| Office equipment | 86,094 | 5,589,222 | 85,243 | 5,647,349 |
| (a) | 72,927,750 | 4,734,469,529 | 65,505,675 | 4,339,750,970 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 137,932 | 8,954,545 | 92,831 | 6,150,054 |
| Cables | 13,624,091 | 884,475,988 | 11,367,896 | 753,123,110 |
| Plant and machinery | 26,059,904 | 1,691,808,968 | 23,459,540 | 1,554,194,525 |
| Furniture and fixtures | 131,158 | 8,514,777 | 116,754 | 7,734,953 |
| Computers | 93,915 | 6,096,962 | 95,952 | 6,356,820 |
| Office equipment | 54,739 | 3,553,656 | 49,982 | 3,311,308 |
| (b) | 40,101,739 | 2,603,404,896 | 35,182,955 | 2,330,870,770 |
| Net block (a) - (b) | 32,826,011 | 2,131,064,633 | 30,322,720 | 2,008,880,200 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 2,095,589 | 136,045,638 | 2,095,589 | 138,832,771 |
| (a) | 2,095,589 | 136,045,638 | 2,095,589 | 138,832,771 |
| Accumulated amortisation: | | | | |
| Computer software | 2,070,709 | 134,430,428 | 1,950,180 | 129,199,425 |
| (b) | 2,070,709 | 134,430,428 | 1,950,180 | 129,199,425 |
| Net block (a) - (b) | 24,880 | 1,615,210 | 145,409 | 9,633,346 |

3 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Inter company loans given | 1,276,588 | 82,876,093 | - | - |
| Total | 1,276,588 | 82,876,093 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 533,900 | 34,660,788 | 565,541 | 37,467,091 |
| Total | 533,900 | 34,660,788 | 565,541 | 37,467,091 |

5 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 161,266 | 10,469,389 | 140,647 | 9,317,864 |
| Total | 161,266 | 10,469,389 | 140,647 | 9,317,864 |

6 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 8,081,524 | 524,652,538 | 9,882,160 | 654,693,100 |
| Provision for doubtful debts | (454,035) | (29,475,952) | (238,139) | (15,776,709) |
| Total | 7,627,489 | 495,176,586 | 9,644,021 | 638,916,391 |

7 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|-----------|
| | USD | INR | USD | INR |
| Balance with bank | 1,856 | 120,492 | 1 | 66 |
| Total | 1,856 | 120,492 | 1 | 66 |

8 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Security Deposit | 306 | 19,866 | 3,620 | 239,825 |
| Advances to employees | 71,072 | 4,613,994 | 105,344 | 6,979,040 |
| Others | 50,910 | 3,305,077 | 48,665 | 3,224,056 |
| Total | 122,288 | 7,938,937 | 157,629 | 10,442,921 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 707,501 | 45,930,965 | 625,861 | 41,463,291 |
| Total | 707,501 | 45,930,965 | 625,861 | 41,463,291 |

10 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 20,391,358 | 1,323,806,961 | 20,391,358 | 1,350,927,468 |
| Total | 20,391,358 | 1,323,806,961 | 20,391,358 | 1,350,927,468 |

11 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (17,833,316) | (1,157,738,875) | (17,722,292) | (1,174,101,845) |
| Profit / (loss) for the year | (301,106) | (19,547,799) | (111,024) | (7,355,344) |
| Closing balance | (18,134,422) | (1,177,286,674) | (17,833,316) | (1,181,457,189) |
| Capital reserves | - | - | 141,641 | 9,383,716 |
| Total | (18,134,422) | (1,177,286,674) | (17,691,675) | (1,172,073,473) |

12 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 416,111 | 27,013,926 | 364,802 | 24,168,133 |
| Total | 416,111 | 27,013,926 | 364,802 | 24,168,133 |

13 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 343,761 | 22,316,964 | 318,471 | 21,098,704 |
| Retention liability | 111,596 | 7,244,812 | 61,112 | 4,048,670 |
| Total | 455,357 | 29,561,776 | 379,583 | 25,147,374 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----|---------------------|-------------|
| | USD | INR | USD | INR |
| Inter company loans taken | - | - | 4,887,690 | 323,809,463 |
| Total | - | - | 4,887,690 | 323,809,463 |

15 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade payable | 5,645,769 | 366,523,323 | 6,869,952 | 455,134,320 |
| Inter Company - Payables | 1,038,507 | 67,419,874 | 1,577,289 | 104,495,396 |
| Total | 6,684,276 | 433,943,197 | 8,447,241 | 559,629,716 |

16 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|------------|---------------------|-----------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 59,813 | 3,883,060 | 62,514 | 4,141,553 |
| Interest accrued but not due | 49,304 | 3,200,816 | 18,613 | 1,233,111 |
| Others | 84,465 | 5,483,468 | 2,931 | 194,179 |
| Total | 193,582 | 12,567,344 | 84,058 | 5,568,843 |

17 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 3,278,423 | 212,835,221 | 2,496,433 | 165,388,686 |
| Other Employee dues | 2,583,724 | 167,735,362 | 1,545,921 | 102,417,266 |
| Other Statutory dues | 99,832 | 6,481,093 | 200,870 | 13,307,638 |
| Others | - | - | 27,948 | 1,851,555 |
| Total | 5,961,979 | 387,051,676 | 4,271,172 | 282,965,145 |

18 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Leave entitlement | 1,352,585 | 87,809,818 | 1,161,766 | 76,966,998 |
| Total | 1,352,585 | 87,809,818 | 1,161,766 | 76,966,998 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 40,641,723 | 2,638,460,657 | 43,129,990 | 2,857,361,838 |
| Management consultancy Services | - | - | - | - |
| Total | 40,641,723 | 2,638,460,657 | 43,129,990 | 2,857,361,838 |

20 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 19,044 | 1,236,336 | 32,179 | 2,131,859 |
| Exchange gain -Net | 243,757 | 15,824,704 | - | - |
| Miscellaneous income | 789,533 | 51,256,482 | 21,903 | 1,451,074 |
| Total | 1,052,334 | 68,317,522 | 54,082 | 3,582,933 |

21 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 20,822,926 | 1,351,824,356 | 22,810,001 | 1,511,162,566 |
| Total | 20,822,926 | 1,351,824,356 | 22,810,001 | 1,511,162,566 |

22 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 10,847,927 | 704,247,421 | 9,751,454 | 646,033,828 |
| Staff welfare expenses | 111,206 | 7,219,494 | 41,171 | 2,727,579 |
| Total | 10,959,133 | 711,466,915 | 9,792,625 | 648,761,407 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 134,418 | 8,726,417 | 167,881 | 11,122,116 |
| Auditors remuneration | 54,450 | 3,534,894 | 54,450 | 3,607,313 |
| Bad debts | - | - | 416,265 | 27,577,556 |
| Communication expenses | 76,870 | 4,990,400 | 127,400 | 8,440,250 |
| Donations | - | - | 1,123 | 74,399 |
| Electricity | 158,574 | 10,294,624 | 41,426 | 2,744,473 |
| Entertainment expenses | 23,235 | 1,508,416 | 18,825 | 1,247,156 |
| Exchange loss -Net | - | - | 249,810 | 16,549,913 |
| Insurance expenses | 23,574 | 1,530,424 | 28,022 | 1,856,458 |
| IT consumables | 9,569 | 621,219 | 4,214 | 279,178 |
| Legal and professional fees | 247,472 | 16,065,882 | 176,591 | 11,699,154 |
| Miscellaneous expenses | 65,366 | 4,243,558 | 562,352 | 37,255,820 |
| Printing and stationery | 25,493 | 1,655,006 | 45,332 | 3,003,245 |
| Provision for doubtful debts | 215,896 | 14,015,968 | (272,323) | (18,041,399) |
| Rates and Taxes | 272,736 | 17,706,021 | 434,662 | 28,796,358 |
| Recruitment expenses | 43,676 | 2,835,446 | 55,724 | 3,691,715 |
| Relocation Expense | 2,295 | 148,991 | 1,131 | 74,929 |
| Rent | 584,605 | 37,952,557 | 687,617 | 45,554,626 |
| Repairs and Maintenance - Plant & Machinery | 1,295,719 | 84,118,077 | 1,366,931 | 90,559,179 |
| Repairs and Maintenance -Building | 5,019 | 325,833 | 4,694 | 310,978 |
| Security charges | 604 | 39,212 | 1,300 | 86,125 |
| Seminars, trainings and conferences | 23,652 | 1,535,488 | 74,666 | 4,946,623 |
| Services rendered by agencies | 219,534 | 14,252,147 | 347,346 | 23,011,673 |
| Travelling and conveyance expenses | 431,879 | 28,037,585 | 585,937 | 38,818,326 |
| Total | 3,914,636 | 254,138,165 | 5,181,376 | 343,266,164 |

24 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|---------------------|
| | USD | INR | USD | INR |
| Interest expenses | 150,332 | 9,759,553 | 304,170 | 20,151,263 |
| Guarantee fees | 13,160 | 854,347 | (514,686) | (34,097,948) |
| Total | 163,492 | 10,613,900 | (210,516) | (13,946,685) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 4,478,495 | 290,743,895 | 4,590,046 | 304,090,547 |
| | Capital work-in-progress | | - | - | 31,647 | 2,096,614 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | 15,374,061 | 998,084,040 | 14,173,851 | 939,017,629 |
| | Deferred tax assets (Net) | | 6,702,520 | 435,127,598 | 4,969,221 | 329,210,891 |
| | | | 26,555,076 | 1,723,955,533 | 23,764,765 | 1,574,415,681 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 3 | 138,516 | 8,992,458 | 227,277 | 15,057,102 |
| | (ii) Other financial assets | 4 | - | - | 293,566 | 19,448,748 |
| | Other current assets | 5 | 555,301 | 36,050,141 | 553,209 | 36,650,096 |
| | | | 693,817 | 45,042,599 | 1,074,052 | 71,155,946 |
| | TOTAL ASSETS | | 27,248,893 | 1,768,998,132 | 24,838,817 | 1,645,571,627 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | | - | - | - | - |
| | Other equity | 6 | 20,617,409 | 1,338,482,191 | 18,545,543 | 1,228,642,223 |
| | Total Equity | | 20,617,409 | 1,338,482,191 | 18,545,543 | 1,228,642,223 |
| (2) | Non-current liabilities | | | | | |
| | Other non current liabilities (Deferred revenue) | | 3,485,297 | 226,265,481 | 4,062,232 | 269,122,870 |
| | | | 3,485,297 | 226,265,481 | 4,062,232 | 269,122,870 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 7 | 436,128 | 28,313,429 | 713,398 | 47,262,618 |
| | (ii) Other financial liabilities | 8 | 31,419 | 2,039,722 | 13,486 | 893,448 |
| | Other current liabilities | 9 | 1,324,461 | 85,984,008 | 1,258,088 | 83,348,330 |
| | Provisions | 10 | 13,227 | 858,697 | 5,279 | 349,734 |
| | Current tax liabilities (Net) | | 1,340,952 | 87,054,604 | 240,791 | 15,952,404 |
| | | | 3,146,187 | 204,250,460 | 2,231,042 | 147,806,534 |
| | TOTAL EQUITY AND LIABILITIES | | 27,248,893 | 1,768,998,132 | 24,838,817 | 1,645,571,627 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|--------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 11 | 6,539,267 | 424,529,214 | 6,953,090 | 460,642,213 |
| ii | Other Income | 12 | 575,212 | 37,342,763 | 579,533 | 38,394,062 |
| iii | Total income (i + ii) | | 7,114,479 | 461,871,977 | 7,532,623 | 499,036,275 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 13 | 2,438,515 | 158,308,394 | 2,725,781 | 180,582,991 |
| | (ii) Employee benefits expenses | 14 | 444,910 | 28,883,557 | 434,109 | 28,759,721 |
| | (iii) Operating and other expenses | 15 | 1,677,129 | 108,879,217 | 1,913,055 | 126,739,895 |
| | (iv) Depreciation and amortisation expenses | | 332,770 | 21,603,428 | 324,798 | 21,517,868 |
| | Total expenses | | 4,893,324 | 317,674,596 | 5,397,743 | 357,600,475 |
| v | Profit before taxes (iii - iv) | | 2,221,155 | 144,197,381 | 2,134,880 | 141,435,800 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 1,882,588 | 122,217,613 | 370,155 | 24,522,769 |
| | (ii) Deferred tax expense/(benefit) | | (1,733,299) | (112,525,771) | (4,969,221) | (329,210,891) |
| | Net tax expenses | | 149,289 | 9,691,842 | (4,599,066) | (304,688,122) |
| vii | Profit / (loss) for the year (v-vi) | | 2,071,866 | 134,505,539 | 6,733,946 | 446,123,922 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 924,769 | 60,036,003 | 924,769 | 61,265,946 |
| Building | 4,858,882 | 315,438,619 | 4,858,882 | 321,900,933 |
| Cables | 138,888 | 9,016,609 | 56,285 | 3,728,881 |
| Plant and machinery | 2,284,178 | 148,288,836 | 2,149,803 | 142,424,449 |
| Furniture and fixtures | 14,007 | 909,334 | 14,007 | 927,964 |
| Computers | 63,105 | 4,096,777 | 63,105 | 4,180,706 |
| Office equipment | 220,490 | 14,314,211 | 155,581 | 10,307,241 |
| (a) | 8,504,319 | 552,100,389 | 8,222,432 | 544,736,120 |
| Accumulated depreciation: | | | | |
| Building | 2,260,580 | 146,756,854 | 2,066,224 | 136,887,340 |
| Cables | 27,707 | 1,798,738 | 14,395 | 953,669 |
| Plant and machinery | 1,578,992 | 102,508,161 | 1,408,101 | 93,286,691 |
| Furniture and fixtures | 14,007 | 909,334 | 14,007 | 927,964 |
| Computers | 63,105 | 4,096,777 | 63,105 | 4,180,706 |
| Office equipment | 81,433 | 5,286,630 | 66,554 | 4,409,203 |
| (b) | 4,025,824 | 261,356,494 | 3,632,386 | 240,645,573 |
| Net block (a) - (b) | 4,478,495 | 290,743,895 | 4,590,046 | 304,090,547 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Inter company loans given | 15,374,061 | 998,084,040 | 14,173,851 | 939,017,629 |
| Total | 15,374,061 | 998,084,040 | 14,173,851 | 939,017,629 |

3 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-----------|---------------------|------------|
| | USD | INR | USD | INR |
| Trade receivables | 139,657 | 9,066,532 | 228,418 | 15,132,693 |
| Provision for doubtful debts | (1,141) | (74,074) | (1,141) | (75,591) |
| Total | 138,516 | 8,992,458 | 227,277 | 15,057,102 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|-----|---------------------|------------|
| | USD | INR | USD | INR |
| Interest Receivable | - | - | 293,566 | 19,448,748 |
| Total | - | - | 293,566 | 19,448,748 |

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 555,301 | 36,050,141 | 553,209 | 36,650,096 |
| Total | 555,301 | 36,050,141 | 553,209 | 36,650,096 |

6 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 18,545,543 | 1,203,976,652 | 11,811,597 | 782,518,301 |
| Profit / (loss) for the year | 2,071,866 | 134,505,539 | 6,733,946 | 446,123,922 |
| Closing balance | 20,617,409 | 1,338,482,191 | 18,545,543 | 1,228,642,223 |

7 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Trade payable | 113,144 | 7,345,308 | 107,044 | 7,091,665 |
| Inter Company - Payables | 322,984 | 20,968,121 | 606,354 | 40,170,953 |
| Total | 436,128 | 28,313,429 | 713,398 | 47,262,618 |

8 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-----------|---------------------|---------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 13,000 | 843,960 | 13,000 | 861,250 |
| Interest accrued but not due | 15,840 | 1,028,333 | - | - |
| Others | 2,579 | 167,429 | 486 | 32,198 |
| Total | 31,419 | 2,039,722 | 13,486 | 893,448 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 1,297,340 | 84,223,313 | 1,221,675 | 80,935,969 |
| Other Employee dues | 27,121 | 1,760,695 | 36,413 | 2,412,361 |
| Total | 1,324,461 | 85,984,008 | 1,258,088 | 83,348,330 |

10 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Leave entitlement | 13,227 | 858,697 | 5,279 | 349,734 |
| Total | 13,227 | 858,697 | 5,279 | 349,734 |

11 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 6,539,267 | 424,529,214 | 6,953,090 | 460,642,213 |
| Total | 6,539,267 | 424,529,214 | 6,953,090 | 460,642,213 |

12 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 575,212 | 37,342,763 | 571,755 | 37,878,769 |
| Miscellaneous income | - | - | 7,778 | 515,293 |
| Total | 575,212 | 37,342,763 | 579,533 | 38,394,062 |

13 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 2,438,515 | 158,308,394 | 2,725,781 | 180,582,991 |
| Total | 2,438,515 | 158,308,394 | 2,725,781 | 180,582,991 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 444,877 | 28,881,415 | 434,109 | 28,759,721 |
| Staff welfare expenses | 33 | 2,142 | - | - |
| Total | 444,910 | 28,883,557 | 434,109 | 28,759,721 |

15 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 1,088 | 70,633 | 417 | 27,626 |
| Communication expenses | 7,362 | 477,941 | 9,677 | 641,101 |
| Electricity | 404,247 | 26,243,715 | 419,302 | 27,778,758 |
| Exchange loss -Net | 1 | 65 | - | - |
| Insurance expenses | 93,175 | 6,048,921 | 91,657 | 6,072,276 |
| Legal and professional fees | 6,414 | 416,397 | 6,999 | 463,684 |
| Miscellaneous expenses | 22,382 | 1,453,042 | 31,087 | 2,059,515 |
| Printing and stationery | 2,449 | 158,989 | 1,216 | 80,560 |
| Rates and Taxes | 11,159 | 724,442 | 14,283 | 946,249 |
| Repairs and Maintenance - Plant & Machinery | 1,107,879 | 71,923,505 | 1,225,989 | 81,221,771 |
| Repairs and Maintenance -Building | 4,300 | 279,156 | 94,972 | 6,291,895 |
| Services rendered by agencies | 16,673 | 1,082,411 | 15,859 | 1,050,659 |
| Travelling and conveyance expenses | - | - | 1,597 | 105,801 |
| Total | 1,677,129 | 108,879,217 | 1,913,055 | 126,739,895 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



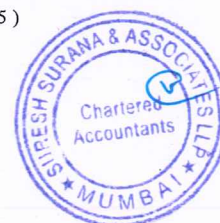
Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 19,934,066 | 1,294,119,565 | 20,782,851 | 1,376,863,879 |
| | Capital work-in-progress | | 1,496,426 | 97,147,976 | 907,436 | 60,117,635 |
| | Other intangible assets | 2 | 99,287 | 6,445,712 | 61,892 | 4,100,345 |
| | Investments in subsidiaries & associates | 3 | 3 | 195 | 3 | 199 |
| | Financial assets | | | | | |
| | (i) Investments -others | | 20,000,000 | 1,298,400,000 | 20,000,000 | 1,325,000,000 |
| | (ii) Loans | 4 | 1,970,843 | 127,947,128 | 8,123,725 | 538,196,781 |
| | (iii) Other financial assets | 5 | 729,451 | 47,355,959 | 588,643 | 38,997,599 |
| | Non current tax asset | | 72,384 | 4,699,169 | 24,947 | 1,652,739 |
| | Other non-current assets | 6 | 95,222 | 6,181,812 | 118,578 | 7,855,793 |
| | | | 44,397,682 | 2,882,297,516 | 50,608,075 | 3,352,784,970 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 7 | 6,978,723 | 453,058,697 | 8,865,712 | 587,353,421 |
| | (ii) Cash and cash equivalent | 8 | 142,164 | 9,229,287 | 297,125 | 19,684,531 |
| | (iii) Other financial assets | 9 | 202,739 | 13,161,815 | 289,632 | 19,188,120 |
| | Other current assets | 10 | 574,801 | 37,316,081 | 535,647 | 35,486,614 |
| | | | 7,898,427 | 512,765,880 | 9,988,116 | 661,712,686 |
| | | | | | | |
| | TOTAL ASSETS | | 52,296,109 | 3,395,063,396 | 60,596,191 | 4,014,497,656 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 11 | 8,022,064 | 520,792,395 | 8,022,064 | 531,461,740 |
| | Other equity | 12 | (13,075,411) | (848,855,681) | (11,255,282) | (745,662,430) |
| | Total Equity | | (5,053,347) | (328,063,286) | (3,233,218) | (214,200,690) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Other financial liabilities | 13 | 181,987 | 11,814,596 | 193,260 | 12,803,475 |
| | Provisions | 14 | 3,826,335 | 248,405,668 | 3,336,833 | 221,065,186 |
| | Other non current liabilities (Deferred revenue) | | 7,373,472 | 478,685,802 | 7,598,201 | 503,380,816 |
| | | | 11,381,794 | 738,906,066 | 11,128,294 | 737,249,477 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 15 | 32,000,000 | 2,077,440,000 | 40,000,000 | 2,650,000,000 |
| | (ii) Trade payables | 16 | 10,090,996 | 655,107,460 | 8,275,670 | 548,263,138 |
| | (iii) Other financial liabilities | 17 | 274,180 | 17,799,765 | 283,966 | 18,812,748 |
| | Other current liabilities | 18 | 3,276,306 | 212,697,785 | 3,841,598 | 254,505,867 |
| | Provisions | 19 | 326,180 | 21,175,606 | 299,881 | 19,867,116 |
| | | | 45,967,662 | 2,984,220,616 | 52,701,115 | 3,491,448,869 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 52,296,109 | 3,395,063,396 | 60,596,191 | 4,014,497,656 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 20 | 66,174,246 | 4,296,032,050 | 64,004,831 | 4,240,320,054 |
| ii | Other Income | 21 | 397,468 | 25,803,622 | 144,013 | 9,540,861 |
| iii | Total income (i + ii) | | 66,571,714 | 4,321,835,672 | 64,148,844 | 4,249,860,915 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 22 | 39,648,123 | 2,573,956,145 | 34,742,726 | 2,301,705,598 |
| | (ii) Employee benefits expenses | 23 | 11,606,121 | 753,469,375 | 12,872,852 | 852,826,446 |
| | (iii) Operating and other expenses | 24 | 12,914,134 | 838,385,579 | 13,921,955 | 922,329,514 |
| | (iv) Finance costs | 25 | 1,036,928 | 67,317,365 | 824,452 | 54,619,945 |
| | (v) Depreciation and amortisation expenses | | 3,104,229 | 201,526,547 | 2,802,576 | 185,670,660 |
| | (vi) Staff optimisation cost | | 82,308 | 5,343,435 | 396,955 | 26,298,269 |
| | Total expenses | | 68,391,843 | 4,439,998,446 | 65,561,516 | 4,343,450,432 |
| v | Profit before taxes (iii - iv) | | (1,820,129) | (118,162,774) | (1,412,672) | (93,589,517) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (1,820,129) | (118,162,774) | (1,412,672) | (93,589,517) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Building | 241,622 | 15,686,100 | 241,622 | 16,007,458 |
| Lease hold improvement | 722,363 | 46,895,806 | 722,363 | 47,856,549 |
| Cables | 20,028,476 | 1,300,248,662 | 19,224,273 | 1,273,608,086 |
| Plant and machinery | 19,326,753 | 1,254,692,805 | 17,939,006 | 1,188,459,148 |
| Furniture and fixtures | 49,636 | 3,222,369 | 49,636 | 3,288,385 |
| Computers | 476,745 | 30,950,285 | 484,618 | 32,105,943 |
| Office equipment | 63,817 | 4,143,000 | 63,817 | 4,227,876 |
| (a) | 40,909,412 | 2,655,839,027 | 38,725,335 | 2,565,553,445 |
| Accumulated depreciation: | | | | |
| Building | 241,622 | 15,686,100 | 241,622 | 16,007,458 |
| Lease hold improvement | 579,541 | 37,623,802 | 281,481 | 18,648,116 |
| Cables | 8,081,014 | 524,619,429 | 6,846,303 | 453,567,574 |
| Plant and machinery | 11,617,505 | 754,208,425 | 10,171,179 | 673,840,609 |
| Furniture and fixtures | 38,957 | 2,529,088 | 35,637 | 2,360,951 |
| Computers | 392,084 | 25,454,093 | 345,774 | 22,907,528 |
| Office equipment | 24,623 | 1,598,525 | 20,488 | 1,357,330 |
| (b) | 20,975,346 | 1,361,719,462 | 17,942,484 | 1,188,689,566 |
| Net block (a) - (b) | 19,934,066 | 1,294,119,565 | 20,782,851 | 1,376,863,879 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------|---------------------|-----------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 204,199 | 13,256,599 | 126,449 | 8,377,246 |
| (a) | 204,199 | 13,256,599 | 126,449 | 8,377,246 |
| Accumulated amortisation: | | | | |
| Computer software | 104,912 | 6,810,887 | 64,557 | 4,276,901 |
| (b) | 104,912 | 6,810,887 | 64,557 | 4,276,901 |
| Net block (a) - (b) | 99,287 | 6,445,712 | 61,892 | 4,100,345 |

3 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------|---------------------|-----|---------------------|-----|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 3 | 195 | 3 | 199 |
| Total | 3 | 195 | 3 | 199 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 1,970,843 | 127,947,128 | 8,123,725 | 538,196,781 |
| Total | 1,970,843 | 127,947,128 | 8,123,725 | 538,196,781 |

5 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 729,451 | 47,355,959 | 588,643 | 38,997,599 |
| Total | 729,451 | 47,355,959 | 588,643 | 38,997,599 |

6 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 95,222 | 6,181,812 | 118,578 | 7,855,793 |
| Total | 95,222 | 6,181,812 | 118,578 | 7,855,793 |

7 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 5,340,041 | 346,675,462 | 7,986,102 | 529,079,258 |
| Intercompany receivables | 1,958,847 | 127,168,347 | 1,234,395 | 81,778,669 |
| Provision for doubtful debts | (320,165) | (20,785,112) | (354,785) | (23,504,506) |
| Total | 6,978,723 | 453,058,697 | 8,865,712 | 587,353,421 |

8 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 142,164 | 9,229,287 | 297,125 | 19,684,531 |
| Total | 142,164 | 9,229,287 | 297,125 | 19,684,531 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Security Deposit | 15,037 | 976,202 | 95,700 | 6,340,125 |
| Advances to employees | 21,211 | 1,377,018 | 50,046 | 3,315,548 |
| Interest Receivable | 166,157 | 10,786,912 | 143,861 | 9,530,791 |
| Others | 334 | 21,683 | 25 | 1,656 |
| Total | 202,739 | 13,161,815 | 289,632 | 19,188,120 |

10 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 574,781 | 37,314,783 | 535,647 | 35,486,614 |
| Others | 20 | 1,298 | - | - |
| Total | 574,801 | 37,316,081 | 535,647 | 35,486,614 |

11 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 8,022,064 | 520,792,395 | 8,022,064 | 531,461,740 |
| Total | 8,022,064 | 520,792,395 | 8,022,064 | 531,461,740 |

12 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (11,255,282) | (730,692,907) | (9,842,610) | (652,072,913) |
| Profit / (loss) for the year | (1,820,129) | (118,162,774) | (1,412,672) | (93,589,517) |
| Closing balance | (13,075,411) | (848,855,681) | (11,255,282) | (745,662,430) |

13 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 181,987 | 11,814,596 | 193,260 | 12,803,475 |
| Total | 181,987 | 11,814,596 | 193,260 | 12,803,475 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 2,978,536 | 193,366,557 | 2,854,593 | 189,116,786 |
| Provision for gratuity | 369,852 | 24,010,792 | 309,728 | 20,519,480 |
| Retention liability | 477,947 | 31,028,319 | 172,512 | 11,428,920 |
| | | | | - |
| Total | 3,826,335 | 248,405,668 | 3,336,833 | 221,065,186 |

15 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Loan from bank | 32,000,000 | 2,077,440,000 | 40,000,000 | 2,650,000,000 |
| Total | 32,000,000 | 2,077,440,000 | 40,000,000 | 2,650,000,000 |

16 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 10,090,996 | 655,107,460 | 8,275,670 | 548,263,138 |
| Total | 10,090,996 | 655,107,460 | 8,275,670 | 548,263,138 |

17 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 246,761 | 16,019,724 | 234,282 | 15,521,183 |
| Interest accrued but not due | 27,419 | 1,780,041 | 31,240 | 2,069,650 |
| Others | - | - | 18,444 | 1,221,915 |
| Total | 274,180 | 17,799,765 | 283,966 | 18,812,748 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

18 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 1,641,746 | 106,582,150 | 1,475,377 | 97,743,726 |
| Other Employee dues | 1,634,560 | 106,115,635 | 2,363,753 | 156,598,636 |
| Other Statutory dues | - | - | 304 | 20,140 |
| Others | - | - | 2,164 | 143,365 |
| Total | 3,276,306 | 212,697,785 | 3,841,598 | 254,505,867 |

19 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 326,180 | 21,175,606 | 299,881 | 19,867,116 |
| Total | 326,180 | 21,175,606 | 299,881 | 19,867,116 |

20 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 66,174,246 | 4,296,032,050 | 64,004,831 | 4,240,320,054 |
| Total | 66,174,246 | 4,296,032,050 | 64,004,831 | 4,240,320,054 |

21 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 338,573 | 21,980,159 | 144,013 | 9,540,861 |
| Profit on sale of fixed assets | 1 | 65 | - | - |
| Miscellaneous income | 58,894 | 3,823,398 | - | - |
| Total | 397,468 | 25,803,622 | 144,013 | 9,540,861 |

22 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 39,648,123 | 2,573,956,145 | 34,742,726 | 2,301,705,598 |
| Total | 39,648,123 | 2,573,956,145 | 34,742,726 | 2,301,705,598 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 11,402,038 | 740,220,307 | 12,680,886 | 840,108,698 |
| Contribution to provident and other funds | 60,124 | 3,903,250 | 68,879 | 4,563,234 |
| Staff welfare expenses | 143,959 | 9,345,818 | 123,087 | 8,154,514 |
| Total | 11,606,121 | 753,469,375 | 12,872,852 | 852,826,446 |

24 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 100,681 | 6,536,211 | 17,343 | 1,148,974 |
| Auditors remuneration | 22,950 | 1,489,914 | 21,850 | 1,447,563 |
| Bad debts | - | - | 291,757 | 19,328,901 |
| Communication expenses | 303,569 | 19,707,699 | 359,244 | 23,799,915 |
| Donations | - | - | 1,806 | 119,648 |
| Electricity | 945,977 | 61,412,827 | 711,925 | 47,165,031 |
| Entertainment expenses | 79,950 | 5,190,354 | 82,150 | 5,442,438 |
| Exchange loss -Net | 94,695 | 6,147,599 | 164,744 | 10,914,290 |
| Insurance expenses | 28,315 | 1,838,210 | 32,722 | 2,167,833 |
| IT consumables | 6,683 | 433,860 | 9,223 | 611,024 |
| Legal and professional fees | 7,944,799 | 515,776,351 | 8,925,119 | 591,289,134 |
| Loss on sale of fixed asset | 244 | 15,840 | - | - |
| Miscellaneous expenses | 88,795 | 5,764,571 | 101,193 | 6,704,028 |
| Printing and stationery | 56,138 | 3,644,479 | 49,278 | 3,264,668 |
| Provision for doubtful debts | (34,619) | (2,247,465) | (3,932) | (260,495) |
| Rates and Taxes | 42,062 | 2,730,665 | 48,577 | 3,218,226 |
| Recruitment expenses | 77,055 | 5,002,411 | 208,030 | 13,781,988 |
| Relocation Expense | - | - | 12,541 | 830,841 |
| Rent | 1,255,192 | 81,487,065 | 917,710 | 60,798,288 |
| Repairs and Maintenance | 658,065 | 42,721,580 | 803,396 | 53,224,985 |
| - Plant & Machinery | - | - | - | - |
| Repairs and Maintenance -Building | - | - | 5,876 | 389,285 |
| Seminars, trainings and conferences | 46,051 | 2,989,631 | 33,504 | 2,219,640 |
| Services rendered by agencies | 506,862 | 32,905,481 | 404,714 | 26,812,303 |
| Travelling and conveyance expenses | 690,670 | 44,838,296 | 723,185 | 47,911,006 |
| Total | 12,914,134 | 838,385,579 | 13,921,955 | 922,329,514 |

25 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest expenses | 907,420 | 58,909,706 | 830,267 | 55,005,189 |
| Guarantee fees | 129,508 | 8,407,659 | (5,815) | (385,244) |
| Total | 1,036,928 | 67,317,365 | 824,452 | 54,619,945 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 19,767 | 1,283,274 | 16,749 | 1,109,621 |
| | Capital work-in-progress | | 91,446 | 5,936,674 | 3,831 | 253,804 |
| | | | 111,213 | 7,219,948 | 20,580 | 1,363,425 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Investments | 2 | 190,392 | 12,360,248 | 147,835 | 9,794,069 |
| | (ii) Trade receivables | 3 | 392,879 | 25,505,705 | 70,870 | 4,695,138 |
| | (iii) Cash and cash equivalent | 4 | 54,054 | 3,509,186 | 76,976 | 5,099,661 |
| | Other current assets | | | | | |
| | | | 637,325 | 41,375,139 | 295,681 | 19,588,868 |
| | | | | | | |
| | TOTAL ASSETS | | 748,538 | 48,595,087 | 316,261 | 20,952,293 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 5 | 217,669 | 14,131,071 | 217,669 | 14,420,571 |
| | Other equity | 6 | (107,679) | (6,990,520) | (93,661) | (6,205,040) |
| | Total Equity | | 109,990 | 7,140,551 | 124,008 | 8,215,531 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 7 | 472,217 | 30,656,328 | 41,480 | 2,748,050 |
| | (ii) Trade payables | 8 | 150,113 | 9,745,336 | 141,225 | 9,356,156 |
| | (iii) Other financial liabilities | 9 | 9,220 | 598,562 | 1,120 | 74,201 |
| | Current tax liabilities (Net) | | 6,998 | 454,310 | 8,428 | 558,355 |
| | | | 638,548 | 41,454,536 | 192,253 | 12,736,762 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 748,538 | 48,595,087 | 316,261 | 20,952,293 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 10 | 1,136,032 | 73,751,197 | 635,486 | 42,100,948 |
| ii | Other Income | 11 | 10,940 | 710,225 | 455 | 30,144 |
| iii | Total income (i + ii) | | 1,146,972 | 74,461,422 | 635,941 | 42,131,092 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 12 | 1,035,955 | 67,254,199 | 565,908 | 37,491,405 |
| (ii) | Operating and other expenses | 13 | 101,143 | 6,566,202 | 46,416 | 3,075,059 |
| (iii) | Finance costs | 14 | 14,888 | 966,529 | 1,197 | 79,301 |
| (iv) | Depreciation and amortisation expenses | | 9,004 | 584,540 | 23,492 | 1,556,345 |
| | Total expenses | | 1,160,990 | 75,371,470 | 637,013 | 42,202,110 |
| v | Profit before taxes (iii - iv) | | (14,018) | (910,048) | (1,072) | (71,018) |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | 5,440 | 360,400 |
| (ii) | Deferred tax expense/(benefit) | | - | - | (33) | (2,186) |
| | Net tax expenses | | - | - | 5,407 | 358,214 |
| vii | Profit / (loss) for the year (v-vi) | | (14,018) | (910,048) | (6,479) | (429,232) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 271,626 | 17,633,960 | 253,637 | 16,803,451 |
| (a) | 271,626 | 17,633,960 | 253,637 | 16,803,451 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 251,859 | 16,350,686 | 236,888 | 15,693,830 |
| (b) | 251,859 | 16,350,686 | 236,888 | 15,693,830 |
| Net block (a) - (b) | 19,767 | 1,283,274 | 16,749 | 1,109,621 |

2 Trade receivables

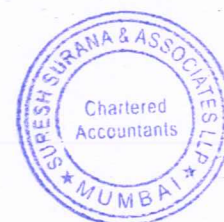
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade receivables | 44,982 | 2,920,231 | 11,071 | 733,454 |
| Intercompany receivables | 145,410 | 9,440,017 | 136,764 | 9,060,615 |
| Total | 190,392 | 12,360,248 | 147,835 | 9,794,069 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 392,879 | 25,505,705 | 70,870 | 4,695,138 |
| Total | 392,879 | 25,505,705 | 70,870 | 4,695,138 |

4 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 17,438 | 1,132,075 | - | - |
| Prepaid expenses | 11,026 | 715,808 | 2,818 | 186,693 |
| Indirect tax receivable | 25,590 | 1,661,303 | 74,158 | 4,912,968 |
| Total | 54,054 | 3,509,186 | 76,976 | 5,099,661 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 217,669 | 14,131,071 | 217,669 | 14,420,571 |
| Total | 217,669 | 14,131,071 | 217,669 | 14,420,571 |

6 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (93,661) | (6,080,472) | (87,182) | (5,775,808) |
| Profit / (loss) for the year | (14,018) | (910,048) | (6,479) | (429,232) |
| Closing balance | (107,679) | (6,990,520) | (93,661) | (6,205,040) |

7 Current liabilities - borrowings

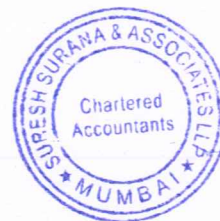
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 472,217 | 30,656,328 | 41,480 | 2,748,050 |
| Total | 472,217 | 30,656,328 | 41,480 | 2,748,050 |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 150,113 | 9,745,336 | 141,225 | 9,356,156 |
| Total | 150,113 | 9,745,336 | 141,225 | 9,356,156 |

9 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 8,570 | 556,364 | 1,026 | 67,973 |
| Others | 650 | 42,198 | 94 | 6,228 |
| Total | 9,220 | 598,562 | 1,120 | 74,201 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 1,136,032 | 73,751,197 | 635,486 | 42,100,948 |
| Total | 1,136,032 | 73,751,197 | 635,486 | 42,100,948 |

11 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------|-----------------------|---------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | - | - | 455 | 30,144 |
| Exchange gain -Net | 10,940 | 710,225 | - | - |
| Total | 10,940 | 710,225 | 455 | 30,144 |

12 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 1,035,955 | 67,254,199 | 565,908 | 37,491,405 |
| Total | 1,035,955 | 67,254,199 | 565,908 | 37,491,405 |

13 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 50,097 | 3,252,297 | - | - |
| Communication expenses | 353 | 22,917 | 157 | 10,401 |
| Electricity | 4,586 | 297,723 | 3,623 | 240,024 |
| Exchange loss -Net | - | - | 10,700 | 708,875 |
| Insurance expenses | 1,862 | 120,881 | 2,044 | 135,415 |
| Legal and professional fees | 26,685 | 1,732,390 | 22,175 | 1,469,094 |
| Miscellaneous expenses | 2,271 | 147,432 | 2,060 | 136,474 |
| Rates and Taxes | 13,443 | 872,720 | 4,784 | 316,940 |
| Repairs and Maintenance | 1,564 | 101,535 | 712 | 47,170 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 282 | 18,307 | 161 | 10,666 |
| Total | 101,143 | 6,566,202 | 46,416 | 3,075,059 |

14 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|---------------|
| | USD | INR | USD | INR |
| Interest expenses | 14,036 | 911,217 | 1,748 | 115,805 |
| Guarantee fees | 852 | 55,312 | (551) | (36,504) |
| Total | 14,888 | 966,529 | 1,197 | 79,301 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 93,851 | 6,092,807 | 69,387 | 4,596,889 |
| | Capital work-in-progress | | 207,612 | 13,478,171 | 39,454 | 2,613,828 |
| | Deferred tax assets (Net) | | 18,924 | 1,228,546 | 19,531 | 1,293,929 |
| | | | 320,387 | 20,799,524 | 128,372 | 8,504,646 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 2 | 901,259 | 58,509,734 | 541,549 | 35,877,621 |
| | (ii) Cash and cash equivalent | 3 | 28 | 1,818 | - | - |
| | Other current assets | 4 | 62,893 | 4,083,013 | 73,662 | 4,880,108 |
| | | | 964,180 | 62,594,565 | 615,211 | 40,757,729 |
| | | | | | | |
| | TOTAL ASSETS | | 1,284,567 | 83,394,089 | 743,583 | 49,262,375 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 5 | 1 | 65 | 1 | 66 |
| | Other equity | 6 | (54,587) | (3,543,789) | (92,713) | (6,142,235) |
| | Total Equity | | (54,586) | (3,543,724) | (92,712) | (6,142,169) |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 7 | 1,060,837 | 68,869,538 | 343,677 | 22,768,601 |
| | (ii) Trade payables | 8 | 240,462 | 15,610,793 | 477,307 | 31,621,589 |
| | (iii) Other financial liabilities | 9 | 37,281 | 2,420,283 | 14,738 | 976,393 |
| | Current tax liabilities (Net) | | 573 | 37,199 | 573 | 37,961 |
| | | | 1,339,153 | 86,937,813 | 836,295 | 55,404,544 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 1,284,567 | 83,394,089 | 743,583 | 49,262,375 |

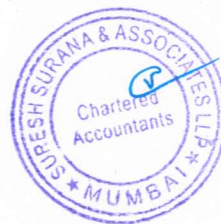
*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|------------|-----------------------|-------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 10 | 1,060,389 | 68,840,454 | 1,300,688 | 86,170,580 |
| ii | Other Income | | - | - | - | - |
| iii | Total income (i + ii) | | 1,060,389 | 68,840,454 | 1,300,688 | 86,170,580 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 11 | 579,419 | 37,615,881 | 956,822 | 63,389,458 |
| | (ii) Employee benefits expenses | 12 | - | - | 3 | 199 |
| | (iii) Operating and other expenses | 13 | 384,224 | 24,943,824 | 333,770 | 22,112,260 |
| | (iv) Finance costs | 14 | 27,858 | 1,808,541 | 9,643 | 638,849 |
| | (v) Depreciation and amortisation expenses | | 30,155 | 1,957,663 | 19,865 | 1,316,056 |
| | Total expenses | | 1,021,656 | 66,325,909 | 1,320,103 | 87,456,822 |
| v | Profit before taxes (iii - iv) | | 38,733 | 2,514,545 | (19,415) | (1,286,242) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | (3,316) | (219,685) |
| | (ii) Deferred tax expense/(benefit) | | 607 | 39,406 | 823 | 54,524 |
| | Net tax expenses | | 607 | 39,406 | (2,493) | (165,161) |
| vii | Profit / (loss) for the year (v-vi) | | 38,126 | 2,475,139 | (16,922) | (1,121,081) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 534,785 | 34,718,242 | 465,727 | 30,854,414 |
| Computers | 2,751 | 178,595 | 2,751 | 182,254 |
| (a) | 537,536 | 34,896,837 | 468,478 | 31,036,668 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 440,934 | 28,625,435 | 396,340 | 26,257,525 |
| Computers | 2,751 | 178,595 | 2,751 | 182,254 |
| (b) | 443,685 | 28,804,030 | 399,091 | 26,439,779 |
| Net block (a) - (b) | 93,851 | 6,092,807 | 69,387 | 4,596,889 |

2 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Trade receivables | 574,070 | 37,268,624 | 142,621 | 9,448,641 |
| Intercompany receivables | 327,189 | 21,241,110 | 398,928 | 26,428,980 |
| Total | 901,259 | 58,509,734 | 541,549 | 35,877,621 |

3 Cash and cash equivalents

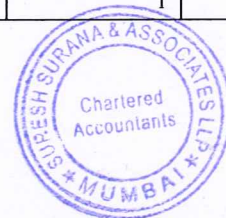
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|-------|---------------------|-----|
| | USD | INR | USD | INR |
| Cash in hand | 28 | 1,818 | - | - |
| Total | 28 | 1,818 | - | - |

4 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Prepaid expenses | 35,385 | 2,297,194 | 53,931 | 3,572,929 |
| Indirect tax receivable | 27,508 | 1,785,819 | 19,731 | 1,307,179 |
| Total | 62,893 | 4,083,013 | 73,662 | 4,880,108 |

5 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-----|---------------------|-----|
| | USD | INR | USD | INR |
| Equity share capital | 1 | 65 | 1 | 66 |
| Total | 1 | 65 | 1 | 66 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (92,713) | (6,018,928) | (75,791) | (5,021,154) |
| Profit / (loss) for the year | 38,126 | 2,475,139 | (16,922) | (1,121,081) |
| Closing balance | (54,587) | (3,543,789) | (92,713) | (6,142,235) |

7 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 1,060,837 | 68,869,538 | 343,677 | 22,768,601 |
| Total | 1,060,837 | 68,869,538 | 343,677 | 22,768,601 |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 240,462 | 15,610,793 | 477,307 | 31,621,589 |
| Total | 240,462 | 15,610,793 | 477,307 | 31,621,589 |

9 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 12,850 | 834,222 | 14,035 | 929,819 |
| Others | 24,431 | 1,586,061 | 703 | 46,574 |
| Total | 37,281 | 2,420,283 | 14,738 | 976,393 |

10 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 1,060,389 | 68,840,454 | 1,300,688 | 86,170,580 |
| Total | 1,060,389 | 68,840,454 | 1,300,688 | 86,170,580 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 579,419 | 37,615,881 | 956,822 | 63,389,458 |
| Total | 579,419 | 37,615,881 | 956,822 | 63,389,458 |

12 Employee benefit expenses

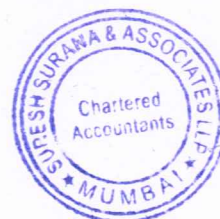
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|----------|-----------------------|------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | - | - | 3 | 199 |
| Total | - | - | 3 | 199 |

13 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 189,042 | 12,272,607 | 166,860 | 11,054,475 |
| Auditors remuneration | 12,100 | 785,532 | 12,100 | 801,625 |
| Communication expenses | 178 | 11,556 | 457 | 30,276 |
| Exchange loss -Net | 13,012 | 844,739 | 67,554 | 4,475,453 |
| Insurance expenses | 1,405 | 91,213 | 2,632 | 174,370 |
| Legal and professional fees | 102,231 | 6,636,837 | 60,318 | 3,996,068 |
| Miscellaneous expenses | 51,312 | 3,331,176 | 16,438 | 1,089,014 |
| Repairs and Maintenance | 12,383 | 803,904 | 4,869 | 322,571 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 2,561 | 166,260 | 2,542 | 168,408 |
| Total | 384,224 | 24,943,824 | 333,770 | 22,112,260 |

14 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|------------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest expenses | 25,719 | 1,669,677 | 19,826 | 1,313,473 |
| Guarantee fees | 2,139 | 138,864 | (10,183) | (674,624) |
| Total | 27,858 | 1,808,541 | 9,643 | 638,849 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Va

(Vinodkumar Varma)
PARTNER
Membership No. 105545

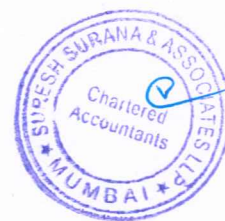


Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------------------|-------------|----------|---------------------|----------------------|---------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| Property, plant and equipment | 1 | | 313,342 | 20,342,162 | 157,955 | 10,464,519 |
| Capital work-in-progress | | | 4,366 | 283,441 | 2,983 | 197,624 |
| Non current tax asset | | | 238,667 | 15,494,262 | 174,336 | 11,549,760 |
| | | | 556,375 | 36,119,865 | 335,274 | 22,211,903 |
| (2) Current assets | | | | | | |
| Financial assets | | | | | | |
| (i) Trade receivables | 2 | | 1,435,977 | 93,223,627 | 14,400,309 | 954,020,471 |
| (ii) Cash and cash equivalent | 3 | | 11,102 | 720,742 | 12,356 | 818,585 |
| (iii) Other financial assets | 4 | | 5,217 | 338,688 | 27,325 | 1,810,281 |
| Other current assets | 5 | | 20,071,580 | 1,303,046,974 | 20,157,914 | 1,335,461,802 |
| | | | 21,523,876 | 1,397,330,031 | 34,597,904 | 2,292,111,139 |
| TOTAL ASSETS | | | 22,080,251 | 1,433,449,896 | 34,933,178 | 2,314,323,042 |
| (B) EQUITY AND LIABILITIES | | | | | | |
| (1) Equity | | | | | | |
| Equity share capital | 6 | | 6,016,835 | 390,612,928 | 6,016,835 | 398,615,319 |
| Other equity | 7 | | (5,746,602) | (373,069,401) | (4,843,215) | (320,862,996) |
| Total Equity | | | 270,233 | 17,543,527 | 1,173,620 | 77,752,323 |
| (2) Current liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Borrowings | 8 | | 20,071,521 | 1,303,043,143 | 31,682,509 | 2,098,966,221 |
| (ii) Trade payables | 9 | | 1,039,865 | 67,508,036 | 1,520,486 | 100,732,198 |
| (iii) Other financial liabilities | 10 | | 418,922 | 27,196,417 | 17,850 | 1,182,563 |
| Other current liabilities | 11 | | 239,923 | 15,575,801 | 503,786 | 33,375,823 |
| Provisions | 12 | | 39,787 | 2,582,972 | 34,927 | 2,313,914 |
| | | | 21,810,018 | 1,415,906,369 | 33,759,558 | 2,236,570,719 |
| TOTAL EQUITY AND LIABILITIES | | | 22,080,251 | 1,433,449,896 | 34,933,178 | 2,314,323,042 |

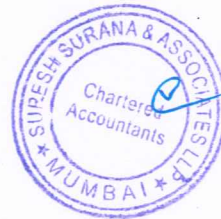
*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 17,418,860 | 1,130,832,391 | 77,161,351 | 5,111,939,504 |
| ii | Other Income | 14 | 2,037,268 | 132,259,440 | 279,957 | 18,547,152 |
| iii | Total income (i + ii) | | 19,456,128 | 1,263,091,831 | 77,441,308 | 5,130,486,656 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 15 | 17,881,200 | 1,160,847,504 | 75,688,990 | 5,014,395,588 |
| (ii) | Employee benefits expenses | 16 | 650,587 | 42,236,108 | 901,871 | 59,748,954 |
| (iii) | Operating and other expenses | 17 | 665,475 | 43,202,637 | 585,058 | 38,760,094 |
| (iv) | Finance costs | 18 | 1,085,291 | 70,457,092 | 1,053,399 | 69,787,683 |
| (v) | Depreciation and amortisation expenses | | 76,962 | 4,996,373 | 83,206 | 5,512,398 |
| (vi) | Staff optimisation cost | | - | - | 206,850 | 13,703,813 |
| | Total expenses | | 20,359,515 | 1,321,739,714 | 78,519,374 | 5,201,908,530 |
| v | Profit before taxes (iii - iv) | | (903,387) | (58,647,883) | (1,078,066) | (71,421,874) |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | 1,077,675 | 71,395,969 |
| | Net tax expenses | | - | - | 1,077,675 | 71,395,969 |
| vii | Profit / (loss) for the year (v-vi) | | (903,387) | (58,647,883) | (2,155,741) | (142,817,843) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------|---------------------|------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 1,787,795 | 116,063,651 | 1,502,836 | 99,562,885 |
| Computers | 1,653 | 107,313 | 2,888 | 191,330 |
| (a) | 1,789,448 | 116,170,964 | 1,505,724 | 99,754,215 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 1,474,453 | 95,721,489 | 1,344,881 | 89,098,366 |
| Computers | 1,653 | 107,313 | 2,888 | 191,330 |
| (b) | 1,476,106 | 95,828,802 | 1,347,769 | 89,289,696 |
| Net block (a) - (b) | 313,342 | 20,342,162 | 157,955 | 10,464,519 |

2 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade receivables | 999,712 | 64,901,303 | 2,189,937 | 145,083,326 |
| Intercompany receivables | 514,349 | 33,391,537 | 12,296,973 | 814,674,461 |
| Provision for doubtful debts | (78,084) | (5,069,213) | (86,601) | (5,737,316) |
| Total | 1,435,977 | 93,223,627 | 14,400,309 | 954,020,471 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|---------|---------------------|---------|
| | USD | INR | USD | INR |
| Balance with bank | 11,102 | 720,742 | 12,356 | 818,585 |
| Total | 11,102 | 720,742 | 12,356 | 818,585 |

4 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|---------|---------------------|-----------|
| | USD | INR | USD | INR |
| Advances to employees | 1,706 | 110,754 | 2,175 | 144,094 |
| Interest Receivable | - | - | 22,617 | 1,498,376 |
| Others | 3,511 | 227,934 | 2,533 | 167,811 |
| Total | 5,217 | 338,688 | 27,325 | 1,810,281 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 143,713 | 9,329,848 | 72,521 | 4,804,516 |
| Indirect tax receivable | 19,927,867 | 1,293,717,126 | 20,085,393 | 1,330,657,286 |
| Total | 20,071,580 | 1,303,046,974 | 20,157,914 | 1,335,461,802 |

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 6,016,835 | 390,612,928 | 6,016,835 | 398,615,319 |
| Total | 6,016,835 | 390,612,928 | 6,016,835 | 398,615,319 |

7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (4,843,215) | (314,421,518) | (2,687,474) | (178,045,153) |
| Profit / (loss) for the year | (903,387) | (58,647,883) | (2,155,741) | (142,817,843) |
| Closing balance | (5,746,602) | (373,069,401) | (4,843,215) | (320,862,996) |

8 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 20,071,521 | 1,303,043,143 | 31,682,509 | 2,098,966,221 |
| Total | 20,071,521 | 1,303,043,143 | 31,682,509 | 2,098,966,221 |

9 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 1,039,865 | 67,508,036 | 1,520,486 | 100,732,198 |
| Total | 1,039,865 | 67,508,036 | 1,520,486 | 100,732,198 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 16,767 | 1,088,514 | 17,850 | 1,182,563 |
| Interest accrued but not due | 400,731 | 26,015,457 | - | - |
| Others | 1,424 | 92,446 | - | - |
| Total | 418,922 | 27,196,417 | 17,850 | 1,182,563 |

11 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 239,566 | 15,552,625 | 502,979 | 33,322,359 |
| Others | 357 | 23,176 | 807 | 53,464 |
| Total | 239,923 | 15,575,801 | 503,786 | 33,375,823 |

12 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 39,787 | 2,582,972 | 34,927 | 2,313,914 |
| Total | 39,787 | 2,582,972 | 34,927 | 2,313,914 |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 17,418,860 | 1,130,832,391 | 77,161,351 | 5,111,939,504 |
| Total | 17,418,860 | 1,130,832,391 | 77,161,351 | 5,111,939,504 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 35,531 | 2,306,673 | 197,768 | 13,102,130 |
| Exchange gain -Net | 2,000,981 | 129,903,687 | 79,463 | 5,264,424 |
| Miscellaneous income | 756 | 49,080 | 2,726 | 180,598 |
| Total | 2,037,268 | 132,259,440 | 279,957 | 18,547,152 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 17,881,200 | 1,160,847,504 | 75,688,990 | 5,014,395,588 |
| Total | 17,881,200 | 1,160,847,504 | 75,688,990 | 5,014,395,588 |

16 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 646,674 | 41,982,076 | 901,704 | 59,737,890 |
| Staff welfare expenses | 3,913 | 254,032 | 167 | 11,064 |
| Total | 650,587 | 42,236,108 | 901,871 | 59,748,954 |

17 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 41,485 | 2,693,206 | 1,047 | 69,364 |
| Auditors remuneration | 50,000 | 3,246,000 | 51,628 | 3,420,355 |
| Bad debts | - | - | 2,133,627 | 141,352,789 |
| Communication expenses | 8,019 | 520,593 | 7,944 | 526,290 |
| Electricity | 24,974 | 1,621,312 | 13,946 | 923,923 |
| Entertainment expenses | 9 | 584 | 36 | 2,385 |
| Insurance expenses | 4,097 | 265,977 | 5,098 | 337,743 |
| IT consumables | - | - | 116 | 7,685 |
| Legal and professional fees | 157,435 | 10,220,680 | 83,607 | 5,538,964 |
| Miscellaneous expenses | 7,663 | 497,484 | 6,230 | 412,736 |
| Printing and stationery | 1,149 | 74,593 | 1,911 | 126,604 |
| Provision for doubtful debts | (8,517) | (552,924) | (2,169,616) | (143,737,060) |
| Rates and Taxes | 100,850 | 6,547,182 | 135,555 | 8,980,519 |
| Rent | 2,122 | 137,760 | - | - |
| Repairs and Maintenance - Plant & Machinery | 191,881 | 12,456,915 | 205,557 | 13,618,151 |
| Services rendered by agencies | 33,475 | 2,173,197 | 48,126 | 3,188,348 |
| Travelling and conveyance expenses | 50,833 | 3,300,078 | 60,246 | 3,991,298 |
| Total | 665,475 | 43,202,637 | 585,058 | 38,760,094 |

18 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest expenses | 983,624 | 63,856,870 | 1,278,969 | 84,731,696 |
| Guarantee fees | 101,667 | 6,600,222 | (225,570) | (14,944,013) |
| Total | 1,085,291 | 70,457,092 | 1,053,399 | 69,787,683 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 67,060,217 | 4,353,549,287 | 65,382,790 | 4,331,609,837 |
| | Capital work-in-progress | | 2,737,842 | 177,740,703 | 1,201,730 | 79,614,613 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | - | - | 2,075,956 | 137,532,085 |
| | (ii) Other financial assets | 3 | 156,475 | 10,158,357 | 155,848 | 10,324,930 |
| | Other non-current assets | 4 | 17,456 | 1,133,244 | 8,968 | 594,130 |
| | | | 69,971,990 | 4,542,581,591 | 68,825,292 | 4,559,675,595 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 5 | 2,136,052 | 138,672,496 | 1,632,550 | 108,156,438 |
| | (ii) Cash and cash equivalent | 6 | 274,049 | 17,791,261 | 262,013 | 17,358,361 |
| | (iii) Other financial assets | 7 | 553 | 35,901 | 50,938 | 3,374,642 |
| | Other current assets | 8 | 1,375,310 | 89,285,126 | 913,373 | 60,510,962 |
| | | | 3,785,964 | 245,784,784 | 2,858,874 | 189,400,403 |
| | | | | | | |
| | TOTAL ASSETS | | 73,757,954 | 4,788,366,375 | 71,684,166 | 4,749,075,998 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 9 | 3,628,039 | 235,532,292 | 3,628,039 | 240,357,584 |
| | Other equity | 10 | (4,542,622) | (294,907,018) | (3,670,640) | (243,179,901) |
| | Total Equity | | (914,583) | (59,374,726) | (42,601) | (2,822,317) |
| (2) | Non-current liabilities | | | | | |
| | Provisions | 11 | 1,176,329 | 76,367,279 | 1,118,226 | 74,082,473 |
| | Deferred tax liabilities (Net) | | 5,099,400 | 331,053,048 | 6,744,265 | 446,807,556 |
| | Other non current liabilities (Deferred revenue) | | 43,626,552 | 2,832,235,756 | 49,599,968 | 3,285,997,880 |
| | | | 49,902,281 | 3,239,656,083 | 57,462,459 | 3,806,887,909 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 12 | 5,506,593 | 357,488,018 | - | - |
| | (ii) Trade payables | 13 | 11,791,714 | 765,518,072 | 6,606,360 | 437,671,350 |
| | (iii) Other financial liabilities | 14 | 120,258 | 7,807,149 | 40,643 | 2,692,599 |
| | Other current liabilities | 15 | 7,085,036 | 459,960,537 | 7,087,806 | 469,567,148 |
| | Provisions | 16 | 63,536 | 4,124,757 | 61,484 | 4,073,315 |
| | Current tax liabilities (Net) | | 203,119 | 13,186,485 | 468,015 | 31,005,994 |
| | | | 24,770,256 | 1,608,085,018 | 14,264,308 | 945,010,406 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 73,757,954 | 4,788,366,375 | 71,684,166 | 4,749,075,998 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 17 | 28,603,264 | 1,856,923,899 | 27,712,985 | 1,835,985,256 |
| ii | Other Income | 18 | 9,123 | 592,265 | 123,064 | 8,152,990 |
| iii | Total income (i + ii) | | 28,612,387 | 1,857,516,164 | 27,836,049 | 1,844,138,246 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 19 | 14,719,489 | 955,589,226 | 13,348,060 | 884,308,975 |
| | (ii) Employee benefits expenses | 29 | 1,790,149 | 116,216,473 | 1,816,116 | 120,317,685 |
| | (iii) Operating and other expenses | 21 | 4,053,609 | 263,160,293 | 3,294,534 | 218,262,878 |
| | (iv) Finance costs | 22 | 154,432 | 10,025,726 | - | - |
| | (v) Depreciation and amortisation expenses | | 9,903,991 | 642,967,096 | 10,743,416 | 711,751,310 |
| | (vi) Staff optimisation cost | | 24,854 | 1,613,522 | 70,356 | 4,661,085 |
| | Total expenses | | 30,646,524 | 1,989,572,336 | 29,272,482 | 1,939,301,933 |
| v | Profit before taxes (iii - iv) | | (2,034,137) | (132,056,172) | (1,436,433) | (95,163,687) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 482,710 | 31,337,533 | 1,279,938 | 84,795,893 |
| | (ii) Deferred tax expense/(benefit) | | (1,644,865) | (106,784,636) | (640,119) | (42,407,884) |
| | Net tax expenses | | (1,162,155) | (75,447,103) | 639,819 | 42,388,009 |
| vii | Profit / (loss) for the year (v-vi) | | (871,982) | (56,609,069) | (2,076,252) | (137,551,696) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 2,087,335 | 135,509,788 | 2,087,335 | 138,285,944 |
| Building | 3,639,635 | 236,285,104 | 3,639,635 | 241,125,819 |
| Lease hold improvement | 40,434 | 2,624,975 | 40,434 | 2,678,753 |
| Cables | 76,268,636 | 4,951,359,849 | 65,928,065 | 4,367,734,306 |
| Plant and machinery | 83,352,560 | 5,411,248,195 | 82,672,410 | 5,477,047,163 |
| Furniture and fixtures | 41,278 | 2,679,768 | 12,397 | 821,301 |
| Computers | 478,331 | 31,053,249 | 499,673 | 33,103,336 |
| Office equipment | 235,853 | 15,311,577 | 217,712 | 14,423,420 |
| (a) | 166,144,062 | 10,786,072,505 | 155,097,661 | 10,275,220,042 |
| Accumulated depreciation: | | | | |
| Building | 1,704,218 | 110,637,833 | 1,558,632 | 103,259,370 |
| Lease hold improvement | 40,434 | 2,624,975 | 40,434 | 2,678,753 |
| Cables | 39,819,275 | 2,585,067,333 | 35,933,575 | 2,380,599,344 |
| Plant and machinery | 56,925,354 | 3,695,593,982 | 51,624,639 | 3,420,132,334 |
| Furniture and fixtures | 13,300 | 863,436 | 12,397 | 821,301 |
| Computers | 460,174 | 29,874,496 | 448,514 | 29,714,053 |
| Office equipment | 121,090 | 7,861,163 | 96,680 | 6,405,050 |
| (b) | 99,083,845 | 6,432,523,218 | 89,714,871 | 5,943,610,205 |
| Net block (a) - (b) | 67,060,217 | 4,353,549,287 | 65,382,790 | 4,331,609,837 |

2 Non-current assets - financial assets - loans

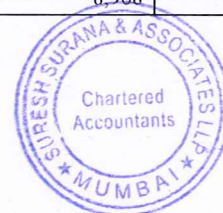
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Inter company loans given | - | - | 2,075,956 | 137,532,085 |
| Total | - | - | 2,075,956 | 137,532,085 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 156,475 | 10,158,357 | 155,848 | 10,324,930 |
| Total | 156,475 | 10,158,357 | 155,848 | 10,324,930 |

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 17,456 | 1,133,244 | 8,968 | 594,130 |
| Total | 17,456 | 1,133,244 | 8,968 | 594,130 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 2,143,661 | 139,166,472 | 1,637,619 | 108,492,259 |
| Provision for doubtful debts | (7,609) | (493,976) | (5,069) | (335,821) |
| Total | 2,136,052 | 138,672,496 | 1,632,550 | 108,156,438 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 274,049 | 17,791,261 | 262,013 | 17,358,361 |
| Total | 274,049 | 17,791,261 | 262,013 | 17,358,361 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|---------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Interest Receivable | - | - | 50,813 | 3,366,361 |
| Others | 553 | 35,901 | 125 | 8,281 |
| Total | 553 | 35,901 | 50,938 | 3,374,642 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 438,268 | 28,452,359 | 396,367 | 26,259,314 |
| Indirect tax receivable | 937,042 | 60,832,767 | 517,006 | 34,251,648 |
| Total | 1,375,310 | 89,285,126 | 913,373 | 60,510,962 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 3,628,039 | 235,532,292 | 3,628,039 | 240,357,584 |
| Total | 3,628,039 | 235,532,292 | 3,628,039 | 240,357,584 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (3,670,640) | (238,297,949) | (1,594,388) | (105,628,205) |
| Profit / (loss) for the year | (871,982) | (56,609,069) | (2,076,252) | (137,551,696) |
| Closing balance | (4,542,622) | (294,907,018) | (3,670,640) | (243,179,901) |

11 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 1,176,329 | 76,367,279 | 1,118,226 | 74,082,473 |
| Total | 1,176,329 | 76,367,279 | 1,118,226 | 74,082,473 |

12 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------|---------------------|-----|
| | USD | INR | USD | INR |
| Inter company loans taken | 5,506,593 | 357,488,018 | - | - |
| Total | 5,506,593 | 357,488,018 | - | - |

13 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade payable | 9,850,932 | 639,522,505 | 5,524,553 | 366,001,636 |
| Inter Company - Payables | 1,940,782 | 125,995,567 | 1,081,807 | 71,669,714 |
| Total | 11,791,714 | 765,518,072 | 6,606,360 | 437,671,350 |

14 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 11,000 | 714,120 | 11,000 | 728,750 |
| Interest accrued but not due | 96,237 | 6,247,706 | - | - |
| Others | 13,021 | 845,323 | 29,643 | 1,963,849 |
| Total | 120,258 | 7,807,149 | 40,643 | 2,692,599 |



15 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 6,782,470 | 440,317,952 | 6,844,146 | 453,424,673 |
| Other Employee dues | 208,193 | 13,515,890 | 148,960 | 9,868,600 |
| Other Statutory dues | 94,373 | 6,126,695 | 94,373 | 6,252,211 |
| Others | - | - | 327 | 21,664 |
| Total | 7,085,036 | 459,960,537 | 7,087,806 | 469,567,148 |

16 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 63,536 | 4,124,757 | 61,484 | 4,073,315 |
| Total | 63,536 | 4,124,757 | 61,484 | 4,073,315 |

17 Revenue from operations

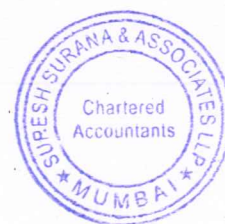
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 28,603,264 | 1,856,923,899 | 27,712,985 | 1,835,985,256 |
| Total | 28,603,264 | 1,856,923,899 | 27,712,985 | 1,835,985,256 |

18 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest income - others | 1 | 65 | 16,948 | 1,122,805 |
| Interest on loan to subsidiaries | 7,221 | 468,787 | 105,739 | 7,005,209 |
| Miscellaneous income | 1,901 | 123,413 | 377 | 24,976 |
| Total | 9,123 | 592,265 | 123,064 | 8,152,990 |

19 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 14,719,489 | 955,589,226 | 13,348,060 | 884,308,975 |
| Total | 14,719,489 | 955,589,226 | 13,348,060 | 884,308,975 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 1,786,997 | 116,011,845 | 1,812,341 | 120,067,591 |
| Staff welfare expenses | 3,152 | 204,628 | 3,775 | 250,094 |
| Total | 1,790,149 | 116,216,473 | 1,816,116 | 120,317,685 |

21 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 7,051 | 457,751 | 4,358 | 288,718 |
| Bad debts | - | - | 900 | 59,625 |
| Communication expenses | 58,444 | 3,794,184 | 57,099 | 3,782,809 |
| Donations | 1,767 | 114,714 | 1,462 | 96,858 |
| Electricity | 1,382,521 | 89,753,263 | 1,106,377 | 73,297,476 |
| Entertainment expenses | 4,640 | 301,229 | 10,315 | 683,369 |
| Exchange loss -Net | 259,903 | 16,872,903 | 11,632 | 770,620 |
| Insurance expenses | 66,794 | 4,336,266 | 61,305 | 4,061,456 |
| IT consumables | 3,034 | 196,967 | 4 | 265 |
| Legal and professional fees | 226,839 | 14,726,388 | 342,988 | 22,722,955 |
| Miscellaneous expenses | 24,091 | 1,563,986 | 19,845 | 1,314,728 |
| Printing and stationery | 12,557 | 815,200 | 8,289 | 549,146 |
| Provision for doubtful debts | 2,540 | 164,897 | (7,952) | (526,820) |
| Rates and Taxes | 414,364 | 26,900,511 | 389,119 | 25,779,134 |
| Recruitment expenses | 98,646 | 6,404,098 | - | - |
| Relocation Expense | 1,629 | 105,755 | 4,687 | 310,514 |
| Rent | 108,969 | 7,074,267 | 96,886 | 6,418,698 |
| Repairs and Maintenance - Plant & Machinery | 1,169,229 | 75,906,347 | 849,840 | 56,301,900 |
| Repairs and Maintenance -Building | 78,657 | 5,106,412 | 202,414 | 13,409,928 |
| Seminars, trainings and conferences | 305 | 19,801 | 3,030 | 200,738 |
| Services rendered by agencies | 75,609 | 4,908,536 | 73,982 | 4,901,308 |
| Travelling and conveyance expenses | 56,020 | 3,636,818 | 57,954 | 3,839,453 |
| Total | 4,053,609 | 263,160,293 | 3,294,534 | 218,262,878 |

22 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|----------|
| | USD | INR | USD | INR |
| Interest expenses | 153,554 | 9,968,726 | - | - |
| Guarantee fees | 878 | 57,000 | - | - |
| Total | 154,432 | 10,025,726 | - | - |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 533,504 | 34,635,080 | 369,450 | 24,476,062 |
| | Capital work-in-progress | | 167,868 | 10,897,991 | 17,110 | 1,133,538 |
| | Financial assets | | | | | |
| | (i) Other financial assets | 2 | 7,909 | 513,452 | 8,966 | 593,998 |
| | Non current tax asset | | 16,833 | 1,092,798 | 48,931 | 3,241,679 |
| | Other non-current assets | 3 | 68,681 | 4,458,771 | 8,561 | 567,166 |
| | | | 794,795 | 51,598,092 | 453,018 | 30,012,443 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 843,818 | 54,780,665 | 329,049 | 21,799,496 |
| | (ii) Cash and cash equivalent | 5 | 479,064 | 31,100,835 | 231,579 | 15,342,109 |
| | (iii) Other financial assets | 6 | 1,134 | 73,619 | - | - |
| | Other current assets | 7 | 80,113 | 5,200,936 | 43,274 | 2,866,903 |
| | | | 1,404,129 | 91,156,055 | 603,902 | 40,008,508 |
| | TOTAL ASSETS | | 2,198,924 | 142,754,147 | 1,056,920 | 70,020,951 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 47,560 | 3,087,595 | 47,560 | 3,150,850 |
| | Other equity | 9 | 224,480 | 14,573,243 | 97,906 | 6,486,274 |
| | Total Equity | | 272,040 | 17,660,838 | 145,466 | 9,637,124 |
| (2) | Non-current liabilities | | | | | |
| | Deferred tax liabilities (Net) | | 86,176 | 5,594,546 | 81,315 | 5,387,119 |
| | | | 86,176 | 5,594,546 | 81,315 | 5,387,119 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 10 | 602,628 | 39,122,610 | 219,732 | 14,557,245 |
| | (ii) Trade payables | 11 | 1,161,576 | 75,409,514 | 552,789 | 36,622,271 |
| | (iii) Other financial liabilities | 12 | 14,369 | 932,835 | 4,473 | 296,336 |
| | Other current liabilities | 13 | 55,537 | 3,605,462 | 53,145 | 3,520,856 |
| | Provisions | 14 | 6,598 | 428,342 | - | - |
| | | | 1,840,708 | 119,498,763 | 830,139 | 54,996,708 |
| | TOTAL EQUITY AND LIABILITIES | | 2,198,924 | 142,754,147 | 1,056,920 | 70,020,951 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|--------------------|-----------------------|--------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 15 | 3,417,244 | 221,847,480 | 1,857,408 | 123,053,280 |
| ii | Other Income | 16 | 43,748 | 2,840,120 | 25 | 1,656 |
| iii | Total income (i + ii) | | 3,460,992 | 224,687,600 | 1,857,433 | 123,054,936 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 17 | 2,117,567 | 137,472,450 | 1,014,430 | 67,205,988 |
| | (ii) Employee benefits expenses | 18 | 462,516 | 30,026,538 | 385,278 | 25,524,668 |
| | (iii) Operating and other expenses | 19 | 595,597 | 38,666,156 | 270,763 | 17,938,046 |
| | (iv) Finance costs | 20 | 20,373 | 1,322,615 | 7,916 | 524,435 |
| | (v) Depreciation and amortisation expenses | | 104,653 | 6,794,073 | 64,361 | 4,263,916 |
| | Total expenses | | 3,300,706 | 214,281,832 | 1,742,748 | 115,457,053 |
| v | Profit before taxes (iii - iv) | | 160,286 | 10,405,768 | 114,685 | 7,597,883 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 28,851 | 1,873,007 | (12,915) | (855,619) |
| | (ii) Deferred tax expense/(benefit) | | 4,861 | 315,576 | 74,663 | 4,946,424 |
| | Net tax expenses | | 33,712 | 2,188,583 | 61,748 | 4,090,805 |
| vii | Profit / (loss) for the year (v-vi) | | 126,574 | 8,217,185 | 52,937 | 3,507,078 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 748,436 | 48,588,465 | 479,729 | 31,782,046 |
| (a) | 748,436 | 48,588,465 | 479,729 | 31,782,046 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 214,932 | 13,953,385 | 110,279 | 7,305,984 |
| (b) | 214,932 | 13,953,385 | 110,279 | 7,305,984 |
| Net block (a) - (b) | 533,504 | 34,635,080 | 369,450 | 24,476,062 |

2 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Vendor deposits | 7,909 | 513,452 | 8,966 | 593,998 |
| Total | 7,909 | 513,452 | 8,966 | 593,998 |

3 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Prepaid expenses. | 68,681 | 4,458,771 | 8,561 | 567,166 |
| Total | 68,681 | 4,458,771 | 8,561 | 567,166 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 667,592 | 43,340,073 | 329,049 | 21,799,496 |
| Intercompany receivables | 179,628 | 11,661,450 | - | - |
| Provision for doubtful debts | (3,402) | (220,858) | - | - |
| Total | 843,818 | 54,780,665 | 329,049 | 21,799,496 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 479,064 | 31,100,835 | 231,579 | 15,342,109 |
| Total | 479,064 | 31,100,835 | 231,579 | 15,342,109 |

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|---------------|---------------------|----------|
| | USD | INR | USD | INR |
| Others | 1,134 | 73,619 | - | - |
| Total | 1,134 | 73,619 | - | - |

7 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 80,108 | 5,200,611 | 43,274 | 2,866,903 |
| Others | 5 | 325 | - | - |
| Total | 80,113 | 5,200,936 | 43,274 | 2,866,903 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Equity share capital | 47,560 | 3,087,595 | 47,560 | 3,150,850 |
| Total | 47,560 | 3,087,595 | 47,560 | 3,150,850 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 97,906 | 6,356,058 | 44,969 | 2,979,196 |
| Profit / (loss) for the year | 126,574 | 8,217,185 | 52,937 | 3,507,078 |
| Closing balance | 224,480 | 14,573,243 | 97,906 | 6,486,274 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 602,628 | 39,122,610 | 219,732 | 14,557,245 |
| Total | 602,628 | 39,122,610 | 219,732 | 14,557,245 |

11 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 1,161,576 | 75,409,514 | 235,924 | 15,629,965 |
| Inter Company - Payables | - | - | 316,865 | 20,992,306 |
| Total | 1,161,576 | 75,409,514 | 552,789 | 36,622,271 |

12 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 14,369 | 932,835 | 3,580 | 237,175 |
| Others | - | - | 893 | 59,161 |
| Total | 14,369 | 932,835 | 4,473 | 296,336 |

13 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 40,974 | 2,660,032 | 24,228 | 1,605,105 |
| Other Statutory dues | 14,563 | 945,430 | 28,917 | 1,915,751 |
| Total | 55,537 | 3,605,462 | 53,145 | 3,520,856 |

14 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Leave entitlement | 6,598 | 428,342 | - | - |
| Total | 6,598 | 428,342 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 3,417,244 | 221,847,480 | 1,857,408 | 123,053,280 |
| Total | 3,417,244 | 221,847,480 | 1,857,408 | 123,053,280 |

16 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|------------------|-----------------------|--------------|
| | USD | INR | USD | INR |
| Miscellaneous income | 43,748 | 2,840,120 | 25 | 1,656 |
| Total | 43,748 | 2,840,120 | 25 | 1,656 |

17 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 2,117,567 | 137,472,450 | 1,014,430 | 67,205,988 |
| Total | 2,117,567 | 137,472,450 | 1,014,430 | 67,205,988 |

18 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 415,864 | 26,997,891 | 345,244 | 22,872,415 |
| Contribution to provident and other funds | 42,957 | 2,788,768 | 38,796 | 2,570,235 |
| Staff welfare expenses | 3,695 | 239,879 | 1,238 | 82,018 |
| Total | 462,516 | 30,026,538 | 385,278 | 25,524,668 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 2,350 | 152,562 | 2,586 | 171,323 |
| Communication expenses | 13,723 | 890,897 | 11,960 | 792,350 |
| Directors fees | 5,242 | 340,311 | 5,583 | 369,874 |
| Electricity | 4,378 | 284,220 | - | - |
| Entertainment expenses | 24,143 | 1,567,364 | 26,117 | 1,730,251 |
| Exchange loss -Net | 104,543 | 6,786,932 | 14,923 | 988,649 |
| Insurance expenses | 9,063 | 588,370 | 5,866 | 388,623 |
| IT consumables | 516 | 33,499 | 846 | 56,048 |
| Legal and professional fees | 28,403 | 1,843,923 | 16,473 | 1,091,336 |
| Miscellaneous expenses | 39,849 | 2,586,995 | 5,630 | 372,983 |
| Printing and stationery | 599 | 38,887 | 1,052 | 69,695 |
| Provision for doubtful debts | 3,402 | 220,858 | - | - |
| Rates and Taxes | 72,346 | 4,696,702 | - | - |
| Recruitment expenses | 16,734 | 1,086,371 | - | - |
| Rent | 26,665 | 1,731,092 | 13,436 | 890,135 |
| Repairs and Maintenance - Plant & Machinery | 143,677 | 9,327,511 | 63,947 | 4,236,489 |
| Seminars, trainings and conferences | 508 | 32,979 | 537 | 35,576 |
| Services rendered by agencies | 82,771 | 5,373,493 | 83,342 | 5,521,408 |
| Travelling and conveyance expenses | 16,685 | 1,083,190 | 18,465 | 1,223,306 |
| Total | 595,597 | 38,666,156 | 270,763 | 17,938,046 |

20 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|------------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest expenses | 19,562 | 1,269,965 | 11,840 | 784,400 |
| Guarantee fees | 811 | 52,650 | (3,924) | (259,965) |
| Total | 20,373 | 1,322,615 | 7,916 | 524,435 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|------------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 31,027 | 2,014,273 | 37,498 | 2,484,243 |
| | Investments in subsidiaries & associates | 2 | 136,006 | 8,829,510 | 136,006 | 9,010,398 |
| | Financial assets | | | | | |
| | (i) Other financial assets | 3 | 16,335 | 1,060,468 | - | - |
| | Non current tax asset | | 38 | 2,467 | 38 | 2,518 |
| | | | 183,406 | 11,906,718 | 173,542 | 11,497,159 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 850,767 | 55,231,794 | 2,410,084 | 159,668,065 |
| | (ii) Cash and cash equivalent | 5 | 305,216 | 19,814,623 | 57,396 | 3,802,485 |
| | (iii) Other financial assets | 6 | 28,402 | 1,843,858 | 88,680 | 5,875,050 |
| | Other current assets | 7 | 38,305 | 2,486,761 | 43,567 | 2,886,314 |
| | | | 1,222,690 | 79,377,036 | 2,599,727 | 172,231,914 |
| | TOTAL ASSETS | | 1,406,096 | 91,283,754 | 2,773,269 | 183,729,073 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 13,750 | 892,650 | 13,750 | 910,938 |
| | Other equity | 9 | (3,675,898) | (238,639,297) | (3,837,920) | (254,262,199) |
| | Total Equity | | (3,662,148) | (237,746,647) | (3,824,170) | (253,351,261) |
| (2) | Non-current liabilities | | | | | |
| | Provisions | 10 | 477,447 | 30,995,860 | 329,081 | 21,801,616 |
| | | | 477,447 | 30,995,860 | 329,081 | 21,801,616 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 11 | 3,733,058 | 242,350,125 | 5,073,153 | 336,096,386 |
| | (ii) Trade payables | 12 | 83,335 | 5,410,108 | 88,715 | 5,877,369 |
| | (iii) Other financial liabilities | 13 | 106,081 | 6,886,779 | 133,032 | 8,813,370 |
| | Other current liabilities | 14 | 553,165 | 35,911,472 | 909,752 | 60,271,070 |
| | Provisions | 15 | 115,158 | 7,476,057 | 63,706 | 4,220,523 |
| | | | 4,590,797 | 298,034,541 | 6,268,358 | 415,278,718 |
| | TOTAL EQUITY AND LIABILITIES | | 1,406,096 | 91,283,754 | 2,773,269 | 183,729,073 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|-------------|-----------------------|-------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 16 | 7,045,996 | 457,426,060 | 8,429,810 | 558,474,913 |
| ii | Other Income | 17 | 1,042,546 | 67,682,086 | 1,091,619 | 72,319,759 |
| iii | Total income (i + ii) | | 8,088,542 | 525,108,146 | 9,521,429 | 630,794,672 |
| iv | Expenses: | | | | | |
| | (i) Employee benefits expenses | 18 | 6,655,521 | 432,076,424 | 6,719,311 | 445,154,354 |
| | (ii) Operating and other expenses | 19 | 1,022,519 | 66,381,932 | 1,252,479 | 82,976,733 |
| | (iii) Finance costs | 20 | 233,722 | 15,173,232 | 220,120 | 14,582,950 |
| | (iv) Depreciation and amortisation expenses | | 14,758 | 958,089 | 84,333 | 5,587,061 |
| | (v) Staff optimisation cost | | - | - | 68,667 | 4,549,189 |
| | Total expenses | | 7,926,520 | 514,589,677 | 8,344,910 | 552,850,287 |
| v | Profit before taxes (iii - iv) | | 162,022 | 10,518,469 | 1,176,519 | 77,944,385 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 162,022 | 10,518,469 | 1,176,519 | 77,944,385 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 77,554 | 5,034,806 | 77,554 | 5,137,953 |
| Furniture and fixtures | 41,175 | 2,673,081 | 41,175 | 2,727,844 |
| Computers | 47,460 | 3,081,103 | 48,967 | 3,244,064 |
| (a) | 166,189 | 10,788,990 | 167,696 | 11,109,861 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 77,554 | 5,034,806 | 77,554 | 5,137,953 |
| Furniture and fixtures | 10,513 | 682,504 | 5,256 | 348,210 |
| Computers | 47,095 | 3,057,407 | 47,388 | 3,139,455 |
| (b) | 135,162 | 8,774,717 | 130,198 | 8,625,618 |
| Net block (a) - (b) | 31,027 | 2,014,273 | 37,498 | 2,484,243 |

2 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 136,006 | 8,829,510 | 136,006 | 9,010,398 |
| Total | 136,006 | 8,829,510 | 136,006 | 9,010,398 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Vendor deposits | 16,335 | 1,060,468 | - | - |
| Total | 16,335 | 1,060,468 | - | - |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Intercompany receivables | 850,767 | 55,231,794 | 2,410,084 | 159,668,065 |
| Total | 850,767 | 55,231,794 | 2,410,084 | 159,668,065 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Cash in hand | 189,885 | 12,327,334 | - | - |
| Balance with bank | 115,331 | 7,487,289 | 57,396 | 3,802,485 |
| Total | 305,216 | 19,814,623 | 57,396 | 3,802,485 |

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to employees | 28,402 | 1,843,858 | 88,680 | 5,875,050 |
| Total | 28,402 | 1,843,858 | 88,680 | 5,875,050 |

7 Current assets - other assets

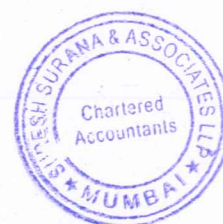
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 38,305 | 2,486,761 | 43,567 | 2,886,314 |
| Total | 38,305 | 2,486,761 | 43,567 | 2,886,314 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Equity share capital | 13,750 | 892,650 | 13,750 | 910,938 |
| Total | 13,750 | 892,650 | 13,750 | 910,938 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (3,837,920) | (249,157,766) | (5,014,439) | (332,206,584) |
| Profit / (loss) for the year | 162,022 | 10,518,469 | 1,176,519 | 77,944,385 |
| Closing balance | (3,675,898) | (238,639,297) | (3,837,920) | (254,262,199) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Provision for gratuity | 456,767 | 29,653,314 | 329,081 | 21,801,616 |
| Retention liability | 20,680 | 1,342,546 | - | - |
| Total | 477,447 | 30,995,860 | 329,081 | 21,801,616 |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 3,733,058 | 242,350,125 | 5,073,153 | 336,096,386 |
| Total | 3,733,058 | 242,350,125 | 5,073,153 | 336,096,386 |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 83,335 | 5,410,108 | 88,715 | 5,877,369 |
| Total | 83,335 | 5,410,108 | 88,715 | 5,877,369 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 106,079 | 6,886,649 | 133,031 | 8,813,304 |
| Others | 2 | 130 | 1 | 66 |
| Total | 106,081 | 6,886,779 | 133,032 | 8,813,370 |

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 553,165 | 35,911,472 | 909,731 | 60,269,679 |
| Others | - | - | 21 | 1,391 |
| Total | 553,165 | 35,911,472 | 909,752 | 60,271,070 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 115,158 | 7,476,057 | 63,706 | 4,220,523 |
| Total | 115,158 | 7,476,057 | 63,706 | 4,220,523 |

16 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Management consultancy Services | 7,045,996 | 457,426,060 | 8,429,810 | 558,474,913 |
| Total | 7,045,996 | 457,426,060 | 8,429,810 | 558,474,913 |

17 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Miscellaneous income | 1,042,546 | 67,682,086 | 1,091,619 | 72,319,759 |
| Total | 1,042,546 | 67,682,086 | 1,091,619 | 72,319,759 |

18 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 6,470,355 | 420,055,447 | 6,578,148 | 435,802,305 |
| Contribution to provident and other funds | 169,786 | 11,022,507 | 125,105 | 8,288,206 |
| Staff welfare expenses | 15,380 | 998,470 | 16,058 | 1,063,843 |
| Total | 6,655,521 | 432,076,424 | 6,719,311 | 445,154,354 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 89,450 | 5,807,094 | 101,221 | 6,705,891 |
| Auditors remuneration | 5,717 | 371,148 | 4,628 | 306,605 |
| Communication expenses | 164,702 | 10,692,454 | 235,504 | 15,602,140 |
| Entertainment expenses | 8,911 | 578,502 | 6,101 | 404,191 |
| Exchange loss -Net | 60,907 | 3,954,082 | 99,996 | 6,624,735 |
| Insurance expenses | 15,359 | 997,106 | 10,193 | 675,286 |
| IT consumables | 9,821 | 637,579 | 7,890 | 522,713 |
| Legal and professional fees | 64,599 | 4,193,767 | 94,725 | 6,275,531 |
| Miscellaneous expenses | 8,095 | 525,528 | 8,704 | 576,639 |
| Printing and stationery | 1,246 | 80,890 | 8,922 | 591,083 |
| Rates and Taxes | 98 | 6,362 | 13,202 | 874,633 |
| Relocation Expense | 13,613 | 883,756 | 32,672 | 2,164,520 |
| Rent | 139,910 | 9,082,957 | 137,917 | 9,137,001 |
| Repairs and Maintenance | - | - | 451 | 29,879 |
| - Plant & Machinery | | | | |
| Seminars, trainings and conferences | 13,670 | 887,456 | 40,341 | 2,672,591 |
| Services rendered by agencies | 30,362 | 1,971,101 | - | - |
| Travelling and conveyance expenses | 396,059 | 25,712,150 | 450,012 | 29,813,295 |
| Total | 1,022,519 | 66,381,932 | 1,252,479 | 82,976,733 |

20 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest expenses | 217,953 | 14,149,509 | 299,429 | 19,837,171 |
| Guarantee fees | 15,769 | 1,023,723 | (79,309) | (5,254,221) |
| Total | 233,722 | 15,173,232 | 220,120 | 14,582,950 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------------------|-------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| Property, plant and equipment | 1 | | 73,150 | 4,748,898 | 6,686 | 442,948 |
| Capital work-in-progress | | | 104,017 | 6,752,784 | - | - |
| Financial assets | | | | | | |
| (i) Loans | 2 | | 712,837 | 46,277,378 | - | - |
| (ii) Other financial assets | 3 | | 4,933 | 320,250 | 5,252 | 347,945 |
| Deferred tax assets (Net) | | | 761 | 49,404 | 761 | 50,416 |
| Non current tax asset | | | 72 | 4,674 | 72 | 4,770 |
| Other non-current assets | 4 | | 3,544 | 230,076 | - | - |
| | | | 899,314 | 58,383,464 | 12,771 | 846,079 |
| (2) Current assets | | | | | | |
| Financial assets | | | | | | |
| (i) Trade receivables | 5 | | 313,764 | 20,369,558 | 137,693 | 9,122,162 |
| (ii) Cash and cash equivalent | 6 | | 64,261 | 4,171,824 | 29,167 | 1,932,314 |
| (vi) Other financial assets | 7 | | 7,073 | 459,179 | 13,578 | 899,543 |
| Other current assets | 8 | | 56,126 | 3,643,700 | 2,108 | 139,655 |
| | | | 441,224 | 28,644,261 | 182,546 | 12,093,674 |
| TOTAL ASSETS | | | 1,340,538 | 87,027,725 | 195,317 | 12,939,753 |
| (B) EQUITY AND LIABILITIES | | | | | | |
| (1) Equity | | | | | | |
| Equity share capital | 9 | | 16,708 | 1,084,683 | 16,708 | 1,106,905 |
| Other equity | 10 | | 82,280 | 5,341,616 | 56,396 | 3,736,235 |
| Total Equity | | | 98,988 | 6,426,299 | 73,104 | 4,843,140 |
| (2) Non-current liabilities | | | | | | |
| Other non current liabilities (Deferred revenue) | | | 965,300 | 62,667,276 | - | - |
| | | | 965,300 | 62,667,276 | - | - |
| (3) Current liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Borrowings | 11 | | - | - | 7,745 | 513,106 |
| (ii) Trade payables | 12 | | 197,846 | 12,844,162 | 79,404 | 5,260,515 |
| (iii) Other financial liabilities | 13 | | - | - | 7,854 | 520,328 |
| Other current liabilities | 14 | | 50,793 | 3,297,482 | 17,480 | 1,158,051 |
| Provisions | 15 | | 27,611 | 1,792,506 | 9,730 | 644,613 |
| | | | 276,250 | 17,934,150 | 122,213 | 8,096,613 |
| TOTAL EQUITY AND LIABILITIES | | | 1,340,538 | 87,027,725 | 195,317 | 12,939,753 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|-------------------|-----------------------|--------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 16 | 979,179 | 63,568,301 | 1,533,251 | 101,577,879 |
| ii | Other Income | 17 | 91,928 | 5,967,966 | 3,242 | 214,783 |
| iii | Total income (i + ii) | | 1,071,107 | 69,536,267 | 1,536,493 | 101,792,662 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 18 | 155,240 | 10,078,181 | 71,149 | 4,713,621 |
| | (ii) Employee benefits expenses | 19 | 266,108 | 17,275,731 | 256,273 | 16,978,086 |
| | (iii) Operating and other expenses | 20 | 542,051 | 35,189,954 | 1,195,677 | 79,213,603 |
| | (iv) Finance costs | 21 | 3,644 | 236,568 | 11,395 | 754,919 |
| | (v) Depreciation and amortisation expenses | | 6,262 | 406,529 | 3,333 | 220,811 |
| | Total expenses | | 973,305 | 63,186,963 | 1,537,827 | 101,881,040 |
| v | Profit before taxes (iii - iv) | | 97,802 | 6,349,304 | (1,334) | (88,378) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | (761) | (50,416) |
| | Net tax expenses | | - | - | (761) | (50,416) |
| vii | Profit / (loss) for the year (v-vi) | | 97,802 | 6,349,304 | (573) | (37,962) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 380,221 | 24,683,947 | 307,494 | 20,371,478 |
| Computers | 212 | 13,763 | 212 | 14,045 |
| (a) | 380,433 | 24,697,710 | 307,706 | 20,385,523 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 307,071 | 19,935,049 | 300,808 | 19,928,530 |
| Computers | 212 | 13,763 | 212 | 14,045 |
| (b) | 307,283 | 19,948,812 | 301,020 | 19,942,575 |
| Net block (a) - (b) | 73,150 | 4,748,898 | 6,686 | 442,948 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Inter company loans given | 712,837 | 46,277,378 | - | - |
| Total | 712,837 | 46,277,378 | - | - |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Vendor deposits | 4,933 | 320,250 | 5,252 | 347,945 |
| Total | 4,933 | 320,250 | 5,252 | 347,945 |

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Prepaid expenses | 3,544 | 230,076 | - | - |
| Total | 3,544 | 230,076 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade receivables | 73,944 | 4,800,444 | 29,396 | 1,947,485 |
| Intercompany receivables | 241,144 | 15,655,068 | 109,618 | 7,262,193 |
| Provision for doubtful debts | (1,324) | (85,954) | (1,321) | (87,516) |
| Total | 313,764 | 20,369,558 | 137,693 | 9,122,162 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 64,261 | 4,171,824 | 29,167 | 1,932,314 |
| Total | 64,261 | 4,171,824 | 29,167 | 1,932,314 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Advances to employees | - | - | 1,183 | 78,374 |
| Interest Receivable | 7,073 | 459,179 | - | - |
| Others | - | - | 12,395 | 821,169 |
| Total | 7,073 | 459,179 | 13,578 | 899,543 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 12,009 | 779,624 | - | - |
| Indirect tax receivable | 44,117 | 2,864,076 | 2,108 | 139,655 |
| Total | 56,126 | 3,643,700 | 2,108 | 139,655 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Equity share capital | 16,708 | 1,084,683 | 16,708 | 1,106,905 |
| Total | 16,708 | 1,084,683 | 16,708 | 1,106,905 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (1,159,369) | (75,266,235) | (1,158,796) | (76,770,235) |
| Profit / (loss) for the year | 97,802 | 6,349,304 | (573) | (37,962) |
| Closing balance | (1,061,567) | (68,916,931) | (1,159,369) | (76,808,197) |
| Share premium | 1,143,847 | 74,258,547 | 1,143,847 | 75,779,864 |
| Capital reserves | - | - | 71,918 | 4,764,568 |
| Total | 82,280 | 5,341,616 | 56,396 | 3,736,235 |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------|---------------------|----------------|
| | USD | INR | USD | INR |
| Inter company loans taken | - | - | 7,745 | 513,106 |
| Total | - | - | 7,745 | 513,106 |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 197,846 | 12,844,162 | 79,404 | 5,260,515 |
| Total | 197,846 | 12,844,162 | 79,404 | 5,260,515 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | - | - | 7,854 | 520,328 |
| Total | - | - | 7,854 | 520,328 |

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 50,793 | 3,297,482 | 12,735 | 843,694 |
| Other Statutory dues | - | - | 1,774 | 117,528 |
| Others | - | - | 2,971 | 196,829 |
| Total | 50,793 | 3,297,482 | 17,480 | 1,158,051 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Leave entitlement | 27,611 | 1,792,506 | 9,730 | 644,613 |
| Total | 27,611 | 1,792,506 | 9,730 | 644,613 |

16 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 979,179 | 63,568,301 | 1,533,251 | 101,577,879 |
| Total | 979,179 | 63,568,301 | 1,533,251 | 101,577,879 |

17 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|------------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 14,786 | 959,907 | 3,242 | 214,783 |
| Miscellaneous income | 77,142 | 5,008,059 | - | - |
| Total | 91,928 | 5,967,966 | 3,242 | 214,783 |

18 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 155,240 | 10,078,181 | 71,149 | 4,713,621 |
| Total | 155,240 | 10,078,181 | 71,149 | 4,713,621 |

19 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 266,108 | 17,275,731 | 256,273 | 16,978,086 |
| Total | 266,108 | 17,275,731 | 256,273 | 16,978,086 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | - | - | 717,581 | 47,539,741 |
| Auditors remuneration | 48,400 | 3,142,128 | 48,400 | 3,206,500 |
| Bad debts | - | - | 52,813 | 3,498,861 |
| Communication expenses | 1,699 | 110,299 | 3,301 | 218,691 |
| Entertainment expenses | - | - | 142 | 9,408 |
| Exchange loss -Net | 37,437 | 2,430,410 | 56,192 | 3,722,720 |
| Insurance expenses | 1,409 | 91,472 | 2,596 | 171,985 |
| Legal and professional fees | 299,610 | 19,450,681 | 139,228 | 9,223,855 |
| Miscellaneous expenses | 3,113 | 202,099 | 3,093 | 204,912 |
| Provision for doubtful debts | 3 | 195 | (52,809) | (3,498,596) |
| Rates and Taxes | 20,051 | 1,301,711 | - | - |
| Repairs and Maintenance - Plant & Machinery | 114,141 | 7,410,034 | 210,734 | 13,961,128 |
| Services rendered by agencies | 782 | 50,767 | 447 | 29,614 |
| Sundry balances written off | - | - | 5,189 | 343,771 |
| Travelling and conveyance expenses | 15,406 | 1,000,158 | 8,770 | 581,013 |
| Total | 542,051 | 35,189,954 | 1,195,677 | 79,213,603 |

21 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest expenses | 3,474 | 225,532 | 15,878 | 1,051,918 |
| Guarantee fees | 170 | 11,036 | (4,483) | (296,999) |
| Total | 3,644 | 236,568 | 11,395 | 754,919 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 217,465 | 14,117,828 | 173,018 | 11,462,442 |
| | Capital work-in-progress | | 119,822 | 7,778,844 | 680 | 45,050 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | 224,235 | 14,557,336 | - | - |
| | (ii) Other financial assets | 3 | 1,038 | 67,387 | 1,091 | 72,279 |
| | Deferred tax assets (Net) | | 32,596 | 2,116,132 | 40,706 | 2,696,773 |
| | Non current tax asset | | 117,782 | 7,646,407 | 369,071 | 24,450,954 |
| | Other non-current assets | 4 | 1,224 | 79,462 | - | - |
| | | | 714,162 | 46,363,396 | 584,566 | 38,727,498 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 5 | 1,067,420 | 69,296,906 | 1,268,573 | 84,042,962 |
| | (ii) Cash and cash equivalent | 6 | 160,835 | 10,441,408 | 103,606 | 6,863,898 |
| | (iii) Other financial assets | 7 | 3,809 | 247,280 | 783 | 51,874 |
| | Other current assets | 8 | 438,008 | 28,435,480 | 1,018,945 | 67,505,107 |
| | | | 1,670,072 | 108,421,074 | 2,391,907 | 158,463,841 |
| | TOTAL ASSETS | | 2,384,234 | 154,784,470 | 2,976,473 | 197,191,339 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 9 | 473,029 | 30,709,043 | 473,029 | 31,338,171 |
| | Other equity | 10 | 336,802 | 21,865,183 | 476,293 | 31,554,414 |
| | Total Equity | | 809,831 | 52,574,226 | 949,322 | 62,892,585 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 11 | - | - | 648,804 | 42,983,265 |
| | (ii) Trade payables | 12 | 1,389,517 | 90,207,444 | 1,222,922 | 81,018,582 |
| | (iii) Other financial liabilities | 13 | 30,563 | 1,984,150 | 56,624 | 3,751,341 |
| | Other current liabilities | 14 | 133,492 | 8,666,301 | 82,336 | 5,454,760 |
| | Provisions | 15 | 20,831 | 1,352,349 | 16,465 | 1,090,806 |
| | | | 1,574,403 | 102,210,244 | 2,027,151 | 134,298,754 |
| | TOTAL EQUITY AND LIABILITIES | | 2,384,234 | 154,784,470 | 2,976,473 | 197,191,339 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|-------------|-----------------------|-------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 16 | 9,049,979 | 587,524,637 | 7,617,167 | 504,637,314 |
| ii | Other Income | 17 | 114,914 | 7,460,217 | 153,884 | 10,194,815 |
| iii | Total income (i + ii) | | 9,164,893 | 594,984,854 | 7,771,051 | 514,832,129 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 18 | 8,024,002 | 520,918,210 | 6,451,371 | 427,403,329 |
| | (ii) Employee benefits expenses | 19 | 645,678 | 41,917,416 | 610,759 | 40,462,784 |
| | (iii) Operating and other expenses | 20 | 394,785 | 25,629,445 | 507,516 | 33,622,933 |
| | (iv) Finance costs | 21 | 7,691 | 499,300 | 40,171 | 2,661,328 |
| | (v) Depreciation and amortisation expenses | | 53,118 | 3,448,421 | 35,444 | 2,348,165 |
| | Total expenses | | 9,125,274 | 592,412,792 | 7,645,261 | 506,498,539 |
| v | Profit before taxes (iii - iv) | | 39,619 | 2,572,062 | 125,790 | 8,333,590 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 171,000 | 11,101,320 | 88,466 | 5,860,873 |
| | (ii) Deferred tax expense/(benefit) | | 8,110 | 526,501 | (141,270) | (9,359,138) |
| | Net tax expenses | | 179,110 | 11,627,821 | (52,804) | (3,498,265) |
| vii | Profit / (loss) for the year (v-vi) | | (139,491) | (9,055,759) | 178,594 | 11,831,855 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 1,262,940 | 81,990,065 | 1,150,792 | 76,239,970 |
| Computers | 1,899 | 123,283 | 3,309 | 219,221 |
| (a) | 1,264,839 | 82,113,348 | 1,154,101 | 76,459,191 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 1,045,475 | 67,872,237 | 977,774 | 64,777,528 |
| Computers | 1,899 | 123,283 | 3,309 | 219,221 |
| (b) | 1,047,374 | 67,995,520 | 981,083 | 64,996,749 |
| Net block (a) - (b) | 217,465 | 14,117,828 | 173,018 | 11,462,442 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|------------|---------------------|-----|
| | USD | INR | USD | INR |
| Inter company loans given | 224,235 | 14,557,336 | - | - |
| Total | 224,235 | 14,557,336 | - | - |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|--------|---------------------|--------|
| | USD | INR | USD | INR |
| Vendor deposits | 1,038 | 67,387 | 1,091 | 72,279 |
| Total | 1,038 | 67,387 | 1,091 | 72,279 |

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------|---------------------|-----|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,224 | 79,462 | - | - |
| Total | 1,224 | 79,462 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 1,131,985 | 73,488,466 | 1,333,138 | 88,320,393 |
| Provision for doubtful debts | (64,565) | (4,191,560) | (64,565) | (4,277,431) |
| Total | 1,067,420 | 69,296,906 | 1,268,573 | 84,042,962 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 160,835 | 10,441,408 | 103,606 | 6,863,898 |
| Total | 160,835 | 10,441,408 | 103,606 | 6,863,898 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Advances to employees | 2,698 | 175,154 | 566 | 37,498 |
| Interest Receivable | 1,111 | 72,126 | - | - |
| Others | - | - | 217 | 14,376 |
| Total | 3,809 | 247,280 | 783 | 51,874 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 7,141 | 463,594 | 682 | 45,183 |
| Indirect tax receivable | 430,867 | 27,971,886 | 1,018,263 | 67,459,924 |
| Total | 438,008 | 28,435,480 | 1,018,945 | 67,505,107 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 473,029 | 30,709,043 | 473,029 | 31,338,171 |
| Total | 473,029 | 30,709,043 | 473,029 | 31,338,171 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------|---------------------|------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 476,293 | 30,920,942 | 297,699 | 19,722,559 |
| Profit / (loss) for the year | (139,491) | (9,055,759) | 178,594 | 11,831,855 |
| Closing balance | 336,802 | 21,865,183 | 476,293 | 31,554,414 |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----|---------------------|------------|
| | USD | INR | USD | INR |
| Inter company loans taken | - | - | 648,804 | 42,983,265 |
| Total | - | - | 648,804 | 42,983,265 |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Trade payable | 619,011 | 40,186,194 | 592,145 | 39,229,606 |
| Inter Company - Payables | 770,506 | 50,021,250 | 630,777 | 41,788,976 |
| Total | 1,389,517 | 90,207,444 | 1,222,922 | 81,018,582 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 30,296 | 1,966,816 | 32,202 | 2,133,383 |
| Interest accrued but not due | - | - | 24,422 | 1,617,958 |
| Others | 267 | 17,334 | - | - |
| Total | 30,563 | 1,984,150 | 56,624 | 3,751,341 |

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Other Employee dues | 133,492 | 8,666,301 | 82,336 | 5,454,760 |
| Total | 133,492 | 8,666,301 | 82,336 | 5,454,760 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 20,831 | 1,352,349 | 16,465 | 1,090,806 |
| Total | 20,831 | 1,352,349 | 16,465 | 1,090,806 |

16 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 9,049,979 | 587,524,637 | 7,617,167 | 504,637,314 |
| Total | 9,049,979 | 587,524,637 | 7,617,167 | 504,637,314 |

17 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 3,900 | 253,188 | - | - |
| Miscellaneous income | 111,014 | 7,207,029 | 153,884 | 10,194,815 |
| Total | 114,914 | 7,460,217 | 153,884 | 10,194,815 |

18 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 8,024,002 | 520,918,210 | 6,451,371 | 427,403,329 |
| Total | 8,024,002 | 520,918,210 | 6,451,371 | 427,403,329 |

19 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 638,230 | 41,433,892 | 605,269 | 40,099,071 |
| Staff welfare expenses | 7,448 | 483,524 | 5,490 | 363,713 |
| Total | 645,678 | 41,917,416 | 610,759 | 40,462,784 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 3,432 | 222,805 | - | - |
| Auditors remuneration | 15,000 | 973,800 | - | - |
| Bad debts | - | - | 97 | 6,426 |
| Communication expenses | 12,064 | 783,195 | 8,414 | 557,428 |
| Electricity | 876 | 56,870 | 466 | 30,873 |
| Entertainment expenses | 6,998 | 454,310 | 4,628 | 306,605 |
| Exchange loss -Net | 47,642 | 3,092,919 | 179,964 | 11,922,615 |
| Insurance expenses | 2,387 | 154,964 | 2,621 | 173,641 |
| IT consumables | 107 | 6,946 | 297 | 19,676 |
| Legal and professional fees | 134,760 | 8,748,619 | 150,493 | 9,970,161 |
| Miscellaneous expenses | 8,221 | 533,711 | 12,903 | 854,820 |
| Printing and stationery | 2,507 | 162,754 | 1,500 | 99,375 |
| Provision for doubtful debts | - | - | 64,468 | 4,271,005 |
| Rates and Taxes | 453 | 29,409 | 2,418 | 160,193 |
| Recruitment expenses | 3,650 | 236,958 | - | - |
| Rent | 13,379 | 868,565 | 13,824 | 915,840 |
| Repairs and Maintenance | 18,784 | 1,219,457 | 7,560 | 500,850 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 1,484 | 96,341 | 1,567 | 103,814 |
| Security charges | 368 | 23,891 | 250 | 16,563 |
| Seminars, trainings and conferences | 3,199 | 207,679 | 1,652 | 109,445 |
| Services rendered by agencies | 51,882 | 3,368,179 | 9,942 | 658,658 |
| Travelling and conveyance expenses | 67,592 | 4,388,073 | 44,452 | 2,944,945 |
| Total | 394,785 | 25,629,445 | 507,516 | 33,622,933 |

21 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest expenses | 6,498 | 421,850 | 47,897 | 3,173,176 |
| Guarantee fees | 1,193 | 77,450 | (7,726) | (511,848) |
| Total | 7,691 | 499,300 | 40,171 | 2,661,328 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar

(Vinodkumar Varma)
PARTNER
Membership No. 105545

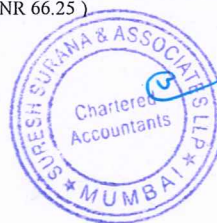


Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|-----------------|---------------------|-----------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 6,456,344 | 419,145,852 | 6,989,907 | 463,081,341 |
| | Capital work-in-progress | | 66,113 | 4,292,056 | 103,197 | 6,836,801 |
| | Deferred tax assets (Net) | | 222,908 | 14,471,187 | 398,655 | 26,410,894 |
| | Non current tax asset | | 162,400 | 10,543,008 | 89,626 | 5,937,723 |
| | | | 6,907,765 | 448,452,103 | 7,581,385 | 502,266,759 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 2 | 1,446,950 | 93,935,994 | 815,069 | 53,998,321 |
| | (ii) Cash and cash equivalent | 3 | 663,286 | 43,060,527 | 650,012 | 43,063,295 |
| | (iii) Other financial assets | 4 | 169 | 10,971 | - | - |
| | Other current assets | 5 | 902,628 | 58,598,610 | 949,842 | 62,927,033 |
| | | | 3,013,033 | 195,606,102 | 2,414,923 | 159,988,649 |
| | TOTAL ASSETS | | 9,920,798 | 644,058,205 | 9,996,308 | 662,255,408 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 6 | 60,714,551 | 3,941,588,651 | 60,714,551 | 4,022,339,004 |
| | Other equity | 7 | (61,888,596) | (4,017,807,654) | (62,257,052) | (4,124,529,695) |
| | Total Equity | | (1,174,045) | (76,219,003) | (1,542,501) | (102,190,691) |
| (2) | Non-current liabilities | | | | | |
| | Provisions | 8 | 461,580 | 29,965,774 | 439,079 | 29,088,984 |
| | Other non current liabilities (Deferred revenue) | | 5,374,558 | 348,916,305 | 5,582,386 | 369,833,073 |
| | | | 5,836,138 | 378,882,079 | 6,021,465 | 398,922,057 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 9 | 3,718,771 | 241,422,613 | 3,816,475 | 252,841,469 |
| | (ii) Trade payables | 10 | 592,273 | 38,450,364 | 770,526 | 51,047,348 |
| | (iii) Other financial liabilities | 11 | 204,159 | 13,254,002 | 225,877 | 14,964,352 |
| | Other current liabilities | 12 | 729,474 | 47,357,452 | 693,003 | 45,911,449 |
| | Provisions | 13 | 14,028 | 910,698 | 11,463 | 759,424 |
| | | | 5,258,705 | 341,395,129 | 5,517,344 | 365,524,042 |
| | TOTAL EQUITY AND LIABILITIES | | 9,920,798 | 644,058,205 | 9,996,308 | 662,255,408 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|--------------------|-----------------------|---------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 14 | 4,961,671 | 322,111,681 | 4,753,806 | 314,939,648 |
| ii | Other Income | 15 | 103,761 | 6,736,164 | 21 | 1,391 |
| iii | Total income (i + ii) | | 5,065,432 | 328,847,845 | 4,753,827 | 314,941,039 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 16 | 1,367,248 | 88,761,740 | 1,452,982 | 96,260,058 |
| | (ii) Employee benefits expenses | 17 | 534,491 | 34,699,155 | 528,029 | 34,981,922 |
| | (iii) Operating and other expenses | 18 | 1,371,390 | 89,030,640 | 1,528,551 | 101,266,503 |
| | (iv) Finance costs | 19 | 177,704 | 11,536,544 | (31,465) | (2,084,556) |
| | (v) Depreciation and amortisation expenses | | 1,029,892 | 66,860,589 | 1,029,737 | 68,220,076 |
| | Total expenses | | 4,480,725 | 290,888,668 | 4,507,834 | 298,644,003 |
| v | Profit before taxes (iii - iv) | | 584,707 | 37,959,177 | 245,993 | 16,297,036 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 40,504 | 2,629,520 | (520,623) | (34,491,274) |
| | (ii) Deferred tax expense/(benefit) | | 175,747 | 11,409,495 | 16,613 | 1,100,611 |
| | Net tax expenses | | 216,251 | 14,039,015 | (504,010) | (33,390,663) |
| vii | Profit / (loss) for the year (v-vi) | | 368,456 | 23,920,162 | 750,003 | 49,687,699 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 65,449 | 4,248,949 | 65,449 | 4,335,996 |
| Building | 98,610 | 6,401,761 | 98,610 | 6,532,913 |
| Cables | 4,690,007 | 304,475,254 | 4,577,286 | 303,245,198 |
| Plant and machinery | 10,453,898 | 678,667,058 | 9,873,594 | 654,125,603 |
| Furniture and fixtures | 10,876 | 706,070 | 10,876 | 720,535 |
| Computers | 31,127 | 2,020,765 | 32,462 | 2,150,608 |
| Office equipment | 140,587 | 9,126,908 | 37,768 | 2,502,130 |
| (a) | 15,490,554 | 1,005,646,765 | 14,696,045 | 973,612,983 |
| Accumulated depreciation: | | | | |
| Building | 48,428 | 3,143,946 | 44,641 | 2,957,466 |
| Cables | 2,448,303 | 158,943,831 | 2,141,925 | 141,902,531 |
| Plant and machinery | 6,481,292 | 420,765,477 | 5,480,673 | 363,094,586 |
| Furniture and fixtures | 5,957 | 386,728 | 4,646 | 307,798 |
| Computers | 30,835 | 2,001,808 | 30,420 | 2,015,325 |
| Office equipment | 19,395 | 1,259,123 | 3,833 | 253,936 |
| (b) | 9,034,210 | 586,500,913 | 7,706,138 | 510,531,642 |
| Net block (a) - (b) | 6,456,344 | 419,145,852 | 6,989,907 | 463,081,341 |

2 Trade receivables

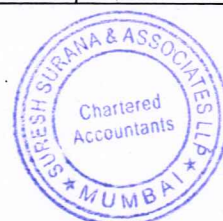
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 1,619,212 | 105,119,243 | 892,671 | 59,139,454 |
| Provision for doubtful debts | (172,262) | (11,183,249) | (77,602) | (5,141,133) |
| Total | 1,446,950 | 93,935,994 | 815,069 | 53,998,321 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 663,286 | 43,060,527 | 650,012 | 43,063,295 |
| Total | 663,286 | 43,060,527 | 650,012 | 43,063,295 |

4 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|---------------|---------------------|----------|
| | USD | INR | USD | INR |
| Others | 169 | 10,971 | - | - |
| Total | 169 | 10,971 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 6,286 | 408,087 | 6,426 | 425,723 |
| Indirect tax receivable | 896,342 | 58,190,523 | 943,416 | 62,501,310 |
| Total | 902,628 | 58,598,610 | 949,842 | 62,927,033 |

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Equity share capital | 60,714,551 | 3,941,588,651 | 60,714,551 | 4,022,339,004 |
| Total | 60,714,551 | 3,941,588,651 | 60,714,551 | 4,022,339,004 |

7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (62,257,052) | (4,041,727,816) | (63,007,055) | (4,174,217,394) |
| Profit / (loss) for the year | 368,456 | 23,920,162 | 750,003 | 49,687,699 |
| Closing balance | (61,888,596) | (4,017,807,654) | (62,257,052) | (4,124,529,695) |

8 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 461,580 | 29,965,774 | 439,079 | 29,088,984 |
| Total | 461,580 | 29,965,774 | 439,079 | 29,088,984 |

9 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 3,718,771 | 241,422,613 | 3,816,475 | 252,841,469 |
| Total | 3,718,771 | 241,422,613 | 3,816,475 | 252,841,469 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 569,381 | 36,964,215 | 590,224 | 39,102,340 |
| Inter Company - Payables | 22,892 | 1,486,149 | 180,302 | 11,945,008 |
| Total | 592,273 | 38,450,364 | 770,526 | 51,047,348 |

11 Current liabilities - other financial liabilities

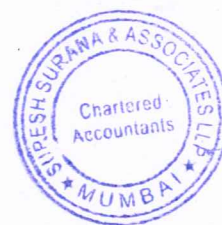
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 137,696 | 8,939,224 | 143,797 | 9,526,551 |
| Interest accrued but not due | 66,463 | 4,314,778 | 81,770 | 5,417,263 |
| Others | - | - | 310 | 20,538 |
| Total | 204,159 | 13,254,002 | 225,877 | 14,964,352 |

12 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 695,344 | 45,141,732 | 656,903 | 43,519,824 |
| Other Employee dues | 34,130 | 2,215,720 | 36,100 | 2,391,625 |
| Total | 729,474 | 47,357,452 | 693,003 | 45,911,449 |

13 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Leave entitlement | 14,028 | 910,698 | 11,463 | 759,424 |
| Total | 14,028 | 910,698 | 11,463 | 759,424 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 4,961,671 | 322,111,681 | 4,753,806 | 314,939,648 |
| Total | 4,961,671 | 322,111,681 | 4,753,806 | 314,939,648 |

15 Other income

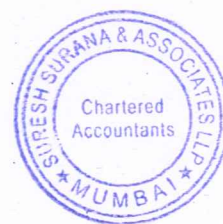
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|------------------|-----------------------|--------------|
| | USD | INR | USD | INR |
| Exchange gain -Net | 103,761 | 6,736,164 | - | - |
| Miscellaneous income | - | - | 21 | 1,391 |
| Total | 103,761 | 6,736,164 | 21 | 1,391 |

16 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 1,367,248 | 88,761,740 | 1,452,982 | 96,260,058 |
| Total | 1,367,248 | 88,761,740 | 1,452,982 | 96,260,058 |

17 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 516,969 | 33,561,627 | 514,790 | 34,104,838 |
| Staff welfare expenses | 17,522 | 1,137,528 | 13,239 | 877,084 |
| Total | 534,491 | 34,699,155 | 528,029 | 34,981,922 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

18 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 32,500 | 2,109,900 | 32,500 | 2,153,125 |
| Bad debts | - | - | 3,389 | 224,521 |
| Communication expenses | 13,418 | 871,097 | 12,439 | 824,084 |
| Electricity | 309,712 | 20,106,503 | 328,864 | 21,787,240 |
| Exchange loss -Net | - | - | 117,802 | 7,804,383 |
| Insurance expenses | 17,804 | 1,155,836 | 17,530 | 1,161,363 |
| Legal and professional fees | 74,579 | 4,841,669 | 57,294 | 3,795,728 |
| Miscellaneous expenses | 141,487 | 9,185,336 | 78,232 | 5,182,866 |
| Printing and stationery | 4,477 | 290,647 | 2,702 | 179,008 |
| Provision for doubtful debts | 94,660 | 6,145,327 | 21,303 | 1,411,324 |
| Rates and Taxes | 23,518 | 1,526,789 | 196,581 | 13,023,491 |
| Rent | 208,779 | 13,553,933 | 210,715 | 13,959,869 |
| Repairs and Maintenance | 397,328 | 25,794,534 | 390,445 | 25,866,981 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 17,483 | 1,134,996 | 18,530 | 1,227,613 |
| Seminars, trainings and conferences | 69 | 4,479 | 36 | 2,385 |
| Services rendered by agencies | 13,671 | 887,521 | 11,823 | 783,274 |
| Travelling and conveyance expenses | 21,905 | 1,422,073 | 28,366 | 1,879,248 |
| Total | 1,371,390 | 89,030,640 | 1,528,551 | 101,266,503 |

19 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 169,562 | 11,007,965 | 194,623 | 12,893,774 |
| Guarantee fees | 8,142 | 528,579 | (226,088) | (14,978,330) |
| Total | 177,704 | 11,536,544 | (31,465) | (2,084,556) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|------------------------------------------|----------|---------------------|------------|---------------------|------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Investments in subsidiaries & associates | 1 | 956,205 | 62,076,829 | 956,205 | 63,348,581 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | 404,314 | 26,248,065 | 415,182 | 27,505,808 |
| | Non current tax asset | | 15,050 | 977,046 | 13,939 | 923,459 |
| | | | 1,375,569 | 89,301,940 | 1,385,326 | 91,777,848 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Cash and cash equivalent | 3 | 21,390 | 1,388,639 | 25,476 | 1,687,785 |
| | (ii) Other financial assets | 4 | 6,837 | 443,858 | 8,040 | 532,650 |
| | Other current assets | 5 | 128 | 8,310 | - | - |
| | | | 28,355 | 1,840,807 | 33,516 | 2,220,435 |
| | | | | | | |
| | TOTAL ASSETS | | 1,403,924 | 91,142,747 | 1,418,842 | 93,998,283 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 6 | 1,393,444 | 90,462,384 | 1,393,444 | 92,315,665 |
| | Other equity | 7 | 4,980 | 323,303 | 22,648 | 1,500,430 |
| | Total Equity | | 1,398,424 | 90,785,687 | 1,416,092 | 93,816,095 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 8 | 5,500 | 357,060 | 2,750 | 182,188 |
| | | | 5,500 | 357,060 | 2,750 | 182,188 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 1,403,924 | 91,142,747 | 1,418,842 | 93,998,283 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|------------------------------------------|----------|----------------------|-------------|-----------------------|-----------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 9 | - | - | - | - |
| ii | Other Income | | 13,992 | 908,361 | 39,900 | 2,643,375 |
| iii | Total income (i + ii) | | 13,992 | 908,361 | 39,900 | 2,643,375 |
| iv | Expenses: | 10 | | | | |
| | (i) Operating and other expenses | | 31,660 | 2,055,366 | 4,138 | 274,142 |
| | Total expenses | | 31,660 | 2,055,366 | 4,138 | 274,142 |
| | | | | | | |
| v | Profit before taxes (iii - iv) | | (17,668) | (1,147,005) | 35,762 | 2,369,233 |
| | | | | | | |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (17,668) | (1,147,005) | 35,762 | 2,369,233 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Investments in subsidiaries & associates

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 956,205 | 62,076,829 | 956,205 | 63,348,581 |
| Total | 956,205 | 62,076,829 | 956,205 | 63,348,581 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 404,314 | 26,248,065 | 415,182 | 27,505,808 |
| Total | 404,314 | 26,248,065 | 415,182 | 27,505,808 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 21,390 | 1,388,639 | 25,476 | 1,687,785 |
| Total | 21,390 | 1,388,639 | 25,476 | 1,687,785 |

4 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest Receivable | 6,837 | 443,858 | 8,040 | 532,650 |
| Total | 6,837 | 443,858 | 8,040 | 532,650 |

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|--------------|---------------------|----------|
| | USD | INR | USD | INR |
| Indirect tax receivable | 128 | 8,310 | - | - |
| Total | 128 | 8,310 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 1,393,444 | 90,462,384 | 1,393,444 | 92,315,665 |
| Total | 1,393,444 | 90,462,384 | 1,393,444 | 92,315,665 |

7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 22,648 | 1,470,308 | (13,114) | (868,803) |
| Profit / (loss) for the year | (17,668) | (1,147,005) | 35,762 | 2,369,233 |
| Closing balance | 4,980 | 323,303 | 22,648 | 1,500,430 |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Trade payable | 2,750 | 178,530 | 2,750 | 182,188 |
| Inter Company - Payables | 2,750 | 178,530 | - | - |
| Total | 5,500 | 357,060 | 2,750 | 182,188 |

9 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 13,992 | 908,361 | 15,821 | 1,048,141 |
| Exchange gain -Net | - | - | 24,079 | 1,595,234 |
| Total | 13,992 | 908,361 | 39,900 | 2,643,375 |

10 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-----------------------------|----------------------|------------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Exchange loss -Net | 27,564 | 1,789,455 | - | - |
| Legal and professional fees | 3,323 | 215,729 | 2,750 | 182,188 |
| Miscellaneous expenses | 686 | 44,534 | 1,300 | 86,124 |
| Rates and Taxes | 87 | 5,648 | 88 | 5,830 |
| Total | 31,660 | 2,055,366 | 4,138 | 274,142 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 78,700 | 5,109,204 | 80,774 | 5,351,278 |
| | Capital work-in-progress | | 14,134 | 917,579 | 1,240 | 82,150 |
| | Financial assets | | | | | |
| | (i) Other financial assets | 2 | - | - | 18,680 | 1,237,550 |
| | Deferred tax assets (Net) | | 147,717 | 9,589,788 | - | - |
| | | | 240,551 | 15,616,571 | 100,694 | 6,670,978 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 3 | 3,629,503 | 235,627,335 | 4,006,938 | 265,459,643 |
| | (ii) Cash and cash equivalent | 4 | 192,919 | 12,524,301 | 81,138 | 5,375,393 |
| | (iii) Other financial assets | 5 | 47,436 | 3,079,545 | 49,339 | 3,268,709 |
| | Other current assets | 6 | 328,367 | 21,317,586 | 307,288 | 20,357,830 |
| | | | 4,198,225 | 272,548,767 | 4,444,703 | 294,461,575 |
| | | | | | | |
| | TOTAL ASSETS | | 4,438,776 | 288,165,338 | 4,545,397 | 301,132,553 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 7 | 87,254 | 5,664,530 | 419 | 27,759 |
| | Other equity | 8 | 3,716,122 | 241,250,639 | 3,966,550 | 262,783,938 |
| | Total Equity | | 3,803,376 | 246,915,169 | 3,966,969 | 262,811,697 |
| | | | | | | |
| (2) | Non-current liabilities | | | | | |
| | Deferred tax liabilities (Net) | | - | - | 2,882 | 190,933 |
| | | | - | - | 2,882 | 190,933 |
| | | | | | | |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 9 | 382,580 | 24,837,094 | 308,825 | 20,459,656 |
| | (ii) Other financial liabilities | 10 | 44,678 | 2,900,496 | 44,658 | 2,958,593 |
| | Other current liabilities | 11 | 64,190 | 4,167,215 | 125,017 | 8,282,376 |
| | Provisions | 12 | 83,310 | 5,408,485 | 36,367 | 2,409,314 |
| | Current tax liabilities (Net) | | 60,642 | 3,936,879 | 60,679 | 4,019,984 |
| | | | 635,400 | 41,250,169 | 575,546 | 38,129,923 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 4,438,776 | 288,165,338 | 4,545,397 | 301,132,553 |

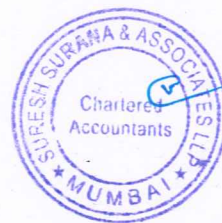
*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|---------------------|-----------------------|--------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 1,416,402 | 91,952,818 | 2,205,971 | 146,145,579 |
| ii | Other Income | 14 | - | - | 1,421,727 | 94,189,414 |
| iii | Total income (i + ii) | | 1,416,402 | 91,952,818 | 3,627,698 | 240,334,993 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 15 | 383,044 | 24,867,216 | 414,303 | 27,447,574 |
| | (ii) Employee benefits expenses | 16 | 402,435 | 26,126,080 | 738,284 | 48,911,315 |
| | (iii) Operating and other expenses | 17 | 1,002,037 | 65,052,244 | 1,028,085 | 68,110,630 |
| | (iv) Depreciation and amortisation expenses | | 29,913 | 1,941,952 | 41,578 | 2,754,543 |
| | (v) Staff optimisation cost | | - | - | 40,080 | 2,655,300 |
| | Total expenses | | 1,817,429 | 117,987,492 | 2,262,330 | 149,879,362 |
| v | Profit before taxes (iii - iv) | | (401,027) | (26,034,674) | 1,365,368 | 90,455,631 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | 686,291 | 45,466,779 |
| | (ii) Deferred tax expense/(benefit) | | (150,599) | (9,776,887) | (421) | (27,891) |
| | Net tax expenses | | (150,599) | (9,776,887) | 685,870 | 45,438,888 |
| vii | Profit / (loss) for the year (v-vi) | | (250,428) | (16,257,787) | 679,498 | 45,016,743 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 984,857 | 63,936,916 | 957,018 | 63,402,443 |
| Computers | 3,538 | 229,687 | 5,845 | 387,231 |
| (a) | 988,395 | 64,166,603 | 962,863 | 63,789,674 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 906,157 | 58,827,712 | 876,244 | 58,051,165 |
| Computers | 3,538 | 229,687 | 5,845 | 387,231 |
| (b) | 909,695 | 59,057,399 | 882,089 | 58,438,396 |
| Net block (a) - (b) | 78,700 | 5,109,204 | 80,774 | 5,351,278 |

2 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-----|---------------------|-----------|
| | USD | INR | USD | INR |
| Vendor deposits | - | - | 18,680 | 1,237,550 |
| Total | - | - | 18,680 | 1,237,550 |

3 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade receivables | 20,349 | 1,321,057 | 21,988 | 1,456,705 |
| Intercompany receivables | 3,609,154 | 234,306,278 | 3,984,950 | 264,002,938 |
| Total | 3,629,503 | 235,627,335 | 4,006,938 | 265,459,643 |

4 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------|---------------------|-----------|
| | USD | INR | USD | INR |
| Balance with bank | 192,919 | 12,524,301 | 81,138 | 5,375,393 |
| Total | 192,919 | 12,524,301 | 81,138 | 5,375,393 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Security Deposit | 20,000 | 1,298,400 | 5,720 | 378,950 |
| Advances to employees | - | - | 2,358 | 156,218 |
| Others | 27,436 | 1,781,145 | 41,261 | 2,733,541 |
| Total | 47,436 | 3,079,545 | 49,339 | 3,268,709 |

6 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 14,113 | 916,216 | 12,017 | 796,126 |
| Indirect tax receivable | 314,254 | 20,401,370 | 295,271 | 19,561,704 |
| Total | 328,367 | 21,317,586 | 307,288 | 20,357,830 |

7 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Equity share capital | 87,254 | 5,664,530 | 419 | 27,759 |
| Total | 87,254 | 5,664,530 | 419 | 27,759 |

8 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 3,966,550 | 257,508,426 | 3,287,052 | 217,767,195 |
| Profit / (loss) for the year | (250,428) | (16,257,787) | 679,498 | 45,016,743 |
| Closing balance | 3,716,122 | 241,250,639 | 3,966,550 | 262,783,938 |

9 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 382,580 | 24,837,094 | 308,825 | 20,459,656 |
| Total | 382,580 | 24,837,094 | 308,825 | 20,459,656 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Others | 44,678 | 2,900,496 | 44,658 | 2,958,593 |
| Total | 44,678 | 2,900,496 | 44,658 | 2,958,593 |

11 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 64,190 | 4,167,215 | 124,988 | 8,280,455 |
| Others | - | - | 29 | 1,921 |
| Total | 64,190 | 4,167,215 | 125,017 | 8,282,376 |

12 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 83,310 | 5,408,485 | 36,367 | 2,409,314 |
| Total | 83,310 | 5,408,485 | 36,367 | 2,409,314 |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 1,416,402 | 91,952,818 | 2,205,971 | 146,145,579 |
| Total | 1,416,402 | 91,952,818 | 2,205,971 | 146,145,579 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|----------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Exchange gain -Net | - | - | 62,615 | 4,148,244 |
| Miscellaneous income | - | - | 1,359,112 | 90,041,170 |
| Total | - | - | 1,421,727 | 94,189,414 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 383,044 | 24,867,216 | 414,303 | 27,447,574 |
| Total | 383,044 | 24,867,216 | 414,303 | 27,447,574 |

16 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 402,412 | 26,124,587 | 738,020 | 48,893,825 |
| Staff welfare expenses | 23 | 1,493 | 264 | 17,490 |
| Total | 402,435 | 26,126,080 | 738,284 | 48,911,315 |

17 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 10,626 | 689,840 | 1,266 | 83,873 |
| Auditors remuneration | 112,500 | 7,303,500 | - | - |
| Communication expenses | 19,680 | 1,277,626 | 36,607 | 2,425,214 |
| Donations | 4,213 | 273,508 | 5,973 | 395,711 |
| Entertainment expenses | 6,793 | 441,002 | 11,584 | 767,440 |
| Exchange loss -Net | 27,515 | 1,786,274 | - | - |
| Insurance expenses | 10,729 | 696,527 | 5,734 | 379,878 |
| IT consumables | 382 | 24,799 | 67 | 4,439 |
| Legal and professional fees | 88,534 | 5,747,627 | 196,466 | 13,015,873 |
| Miscellaneous expenses | 427,269 | 27,738,304 | 11,066 | 733,120 |
| Printing and stationery | 9,575 | 621,609 | 11,241 | 744,716 |
| Rates and Taxes | 101,702 | 6,602,494 | 531,428 | 35,207,105 |
| Rent | 162,326 | 10,538,204 | 184,152 | 12,200,070 |
| Repairs and Maintenance | 7,855 | 509,947 | 1,416 | 93,810 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 222 | 14,412 | 513 | 33,986 |
| Seminars, trainings and conferences | - | - | 904 | 59,890 |
| Services rendered by agencies | 423 | 27,461 | 383 | 25,374 |
| Travelling and conveyance expenses | 11,693 | 759,110 | 29,285 | 1,940,131 |
| Total | 1,002,037 | 65,052,244 | 1,028,085 | 68,110,630 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|---------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 6,532,887 | 424,115,024 | 7,521,442 | 498,295,533 |
| | Capital work-in-progress | | 54,831 | 3,559,629 | 28,764 | 1,905,615 |
| | Other intangible assets | 2 | - | - | - | - |
| | Financial assets | | | | | |
| | (i) Loans | 3 | 6,025,781 | 391,193,703 | - | - |
| | (ii) Other financial assets | 4 | 171,658 | 11,144,037 | 188,402 | 12,481,633 |
| | Deferred tax assets (Net) | | - | - | 48,290 | 3,199,213 |
| | Non current tax asset | | 221,056 | 14,350,956 | 15,127 | 1,002,164 |
| | Other non-current assets | 5 | 4,332 | 281,233 | - | - |
| | | | 13,010,545 | 844,644,582 | 7,802,025 | 516,884,158 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 6 | 2,866,750 | 186,109,410 | 9,704,116 | 642,897,685 |
| | (ii) Cash and cash equivalent | 7 | 290,979 | 18,890,357 | 117,193 | 7,764,036 |
| | (iii) Other financial assets | 8 | 9,165 | 594,992 | 63,577 | 4,211,977 |
| | Other current assets | 9 | 984,234 | 63,896,472 | 13,724,431 | 909,243,554 |
| | | | 4,151,128 | 269,491,231 | 23,609,317 | 1,564,117,252 |
| | | | | | | |
| | TOTAL ASSETS | | 17,161,673 | 1,114,135,813 | 31,411,342 | 2,081,001,410 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 10 | 537,610 | 34,901,641 | 537,610 | 35,616,663 |
| | Other equity | 11 | 11,868,025 | 770,472,186 | 10,983,475 | 727,655,219 |
| | Total Equity | | 12,405,635 | 805,373,827 | 11,521,085 | 763,271,882 |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Other financial liabilities | 12 | - | - | 91,579 | 6,067,109 |
| | Provisions | 13 | 458,872 | 29,789,970 | 436,629 | 28,926,671 |
| | Other non current liabilities (Deferred revenue) | | 65,822 | 4,273,164 | 80,714 | 5,347,303 |
| | | | 524,694 | 34,063,134 | 608,922 | 40,341,083 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 14 | - | - | 15,002,151 | 993,892,504 |
| | (ii) Trade payables | 15 | 3,839,596 | 249,266,572 | 3,982,850 | 263,863,813 |
| | (iii) Other financial liabilities | 16 | 39,612 | 2,571,611 | 12,504 | 828,390 |
| | Other current liabilities | 17 | 309,215 | 20,074,238 | 253,114 | 16,768,803 |
| | Provisions | 18 | 42,921 | 2,786,431 | 30,716 | 2,034,935 |
| | | | 4,231,344 | 274,698,852 | 19,281,335 | 1,277,388,445 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 17,161,673 | 1,114,135,813 | 31,411,342 | 2,081,001,410 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 19 | 19,808,461 | 1,285,965,288 | 60,410,175 | 4,002,174,094 |
| ii | Other Income | 20 | 1,773,434 | 115,131,335 | 447,029 | 29,615,671 |
| iii | Total income (i + ii) | | 21,581,895 | 1,401,096,623 | 60,857,204 | 4,031,789,765 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 21 | 15,094,531 | 979,936,953 | 54,260,802 | 3,594,778,133 |
| (ii) | Employee benefits expenses | 22 | 2,156,727 | 140,014,716 | 1,761,291 | 116,685,529 |
| (iii) | Operating and other expenses | 23 | 1,428,501 | 92,738,282 | 1,638,225 | 108,532,405 |
| (iv) | Finance costs | 24 | 481,017 | 31,227,624 | 1,144,600 | 75,829,750 |
| (v) | Depreciation and amortisation expenses | | 1,472,197 | 95,575,029 | 1,580,351 | 104,698,254 |
| (vi) | Staff optimisation cost | | - | - | 176,377 | 11,684,976 |
| | Total expenses | | 20,632,973 | 1,339,492,604 | 60,561,646 | 4,012,209,047 |
| v | Profit before taxes (iii - iv) | | 948,922 | 61,604,019 | 295,558 | 19,580,718 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | 16,082 | 1,044,043 | 48,290 | 3,199,213 |
| (ii) | Deferred tax expense/(benefit) | | 48,290 | 3,134,987 | (48,290) | (3,199,213) |
| | Net tax expenses | | 64,372 | 4,179,030 | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 884,550 | 57,424,989 | 295,558 | 19,580,718 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 115,191 | 7,478,200 | 115,191 | 7,631,404 |
| Building | 420,918 | 27,325,997 | 420,918 | 27,885,818 |
| Lease hold improvement | 176,979 | 11,489,477 | 176,979 | 11,724,859 |
| Cables | 7,705,760 | 500,257,939 | 7,701,065 | 510,195,556 |
| Plant and machinery | 12,735,922 | 826,816,056 | 12,149,278 | 804,889,668 |
| Furniture and fixtures | 43,077 | 2,796,559 | 43,077 | 2,853,851 |
| Computers | 37,482 | 2,433,331 | 61,473 | 4,072,586 |
| Office equipment | 119,820 | 7,778,714 | 119,820 | 7,938,075 |
| (a) | 21,355,149 | 1,386,376,273 | 20,787,801 | 1,377,191,817 |
| Accumulated depreciation: | | | | |
| Building | 192,210 | 12,478,273 | 175,559 | 11,630,784 |
| Lease hold improvement | 153,436 | 9,961,065 | 141,153 | 9,351,386 |
| Cables | 4,859,416 | 315,473,287 | 4,324,980 | 286,529,925 |
| Plant and machinery | 9,509,986 | 617,388,291 | 8,508,744 | 563,704,290 |
| Furniture and fixtures | 27,528 | 1,787,118 | 23,796 | 1,576,485 |
| Computers | 37,482 | 2,433,331 | 60,572 | 4,012,895 |
| Office equipment | 42,204 | 2,739,884 | 31,555 | 2,090,519 |
| (b) | 14,822,262 | 962,261,249 | 13,266,359 | 878,896,284 |
| Net block (a) - (b) | 6,532,887 | 424,115,024 | 7,521,442 | 498,295,533 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 25,650 | 1,665,198 | 25,650 | 1,699,313 |
| (a) | 25,650 | 1,665,198 | 25,650 | 1,699,313 |
| Accumulated amortisation: | | | | |
| Computer software | 25,650 | 1,665,198 | 25,650 | 1,699,313 |
| (b) | 25,650 | 1,665,198 | 25,650 | 1,699,313 |
| Net block (a) - (b) | - | - | - | - |

3 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------|---------------------|-----|
| | USD | INR | USD | INR |
| Inter company loans given | 6,025,781 | 391,193,703 | - | - |
| Total | 6,025,781 | 391,193,703 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 171,658 | 11,144,037 | 188,402 | 12,481,633 |
| Total | 171,658 | 11,144,037 | 188,402 | 12,481,633 |

5 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Prepaid expenses | 4,332 | 281,233 | - | - |
| Total | 4,332 | 281,233 | - | - |

6 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 1,915,000 | 124,321,800 | 3,718,797 | 246,370,301 |
| Intercompany receivables | 1,116,001 | 72,450,785 | 6,147,236 | 407,254,385 |
| Provision for doubtful debts | (164,251) | (10,663,175) | (161,917) | (10,727,001) |
| Total | 2,866,750 | 186,109,410 | 9,704,116 | 642,897,685 |

7 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 290,979 | 18,890,357 | 117,193 | 7,764,036 |
| Total | 290,979 | 18,890,357 | 117,193 | 7,764,036 |

8 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to employees | 6,742 | 437,691 | 1,992 | 131,970 |
| Interest Receivable | 2,423 | 157,301 | 52,731 | 3,493,429 |
| Others | - | - | 8,854 | 586,578 |
| Total | 9,165 | 594,992 | 63,577 | 4,211,977 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 61,415 | 3,987,062 | 52,733 | 3,493,561 |
| Other Advances | 8 | 519 | 8 | 530 |
| Prepaid expenses | 146,918 | 9,537,917 | 134,296 | 8,897,110 |
| Indirect tax receivable | 775,893 | 50,370,974 | 13,537,394 | 896,852,353 |
| Total | 984,234 | 63,896,472 | 13,724,431 | 909,243,554 |

10 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 537,610 | 34,901,641 | 537,610 | 35,616,663 |
| Total | 537,610 | 34,901,641 | 537,610 | 35,616,663 |

11 Other Equity

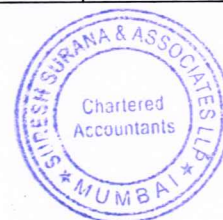
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (7,151,313) | (464,263,240) | (7,446,871) | (493,355,204) |
| Profit / (loss) for the year | 884,550 | 57,424,989 | 295,558 | 19,580,718 |
| Closing balance | (6,266,763) | (406,838,251) | (7,151,313) | (473,774,486) |
| Share premium | 18,134,788 | 1,177,310,437 | 18,134,788 | 1,201,429,705 |
| Total | 11,868,025 | 770,472,186 | 10,983,475 | 727,655,219 |

12 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------|---------------------|------------------|
| | USD | INR | USD | INR |
| Security deposits | - | - | 91,579 | 6,067,109 |
| Total | - | - | 91,579 | 6,067,109 |

13 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 458,872 | 29,789,970 | 436,629 | 28,926,671 |
| Total | 458,872 | 29,789,970 | 436,629 | 28,926,671 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----|---------------------|-------------|
| | USD | INR | USD | INR |
| Inter company loans taken | - | - | 15,002,151 | 993,892,504 |
| Total | - | - | 15,002,151 | 993,892,504 |

15 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Trade payable | 3,839,596 | 249,266,572 | 3,982,850 | 263,863,813 |
| Total | 3,839,596 | 249,266,572 | 3,982,850 | 263,863,813 |

16 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-----------|---------------------|---------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 11,746 | 762,550 | 12,504 | 828,390 |
| Others | 27,866 | 1,809,061 | - | - |
| Total | 39,612 | 2,571,611 | 12,504 | 828,390 |

17 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 39,751 | 2,580,635 | 26,051 | 1,725,879 |
| Other Employee dues | 269,464 | 17,493,603 | 226,237 | 14,988,201 |
| Others | - | - | 826 | 54,723 |
| Total | 309,215 | 20,074,238 | 253,114 | 16,768,803 |

18 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Leave entitlement | 42,921 | 2,786,431 | 30,716 | 2,034,935 |
| Total | 42,921 | 2,786,431 | 30,716 | 2,034,935 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 19,808,461 | 1,285,965,288 | 60,410,175 | 4,002,174,094 |
| Total | 19,808,461 | 1,285,965,288 | 60,410,175 | 4,002,174,094 |

20 Other income

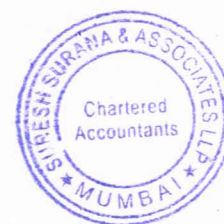
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 63,516 | 4,123,459 | 214,836 | 14,232,885 |
| Exchange gain -Net | 1,205,046 | 78,231,586 | - | - |
| Miscellaneous income | 504,872 | 32,776,290 | 232,193 | 15,382,786 |
| Total | 1,773,434 | 115,131,335 | 447,029 | 29,615,671 |

21 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 15,094,531 | 979,936,953 | 54,260,802 | 3,594,778,133 |
| Total | 15,094,531 | 979,936,953 | 54,260,802 | 3,594,778,133 |

22 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 2,104,619 | 136,631,865 | 1,702,597 | 112,797,051 |
| Staff welfare expenses | 52,108 | 3,382,851 | 58,694 | 3,888,478 |
| Total | 2,156,727 | 140,014,716 | 1,761,291 | 116,685,529 |



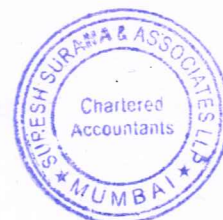
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 48,554 | 3,152,126 | 18,664 | 1,236,490 |
| Auditors remuneration | 60,500 | 3,927,660 | 60,500 | 4,008,125 |
| Bad debts | - | - | 1,005,250 | 66,597,813 |
| Communication expenses | 35,111 | 2,279,406 | 52,022 | 3,446,458 |
| Electricity | 397,471 | 25,803,817 | 422,749 | 28,007,121 |
| Entertainment expenses | - | - | 7,349 | 486,871 |
| Exchange loss -Net | - | - | 225,273 | 14,924,336 |
| Insurance expenses | 20,001 | 1,298,465 | 26,270 | 1,740,388 |
| IT consumables | 367 | 23,826 | 790 | 52,338 |
| Legal and professional fees | 65,330 | 4,241,224 | 87,912 | 5,824,170 |
| Miscellaneous expenses | 78,270 | 5,081,285 | 38,515 | 2,551,616 |
| Printing and stationery | 7,889 | 512,154 | 6,456 | 427,710 |
| Provision for doubtful debts | 2,335 | 151,588 | (954,015) | (63,203,494) |
| Rates and Taxes | 64,584 | 4,192,793 | 50,101 | 3,319,191 |
| Recruitment expenses | 14,453 | 938,289 | - | - |
| Rent | 100,897 | 6,550,233 | 77,840 | 5,156,900 |
| Repairs and Maintenance - Plant & Machinery | 352,582 | 22,889,623 | 356,025 | 23,586,656 |
| Repairs and Maintenance -Building | 22,778 | 1,478,748 | 25,598 | 1,695,868 |
| Security charges | 1,964 | 127,503 | 5,826 | 385,973 |
| Seminars, trainings and conferences | 6,948 | 451,064 | 16,814 | 1,113,928 |
| Services rendered by agencies | 33,641 | 2,183,974 | 32,049 | 2,123,246 |
| Travelling and conveyance expenses | 114,826 | 7,454,504 | 76,237 | 5,050,701 |
| Total | 1,428,501 | 92,738,282 | 1,638,225 | 108,532,405 |

24 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest expenses | 434,699 | 28,220,659 | 1,148,349 | 76,078,121 |
| Guarantee fees | 46,318 | 3,006,965 | (3,749) | (248,371) |
| Total | 481,017 | 31,227,624 | 1,144,600 | 75,829,750 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 247,000 | 16,035,241 | 154,913 | 10,262,986 |
| | Deferred tax assets (Net) | | 91,755 | 5,956,735 | 101,354 | 6,714,703 |
| | Non current tax asset | | 5,605 | 363,877 | 5,605 | 371,331 |
| | | | 344,360 | 22,355,853 | 261,872 | 17,349,020 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 2 | 286,887 | 18,624,704 | 183,870 | 12,181,388 |
| | (ii) Cash and cash equivalent | 3 | 57,972 | 3,763,542 | 42,856 | 2,839,210 |
| | (iii) Other financial assets | 4 | 2,925 | 189,891 | - | - |
| | Other current assets | 5 | 84,280 | 5,471,458 | 87,705 | 5,810,456 |
| | | | 432,064 | 28,049,595 | 314,431 | 20,831,054 |
| | TOTAL ASSETS | | 776,424 | 50,405,448 | 576,303 | 38,180,074 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 6 | 364,779 | 23,681,453 | 364,779 | 24,166,609 |
| | Other equity | 7 | (98,328) | (6,383,452) | (88,070) | (5,834,638) |
| | Total Equity | | 266,451 | 17,298,001 | 276,709 | 18,331,971 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 8 | 311,438 | 20,218,555 | 174,368 | 11,551,880 |
| | (ii) Trade payables | 9 | 192,645 | 12,506,513 | 118,495 | 7,850,294 |
| | (iii) Other financial liabilities | 10 | 5,890 | 382,379 | 6,731 | 445,929 |
| | | | 509,973 | 33,107,447 | 299,594 | 19,848,103 |
| | TOTAL EQUITY AND LIABILITIES | | 776,424 | 50,405,448 | 576,303 | 38,180,074 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 11 | 958,808 | 62,245,815 | 854,596 | 56,616,985 |
| ii | Other Income | 12 | 5,938 | 385,495 | 503 | 33,324 |
| iii | Total income (i + ii) | | 964,746 | 62,631,310 | 855,099 | 56,650,309 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 13 | 356,538 | 23,146,447 | 301,100 | 19,947,875 |
| | (ii) Operating and other expenses | 14 | 537,540 | 34,897,095 | 494,599 | 32,767,185 |
| | (iii) Finance costs | 15 | 10,244 | 665,041 | (3,845) | (254,732) |
| | (iv) Depreciation and amortisation expenses | | 61,083 | 3,965,508 | 65,451 | 4,336,129 |
| | Total expenses | | 965,405 | 62,674,091 | 857,305 | 56,796,457 |
| v | Profit before taxes (iii - iv) | | (659) | (42,781) | (2,206) | (146,148) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | 9,599 | 623,167 | 4,073 | 269,836 |
| | Net tax expenses | | 9,599 | 623,167 | 4,073 | 269,836 |
| vii | Profit / (loss) for the year (v-vi) | | (10,258) | (665,948) | (6,279) | (415,984) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 1,265,906 | 82,182,618 | 1,112,736 | 73,718,760 |
| Office equipment | 2,104 | 136,592 | 2,104 | 139,390 |
| (a) | 1,268,010 | 82,319,210 | 1,114,840 | 73,858,150 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 1,020,287 | 66,237,032 | 959,467 | 63,564,689 |
| Office equipment | 723 | 46,937 | 460 | 30,475 |
| (b) | 1,021,010 | 66,283,969 | 959,927 | 63,595,164 |
| Net block (a) - (b) | 247,000 | 16,035,241 | 154,913 | 10,262,986 |

2 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 73,785 | 4,790,122 | 18,746 | 1,241,923 |
| Intercompany receivables | 214,710 | 13,938,973 | 166,732 | 11,045,995 |
| Provision for doubtful debts | (1,608) | (104,391) | (1,608) | (106,530) |
| Total | 286,887 | 18,624,704 | 183,870 | 12,181,388 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 57,972 | 3,763,542 | 42,856 | 2,839,210 |
| Total | 57,972 | 3,763,542 | 42,856 | 2,839,210 |

4 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Others | 2,925 | 189,891 | - | - |
| Total | 2,925 | 189,891 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 31,089 | 2,018,298 | 14,473 | 958,836 |
| Indirect tax receivable | 53,191 | 3,453,160 | 73,232 | 4,851,620 |
| Total | 84,280 | 5,471,458 | 87,705 | 5,810,456 |

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 364,779 | 23,681,453 | 364,779 | 24,166,609 |
| Total | 364,779 | 23,681,453 | 364,779 | 24,166,609 |

7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (88,070) | (5,717,504) | (81,791) | (5,418,654) |
| Profit / (loss) for the year | (10,258) | (665,948) | (6,279) | (415,984) |
| Closing balance | (98,328) | (6,383,452) | (88,070) | (5,834,638) |

8 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 311,438 | 20,218,555 | 174,368 | 11,551,880 |
| Total | 311,438 | 20,218,555 | 174,368 | 11,551,880 |

9 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 192,645 | 12,506,513 | 118,495 | 7,850,294 |
| Total | 192,645 | 12,506,513 | 118,495 | 7,850,294 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 5,890 | 382,379 | 5,451 | 361,129 |
| Others | - | - | 1,280 | 84,800 |
| Total | 5,890 | 382,379 | 6,731 | 445,929 |

11 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 958,808 | 62,245,815 | 854,596 | 56,616,985 |
| Total | 958,808 | 62,245,815 | 854,596 | 56,616,985 |

12 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|----------------|-----------------------|---------------|
| | USD | INR | USD | INR |
| Exchange gain -Net | 5,938 | 385,495 | - | - |
| Miscellaneous income | - | - | 503 | 33,324 |
| Total | 5,938 | 385,495 | 503 | 33,324 |

13 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 356,538 | 23,146,447 | 301,100 | 19,947,875 |
| Total | 356,538 | 23,146,447 | 301,100 | 19,947,875 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 24,200 | 1,571,064 | 24,200 | 1,603,250 |
| Communication expenses | 686 | 44,535 | 611 | 40,479 |
| Electricity | 45,672 | 2,965,026 | 40,682 | 2,695,183 |
| Exchange loss -Net | - | - | 28,234 | 1,870,503 |
| Insurance expenses | 2,197 | 142,629 | 2,382 | 157,808 |
| Legal and professional fees | 36,515 | 2,370,554 | 31,953 | 2,116,886 |
| Miscellaneous expenses | 2,036 | 132,176 | 2,714 | 179,802 |
| Rates and Taxes | - | - | 1,454 | 96,328 |
| Repairs and Maintenance | 425,645 | 27,632,873 | 360,936 | 23,912,010 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 589 | 38,238 | 260 | 17,225 |
| Travelling and conveyance expenses | - | - | 1,173 | 77,711 |
| Total | 537,540 | 34,897,095 | 494,599 | 32,767,185 |

15 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest expenses | 9,581 | 621,999 | 11,305 | 748,956 |
| Guarantee fees | 663 | 43,042 | (15,150) | (1,003,688) |
| Total | 10,244 | 665,041 | (3,845) | (254,732) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vaishali

(Vinodkumar Varma)
PARTNER
Membership No. 105545



Place Mumbai
Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------------|---------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 274,645 | 17,829,954 | 151,602 | 10,043,632 |
| | Capital work-in-progress | | 18,595 | 1,207,187 | 53,948 | 3,574,055 |
| | Financial assets | | | | | |
| | (i) Loans | 2 | 383,054 | 24,867,866 | 292,776 | 19,396,410 |
| | (ii) Other financial assets | 3 | 4,943 | 320,900 | 5,143 | 340,724 |
| | Deferred tax assets (Net) | | 18,051 | 1,171,871 | 24,131 | 1,598,679 |
| | | | 699,288 | 45,397,778 | 527,600 | 34,953,500 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 193,487 | 12,561,176 | 33,986 | 2,251,572 |
| | (ii) Cash and cash equivalent | 5 | 186,040 | 12,077,717 | 178,556 | 11,829,335 |
| | (iii) Other financial assets | 6 | 3,825 | 248,319 | 5,464 | 361,990 |
| | Other current assets | 7 | 21,272 | 1,380,978 | 8,296 | 549,611 |
| | | | 404,624 | 26,268,190 | 226,302 | 14,992,508 |
| | TOTAL ASSETS | | 1,103,912 | 71,665,968 | 753,902 | 49,946,008 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 474,414 | 30,798,957 | 474,414 | 31,429,928 |
| | Other equity | 9 | (33,329) | (2,163,718) | (44,696) | (2,961,111) |
| | Total Equity | | 441,085 | 28,635,239 | 429,718 | 28,468,817 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 10 | 271,914 | 17,652,657 | 92,018 | 6,096,193 |
| | (ii) Trade payables | 11 | 369,435 | 23,983,720 | 210,688 | 13,958,080 |
| | (iii) Other financial liabilities | 12 | 10,000 | 649,200 | 10,000 | 662,500 |
| | Current tax liabilities (Net) | | 11,478 | 745,152 | 11,478 | 760,418 |
| | | | 662,827 | 43,030,729 | 324,184 | 21,477,191 |
| | TOTAL EQUITY AND LIABILITIES | | 1,103,912 | 71,665,968 | 753,902 | 49,946,008 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 927,081 | 60,186,099 | 455,551 | 30,180,254 |
| ii | Other Income | 14 | 23,593 | 1,531,658 | 13,343 | 883,974 |
| iii | Total income (i + ii) | | 950,674 | 61,717,757 | 468,894 | 31,064,228 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 15 | 623,827 | 40,498,849 | 307,513 | 20,372,736 |
| | (ii) Operating and other expenses | 16 | 240,071 | 15,585,410 | 123,604 | 8,188,767 |
| | (iii) Finance costs | 17 | 8,154 | 529,357 | (12,512) | (828,920) |
| | (iv) Depreciation and amortisation expenses | | 61,175 | 3,971,481 | 35,618 | 2,359,693 |
| | Total expenses | | 933,227 | 60,585,097 | 454,223 | 30,092,276 |
| v | Profit before taxes (iii - iv) | | 17,447 | 1,132,660 | 14,671 | 971,952 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | 6,080 | 394,714 | (3,306) | (219,023) |
| | Net tax expenses | | 6,080 | 394,714 | (3,306) | (219,023) |
| vii | Profit / (loss) for the year (v-vi) | | 11,367 | 737,946 | 17,977 | 1,190,975 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 1,018,618 | 66,128,681 | 834,400 | 55,279,000 |
| (a) | 1,018,618 | 66,128,681 | 834,400 | 55,279,000 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 743,973 | 48,298,727 | 682,798 | 45,235,368 |
| (b) | 743,973 | 48,298,727 | 682,798 | 45,235,368 |
| Net block (a) - (b) | 274,645 | 17,829,954 | 151,602 | 10,043,632 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Inter company loans given | 383,054 | 24,867,866 | 292,776 | 19,396,410 |
| Total | 383,054 | 24,867,866 | 292,776 | 19,396,410 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|---------|---------------------|---------|
| | USD | INR | USD | INR |
| Vendor deposits | 4,943 | 320,900 | 5,143 | 340,724 |
| Total | 4,943 | 320,900 | 5,143 | 340,724 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------|---------------------|-----------|
| | USD | INR | USD | INR |
| Trade receivables | 40,805 | 2,649,061 | 10,741 | 711,591 |
| Intercompany receivables | 153,094 | 9,938,862 | 23,245 | 1,539,981 |
| Provision for doubtful debts | (412) | (26,747) | - | - |
| Total | 193,487 | 12,561,176 | 33,986 | 2,251,572 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 186,040 | 12,077,717 | 178,556 | 11,829,335 |
| Total | 186,040 | 12,077,717 | 178,556 | 11,829,335 |

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest Receivable | 1,695 | 110,039 | 4,515 | 299,119 |
| Others | 2,130 | 138,280 | 949 | 62,871 |
| Total | 3,825 | 248,319 | 5,464 | 361,990 |

7 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|------------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 12,271 | 796,633 | 5,018 | 332,443 |
| Indirect tax receivable | 9,001 | 584,345 | 3,278 | 217,168 |
| Total | 21,272 | 1,380,978 | 8,296 | 549,611 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 474,414 | 30,798,957 | 474,414 | 31,429,928 |
| Total | 474,414 | 30,798,957 | 474,414 | 31,429,928 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (44,696) | (2,901,664) | (62,673) | (4,152,086) |
| Profit / (loss) for the year | 11,367 | 737,946 | 17,977 | 1,190,975 |
| Closing balance | (33,329) | (2,163,718) | (44,696) | (2,961,111) |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 271,914 | 17,652,657 | 92,018 | 6,096,193 |
| Total | 271,914 | 17,652,657 | 92,018 | 6,096,193 |

11 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 369,435 | 23,983,720 | 210,688 | 13,958,080 |
| Total | 369,435 | 23,983,720 | 210,688 | 13,958,080 |

12 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 10,000 | 649,200 | 10,000 | 662,500 |
| Total | 10,000 | 649,200 | 10,000 | 662,500 |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 927,081 | 60,186,099 | 455,551 | 30,180,254 |
| Total | 927,081 | 60,186,099 | 455,551 | 30,180,254 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|------------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 11,163 | 724,702 | 10,826 | 717,223 |
| Exchange gain -Net | 12,430 | 806,956 | - | - |
| Miscellaneous income | - | - | 2,517 | 166,751 |
| Total | 23,593 | 1,531,658 | 13,343 | 883,974 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 623,827 | 40,498,849 | 307,513 | 20,372,736 |
| Total | 623,827 | 40,498,849 | 307,513 | 20,372,736 |

16 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 12,100 | 785,532 | 12,100 | 801,625 |
| Communication expenses | 406 | 26,358 | 267 | 17,689 |
| Electricity | 22,151 | 1,438,043 | 10,337 | 684,826 |
| Exchange loss -Net | - | - | 1,294 | 85,728 |
| Insurance expenses | 6,985 | 453,466 | 8,140 | 539,275 |
| Legal and professional fees | 171,060 | 11,105,215 | 80,357 | 5,323,651 |
| Miscellaneous expenses | 10,139 | 658,225 | 4,389 | 290,772 |
| Provision for doubtful debts | 412 | 26,747 | - | - |
| Rates and Taxes | 2,594 | 168,402 | 1,255 | 83,144 |
| Repairs and Maintenance | 12,509 | 812,084 | 4,679 | 309,984 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 1,715 | 111,338 | 786 | 52,073 |
| Total | 240,071 | 15,585,410 | 123,604 | 8,188,767 |

17 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest expenses | 7,659 | 497,222 | 1,478 | 97,918 |
| Guarantee fees | 495 | 32,135 | (13,990) | (926,838) |
| Total | 8,154 | 529,357 | (12,512) | (828,920) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 349,152 | 22,666,948 | 174,322 | 11,548,832 |
| | Capital work-in-progress | | 1,955 | 126,919 | 1,926 | 127,598 |
| | Deferred tax assets (Net) | | 14,276 | 926,798 | 19,271 | 1,276,704 |
| | Non current tax asset | | - | - | 5,962 | 394,983 |
| | Other non-current assets | 2 | 2,689 | 174,570 | 633 | 41,936 |
| | | | 368,072 | 23,895,235 | 202,114 | 13,390,053 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 3 | 706,959 | 45,895,778 | 192,847 | 12,776,114 |
| | (ii) Cash and cash equivalent | 4 | 135,422 | 8,791,596 | 199,413 | 13,211,111 |
| | Other current assets | 5 | 37,350 | 2,424,762 | 46,946 | 3,110,172 |
| | | | 879,731 | 57,112,136 | 439,206 | 29,097,397 |
| | TOTAL ASSETS | | 1,247,803 | 81,007,371 | 641,320 | 42,487,450 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 6 | 7,871 | 510,985 | 7,871 | 521,454 |
| | Other equity | 7 | (47,938) | (3,112,135) | (96,583) | (6,398,625) |
| | Total Equity | | (40,067) | (2,601,150) | (88,712) | (5,877,171) |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 8 | 914,706 | 59,382,714 | 537,458 | 35,606,593 |
| | (ii) Trade payables | 9 | 247,667 | 16,078,542 | 155,880 | 10,327,050 |
| | (iii) Other financial liabilities | 10 | 15,308 | 993,795 | 12,538 | 830,643 |
| | Other current liabilities | 11 | 92,138 | 5,981,599 | 24,156 | 1,600,335 |
| | Provisions | 12 | 11,928 | 774,366 | - | - |
| | Current tax liabilities (Net) | | 6,123 | 397,505 | - | - |
| | | | 1,287,870 | 83,608,521 | 730,032 | 48,364,621 |
| | TOTAL EQUITY AND LIABILITIES | | 1,247,803 | 81,007,371 | 641,320 | 42,487,450 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|--------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 1,762,903 | 114,447,663 | 1,038,483 | 68,799,499 |
| ii | Other Income | 14 | 3,410 | 221,377 | 8,058 | 533,843 |
| iii | Total income (i + ii) | | 1,766,313 | 114,669,040 | 1,046,541 | 69,333,342 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 15 | 963,650 | 62,560,158 | 646,206 | 42,811,148 |
| | (ii) Employee benefits expenses | 16 | 491,409 | 31,902,272 | 207,261 | 13,731,042 |
| | (iii) Operating and other expenses | 17 | 176,483 | 11,457,277 | 122,961 | 8,146,167 |
| | (iv) Finance costs | 18 | 30,464 | 1,977,723 | (2,160) | (143,100) |
| | (v) Depreciation and amortisation expenses | | 42,351 | 2,749,427 | 67,296 | 4,458,360 |
| | Total expenses | | 1,704,357 | 110,646,857 | 1,041,564 | 69,003,617 |
| v | Profit before taxes (iii - iv) | | 61,956 | 4,022,183 | 4,977 | 329,725 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 8,316 | 539,875 | - | - |
| | (ii) Deferred tax expense/(benefit) | | 4,995 | 324,275 | 3,145 | 208,356 |
| | Net tax expenses | | 13,311 | 864,150 | 3,145 | 208,356 |
| vii | Profit / (loss) for the year (v-vi) | | 48,645 | 3,158,033 | 1,832 | 121,369 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 852,793 | 55,363,322 | 635,613 | 42,109,361 |
| Computers | 752 | 48,820 | - | - |
| (a) | 853,545 | 55,412,142 | 635,613 | 42,109,361 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 503,641 | 32,696,374 | 461,291 | 30,560,529 |
| Computers | 752 | 48,820 | - | - |
| (b) | 504,393 | 32,745,194 | 461,291 | 30,560,529 |
| Net block (a) - (b) | 349,152 | 22,666,948 | 174,322 | 11,548,832 |

2 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 2,689 | 174,570 | 633 | 41,936 |
| Total | 2,689 | 174,570 | 633 | 41,936 |

3 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 450,200 | 29,226,984 | 77,592 | 5,140,470 |
| Intercompany receivables | 256,759 | 16,668,794 | 115,255 | 7,635,644 |
| Total | 706,959 | 45,895,778 | 192,847 | 12,776,114 |

4 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 135,422 | 8,791,596 | 199,413 | 13,211,111 |
| Total | 135,422 | 8,791,596 | 199,413 | 13,211,111 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | - | - | 1,225 | 81,156 |
| Prepaid expenses | 3,707 | 240,658 | 4,272 | 283,020 |
| Indirect tax receivable | 33,643 | 2,184,104 | 41,449 | 2,745,996 |
| Total | 37,350 | 2,424,762 | 46,946 | 3,110,172 |

6 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Equity share capital | 7,871 | 510,985 | 7,871 | 521,454 |
| Total | 7,871 | 510,985 | 7,871 | 521,454 |

7 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (96,583) | (6,270,168) | (98,415) | (6,519,994) |
| Profit / (loss) for the year | 48,645 | 3,158,033 | 1,832 | 121,369 |
| Closing balance | (47,938) | (3,112,135) | (96,583) | (6,398,625) |

8 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 914,706 | 59,382,714 | 537,458 | 35,606,593 |
| Total | 914,706 | 59,382,714 | 537,458 | 35,606,593 |

9 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 247,667 | 16,078,542 | 155,880 | 10,327,050 |
| Total | 247,667 | 16,078,542 | 155,880 | 10,327,050 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 15,308 | 993,795 | 12,538 | 830,643 |
| Total | 15,308 | 993,795 | 12,538 | 830,643 |

11 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Other Employee dues | 92,138 | 5,981,599 | 24,153 | 1,600,136 |
| Others | - | - | 3 | 199 |
| Total | 92,138 | 5,981,599 | 24,156 | 1,600,335 |

12 Current liabilities - provisions

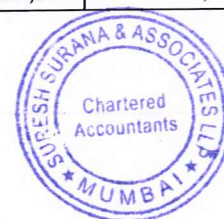
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Leave entitlement | 11,928 | 774,366 | - | - |
| Total | 11,928 | 774,366 | - | - |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 1,762,903 | 114,447,663 | 1,038,483 | 68,799,499 |
| Total | 1,762,903 | 114,447,663 | 1,038,483 | 68,799,499 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------|----------------------|----------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest income - others | 12 | 779 | 15 | 994 |
| Exchange gain -Net | - | - | 8,043 | 532,849 |
| Miscellaneous income | 3,398 | 220,598 | - | - |
| Total | 3,410 | 221,377 | 8,058 | 533,843 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 963,650 | 62,560,158 | 646,206 | 42,811,148 |
| Total | 963,650 | 62,560,158 | 646,206 | 42,811,148 |

16 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 490,636 | 31,852,089 | 207,054 | 13,717,328 |
| Staff welfare expenses | 773 | 50,183 | 207 | 13,714 |
| Total | 491,409 | 31,902,272 | 207,261 | 13,731,042 |

17 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|-------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Communication expenses | 6,278 | 407,568 | 3,013 | 199,611 |
| Electricity | 28,348 | 1,840,352 | 17,550 | 1,162,688 |
| Entertainment expenses | 21,570 | 1,400,324 | 10,603 | 702,449 |
| Exchange loss -Net | 3,434 | 222,935 | 10,204 | 676,015 |
| Insurance expenses | 6,655 | 432,043 | 4,757 | 315,151 |
| IT consumables | - | - | 64 | 4,240 |
| Legal and professional fees | 31,933 | 2,073,090 | 25,142 | 1,665,658 |
| Loss on sale of fixed asset | - | - | - | - |
| Miscellaneous expenses | 12,337 | 800,918 | 10,435 | 691,318 |
| Printing and stationery | 205 | 13,309 | 255 | 16,894 |
| Recruitment expenses | 230 | 14,932 | - | - |
| Repairs and Maintenance | 18,983 | 1,232,376 | 21,240 | 1,407,150 |
| - Plant & Machinery | - | - | 400 | 26,500 |
| Repairs and Maintenance -Building | - | - | 80 | 5,300 |
| Seminars, trainings and conferences | 1,099 | 71,347 | 80 | 5,300 |
| Services rendered by agencies | 2,443 | 158,600 | 4,864 | 322,240 |
| Travelling and conveyance expenses | 42,968 | 2,789,483 | 14,354 | 950,953 |
| Total | 176,483 | 11,457,277 | 122,961 | 8,146,167 |

18 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest expenses | 27,491 | 1,784,716 | 16,941 | 1,122,341 |
| Guarantee fees | 2,973 | 193,007 | (19,101) | (1,265,441) |
| Total | 30,464 | 1,977,723 | (2,160) | (143,100) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------------------|-------------|----------|---------------------|--------------------|---------------------|------------------|
| | | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| Property, plant and equipment | | 1 | - | - | 3,052 | 202,195 |
| | | | - | - | 3,052 | 202,195 |
| (2) Current assets | | | | | | |
| Financial assets | | | | | | |
| (i) Trade receivables | | 2 | 20,982 | 1,362,151 | - | - |
| (ii) Cash and cash equivalent | | 3 | 48,707 | 3,162,058 | 53,657 | 3,554,776 |
| Other current assets | | 4 | 599 | 38,887 | 509 | 33,721 |
| | | | 70,288 | 4,563,096 | 54,166 | 3,588,497 |
| | | | | | | |
| TOTAL ASSETS | | | 70,288 | 4,563,096 | 57,218 | 3,790,692 |
| (B) EQUITY AND LIABILITIES | | | | | | |
| (1) Equity | | | | | | |
| Equity share capital | | 5 | 95,923 | 6,227,321 | 95,923 | 6,354,899 |
| Other equity | | 6 | (151,107) | (9,809,868) | (45,246) | (2,997,548) |
| Total Equity | | | (55,184) | (3,582,547) | 50,677 | 3,357,351 |
| (3) Current liabilities | | | | | | |
| Financial liabilities | | | | | | |
| (i) Borrowings | | 7 | 105,000 | 6,816,600 | - | - |
| (ii) Trade payables | | 8 | 19,254 | 1,249,970 | 6,492 | 430,095 |
| (ii) Other financial liabilities | | 9 | 500 | 32,460 | - | - |
| Current tax liabilities (Net) | | | 718 | 46,613 | 49 | 3,246 |
| | | | 125,472 | 8,145,643 | 6,541 | 433,341 |
| | | | | | | |
| TOTAL EQUITY AND LIABILITIES | | | 70,288 | 4,563,096 | 57,218 | 3,790,692 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|------------------------------------------|----------|----------------------|-------------|-----------------------|-----------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 10 | - | - | - | - |
| ii | Other Income | | 203 | 13,178 | 24,679 | 1,634,984 |
| iii | Total income (i + ii) | | 203 | 13,178 | 24,679 | 1,634,984 |
| iv | Expenses: | 11 12 | | | | |
| (i) | Operating and other expenses | | 105,556 | 6,852,697 | 19,423 | 1,286,774 |
| (ii) | Finance costs | | 508 | 32,979 | - | - |
| (iii) | Depreciation and amortisation expenses | | - | - | 218 | 14,443 |
| | Total expenses | | 106,064 | 6,885,676 | 19,641 | 1,301,217 |
| v | Profit before taxes (iii - iv) | | (105,861) | (6,872,498) | 5,038 | 333,767 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (105,861) | (6,872,498) | 5,038 | 333,767 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-----|---------------------|---------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | - | - | 3,270 | 216,638 |
| (a) | - | - | 3,270 | 216,638 |
| Accumulated depreciation: | | | | |
| Plant and machinery | - | - | 218 | 14,443 |
| (b) | - | - | 218 | 14,443 |
| Net block (a) - (b) | - | - | 3,052 | 202,195 |

2 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-----------|---------------------|-----|
| | USD | INR | USD | INR |
| Intercompany receivables | 20,982 | 1,362,151 | - | - |
| Total | 20,982 | 1,362,151 | - | - |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Balance with bank | 48,707 | 3,162,058 | 53,657 | 3,554,776 |
| Total | 48,707 | 3,162,058 | 53,657 | 3,554,776 |

4 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|--------|---------------------|--------|
| | USD | INR | USD | INR |
| Prepaid expenses | 599 | 38,887 | 509 | 33,721 |
| Total | 599 | 38,887 | 509 | 33,721 |

5 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Equity share capital | 95,923 | 6,227,321 | 95,923 | 6,354,899 |
| Total | 95,923 | 6,227,321 | 95,923 | 6,354,899 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (45,246) | (2,937,370) | (50,284) | (3,331,315) |
| Profit / (loss) for the year | (105,861) | (6,872,498) | 5,038 | 333,767 |
| Closing balance | (151,107) | (9,809,868) | (45,246) | (2,997,548) |

7 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-----------|---------------------|-----|
| | USD | INR | USD | INR |
| Inter company loans taken | 105,000 | 6,816,600 | - | - |
| Total | 105,000 | 6,816,600 | - | - |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-----------|---------------------|---------|
| | USD | INR | USD | INR |
| Trade payable | 19,254 | 1,249,970 | 5,472 | 362,520 |
| Inter Company - Payables | - | - | 1,020 | 67,575 |
| Total | 19,254 | 1,249,970 | 6,492 | 430,095 |

9 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------|---------------------|-----|
| | USD | INR | USD | INR |
| Interest accrued but not due | 500 | 32,460 | - | - |
| Total | 500 | 32,460 | - | - |

10 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------|----------------------|--------|-----------------------|-----------|
| | USD | INR | USD | INR |
| Exchange gain -Net | 59 | 3,830 | - | - |
| Miscellaneous income | 144 | 9,348 | 24,679 | 1,634,984 |
| Total | 203 | 13,178 | 24,679 | 1,634,984 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 9,083 | 589,668 | - | - |
| Auditors remuneration | 588 | 38,173 | 480 | 31,800 |
| Communication expenses | - | - | 125 | 8,281 |
| Exchange loss -Net | - | - | 6,520 | 431,950 |
| Insurance expenses | 6,944 | 450,804 | 1,537 | 101,826 |
| Legal and professional fees | 88,704 | 5,758,664 | 10,499 | 695,559 |
| Miscellaneous expenses | 237 | 15,388 | 118 | 7,818 |
| Repairs and Maintenance - Plant & Machinery | - | - | 144 | 9,540 |
| Total | 105,556 | 6,852,697 | 19,423 | 1,286,774 |

12 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|---------------|-----------------------|----------|
| | USD | INR | USD | INR |
| Interest expenses | 500 | 32,460 | - | - |
| Guarantee fees | 8 | 519 | - | - |
| Total | 508 | 32,979 | - | - |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

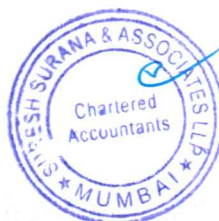
On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (UK) Limited** ("the subsidiary") registered in England and Wales as at 31 March 2017 and the related statement of profit and loss for 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

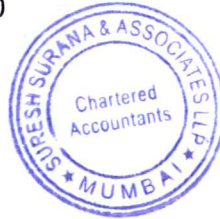
Firm Reg. No. 121750W / W-100010

Vatma V

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------------------|----------|---------------------|------------------------|---------------------|------------------------|
| | | USD | INR* | USD | INR* |
| (A) ASSETS | | | | | |
| (1) Non-current assets | | | | | |
| Property, plant and equipment | 1 | 57,133,547 | 3,709,109,872 | 58,438,529 | 3,871,552,546 |
| Capital work-in-progress | | 4,739,575 | 307,693,209 | 2,241,378 | 148,491,293 |
| Other intangible assets | 2 | 1,093,014 | 70,958,469 | 889,035 | 58,898,569 |
| Intangible assets under development | | 362,896 | 23,559,208 | 501,641 | 33,233,716 |
| Financial assets | | | | | |
| (i) Other financial assets | 3 | 359,886 | 23,363,799 | 419,268 | 27,776,505 |
| Non current tax asset | | 110,715 | 7,187,618 | 110,265 | 7,305,056 |
| Other non-current assets | 4 | 1,437,341 | 93,312,178 | 1,769,440 | 117,225,400 |
| | | 65,236,974 | 4,235,184,353 | 64,369,556 | 4,264,483,085 |
| (2) Current assets | | | | | |
| Financial assets | | | | | |
| (i) Trade receivables | 5 | 48,941,224 | 3,177,264,262 | 62,863,288 | 4,164,692,830 |
| (ii) Cash and cash equivalent | 6 | 1,355,172 | 87,977,766 | 896,457 | 59,390,276 |
| (iii) Other financial assets | 7 | 582,440 | 37,812,004 | 675,383 | 44,744,124 |
| Other current assets | 8 | 8,970,772 | 582,382,519 | 8,820,604 | 584,365,016 |
| | | 59,849,608 | 3,885,436,551 | 73,255,732 | 4,853,192,246 |
| TOTAL ASSETS | | 125,086,582 | 8,120,620,904 | 137,625,288 | 9,117,675,331 |
| (B) EQUITY AND LIABILITIES | | | | | |
| (1) Equity | | | | | |
| Equity share capital | 9 | 13,542,142 | 879,155,859 | 13,542,142 | 897,166,908 |
| Other equity | 10 | (86,254,337) | (5,599,631,557) | (88,784,024) | (5,881,941,590) |
| Total Equity | | (72,712,195) | (4,720,475,698) | (75,241,882) | (4,984,774,682) |
| (2) Non-current liabilities | | | | | |
| Financial liabilities | | | | | |
| (i) Other financial liabilities | 11 | 6,200,955 | 402,565,999 | 7,223,780 | 478,575,425 |
| Provisions | 12 | 5,098,061 | 330,966,120 | 4,143,001 | 274,473,816 |
| Other non current liabilities (Deferred revenue) | | 71,793,345 | 4,660,823,957 | 81,264,685 | 5,383,785,381 |
| | | 83,092,361 | 5,394,356,076 | 92,631,466 | 6,136,834,622 |
| (3) Current liabilities | | | | | |
| Financial liabilities | | | | | |
| (i) Borrowings | 13 | 34,356,434 | 2,230,419,695 | 35,515,919 | 2,352,929,634 |
| (ii) Trade payables | 14 | 61,577,020 | 3,997,580,138 | 65,422,290 | 4,334,226,712 |
| (ii) Other financial liabilities | 15 | 1,172,969 | 76,149,147 | 1,095,202 | 72,557,133 |
| Other current liabilities | 16 | 16,741,975 | 1,086,889,017 | 17,273,045 | 1,144,339,232 |
| Provisions | 17 | 858,018 | 55,702,529 | 929,248 | 61,562,680 |
| | | 114,706,416 | 7,446,740,526 | 120,235,704 | 7,965,615,391 |
| TOTAL EQUITY AND LIABILITIES | | 125,086,582 | 8,120,620,904 | 137,625,288 | 9,117,675,331 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|-----------------------|-----------------------|-----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 18 | 364,384,800 | 23,655,861,216 | 482,859,901 | 31,989,468,441 |
| ii | Other Income | 19 | 491,313 | 31,896,040 | 2,509,567 | 166,258,815 |
| iii | Total income (i + ii) | | 364,876,113 | 23,687,757,256 | 485,369,468 | 32,155,727,256 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 20 | 239,450,819 | 15,545,147,169 | 345,092,166 | 22,862,355,997 |
| | (ii) Employee benefits expenses | 21 | 49,076,826 | 3,186,067,544 | 56,600,993 | 3,749,815,786 |
| | (iii) Operating and other expenses | 22 | 60,844,049 | 3,949,995,662 | 62,772,254 | 4,158,661,828 |
| | (iv) Finance costs | 23 | 1,740,254 | 112,977,289 | 378,290 | 25,061,713 |
| | (v) Depreciation and amortisation expenses | | 11,144,559 | 723,504,770 | 11,489,230 | 761,161,488 |
| | (vi) Staff optimisation cost | | 89,919 | 5,837,541 | 1,732,948 | 114,807,805 |
| | Total expenses | | 362,346,426 | 23,523,529,975 | 478,065,881 | 31,671,864,617 |
| v | Profit before taxes (iii - iv) | | 2,529,687 | 164,227,281 | 7,303,587 | 483,862,639 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 2,529,687 | 164,227,281 | 7,303,587 | 483,862,639 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Land | 688,484 | 44,696,381 | 688,484 | 45,612,065 |
| Leasehold land | 54,525 | 3,539,763 | 54,525 | 3,612,281 |
| Building | 2,821,674 | 183,183,076 | 2,821,674 | 186,935,903 |
| Lease hold improvement | 4,093,760 | 265,766,899 | 4,093,760 | 271,211,600 |
| Cables | 37,514,867 | 2,435,465,166 | 33,858,620 | 2,243,133,575 |
| Plant and machinery | 96,601,461 | 6,271,366,848 | 90,516,501 | 5,996,718,191 |
| Furniture and fixtures | 1,423,715 | 92,427,578 | 1,326,422 | 87,875,458 |
| Computers | 6,113,329 | 396,877,319 | 7,117,648 | 471,544,180 |
| Office equipment | 679,331 | 44,102,169 | 585,277 | 38,774,601 |
| Vehicles | 4,544 | 294,996 | 4,544 | 301,040 |
| (a) | 149,995,690 | 9,737,720,195 | 141,067,455 | 9,345,718,894 |
| Accumulated depreciation: | | | | |
| Leasehold land | 30,268 | 1,964,999 | 27,692 | 1,834,595 |
| Building | 1,416,988 | 91,990,861 | 1,296,393 | 85,886,036 |
| Lease hold improvement | 2,887,390 | 187,449,359 | 2,568,409 | 170,157,096 |
| Cables | 16,305,484 | 1,058,552,021 | 14,058,576 | 931,380,660 |
| Plant and machinery | 65,876,173 | 4,276,681,151 | 57,754,570 | 3,826,240,263 |
| Furniture and fixtures | 427,412 | 27,747,587 | 333,547 | 22,097,489 |
| Computers | 5,640,608 | 366,188,271 | 6,358,555 | 421,254,269 |
| Office equipment | 273,276 | 17,741,078 | 226,640 | 15,014,900 |
| Vehicles | 4,544 | 294,996 | 4,544 | 301,040 |
| (b) | 92,862,143 | 6,028,610,323 | 82,628,926 | 5,474,166,348 |
| Net block (a) - (b) | 57,133,547 | 3,709,109,872 | 58,438,529 | 3,871,552,546 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 11,772,424 | 764,265,766 | 11,128,635 | 737,272,069 |
| (a) | 11,772,424 | 764,265,766 | 11,128,635 | 737,272,069 |
| Accumulated amortisation: | | | | |
| Computer software | 10,679,410 | 693,307,297 | 10,239,600 | 678,373,500 |
| (b) | 10,679,410 | 693,307,297 | 10,239,600 | 678,373,500 |
| Net block (a) - (b) | 1,093,014 | 70,958,469 | 889,035 | 58,898,569 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 359,886 | 23,363,799 | 419,268 | 27,776,505 |
| Total | 359,886 | 23,363,799 | 419,268 | 27,776,505 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,437,341 | 93,312,178 | 1,769,440 | 117,225,400 |
| Total | 1,437,341 | 93,312,178 | 1,769,440 | 117,225,400 |

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade receivables | 52,101,345 | 3,382,419,317 | 64,669,501 | 4,284,354,441 |
| Provision for doubtful debts | (3,160,121) | (205,155,055) | (1,806,213) | (119,661,611) |
| Total | 48,941,224 | 3,177,264,262 | 62,863,288 | 4,164,692,830 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 1,355,172 | 87,977,766 | 896,457 | 59,390,276 |
| Total | 1,355,172 | 87,977,766 | 896,457 | 59,390,276 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Security Deposit | 944 | 61,284 | 944 | 62,540 |
| Advances to employees | 238,787 | 15,502,052 | 298,022 | 19,743,958 |
| Others | 342,709 | 22,248,668 | 376,417 | 24,937,626 |
| Total | 582,440 | 37,812,004 | 675,383 | 44,744,124 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 155,216 | 10,076,623 | 305,590 | 20,245,338 |
| Prepaid expenses | 6,083,025 | 394,909,983 | 7,062,559 | 467,894,534 |
| Indirect tax receivable | 2,732,531 | 177,395,913 | 1,452,455 | 96,225,144 |
| Total | 8,970,772 | 582,382,519 | 8,820,604 | 584,365,016 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 13,542,142 | 879,155,859 | 13,542,142 | 897,166,908 |
| Total | 13,542,142 | 879,155,859 | 13,542,142 | 897,166,908 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------------|---------------------|------------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (100,692,024) | (6,536,926,198) | (107,995,611) | (7,154,709,229) |
| Profit / (loss) for the year | 2,529,687 | 164,227,281 | 7,303,587 | 483,862,639 |
| Closing balance | (98,162,337) | (6,372,698,917) | (100,692,024) | (6,670,846,590) |
| Share premium | 11,908,000 | 773,067,360 | 11,908,000 | 788,905,000 |
| Total | (86,254,337) | (5,599,631,557) | (88,784,024) | (5,881,941,590) |

11 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Lease equalisation | 6,200,955 | 402,565,999 | 7,223,780 | 478,575,425 |
| Total | 6,200,955 | 402,565,999 | 7,223,780 | 478,575,425 |

12 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Asset retirement obligation and others | 3,597,957 | 233,579,368 | 3,464,873 | 229,547,836 |
| Retention liability | 1,500,104 | 97,386,752 | 678,128 | 44,925,980 |
| Total | 5,098,061 | 330,966,120 | 4,143,001 | 274,473,816 |

13 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 34,356,434 | 2,230,419,695 | 35,515,919 | 2,352,929,634 |
| Total | 34,356,434 | 2,230,419,695 | 35,515,919 | 2,352,929,634 |

14 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 41,222,459 | 2,676,162,038 | 43,573,397 | 2,886,737,551 |
| Inter Company - Payables | 20,354,561 | 1,321,418,100 | 21,848,893 | 1,447,489,161 |
| Total | 61,577,020 | 3,997,580,138 | 65,422,290 | 4,334,226,712 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 853,694 | 55,421,814 | 1,049,984 | 69,561,440 |
| Interest accrued but not due | 298,006 | 19,346,550 | 10,556 | 699,335 |
| Others | 21,269 | 1,380,783 | 34,662 | 2,296,358 |
| Total | 1,172,969 | 76,149,147 | 1,095,202 | 72,557,133 |

16 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 9,729,437 | 631,635,050 | 9,564,358 | 633,638,718 |
| Other Employee dues | 7,012,538 | 455,253,967 | 7,708,687 | 510,700,514 |
| Total | 16,741,975 | 1,086,889,017 | 17,273,045 | 1,144,339,232 |

17 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 858,018 | 55,702,529 | 929,248 | 61,562,680 |
| Total | 858,018 | 55,702,529 | 929,248 | 61,562,680 |

18 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 364,384,800 | 23,655,861,216 | 482,859,901 | 31,989,468,441 |
| Total | 364,384,800 | 23,655,861,216 | 482,859,901 | 31,989,468,441 |

19 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest income - others | 9,114 | 591,681 | - | - |
| Interest on loan to subsidiaries | 231,712 | 15,042,743 | 322,242 | 21,348,533 |
| Exchange gain -Net | - | - | 453,339 | 30,033,709 |
| Miscellaneous income | 250,487 | 16,261,616 | 1,733,986 | 114,876,573 |
| Total | 491,313 | 31,896,040 | 2,509,567 | 166,258,815 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 238,970,682 | 15,513,976,675 | 344,530,473 | 22,825,143,836 |
| Rent of satellite channels | 480,137 | 31,170,494 | 561,693 | 37,212,161 |
| Total | 239,450,819 | 15,545,147,169 | 345,092,166 | 22,862,355,997 |

21 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 48,709,145 | 3,162,197,693 | 56,314,732 | 3,730,850,995 |
| Staff welfare expenses | 367,681 | 23,869,851 | 286,261 | 18,964,791 |
| Total | 49,076,826 | 3,186,067,544 | 56,600,993 | 3,749,815,786 |

22 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 24,166,118 | 1,568,864,381 | 19,747,650 | 1,308,281,813 |
| Auditors remuneration | 281,822 | 18,295,884 | 291,278 | 19,297,168 |
| Bad debts | - | - | 9,250,046 | 612,815,548 |
| Communication expenses | 557,720 | 36,207,182 | 814,139 | 53,936,709 |
| CSR expenses | 892 | 57,909 | - | - |
| Donations | 40,093 | 2,602,838 | 21,688 | 1,436,830 |
| Electricity | 3,538,066 | 229,691,245 | 4,309,971 | 285,535,579 |
| Entertainment expenses | 98,852 | 6,417,472 | 125,764 | 8,331,865 |
| Exchange loss -Net | 98,059 | 6,365,990 | - | - |
| Insurance expenses | 138,239 | 8,974,476 | 78,012 | 5,168,295 |
| IT consumables | 62,797 | 4,076,781 | 68,856 | 4,561,710 |
| Legal and professional fees | 1,895,539 | 123,058,392 | 2,543,274 | 168,491,903 |
| Loss on sale of fixed asset | 131 | 8,505 | - | - |
| Miscellaneous expenses | 1,287,670 | 83,595,536 | 1,465,415 | 97,083,738 |
| Printing and stationery | 159,969 | 10,385,187 | 190,858 | 12,644,343 |
| Provision for doubtful debts | 1,353,907 | 87,895,642 | (8,740,012) | (579,025,795) |
| Rates and Taxes | 2,134,774 | 138,589,528 | 1,968,866 | 130,437,373 |
| Recruitment expenses | 621,182 | 40,327,135 | 762,042 | 50,485,283 |
| Relocation Expense | 341,407 | 22,164,142 | 685,843 | 45,437,099 |
| Rent | 3,904,906 | 253,506,498 | 4,557,415 | 301,928,744 |
| Repairs and Maintenance | 6,359,213 | 412,840,108 | 7,772,494 | 514,927,728 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 150,039 | 9,740,532 | 240,843 | 15,955,849 |
| Security charges | 477,093 | 30,972,878 | 551,518 | 36,538,068 |
| Seminars, trainings and conferences | 574,365 | 37,287,776 | 482,144 | 31,942,040 |
| Services rendered by agencies | 8,336,567 | 541,209,930 | 11,300,838 | 748,680,518 |
| Travelling and conveyance expenses | 4,264,629 | 276,859,715 | 4,283,312 | 283,769,420 |
| Total | 60,844,049 | 3,949,995,662 | 62,772,254 | 4,158,661,828 |

23 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest expenses | 1,559,095 | 101,216,447 | 1,505,767 | 99,757,064 |
| Guarantee fees | 181,159 | 11,760,842 | (1,127,477) | (74,695,351) |
| Total | 1,740,254 | 112,977,289 | 378,290 | 25,061,713 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar V

(Vinodkumar Varma)

PARTNER

Membership No. 105545



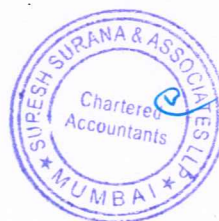
Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|--------------------------------------------------|----------|---------------------|-----------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 8,345,191 | 541,769,801 | 7,801,194 | 516,829,104 |
| | Capital work-in-progress | | 1,698,623 | 110,274,605 | 627,359 | 41,562,534 |
| | Other intangible assets | 2 | 29,822 | 1,936,044 | 52,504 | 3,478,390 |
| | Intangible assets under development | | - | - | 42,090 | 2,788,463 |
| | Financial assets | | | | | |
| | (i) Loans | 3 | - | - | 236,452 | 15,664,945 |
| | (ii) Other financial assets | 4 | 127,156 | 8,254,968 | 85,027 | 5,633,039 |
| | Non current tax asset | | 263,483 | 17,105,316 | - | - |
| | Other non-current assets | 5 | 123,144 | 7,994,508 | 95,680 | 6,338,800 |
| | | | 10,587,419 | 687,335,242 | 8,940,306 | 592,295,275 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 6 | 9,849,296 | 639,416,296 | 10,574,317 | 700,548,501 |
| | (ii) Other financial assets | 7 | 56,130 | 3,643,960 | 128,737 | 8,528,827 |
| | Other current assets | 8 | 739,587 | 48,013,988 | 290,988 | 19,277,955 |
| | | | 10,645,013 | 691,074,244 | 10,994,042 | 728,355,283 |
| | | | | | | |
| | TOTAL ASSETS | | 21,232,432 | 1,378,409,486 | 19,934,348 | 1,320,650,558 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 9 | 33,795 | 2,193,971 | 33,795 | 2,238,919 |
| | Other equity | 10 | (22,384,891) | (1,453,227,124) | (11,652,491) | (771,977,527) |
| | Total Equity | | (22,351,096) | (1,451,033,153) | (11,618,696) | (769,738,608) |
| (2) | Non-current liabilities | | | | | |
| | Other non current liabilities (Deferred revenue) | | 362,125 | 23,509,155 | 550,504 | 36,470,890 |
| | | | 362,125 | 23,509,155 | 550,504 | 36,470,890 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 11 | 28,320,732 | 1,838,581,921 | - | - |
| | (ii) Trade payables | 12 | 13,021,084 | 845,328,773 | 30,336,401 | 2,009,786,566 |
| | (iii) Other financial liabilities | 13 | 278,209 | 18,061,329 | 57,705 | 3,822,957 |
| | Other current liabilities | 14 | 1,509,773 | 98,014,464 | 512,297 | 33,939,677 |
| | Provisions | 15 | 91,605 | 5,946,997 | 79,156 | 5,244,085 |
| | Current tax liabilities (Net) | | - | - | 16,981 | 1,124,991 |
| | | | 43,221,403 | 2,805,933,484 | 31,002,540 | 2,053,918,276 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 21,232,432 | 1,378,409,486 | 19,934,348 | 1,320,650,558 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25) -



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 16 | 78,944,348 | 5,125,067,072 | 91,663,921 | 6,072,734,766 |
| ii | Other Income | 17 | 756,670 | 49,123,016 | 392,984 | 26,035,190 |
| iii | Total income (i + ii) | | 79,701,018 | 5,174,190,088 | 92,056,905 | 6,098,769,956 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 18 | 77,674,640 | 5,042,637,629 | 97,647,135 | 6,469,122,694 |
| | (ii) Employee benefits expenses | 19 | 4,593,716 | 298,224,043 | 3,276,544 | 217,071,040 |
| | (iii) Operating and other expenses | 20 | 4,682,894 | 304,013,478 | 2,844,549 | 188,451,369 |
| | (iv) Finance costs | 21 | 813,365 | 52,803,656 | (79,401) | (5,260,316) |
| | (v) Depreciation and amortisation expenses | | 2,124,009 | 137,890,664 | 2,369,545 | 156,982,356 |
| | (vi) Staff optimisation cost | | 220,482 | 14,313,691 | - | - |
| | Total expenses | | 90,109,106 | 5,849,883,161 | 106,058,372 | 7,026,367,143 |
| v | Profit before taxes (iii - iv) | | (10,408,088) | (675,693,073) | (14,001,467) | (927,597,187) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | 324,815 | 21,518,994 |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | 324,815 | 21,518,994 |
| vii | Profit / (loss) for the year (v-vi) | | (10,408,088) | (675,693,073) | (14,326,282) | (949,116,181) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 403 | 26,163 | 403 | 26,699 |
| Cables | 2,418,354 | 156,999,542 | 2,047,746 | 135,663,173 |
| Plant and machinery | 26,688,992 | 1,732,649,361 | 24,846,766 | 1,646,098,248 |
| Furniture and fixtures | 49,324 | 3,202,114 | 49,324 | 3,267,715 |
| Computers | 250,688 | 16,274,665 | 252,562 | 16,732,233 |
| Office equipment | 6,353 | 412,437 | 6,353 | 420,886 |
| (a) | 29,414,114 | 1,909,564,282 | 27,203,154 | 1,802,208,954 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 403 | 26,163 | 403 | 26,699 |
| Cables | 1,196,657 | 77,686,972 | 1,014,665 | 67,221,556 |
| Plant and machinery | 19,619,653 | 1,273,707,873 | 18,153,152 | 1,202,646,320 |
| Furniture and fixtures | 24,435 | 1,586,320 | 18,963 | 1,256,299 |
| Computers | 226,278 | 14,689,968 | 214,068 | 14,182,005 |
| Office equipment | 1,497 | 97,185 | 709 | 46,971 |
| (b) | 21,068,923 | 1,367,794,481 | 19,401,960 | 1,285,379,850 |
| Net block (a) - (b) | 8,345,191 | 541,769,801 | 7,801,194 | 516,829,104 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 929,238 | 60,326,131 | 929,238 | 61,562,018 |
| (a) | 929,238 | 60,326,131 | 929,238 | 61,562,018 |
| Accumulated amortisation: | | | | |
| Computer software | 899,416 | 58,390,087 | 876,734 | 58,083,628 |
| (b) | 899,416 | 58,390,087 | 876,734 | 58,083,628 |
| Net block (a) - (b) | 29,822 | 1,936,044 | 52,504 | 3,478,390 |

3 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans given | - | - | 236,452 | 15,664,945 |
| Total | - | - | 236,452 | 15,664,945 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Vendor deposits | 127,156 | 8,254,968 | 85,027 | 5,633,039 |
| Total | 127,156 | 8,254,968 | 85,027 | 5,633,039 |

5 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 123,144 | 7,994,508 | 95,680 | 6,338,800 |
| Total | 123,144 | 7,994,508 | 95,680 | 6,338,800 |

6 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade receivables | 11,443,233 | 742,894,686 | 10,817,475 | 716,657,719 |
| Provision for doubtful debts | (1,593,937) | (103,478,390) | (243,158) | (16,109,218) |
| Total | 9,849,296 | 639,416,296 | 10,574,317 | 700,548,501 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Security Deposit | 1,301 | 84,461 | 62,456 | 4,137,710 |
| Advances to employees | 687 | 44,600 | 5,919 | 392,134 |
| Interest Receivable | - | - | 3,115 | 206,369 |
| Others | 54,142 | 3,514,899 | 57,247 | 3,792,614 |
| Total | 56,130 | 3,643,960 | 128,737 | 8,528,827 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Advances to Vendors / Suppliers | 100,485 | 6,523,486 | - | - |
| Prepaid expenses | 639,102 | 41,490,502 | 290,988 | 19,277,955 |
| Total | 739,587 | 48,013,988 | 290,988 | 19,277,955 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Equity share capital | 33,795 | 2,193,971 | 33,795 | 2,238,919 |
| Total | 33,795 | 2,193,971 | 33,795 | 2,238,919 |

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (11,976,803) | (777,534,051) | 2,349,479 | 155,652,984 |
| Profit / (loss) for the year | (10,408,088) | (675,693,073) | (14,326,282) | (949,116,181) |
| Closing balance | (22,384,891) | (1,453,227,124) | (11,976,803) | (793,463,197) |
| Capital reserves | - | - | 324,312 | 21,485,670 |
| Total | (22,384,891) | (1,453,227,124) | (11,652,491) | (771,977,527) |

11 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|----------|
| | USD | INR | USD | INR |
| Inter company loans taken | 28,320,732 | 1,838,581,921 | - | - |
| Total | 28,320,732 | 1,838,581,921 | - | - |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|--------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Trade payable | 8,989,476 | 583,596,782 | 8,899,296 | 589,578,360 |
| Inter Company - Payables | 4,031,608 | 261,731,991 | 21,437,105 | 1,420,208,206 |
| Total | 13,021,084 | 845,328,773 | 30,336,401 | 2,009,786,566 |

13 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 64,475 | 4,185,717 | 48,606 | 3,220,148 |
| Interest accrued but not due | 212,141 | 13,772,194 | - | - |
| Others | 1,593 | 103,418 | 9,099 | 602,809 |
| Total | 278,209 | 18,061,329 | 57,705 | 3,822,957 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

14 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Deferred revenue and advance from customers | 332,278 | 21,571,488 | 65,745 | 4,355,606 |
| Other Employee dues | 1,152,317 | 74,808,420 | 253,667 | 16,805,439 |
| Other Statutory dues | 25,178 | 1,634,556 | 192,391 | 12,745,904 |
| Others | - | - | 494 | 32,728 |
| Total | 1,509,773 | 98,014,464 | 512,297 | 33,939,677 |

15 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Leave entitlement | 91,605 | 5,946,997 | 79,156 | 5,244,085 |
| Total | 91,605 | 5,946,997 | 79,156 | 5,244,085 |

16 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 78,944,348 | 5,125,067,072 | 91,663,921 | 6,072,734,766 |
| Total | 78,944,348 | 5,125,067,072 | 91,663,921 | 6,072,734,766 |

17 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 74,386 | 4,829,139 | 121,893 | 8,075,411 |
| Exchange gain -Net | - | - | 141,495 | 9,374,044 |
| Miscellaneous income | 682,284 | 44,293,877 | 129,596 | 8,585,735 |
| Total | 756,670 | 49,123,016 | 392,984 | 26,035,190 |

18 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 77,674,640 | 5,042,637,629 | 97,647,135 | 6,469,122,694 |
| Total | 77,674,640 | 5,042,637,629 | 97,647,135 | 6,469,122,694 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 4,570,685 | 296,728,870 | 3,269,376 | 216,596,160 |
| Staff welfare expenses | 23,031 | 1,495,173 | 7,168 | 474,880 |
| Total | 4,593,716 | 298,224,043 | 3,276,544 | 217,071,040 |

20 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Advertising and publicity | 152,096 | 9,874,072 | 190,205 | 12,601,081 |
| Auditors remuneration | 84,700 | 5,498,724 | 84,700 | 5,611,375 |
| Bad debts | - | - | 2,354,230 | 155,967,738 |
| Communication expenses | 51,447 | 3,339,939 | 69,492 | 4,603,845 |
| Donations | - | - | 1,945 | 128,856 |
| Electricity | 332,668 | 21,596,807 | 322,926 | 21,393,848 |
| Entertainment expenses | 1,295 | 84,071 | 2,630 | 174,238 |
| Exchange loss -Net | 132,349 | 8,592,097 | - | - |
| Insurance expenses | 7,129 | 462,815 | 12,967 | 859,064 |
| IT consumables | 2,829 | 183,659 | 1,067 | 70,689 |
| Legal and professional fees | 202,680 | 13,157,986 | 176,308 | 11,680,405 |
| Miscellaneous expenses | 33,215 | 2,156,315 | 41,730 | 2,764,609 |
| Printing and stationery | 16,617 | 1,078,776 | 17,260 | 1,143,475 |
| Provision for doubtful debts | 1,350,779 | 87,692,573 | (2,245,702) | (148,777,758) |
| Rates and Taxes | 149,203 | 9,686,259 | 25,211 | 1,670,229 |
| Recruitment expenses | 59,035 | 3,832,552 | 140,413 | 9,302,361 |
| Relocation Expense | 634 | 41,159 | 47,400 | 3,140,250 |
| Rent | 172,690 | 11,211,035 | 150,524 | 9,972,215 |
| Repairs and Maintenance | 1,298,750 | 84,314,850 | 1,025,353 | 67,929,636 |
| - Plant & Machinery | | | | |
| Repairs and Maintenance -Building | 2,289 | 148,602 | 10,855 | 719,144 |
| Seminars, trainings and conferences | 15,418 | 1,000,937 | 303 | 20,074 |
| Services rendered by agencies | 456,230 | 29,618,452 | 230,369 | 15,261,946 |
| Travelling and conveyance expenses | 160,841 | 10,441,798 | 184,363 | 12,214,049 |
| Total | 4,682,894 | 304,013,478 | 2,844,549 | 188,451,369 |

21 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | 774,750 | 50,296,770 | 109,863 | 7,278,424 |
| Guarantee fees | 38,615 | 2,506,886 | (189,264) | (12,538,740) |
| Total | 813,365 | 52,803,656 | (79,401) | (5,260,316) |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|---------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | - | - | - | - |
| | Other intangible assets | 2 | 9,666 | 627,517 | 21,266 | 1,408,873 |
| | Financial assets | | | | | |
| | (i) Other financial assets | 3 | 100,354 | 6,514,982 | 103,491 | 6,856,279 |
| | | | 110,020 | 7,142,499 | 124,757 | 8,265,152 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 12,881,023 | 836,236,013 | 14,709,690 | 974,516,963 |
| | (ii) Cash and cash equivalent | 5 | 232,604 | 15,100,652 | 788,608 | 52,245,280 |
| | Other current assets | 6 | 11,012 | 714,899 | 29,638 | 1,963,518 |
| | | | 13,124,639 | 852,051,564 | 15,527,936 | 1,028,725,761 |
| | | | | | | |
| | TOTAL ASSETS | | 13,234,659 | 859,194,063 | 15,652,693 | 1,036,990,913 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 7 | 10,611,000 | 688,866,120 | 10,611,000 | 702,978,750 |
| | Other equity | 8 | 1,886,834 | 122,493,264 | 2,181,913 | 144,551,737 |
| | Total Equity | | 12,497,834 | 811,359,384 | 12,792,913 | 847,530,487 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 9 | 667,232 | 43,316,701 | 2,789,453 | 184,801,262 |
| | (ii) Other financial liabilities | 10 | 64,017 | 4,155,984 | 62,051 | 4,110,879 |
| | Other current liabilities | 11 | 5,576 | 361,994 | 8,276 | 548,285 |
| | | | 736,825 | 47,834,679 | 2,859,780 | 189,460,426 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 13,234,659 | 859,194,063 | 15,652,693 | 1,036,990,913 |
| | | | | | | |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|----------------------|-----------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 12 | 53,321,718 | 3,461,645,933 | 66,726,850 | 4,420,653,813 |
| ii | Other Income | 13 | 833 | 54,078 | 980,639 | 64,967,334 |
| iii | Total income (i + ii) | | 53,322,551 | 3,461,700,011 | 67,707,489 | 4,485,621,147 |
| iv | Expenses: | | | | | |
| (i) | Network and transmission expenses | 14 | 7,681,451 | 498,679,799 | 8,858,713 | 586,889,736 |
| (ii) | Employee benefits expenses | 15 | 47,490 | 3,083,051 | 52,589 | 3,484,021 |
| (iii) | Operating and other expenses | 16 | 3,577,089 | 232,224,617 | 6,511,620 | 431,394,826 |
| (iv) | Depreciation and amortisation expenses | | 11,600 | 753,072 | 11,600 | 768,500 |
| | Total expenses | | 11,317,630 | 734,740,539 | 15,434,522 | 1,022,537,083 |
| v | Profit before taxes (iii - iv) | | 42,004,921 | 2,726,959,472 | 52,272,967 | 3,463,084,064 |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 42,004,921 | 2,726,959,472 | 52,272,967 | 3,463,084,064 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 95,980 | 6,231,022 | 95,980 | 6,358,675 |
| Computers | 2,034 | 132,047 | 2,034 | 134,753 |
| (a) | 98,014 | 6,363,069 | 98,014 | 6,493,428 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 95,980 | 6,231,022 | 95,980 | 6,358,675 |
| Computers | 2,034 | 132,047 | 2,034 | 134,753 |
| (b) | 98,014 | 6,363,069 | 98,014 | 6,493,428 |
| Net block (a) - (b) | - | - | - | - |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|---------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 216,166 | 14,033,497 | 216,166 | 14,320,998 |
| Customer relationship | 49,200,000 | 3,194,064,000 | 49,200,000 | 3,259,500,000 |
| (a) | 49,416,166 | 3,208,097,497 | 49,416,166 | 3,273,820,998 |
| Accumulated amortisation: | | | | |
| Computer software | 206,500 | 13,405,980 | 194,900 | 12,912,125 |
| Customer relationship | 49,200,000 | 3,194,064,000 | 49,200,000 | 3,259,500,000 |
| (b) | 49,406,500 | 3,207,469,980 | 49,394,900 | 3,272,412,125 |
| Net block (a) - (b) | 9,666 | 627,517 | 21,266 | 1,408,873 |

3 Non-current assets - financial assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|-----------|---------------------|-----------|
| | USD | INR | USD | INR |
| Vendor deposits | 100,354 | 6,514,982 | - | - |
| Others | - | - | 103,491 | 6,856,279 |
| Total | 100,354 | 6,514,982 | 103,491 | 6,856,279 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Trade receivables | 10,577,878 | 686,715,840 | 15,116,782 | 1,001,486,808 |
| Intercompany receivables | 2,831,675 | 183,832,341 | - | - |
| Provision for doubtful debts | (528,530) | (34,312,168) | (407,092) | (26,969,845) |
| Total | 12,881,023 | 836,236,013 | 14,709,690 | 974,516,963 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Balance with bank | 232,604 | 15,100,652 | 788,608 | 52,245,280 |
| Total | 232,604 | 15,100,652 | 788,608 | 52,245,280 |

6 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 11,012 | 714,899 | 29,638 | 1,963,518 |
| Total | 11,012 | 714,899 | 29,638 | 1,963,518 |

7 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Equity share capital | 10,611,000 | 688,866,120 | 10,611,000 | 702,978,750 |
| Total | 10,611,000 | 688,866,120 | 10,611,000 | 702,978,750 |

8 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 2,181,913 | 141,649,792 | 4,758,946 | 315,280,173 |
| Profit / (loss) for the year | 42,004,921 | 2,726,959,472 | 52,272,967 | 3,463,084,064 |
| Closing balance | 44,186,834 | 2,868,609,264 | 57,031,913 | 3,778,364,237 |
| Dividend | (42,300,000) | (2,746,116,000) | (54,850,000) | (3,633,812,500) |
| Total | 1,886,834 | 122,493,264 | 2,181,913 | 144,551,737 |

9 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 667,232 | 43,316,701 | 696,530 | 46,145,113 |
| Inter Company - Payables | - | - | 2,092,923 | 138,656,149 |
| Total | 667,232 | 43,316,701 | 2,789,453 | 184,801,262 |

10 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Deposit from customers and contractors | 64,017 | 4,155,984 | 62,051 | 4,110,879 |
| Total | 64,017 | 4,155,984 | 62,051 | 4,110,879 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Other Employee dues | 5,576 | 361,994 | 8,276 | 548,285 |
| Total | 5,576 | 361,994 | 8,276 | 548,285 |

12 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 53,321,718 | 3,461,645,933 | 66,726,850 | 4,420,653,813 |
| Total | 53,321,718 | 3,461,645,933 | 66,726,850 | 4,420,653,813 |

13 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|---------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Interest income - others | 833 | 54,078 | 132 | 8,745 |
| Net gain on sale of investments | - | - | 980,505 | 64,958,456 |
| Miscellaneous income | - | - | 2 | 133 |
| Total | 833 | 54,078 | 980,639 | 64,967,334 |

14 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 7,681,451 | 498,679,799 | 8,858,713 | 586,889,736 |
| Total | 7,681,451 | 498,679,799 | 8,858,713 | 586,889,736 |

15 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 47,490 | 3,083,051 | 52,589 | 3,484,021 |
| Total | 47,490 | 3,083,051 | 52,589 | 3,484,021 |

16 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 4,699 | 305,059 | 4,577 | 303,226 |
| Bad debts | - | - | 1,176,157 | 77,920,401 |
| Communication expenses | - | - | 111 | 7,354 |
| Exchange loss -Net | 87,166 | 5,658,817 | 36,519 | 2,419,384 |
| Legal and professional fees | 8,127 | 527,605 | 7,106 | 470,773 |
| Miscellaneous expenses | 248,620 | 16,140,409 | 298,050 | 19,745,812 |
| Provision for doubtful debts | 121,437 | 7,883,690 | (1,260,097) | (83,481,426) |
| Rates and Taxes | 1,499 | 97,315 | 1,999 | 132,434 |
| Repairs and Maintenance | 2,973,893 | 193,065,134 | 6,099,908 | 404,118,905 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 131,648 | 8,546,588 | 147,290 | 9,757,963 |
| Total | 3,577,089 | 232,224,617 | 6,511,620 | 431,394,826 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|-------------|---------------------|-------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 1,474,069 | 95,696,559 | 1,120,364 | 74,224,115 |
| | Capital work-in-progress | | 333,587 | 21,656,468 | 125,946 | 8,343,923 |
| | Other intangible assets | 2 | 13,708 | 889,923 | 17,208 | 1,140,030 |
| | Financial assets | | | | | |
| | (i) Loans | 3 | 1,022,093 | 66,354,278 | 1,135,091 | 75,199,779 |
| | Other non-current assets | 4 | 57,647 | 3,742,443 | 42,942 | 2,844,908 |
| | | | 2,901,104 | 188,339,671 | 2,441,551 | 161,752,755 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 5 | 1,247,225 | 80,969,847 | 890,911 | 59,022,854 |
| | (ii) Cash and cash equivalent | 6 | 113,713 | 7,382,248 | 101,822 | 6,745,708 |
| | (iii) Other financial assets | 7 | 119,888 | 7,783,129 | 22,220 | 1,472,075 |
| | Other current assets | 8 | 73,091 | 4,745,068 | 57,198 | 3,789,368 |
| | | | 1,553,917 | 100,880,292 | 1,072,151 | 71,030,005 |
| | TOTAL ASSETS | | 4,455,021 | 289,219,963 | 3,513,702 | 232,782,760 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 9 | 344,869 | 22,388,895 | 344,869 | 22,847,571 |
| | Other equity | 10 | 1,878,243 | 121,935,535 | 1,623,586 | 107,562,575 |
| | Total Equity | | 2,223,112 | 144,324,430 | 1,968,455 | 130,410,146 |
| (2) | Non-current liabilities | | | | | |
| | Provisions | 11 | 289,870 | 18,818,360 | - | - |
| | | | 289,870 | 18,818,360 | - | - |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 12 | 276,805 | 17,970,181 | 307,384 | 20,364,190 |
| | Other current liabilities | 13 | 1,231,730 | 79,963,912 | 889,120 | 58,904,200 |
| | Provisions | 14 | 403,673 | 26,206,451 | 318,913 | 21,127,986 |
| | Current tax liabilities (Net) | | 29,831 | 1,936,629 | 29,830 | 1,976,238 |
| | | | 1,942,039 | 126,077,173 | 1,545,247 | 102,372,614 |
| | TOTAL EQUITY AND LIABILITIES | | 4,455,021 | 289,219,963 | 3,513,702 | 232,782,760 |

*Exchange rate as at 31 March 2017 | USD = INR 64.92 (as at 31 March 2016 | USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|--------------------|-----------------------|--------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 15 | 5,129,989 | 333,038,886 | 4,487,589 | 297,302,771 |
| ii | Other Income | 16 | 36,607 | 2,376,526 | 48,446 | 3,209,548 |
| iii | Total income (i + ii) | | 5,166,596 | 335,415,412 | 4,536,035 | 300,512,319 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 17 | 6,358 | 412,761 | 96,842 | 6,415,783 |
| | (ii) Employee benefits expenses | 18 | 2,717,421 | 176,414,972 | 2,414,459 | 159,957,910 |
| | (iii) Operating and other expenses | 19 | 1,737,187 | 112,778,180 | 1,289,634 | 85,438,249 |
| | (iv) Finance costs | 20 | 1,894 | 122,958 | 5,757 | 381,401 |
| | (v) Depreciation and amortisation expenses | | 449,079 | 29,154,209 | 319,408 | 21,160,780 |
| | (vi) Staff optimisation cost | | - | - | 234,461 | 15,533,041 |
| | Total expenses | | 4,911,939 | 318,883,080 | 4,360,561 | 288,887,164 |
| v | Profit before taxes (iii - iv) | | 254,657 | 16,532,332 | 175,474 | 11,625,155 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | (98,537) | (6,528,076) |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | (98,537) | (6,528,076) |
| vii | Profit / (loss) for the year (v-vi) | | 254,657 | 16,532,332 | 274,011 | 18,153,231 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Lease hold improvement | 33,020 | 2,143,658 | 33,020 | 2,187,575 |
| Plant and machinery | 2,518,483 | 163,499,916 | 1,718,980 | 113,882,425 |
| Computers | 219,349 | 14,240,137 | 217,353 | 14,399,636 |
| (a) | 2,770,852 | 179,883,711 | 1,969,353 | 130,469,636 |
| Accumulated depreciation: | | | | |
| Lease hold improvement | 33,020 | 2,143,658 | 33,020 | 2,187,575 |
| Plant and machinery | 1,069,732 | 69,447,001 | 635,620 | 42,109,825 |
| Computers | 194,031 | 12,596,493 | 180,349 | 11,948,121 |
| (b) | 1,296,783 | 84,187,152 | 848,989 | 56,245,521 |
| Net block (a) - (b) | 1,474,069 | 95,696,559 | 1,120,364 | 74,224,115 |

2 Other intangible assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|----------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Computer software | 17,500 | 1,136,100 | 17,500 | 1,159,375 |
| (a) | 17,500 | 1,136,100 | 17,500 | 1,159,375 |
| Accumulated amortisation: | | | | |
| Computer software | 3,792 | 246,177 | 292 | 19,345 |
| (b) | 3,792 | 246,177 | 292 | 19,345 |
| Net block (a) - (b) | 13,708 | 889,923 | 17,208 | 1,140,030 |

3 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 1,022,093 | 66,354,278 | 1,135,091 | 75,199,779 |
| Total | 1,022,093 | 66,354,278 | 1,135,091 | 75,199,779 |

4 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 57,647 | 3,742,443 | 42,942 | 2,844,908 |
| Total | 57,647 | 3,742,443 | 42,942 | 2,844,908 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Intercompany receivables | 1,247,225 | 80,969,847 | 890,911 | 59,022,854 |
| Total | 1,247,225 | 80,969,847 | 890,911 | 59,022,854 |

6 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Cash in hand | 45 | 2,921 | - | - |
| Balance with bank | 113,668 | 7,379,327 | 101,822 | 6,745,708 |
| Total | 113,713 | 7,382,248 | 101,822 | 6,745,708 |

7 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Advances to employees | - | - | 359 | 23,784 |
| Interest Receivable | 13,606 | 883,302 | 21,861 | 1,448,291 |
| Others | 106,282 | 6,899,827 | - | - |
| Total | 119,888 | 7,783,129 | 22,220 | 1,472,075 |

8 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 73,089 | 4,744,938 | 57,198 | 3,789,368 |
| Others | 2 | 130 | - | - |
| Total | 73,091 | 4,745,068 | 57,198 | 3,789,368 |

9 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Equity share capital | 344,869 | 22,388,895 | 344,869 | 22,847,571 |
| Total | 344,869 | 22,388,895 | 344,869 | 22,847,571 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------|---------------------|-------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 1,623,586 | 105,403,203 | 1,349,575 | 89,409,344 |
| Profit / (loss) for the year | 254,657 | 16,532,332 | 274,011 | 18,153,231 |
| Closing balance | 1,878,243 | 121,935,535 | 1,623,586 | 107,562,575 |

11 Non-current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|------------|---------------------|-----|
| | USD | INR | USD | INR |
| Retention liability | 289,870 | 18,818,360 | - | - |
| Total | 289,870 | 18,818,360 | - | - |

12 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Trade payable | 276,805 | 17,970,181 | 307,384 | 20,364,190 |
| Total | 276,805 | 17,970,181 | 307,384 | 20,364,190 |

13 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Other Employee dues | 1,160,616 | 75,347,191 | 843,632 | 55,890,620 |
| Other Statutory dues | 71,114 | 4,616,721 | 45,453 | 3,011,261 |
| Others | - | - | 35 | 2,319 |
| Total | 1,231,730 | 79,963,912 | 889,120 | 58,904,200 |

14 Current liabilities - provisions

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Leave entitlement | 403,673 | 26,206,451 | 318,913 | 21,127,986 |
| Total | 403,673 | 26,206,451 | 318,913 | 21,127,986 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Management consultancy Services | 5,129,989 | 333,038,886 | 4,487,589 | 297,302,771 |
| Total | 5,129,989 | 333,038,886 | 4,487,589 | 297,302,771 |

16 Other income

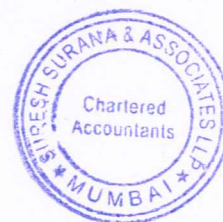
| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 23,984 | 1,557,041 | 41,644 | 2,758,915 |
| Miscellaneous income | 12,623 | 819,485 | 6,802 | 450,633 |
| Total | 36,607 | 2,376,526 | 48,446 | 3,209,548 |

17 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|----------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 6,358 | 412,761 | 96,842 | 6,415,783 |
| Total | 6,358 | 412,761 | 96,842 | 6,415,783 |

18 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 2,674,387 | 173,621,204 | 2,327,278 | 154,182,168 |
| Contribution to provident and other funds | 17,117 | 1,111,236 | 16,518 | 1,094,318 |
| Staff welfare expenses | 25,917 | 1,682,532 | 70,663 | 4,681,424 |
| Total | 2,717,421 | 176,414,972 | 2,414,459 | 159,957,910 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 2,577 | 167,299 | 2,840 | 188,150 |
| Communication expenses | 18,641 | 1,210,174 | 28,380 | 1,880,175 |
| Donations | - | - | 17,848 | 1,182,430 |
| Entertainment expenses | 8,834 | 573,503 | 18,853 | 1,249,011 |
| Exchange loss -Net | 112,458 | 7,300,773 | 183,423 | 12,151,774 |
| IT consumables | 29 | 1,883 | 153 | 10,136 |
| Legal and professional fees | 944,769 | 61,334,403 | 602,696 | 39,928,610 |
| Miscellaneous expenses | 17,563 | 1,140,190 | 18,140 | 1,201,771 |
| Printing and stationery | 463 | 30,058 | 5,292 | 350,595 |
| Rates and Taxes | 428 | 27,786 | - | - |
| Recruitment expenses | - | - | 687 | 45,514 |
| Repairs and Maintenance | 168,290 | 10,925,387 | 73,206 | 4,849,898 |
| - Plant & Machinery | | | | |
| Seminars, trainings and conferences | 20,374 | 1,322,680 | 12,797 | 847,801 |
| Services rendered by agencies | 203,176 | 13,190,186 | 15 | 994 |
| Travelling and conveyance expenses | 239,585 | 15,553,858 | 325,304 | 21,551,390 |
| Total | 1,737,187 | 112,778,180 | 1,289,634 | 85,438,249 |

20 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest expenses | 1,894 | 122,958 | 9,308 | 616,655 |
| Guarantee fees | - | - | (3,551) | (235,254) |
| Total | 1,894 | 122,958 | 5,757 | 381,401 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (New Zealand) Limited** ("the subsidiary") registered in New Zealand as at 31 March 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

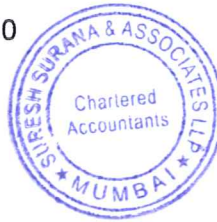
Firm Reg. No. 121750W / W-100010

Vinodkumar

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|------------|---------------------|------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 75,482 | 4,900,291 | 81,960 | 5,429,850 |
| | Deferred tax assets (Net) | | 2,251 | 146,135 | 2,685 | 177,881 |
| | Non current tax asset | | 22,538 | 1,463,167 | - | - |
| | Other non-current assets | 2 | 1,888 | 122,569 | 261 | 17,291 |
| | | | 102,159 | 6,632,162 | 84,906 | 5,625,022 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 3 | 92,979 | 6,036,197 | 154,765 | 10,253,181 |
| | (ii) Cash and cash equivalent | 4 | 125,767 | 8,164,794 | 38,936 | 2,579,510 |
| | (iii) Other financial assets | 5 | 544 | 35,316 | 67 | 4,439 |
| | Other current assets | 6 | 1,860 | 120,752 | 4,858 | 321,843 |
| | | | 221,150 | 14,357,059 | 198,626 | 13,158,973 |
| | TOTAL ASSETS | | 323,309 | 20,989,221 | 283,532 | 18,783,995 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 7 | 100 | 6,492 | 100 | 6,625 |
| | Other equity | 8 | 103,857 | 6,742,397 | 101,080 | 6,696,549 |
| | Total Equity | | 103,957 | 6,748,889 | 101,180 | 6,703,174 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 9 | 162,688 | 10,561,705 | 106,600 | 7,062,250 |
| | (ii) Trade payables | 10 | 45,327 | 2,942,629 | 40,004 | 2,650,265 |
| | (ii) Other financial liabilities | 11 | 3,123 | 202,745 | 3,674 | 243,403 |
| | Other current liabilities | 12 | 8,214 | 533,253 | 207 | 13,714 |
| | Current tax liabilities (Net) | | - | - | 31,867 | 2,111,189 |
| | | | 219,352 | 14,240,332 | 182,352 | 12,080,821 |
| | TOTAL EQUITY AND LIABILITIES | | 323,309 | 20,989,221 | 283,532 | 18,783,995 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|--------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 13 | 266,484 | 17,300,141 | 375,883 | 24,902,249 |
| ii | Other Income | 14 | 53 | 3,441 | 1,731 | 114,679 |
| iii | Total income (i + ii) | | 266,537 | 17,303,582 | 377,614 | 25,016,928 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 15 | 87,045 | 5,650,961 | 56,649 | 3,752,996 |
| | (ii) Employee benefits expenses | 16 | 128,047 | 8,312,811 | 126,226 | 8,362,473 |
| | (iii) Operating and other expenses | 17 | 26,973 | 1,751,087 | 38,197 | 2,530,552 |
| | (iv) Finance costs | 18 | 4,780 | 310,318 | 6,767 | 448,314 |
| | (v) Depreciation and amortisation expenses | | 18,550 | 1,204,266 | 16,799 | 1,112,934 |
| | Total expenses | | 265,395 | 17,229,443 | 244,638 | 16,207,269 |
| v | Profit before taxes (iii - iv) | | 1,142 | 74,139 | 132,976 | 8,809,659 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | (2,069) | (134,319) | 40,322 | 2,671,333 |
| | (ii) Deferred tax expense/(benefit) | | 434 | 28,175 | (4,323) | (286,399) |
| | Net tax expenses | | (1,635) | (106,144) | 35,999 | 2,384,934 |
| vii | Profit / (loss) for the year (v-vi) | | 2,777 | 180,283 | 96,977 | 6,424,725 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 162,484 | 10,548,461 | 150,412 | 9,964,795 |
| (a) | 162,484 | 10,548,461 | 150,412 | 9,964,795 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 87,002 | 5,648,170 | 68,452 | 4,534,945 |
| (b) | 87,002 | 5,648,170 | 68,452 | 4,534,945 |
| Net block (a) - (b) | 75,482 | 4,900,291 | 81,960 | 5,429,850 |

2 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,888 | 122,569 | 261 | 17,291 |
| Total | 1,888 | 122,569 | 261 | 17,291 |

3 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 4,418 | 286,817 | 2,697 | 178,676 |
| Intercompany receivables | 88,561 | 5,749,380 | 152,068 | 10,074,505 |
| Total | 92,979 | 6,036,197 | 154,765 | 10,253,181 |

4 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Balance with bank | 125,767 | 8,164,794 | 38,936 | 2,579,510 |
| Total | 125,767 | 8,164,794 | 38,936 | 2,579,510 |

5 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|---------------|---------------------|--------------|
| | USD | INR | USD | INR |
| Others | 544 | 35,316 | 67 | 4,439 |
| Total | 544 | 35,316 | 67 | 4,439 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Other Advances | 279 | 18,113 | 62 | 4,108 |
| Prepaid expenses | 1,580 | 102,574 | 123 | 8,149 |
| Indirect tax receivable | - | - | 4,673 | 309,586 |
| Others | 1 | 65 | - | - |
| Total | 1,860 | 120,752 | 4,858 | 321,843 |

7 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------|---------------------|--------------|
| | USD | INR | USD | INR |
| Equity share capital | 100 | 6,492 | 100 | 6,625 |
| Total | 100 | 6,492 | 100 | 6,625 |

8 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 101,080 | 6,562,114 | 4,103 | 271,824 |
| Profit / (loss) for the year | 2,777 | 180,283 | 96,977 | 6,424,725 |
| Closing balance | 103,857 | 6,742,397 | 101,080 | 6,696,549 |

9 Current liabilities - borrowings

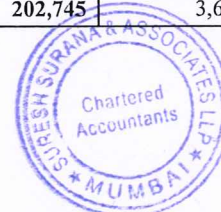
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 162,688 | 10,561,705 | 106,600 | 7,062,250 |
| Total | 162,688 | 10,561,705 | 106,600 | 7,062,250 |

10 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 45,327 | 2,942,629 | 40,004 | 2,650,265 |
| Total | 45,327 | 2,942,629 | 40,004 | 2,650,265 |

11 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | 3,123 | 202,745 | 3,674 | 243,403 |
| Total | 3,123 | 202,745 | 3,674 | 243,403 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

12 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|----------------|---------------------|---------------|
| | USD | INR | USD | INR |
| Other Employee dues | 159 | 10,322 | 202 | 13,383 |
| Other Statutory dues | 8,055 | 522,931 | - | - |
| Others | - | - | 5 | 331 |
| Total | 8,214 | 533,253 | 207 | 13,714 |

13 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|---------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 131,462 | 8,534,513 | 238,332 | 15,789,495 |
| Management consultancy Services | 135,022 | 8,765,628 | 137,551 | 9,112,754 |
| Total | 266,484 | 17,300,141 | 375,883 | 24,902,249 |

14 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------|----------------------|--------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest income - others | - | - | 25 | 1,656 |
| Miscellaneous income | 53 | 3,441 | 1,706 | 113,023 |
| Total | 53 | 3,441 | 1,731 | 114,679 |

15 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 87,045 | 5,650,961 | 56,649 | 3,752,996 |
| Total | 87,045 | 5,650,961 | 56,649 | 3,752,996 |

16 Employee benefit expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Salaries, bonus and allowances | 128,047 | 8,312,811 | 126,226 | 8,362,473 |
| Total | 128,047 | 8,312,811 | 126,226 | 8,362,473 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Communication expenses | 21 | 1,363 | - | - |
| Directors fees | 5,751 | 373,355 | 7,554 | 500,453 |
| Electricity | 2,052 | 133,216 | 1,828 | 121,105 |
| Entertainment expenses | 6 | 390 | - | - |
| Exchange loss -Net | 10,129 | 657,575 | 11,372 | 753,395 |
| Insurance expenses | 52 | 3,376 | 44 | 2,915 |
| Legal and professional fees | 6,589 | 427,758 | 17,189 | 1,138,771 |
| Miscellaneous expenses | 824 | 53,493 | 91 | 6,029 |
| Printing and stationery | - | - | 1 | 66 |
| Repairs and Maintenance - Plant & Machinery | 1,188 | 77,125 | 103 | 6,824 |
| Services rendered by agencies | 241 | 15,646 | 15 | 994 |
| Travelling and conveyance expenses | 120 | 7,790 | - | - |
| Total | 26,973 | 1,751,087 | 38,197 | 2,530,552 |

18 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------|-----------------------|----------------|
| | USD | INR | USD | INR |
| Interest expenses | 4,539 | 294,672 | 8,598 | 569,618 |
| Guarantee fees | 241 | 15,646 | (1,831) | (121,304) |
| Total | 4,780 | 310,318 | 6,767 | 448,314 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

ITXC IP Holdings SARL

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|----------------------|---------------------|----------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Capital work-in-progress | | 160,559 | 10,423,490 | - | - |
| | Financial assets | | | | | |
| | (i) Loans | 1 | 28,812,165 | 1,870,485,752 | 28,658,722 | 1,898,640,333 |
| | | | 28,972,724 | 1,880,909,242 | 28,658,722 | 1,898,640,333 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Other financial assets | 2 | 468,671 | 30,426,121 | 542,943 | 35,969,974 |
| | Other current assets | 3 | 11,972 | 777,222 | 8,934 | 591,878 |
| | | | 480,643 | 31,203,343 | 551,877 | 36,561,852 |
| | | | | | | |
| | TOTAL ASSETS | | 29,453,367 | 1,912,112,585 | 29,210,599 | 1,935,202,185 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 4 | 16,247 | 1,054,755 | 16,247 | 1,076,364 |
| | Other equity | 5 | 19,117,821 | 1,241,128,939 | 16,840,197 | 1,115,663,051 |
| | Total Equity | | 19,134,068 | 1,242,183,694 | 16,856,444 | 1,116,739,415 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 6 | 9,825,677 | 637,882,951 | 11,160,118 | 739,357,818 |
| | (ii) Trade payables | 7 | 485,171 | 31,497,301 | 1,190,741 | 78,886,592 |
| | Current tax liabilities (Net) | | 8,451 | 548,639 | 3,296 | 218,360 |
| | | | 10,319,299 | 669,928,891 | 12,354,155 | 818,462,770 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 29,453,367 | 1,912,112,585 | 29,210,599 | 1,935,202,185 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|------------------------------------------|----------|----------------------|-------------|-----------------------|---------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 8 | 2,183,018 | 141,721,529 | 810,322 | 53,683,833 |
| ii | Other Income | 9 | 2,313,200 | 150,172,944 | 2,465,251 | 163,322,879 |
| iii | Total income (i + ii) | | 4,496,218 | 291,894,473 | 3,275,573 | 217,006,712 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 10 | 354,369 | 23,005,635 | 2,168,896 | 143,689,360 |
| | (ii) Operating and other expenses | 11 | 1,855,392 | 120,452,050 | 54,627 | 3,619,040 |
| | (iii) Finance costs | 12 | - | - | 3,853,117 | 255,269,001 |
| | Total expenses | | 2,209,761 | 143,457,685 | 6,076,640 | 402,577,401 |
| v | Profit before taxes (iii - iv) | | 2,286,457 | 148,436,788 | (2,801,067) | (185,570,689) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 8,833 | 573,438 | 5,784 | 383,190 |
| | Net tax expenses | | 8,833 | 573,438 | 5,784 | 383,190 |
| vii | Profit / (loss) for the year (v-vi) | | 2,277,624 | 147,863,350 | (2,806,851) | (185,953,879) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 28,812,165 | 1,870,485,752 | 28,658,722 | 1,898,640,333 |
| Total | 28,812,165 | 1,870,485,752 | 28,658,722 | 1,898,640,333 |

2 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Interest Receivable | 468,671 | 30,426,121 | 542,943 | 35,969,974 |
| Total | 468,671 | 30,426,121 | 542,943 | 35,969,974 |

3 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Indirect tax receivable | 11,972 | 777,222 | 8,934 | 591,878 |
| Total | 11,972 | 777,222 | 8,934 | 591,878 |

4 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Equity share capital | 16,247 | 1,054,755 | 16,247 | 1,076,364 |
| Total | 16,247 | 1,054,755 | 16,247 | 1,076,364 |

5 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 16,840,197 | 1,093,265,589 | 19,647,048 | 1,301,616,930 |
| Profit / (loss) for the year | 2,277,624 | 147,863,350 | (2,806,851) | (185,953,879) |
| Closing balance | 19,117,821 | 1,241,128,939 | 16,840,197 | 1,115,663,051 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|--------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Inter company loans taken | 9,825,677 | 637,882,951 | 11,160,118 | 739,357,818 |
| Total | 9,825,677 | 637,882,951 | 11,160,118 | 739,357,818 |

7 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade payable | 194,436 | 12,622,785 | 42,195 | 2,795,419 |
| Inter Company - Payables | 290,735 | 18,874,516 | 1,148,546 | 76,091,173 |
| Total | 485,171 | 31,497,301 | 1,190,741 | 78,886,592 |

8 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|--------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 2,183,018 | 141,721,529 | 810,322 | 53,683,833 |
| Total | 2,183,018 | 141,721,529 | 810,322 | 53,683,833 |

9 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 2,286,459 | 148,436,918 | 1,052,051 | 69,698,379 |
| Exchange gain -Net | - | - | 1,413,200 | 93,624,500 |
| Miscellaneous income | 26,741 | 1,736,026 | - | - |
| Total | 2,313,200 | 150,172,944 | 2,465,251 | 163,322,879 |

10 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|-------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 354,369 | 23,005,635 | 2,168,896 | 143,689,360 |
| Total | 354,369 | 23,005,635 | 2,168,896 | 143,689,360 |



11 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-----------------------------|----------------------|--------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | - | - | 27,500 | 1,821,875 |
| Communication expenses | 58 | 3,765 | 36 | 2,385 |
| Exchange loss -Net | 1,779,138 | 115,501,639 | - | - |
| Legal and professional fees | 72,440 | 4,702,805 | 23,430 | 1,552,238 |
| Miscellaneous expenses | 564 | 36,616 | 975 | 64,594 |
| Rates and Taxes | 3,192 | 207,225 | 2,686 | 177,948 |
| Total | 1,855,392 | 120,452,050 | 54,627 | 3,619,040 |

12 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest expenses | - | - | 3,853,117 | 255,269,001 |
| Total | - | - | 3,853,117 | 255,269,001 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|----------------------|---------------------|--------------------|
| | | | ZAR | INR* | ZAR | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Loans | 1 | 510 | 2,474 | 510 | 2,285 |
| | | | 510 | 2,474 | 510 | 2,285 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Cash and cash equivalent | 2 | 375,794,777 | 1,822,604,666 | 38,200 | 171,138 |
| | | | 375,794,777 | 1,822,604,666 | 38,200 | 171,138 |
| | | | | | | |
| | TOTAL ASSETS | | 375,795,287 | 1,822,607,140 | 38,710 | 173,423 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 3 | 1,000 | 4,850 | 1,000 | 4,480 |
| | Other equity | 4 | 375,399,337 | 1,820,686,782 | (338,490) | (1,516,433) |
| | Total Equity | | 375,400,337 | 1,820,691,632 | (337,490) | (1,511,953) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 5 | 223,676 | 1,084,829 | - | - |
| | | | 223,676 | 1,084,829 | - | - |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 6 | 171,274 | 830,679 | 376,200 | 1,685,376 |
| | | | 171,274 | 830,679 | 376,200 | 1,685,376 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 375,795,287 | 1,822,607,140 | 38,710 | 173,423 |

*Exchange rate as at 31 March 2017 1 ZAR = INR 4.85 (as at 31 March 2016 1 ZAR = INR 4.48)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | As at 31 March 2016 | |
|-----|------------------------------------------|----------|----------------------|-----------------|---------------------|-----------------|
| | | | ZAR | INR* | ZAR | INR* |
| i | Revenue from telecommunications services | 7 | - | - | - | - |
| ii | Other Income | | 2,568,010 | 12,454,847 | 1,541 | 6,902 |
| iii | Total income (i + ii) | | 2,568,010 | 12,454,847 | 1,541 | 6,902 |
| iv | Expenses: | 8 | | | | |
| | (i) Operating and other expenses | | 21,098 | 102,325 | 71,252 | 319,209 |
| | (ii) Investment write off | | (373,190,914) | (1,809,975,935) | 943,099,737 | 4,225,086,820 |
| | Total expenses | | (373,169,816) | (1,809,873,610) | 943,170,989 | 4,225,406,029 |
| v | Profit before taxes (iii -iv) | | 375,737,826 | 1,822,328,457 | (943,169,448) | (4,225,399,127) |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | - | - | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 375,737,826 | 1,822,328,457 | (943,169,448) | (4,225,399,127) |

*Exchange rate as at 31 March 2017 1 ZAR = INR 4.85 (as at 31 March 2016 1 ZAR = INR 4.48)



1 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|--------------|---------------------|--------------|
| | ZAR | INR | ZAR | INR |
| Inter company loans given | 510 | 2,474 | 510 | 2,285 |
| Total | 510 | 2,474 | 510 | 2,285 |

2 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|----------------------|---------------------|----------------|
| | ZAR | INR | ZAR | INR |
| Balance with bank | 375,794,777 | 1,822,604,666 | 38,200 | 171,138 |
| Total | 375,794,777 | 1,822,604,666 | 38,200 | 171,138 |

3 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|--------------|---------------------|--------------|
| | ZAR | INR | ZAR | INR |
| Equity share capital | 1,000 | 4,850 | 1,000 | 4,480 |
| Total | 1,000 | 4,850 | 1,000 | 4,480 |

4 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|--------------------|
| | ZAR | INR | ZAR | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (2,487,698,226) | (12,065,336,397) | (1,544,528,778) | (6,919,488,926) |
| Profit / (loss) for the year | 375,737,826 | 1,822,328,457 | (943,169,448) | (4,225,399,127) |
| Closing balance | (2,111,960,400) | (10,243,007,940) | (2,487,698,226) | (11,144,888,053) |
| Share premium | 515,380,336 | 2,499,594,627 | 515,380,336 | 2,308,903,903 |
| Preference share capital | 1,971,979,401 | 9,564,100,095 | 1,971,979,401 | 8,834,467,716 |
| Total | 375,399,337 | 1,820,686,782 | (338,490) | (1,516,433) |

5 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------------------|---------------------|------------------|---------------------|----------|
| | ZAR | INR | ZAR | INR |
| Unsecured borrowings - Inter company loans taken | 223,676 | 1,084,829 | - | - |
| Total | 223,676 | 1,084,829 | - | - |

6 Current liabilities - Trade payables

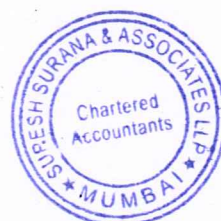
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------|---------------------|----------------|---------------------|------------------|
| | ZAR | INR | ZAR | INR |
| Trade payables | 171,274 | 830,679 | 376,200 | 1,685,376 |
| Total | 171,274 | 830,679 | 376,200 | 1,685,376 |

7 Other income

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|-----------------------------------------|----------------------|-------------------|---------------------|--------------|
| | ZAR | INR* | ZAR | INR |
| Interest income - bank deposit & others | 2,568,010 | 12,454,847 | 1,541 | 6,902 |
| Total | 2,568,010 | 12,454,847 | 1,541 | 6,902 |

8 Other expenses

| Particulars | Current year 2016-17 | | As at 31 March 2016 | |
|------------------------|----------------------|----------------|---------------------|----------------|
| | ZAR | INR* | ZAR | INR |
| Auditors remuneration | 18,750 | 90,938 | 70,400 | 315,392 |
| Miscellaneous expenses | 2,348 | 11,388 | 852 | 3,817 |
| Total | 21,098 | 102,325 | 71,252 | 319,209 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|-------------------------------------|----------|---------------------|------------|---------------------|------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Property, plant and equipment | 1 | 194,280 | 12,612,657 | 55,592 | 3,682,970 |
| | Capital work-in-progress | | - | - | 155,119 | 10,276,634 |
| | (i) Loans | 2 | 996,374 | 64,684,600 | 576,088 | 38,165,830 |
| | (ii) Other financial assets | 3 | 3,104 | 201,512 | 3,304 | 218,890 |
| | | | 1,193,758 | 77,498,769 | 790,103 | 52,344,324 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Trade receivables | 4 | 125,683 | 8,159,340 | 252,835 | 16,750,319 |
| | (ii) Cash and cash equivalent | 5 | 1 | 65 | - | - |
| | (iii) Other financial assets | 6 | 14,565 | 945,560 | 11,363 | 752,799 |
| | Other current assets | 7 | 6,940 | 450,544 | 14,092 | 933,595 |
| | | | 147,189 | 9,555,509 | 278,290 | 18,436,713 |
| | | | | | | |
| | TOTAL ASSETS | | 1,340,947 | 87,054,278 | 1,068,393 | 70,781,037 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 8 | 45,681 | 2,965,611 | 45,681 | 3,026,366 |
| | Other equity | 9 | 908,412 | 58,974,105 | 657,098 | 43,532,743 |
| | Total Equity | | 954,093 | 61,939,716 | 702,779 | 46,559,109 |
| (2) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Trade payables | 10 | 139,105 | 9,030,697 | 129,838 | 8,601,768 |
| | (ii) Other financial liabilities | 11 | 7,751 | 503,195 | - | - |
| | Current tax liabilities (Net) | | 239,998 | 15,580,670 | 235,776 | 15,620,160 |
| | | | 386,854 | 25,114,562 | 365,614 | 24,221,928 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 1,340,947 | 87,054,278 | 1,068,393 | 70,781,037 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-----|---------------------------------------------|----------|----------------------|-------------------|-----------------------|-------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | 12 | 819,081 | 53,174,739 | 783,082 | 51,879,183 |
| ii | Other Income | 13 | 25,598 | 1,661,822 | 36,856 | 2,441,710 |
| iii | Total income (i + ii) | | 844,679 | 54,836,561 | 819,938 | 54,320,893 |
| iv | Expenses: | | | | | |
| | (i) Network and transmission expenses | 14 | 40,655 | 2,639,323 | 62,906 | 4,167,523 |
| | (ii) Operating and other expenses | 15 | 421,300 | 27,350,798 | 404,178 | 26,776,792 |
| | (iii) Finance costs | 16 | 328 | 21,294 | (338) | (22,393) |
| | (iv) Depreciation and amortisation expenses | | 33,957 | 2,204,488 | 12,271 | 812,954 |
| | Total expenses | | 496,240 | 32,215,903 | 479,017 | 31,734,876 |
| v | Profit before taxes (iii - iv) | | 348,439 | 22,620,658 | 340,921 | 22,586,017 |
| vi | Tax expenses | | | | | |
| | (i) Current tax expense/(benefit) | | 97,125 | 6,305,355 | 83,783 | 5,550,624 |
| | (ii) Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | 97,125 | 6,305,355 | 83,783 | 5,550,624 |
| vii | Profit / (loss) for the year (v-vi) | | 251,314 | 16,315,303 | 257,138 | 17,035,393 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Property, plant and equipment

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------------------|---------------------|-------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Gross block: | | | | |
| Plant and machinery | 409,347 | 26,574,807 | 236,702 | 15,681,508 |
| (a) | 409,347 | 26,574,807 | 236,702 | 15,681,508 |
| Accumulated depreciation: | | | | |
| Plant and machinery | 215,067 | 13,962,150 | 181,110 | 11,998,538 |
| (b) | 215,067 | 13,962,150 | 181,110 | 11,998,538 |
| Net block (a) - (b) | 194,280 | 12,612,657 | 55,592 | 3,682,970 |

2 Non-current assets - financial assets - loans

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Inter company loans given | 996,374 | 64,684,600 | 576,088 | 38,165,830 |
| Total | 996,374 | 64,684,600 | 576,088 | 38,165,830 |

3 Non-current assets - financial assets - other financial assets

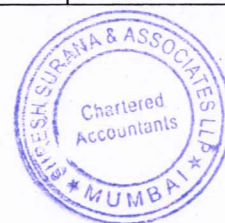
| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Vendor deposits | 3,104 | 201,512 | 3,304 | 218,890 |
| Total | 3,104 | 201,512 | 3,304 | 218,890 |

4 Trade receivables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Trade receivables | 21,464 | 1,393,443 | 53,304 | 3,531,390 |
| Intercompany receivables | 104,219 | 6,765,897 | 199,531 | 13,218,929 |
| Total | 125,683 | 8,159,340 | 252,835 | 16,750,319 |

5 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------|---------------------|-----------|---------------------|----------|
| | USD | INR | USD | INR |
| Balance with bank | 1 | 65 | - | - |
| Total | 1 | 65 | - | - |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Current assets - other financial assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Interest Receivable | 14,547 | 944,391 | 11,314 | 749,553 |
| Others | 18 | 1,169 | 49 | 3,246 |
| Total | 14,565 | 945,560 | 11,363 | 752,799 |

7 Current assets - other assets

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-------------------------|---------------------|----------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Prepaid expenses | 1,983 | 128,736 | 463 | 30,674 |
| Indirect tax receivable | 4,957 | 321,808 | 13,629 | 902,921 |
| Total | 6,940 | 450,544 | 14,092 | 933,595 |

8 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Equity share capital | 45,681 | 2,965,611 | 45,681 | 3,026,366 |
| Total | 45,681 | 2,965,611 | 45,681 | 3,026,366 |

9 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|-------------------|---------------------|-------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | 657,098 | 42,658,802 | 399,960 | 26,497,350 |
| Profit / (loss) for the year | 251,314 | 16,315,303 | 257,138 | 17,035,393 |
| Closing balance | 908,412 | 58,974,105 | 657,098 | 43,532,743 |

10 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|---------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Trade payable | 139,105 | 9,030,697 | 129,838 | 8,601,768 |
| Total | 139,105 | 9,030,697 | 129,838 | 8,601,768 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------|---------------------|----------------|---------------------|----------|
| | USD | INR | USD | INR |
| Others | 7,751 | 503,195 | - | - |
| Total | 7,751 | 503,195 | - | - |

12 Revenue from operations

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Data and voice revenue | 819,081 | 53,174,739 | 783,082 | 51,879,183 |
| Total | 819,081 | 53,174,739 | 783,082 | 51,879,183 |

13 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|----------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Interest on loan to subsidiaries | 25,598 | 1,661,822 | 22,673 | 1,502,086 |
| Exchange gain -Net | - | - | 13,775 | 912,594 |
| Miscellaneous income | - | - | 408 | 27,030 |
| Total | 25,598 | 1,661,822 | 36,856 | 2,441,710 |

14 Network and transmission expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|--------------------------------------------|----------------------|------------------|-----------------------|------------------|
| | USD | INR | USD | INR |
| Charges for use of transmission facilities | 40,655 | 2,639,323 | 62,906 | 4,167,523 |
| Total | 40,655 | 2,639,323 | 62,906 | 4,167,523 |



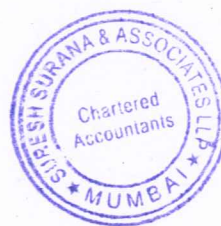
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15 Operating and other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------|----------------------|-------------------|-----------------------|-------------------|
| | USD | INR | USD | INR |
| Communication expenses | 70 | 4,544 | 40 | 2,650 |
| Electricity | 89,218 | 5,792,033 | 86,868 | 5,755,005 |
| Exchange loss -Net | 49,529 | 3,215,423 | - | - |
| Insurance expenses | 1,770 | 114,908 | 1,944 | 128,790 |
| Legal and professional fees | 61,182 | 3,971,935 | 30,649 | 2,030,496 |
| Miscellaneous expenses | 29,182 | 1,894,497 | 98,374 | 6,517,277 |
| Rates and Taxes | 3,196 | 207,484 | 63 | 4,174 |
| Rent | 177,255 | 11,507,395 | 183,289 | 12,142,896 |
| Repairs and Maintenance | 8,856 | 574,932 | 1,927 | 127,664 |
| - Plant & Machinery | | | | |
| Services rendered by agencies | 1,042 | 67,647 | 1,024 | 67,840 |
| Total | 421,300 | 27,350,798 | 404,178 | 26,776,792 |

16 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|---------------|-----------------------|-----------------|
| | USD | INR | USD | INR |
| Interest expenses | 328 | 21,294 | - | - |
| Guarantee fees | - | - | (338) | (22,393) |
| Total | 328 | 21,294 | (338) | (22,393) |



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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Tata Communications Payment Solutions Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

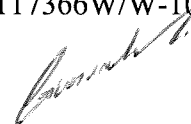
Report on Other Legal and Regulatory Requirements

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

- 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 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

- 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, as amended, 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 Ind AS 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation and Cash Replenishment Agencies (CRA) declaration which was relied upon by auditors, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 32;
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, 3 May, 2017

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, 2017 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.

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, 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, 2017, 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, 3 May, 2017

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 fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. 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, 2017 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.



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

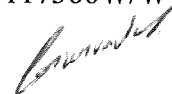
- (a) The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
- (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, 2017 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, 2017 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 | 0.73 |
| 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 |
| Sales Tax Laws | Sales Tax | The Dy. Commissioner of Taxes, Patna Central Circle, Patna | 2014-15 | 121.23 |
| Sales Tax Laws | Sales Tax | Commercial Tax Officer The Dy. Commissioner of Taxes, Kanpur | 2014-15 | 4.50 |

- 4
- (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.
- (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-IA 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, 3 May, 2017

TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED

Balance Sheet as at 31 March 2017

| | Particulars | Notes | As at 31 March 2017 ₹ in Lakhs | As at 31 March 2016 ₹ in Lakhs | As at 1 April 2015 ₹ in Lakhs |
|-----------|-------------------------------------------------------------------------------------------|-------|--------------------------------------|--------------------------------------|-------------------------------------|
| A | ASSETS | | | | |
| (1) | Non-current assets | | | | |
| (a) | Property, Plant and Equipment | 3 | 47,889.55 | 55,946.41 | 60,824.09 |
| (b) | Capital work-in-progress | | 692.45 | 394.78 | 1,655.45 |
| (c) | Intangible assets | 4 | 204.35 | 240.73 | 167.17 |
| (d) | Intangible assets under development | | - | 38.99 | - |
| (e) | Financial Assets | | | | |
| | (i) Other financial assets | 5A | 2,686.28 | 2,995.28 | 2,941.36 |
| (f) | Non-current tax assets (net) | 6 | 1,639.90 | 3,241.04 | 2,477.41 |
| (g) | Other non-current assets | 7A | 262.20 | 194.44 | 171.80 |
| | Total non-current assets | | 53,374.73 | 63,051.67 | 68,237.28 |
| (2) | Current assets | | | | |
| (a) | Financial Assets | | | | |
| | (i) Trade receivables | 8 | 9,954.61 | 7,365.12 | 7,498.56 |
| | (ii) Cash and cash equivalents | 9 | 42,530.77 | 60,675.32 | 33,510.01 |
| | (iii) Bank balances other than above (ii) | 10 | 15.00 | - | - |
| | (iv) Other financial assets | 5B | 1,869.68 | 1,121.82 | 924.48 |
| (b) | Other current assets | 7B | 1,328.59 | 1,658.00 | 2,308.89 |
| | Total current assets | | 55,698.65 | 70,820.26 | 44,241.94 |
| | Total assets | | 1,09,073.38 | 1,33,871.93 | 1,12,479.22 |
| B | EQUITY AND LIABILITIES | | | | |
| I | Equity | | | | |
| (a) | Equity Share capital | 11A | 75,445.74 | 66,271.43 | 37,271.43 |
| (b) | Preference share capital | 11B | 37,414.43 | 33,562.32 | 57,632.27 |
| (c) | Other equity | 12 | (54,082.73) | (42,672.69) | (39,633.65) |
| | Total equity | | 58,777.44 | 57,161.06 | 55,270.05 |
| II | Liabilities | | | | |
| (1) | Non-current liabilities | | | | |
| (a) | Financial liabilities | | | | |
| | (i) Borrowings | 13A | - | 18,105.28 | 28,682.46 |
| (b) | Provisions | 14A | 439.29 | 401.90 | 838.95 |
| (c) | Other non-current liabilities | 15A | 113.96 | 35.26 | - |
| | Total non-current liabilities | | 553.25 | 18,542.44 | 29,521.41 |
| (2) | Current liabilities | | | | |
| (a) | Financial Liabilities | | | | |
| | (i) Borrowings | 13B | 30,698.79 | 36,631.38 | 7,303.67 |
| | (ii) Trade and other payables | | | | |
| | 1. Total outstanding dues of micro enterprises and small enterprises | 16A | 582.62 | 205.98 | 71.47 |
| | 2. Total outstanding dues of creditors other than micro enterprises and small enterprises | 16B | 16,016.27 | 17,642.71 | 14,531.60 |
| | (iii) Other financial liabilities | 17 | 1,664.89 | 2,568.22 | 4,904.87 |
| (b) | Provisions | 14B | 25.07 | 26.50 | 28.35 |
| (c) | Other current liabilities | 15B | 755.05 | 1,093.64 | 847.80 |
| | Total current liabilities | | 49,742.69 | 58,168.43 | 27,687.76 |
| | Total equity and liabilities | | 1,09,073.38 | 1,33,871.93 | 1,12,479.22 |

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

Aadesh Goyal
Director

Sumet Walia
Director



Place : Mumbai
Dated: 03 May 2017

41. Tata Communications Payment Solutions Limited

Rishabh Aditya
Company Secretary

Sanjeev Patel
Chief Executive Office

Sanjay Agarwal
Chief Financial Officer

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TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED

Statement of Profit and Loss for the year ended 31 March 2017

| Particulars | Notes | Year ended | |
|---------------------------------------------------------------------------------|-------|---------------|---------------|
| | | 31 March 2017 | 31 March 2016 |
| | | ₹ in Lakhs | ₹ in Lakhs |
| I Revenue from operations (net of amortisation of upfront fees to customers) | | 52,810.48 | 56,646.13 |
| II Other Income | 18 | 367.61 | 658.70 |
| III Total Income (I + II) | | 53,178.09 | 57,304.83 |
| IV Expenses: | | | |
| Operating and other expenses | 19 | 48,845.53 | 53,136.77 |
| Employee benefit expense | 20 | 3,429.99 | 3,660.21 |
| Finance costs | 21 | 2,534.60 | 4,807.98 |
| Depreciation and amortisation expense | 22 | 15,542.12 | 15,682.06 |
| Total Expenses | | 70,352.24 | 77,287.02 |
| V Loss before exceptional items and tax (III - IV) | | (17,174.15) | (19,982.19) |
| VI Exceptional Items | | | |
| Staff optimisation cost | 23 | - | 183.75 |
| VII Loss before tax (V - VI) | | (17,174.15) | (20,165.94) |
| VIII Tax expense | | - | - |
| IX Loss for the year (VII - VIII) | | (17,174.15) | (20,165.94) |
| X Other comprehensive income/(loss) | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Remeasurements of the defined benefit plans | | (21.16) | 4.50 |
| Other comprehensive income/(loss) for the year, net of tax | | (21.16) | 4.50 |
| XI Total comprehensive loss for the year, net of tax (IX + X) | | (17,195.31) | (20,161.44) |
| Basic/ Diluted Earnings per share (of ₹ 10 each) | 26 | (2.50) | (5.22) |

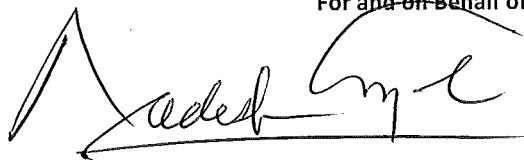
See accompanying notes forming part of the financial statements

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

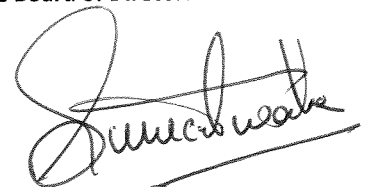


Gurvinder Singh
Partner

For and on Behalf of the Board of Directors



Aadesh Goyal
Director



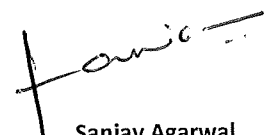
Sumeet Walia
Director



Rishabh Aditya
Company Secretary



Sanjeev Patel
Chief Executive Officer



Sanjay Agarwal
Chief Financial Officer

Place : Mumbai
Dated: 03 May 2017



TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED

Cash Flow Statement for the year ended 31 March 2017

| Particulars | Year Ended 31 March 2017 ₹ in Lakhs | Year Ended 31 March 2016 ₹ in Lakhs |
|-----------------------------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Cash Flows from Operating activities | | |
| Loss Before Tax | (17,174.15) | (20,165.94) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 15,542.12 | 15,682.06 |
| Finance costs | 2,534.60 | 4,807.98 |
| Loss/(Gain) on write off or sale of property, plant and equipment and intangible assets (net) | 40.93 | 39.77 |
| Allowance for doubtful advances | 56.45 | 99.92 |
| Allowance for trade receivables | (311.67) | 807.37 |
| Bad debts | 424.33 | - |
| Net gain on investments carried at fair value through profit or loss | (32.87) | (45.08) |
| Interest on income tax refund | (165.43) | - |
| Provision/Liabilities no longer required written back | 119.64 | 591.47 |
| Operating Profit before working capital changes | 1,033.95 | 1,817.55 |
| Adjustment For (increase) / decrease in operating assets: | | |
| Trade receivables | (2,702.14) | (673.93) |
| Other assets | (233.65) | 384.90 |
| Adjustment For increase / (decrease) in operating liabilities: | | |
| Trade and other payables | (1,398.14) | 3,132.81 |
| Provisions | (15.16) | (964.43) |
| Other Liabilities | (259.87) | 274.04 |
| Cash (Used in) or Generated from Operations | (3,575.01) | 3,970.94 |
| Income tax (paid)/refund received (net) | 1,766.55 | (763.63) |
| Net Cash Flow (Used in) or Generated from Operating activities | (1,808.46) | 3,207.31 |
| Cash Flow from Investing activities | | |
| Payments for purchase of property, plant and equipment and intangible assets | (8,727.61) | (12,201.08) |
| Proceeds from disposal of property, plant and equipment | 75.76 | 67.63 |
| Purchase of current investment | (8,550.00) | (41,850.00) |
| Sale of current investment | 8,582.87 | 41,895.08 |
| Restricted deposits placed with bank | (15.00) | - |
| Net Cash Used in Investing activities | (8,633.98) | (12,088.37) |
| Cash Flow from Financing activities | | |
| Proceeds from issue of convertible preference share capital | - | 8,000.00 |
| (Repayment)/Proceeds from current borrowings | (5,932.59) | 29,327.71 |
| Interest paid | (1,769.52) | (1,281.34) |
| Net Cash Flow (Used in) / Generated from Financing activities | (7,702.11) | 36,046.37 |
| Net increase an Cash and Cash Equivalents | (18,144.55) | 27,165.31 |
| Cash and Cash Equivalents as at beginning of the year | 60,675.32 | 33,510.01 |
| Cash and Cash Equivalents as at end of the year | 42,530.77 | 60,675.32 |

Note:

- Figures in bracket represent outflows.
- During the year, the Company entered into non-cash financing activities which are not reflected in Statement of Cash Flow (Refer note 11 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

Aadesh Goyal
Director

Sumeet Walia
Director

Rishabh Aditya
Company Secretary

Sanjeev Patel
Chief Executive Officer

Sanjay Agarwal
Chief Financial Officer

Place : Mumbai

Dated: 30 March 2017
Tata Communications Payment Solutions Limited

TATA COMMUNICATIONS PAYMENT SOLUTIONS LIMITED
Statement of changes in equity for the year ended 31 March 2017

A Equity Share Capital

₹ in Lakhs

| | No. of Shares | Amount |
|------------------------------|---------------|-----------|
| Balance as at 1 April 2015 | 37,27,14,284 | 37,271.43 |
| Converted from CPS to equity | 29,00,00,000 | 29,000.00 |
| Balance as at 31 March 2016 | 66,27,14,284 | 66,271.43 |
| Converted from CPS to equity | 9,17,43,131 | 9174.31 |
| Balance as at 31 March 2017 | 75,44,57,415 | 75,445.74 |

B 12% Cumulative Redeemable Preference shares (CRPS)

₹ in Lakhs

| | No. of Shares | Amount |
|-----------------------------------|---------------|-------------|
| Balance as at 1 April 2015 | 8,50,00,000 | 85,000.00 |
| Issued during the year | 80,00,000 | 8,000.00 |
| Converted to equity share capital | (9,30,00,000) | (93,000.00) |
| Balance as at 31 March 2016 | - | - |
| Changes during the year | - | - |
| Balance as at 31 March 2017 | - | - |

C 12% Convertible Preference shares (CPS)

₹ in Lakhs

| | No. of Shares | Amount |
|-----------------------------|----------------|-------------|
| Balance as at 1 April 2015 | - | - |
| Converted from CRPS | 93,00,00,000 | 93,000.00 |
| Converted to equity shares | (43,50,00,000) | (43,500.00) |
| Balance as at 31 March 2016 | 49,50,00,000 | 49,500.00 |
| Changes during the year | - | - |
| Balance as at 31 March 2017 | 49,50,00,000 | 49,500.00 |

D Other Equity

₹ in Lakhs

| Particulars | Reserve & Surplus | | Remeasurements of the defined benefit plans | Total Other equity |
|------------------------------------------------|--------------------|-------------------|---------------------------------------------|--------------------|
| | Securities premium | Retained earnings | | |
| Balance as at 1 April 2015 | 13,928.57 | (53,562.22) | - | (39,633.65) |
| Loss for the year | - | (20,165.94) | - | (20,165.94) |
| Other comprehensive income for the year | - | - | 4.50 | 4.50 |
| Total comprehensive income/(loss) for the year | - | (20,165.94) | 4.50 | (20,161.44) |
| CPS converted at a premium | 14,500.00 | - | - | 14,500.00 |
| Converted from CPS to equity | - | - | - | - |
| Conversion from Debt to Equity | 2,622.40 | - | - | 2,622.40 |
| Balance as at 31 March 2016 | 31,050.97 | (73,728.16) | 4.50 | (42,672.69) |
| Loss for the year | - | (17,174.15) | - | (17,174.15) |
| Other comprehensive loss for the year | - | - | (21.16) | (21.16) |
| Total comprehensive income/(loss) for the year | - | (17,174.15) | (21.16) | (17,195.31) |
| Interest payable on debt component of CPS | 959.59 | - | - | 959.59 |
| Conversion from Debt to Equity | 4,825.68 | - | - | 4,825.68 |
| Balance as at 31 March 2017 | 36,836.24 | (90,902.31) | (16.66) | (54,082.73) |

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: 03 May 2017

For and on behalf of the Board of Directors

Aadesh Goyal
Director

Sumeet Walla
Director

Rishabh Aditya
Company Secretary

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 2017

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 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** (Parent Company).

The Company is domiciled in India and its registered office is at Plot No. C21 & C36 'G' Block Bandra Kurla Complex Mumbai - 400 098.

2. Significant accounting policies

a. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs ("MCA"), the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 - First time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act 2013.

b. Basis of preparation of financial statements

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities which have been measured at fair value or revalued amount.

- i. Derivative financial instruments
- ii. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

c. Significant accounting estimates and assumptions

The preparation of these financial statements in conformity with recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liability as at the date of the financial statement and the reported amounts of income and expense for the period presented.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful life of assets

The Company reviews the useful life of assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

Provisions and contingent liabilities are reviewed at each balance sheet date.

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

Cash comprises cash on hand (including cash in ATM, cash in vault held with CRA and remittances 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.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

e. **Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), 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.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognises the replaced part, and recognises the new part with its own associated useful life and it is depreciated accordingly.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date and are carried at cost, comprising direct cost and related incidental expenses and attributable interest.

The depreciable amount for property, plant and equipment is the cost of the property, plant and equipment or other amount substituted for cost, less its estimated residual value (wherever applicable). Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful lives. The asset's residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

Estimated useful lives of the assets are as follows

| Property, plant and equipment | | Estimated Useful life of Assets |
|--------------------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------|
| a. | Plant and Machinery (Refer 1 below) | |
| | - ATM & Cash Dispensers | 10 years |
| | - Other Equipment & accessories at ATM Site (UPS, AC, Battery, VSAT) | 3 to 8 years |
| | - Other General Plant & Machinery | 3 to 8 years |
| b. | Leasehold Improvements | Over the customer contract or term of the lease of the site whichever is lower |
| c. | Furniture* | 10 years |
| d. | Office equipment* | 5 years |
| e. | Computers & Servers* | 3 to 6 years |

* On the above categories of assets, the depreciation has been provided as per useful life prescribed in Schedule II to the Companies Act, 2013.

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.
2. Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of occurrence.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

f. Intangible Assets

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.

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.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Estimated useful lives of intangible assets are as follows:

| | |
|--------------------------|--------------|
| Software and Application | 3 to 6 years |
|--------------------------|--------------|

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

g. Impairment of non-financial asset

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

- an intangible asset that is not yet available for use; and
- an intangible asset with indefinite useful lives.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company as a CGU. These budgets and forecast calculations generally cover a significant period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the significant period.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of an asset are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease

Lessee

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor are structured in a manner that the increase is not expected to be in line with expected general inflation.

i. Employee benefits

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

i. Short term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave and performance incentives payable within twelve months.

ii. Post-employment benefits

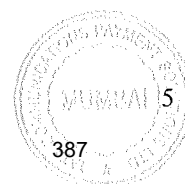
Contributions to defined contribution retirement benefit schemes are recognised as expenses when employees have rendered services entitling them to the contributions.

For defined benefit schemes 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 which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable), excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises changes in service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under employee benefit expenses in the Statement of Profit and Loss. The net interest expense or income is recognised as part of finance cost in the Statement of Profit and Loss.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii. Other long-term 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.

j. 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.

k. Other income

- a. Dividends from investments are recognized when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists.
- b. Interest income for all financial instruments measured at amortised cost is recorded on accrual basis. Interest income is included in other income in the Statement of Profit and Loss.

l. Taxation

1. Current Income tax

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.

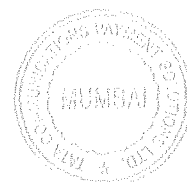
2. Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside the Statement of Profit and Loss (either in Other comprehensive income or in equity) is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax 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 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.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

m. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- i. In the principal market for the asset or liability or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of a financial asset or a liability is measured using the assumption that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

n. **Foreign currencies**

The Company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

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.

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.

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. **Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial assets

i. **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. **Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)**

Financial assets are measured at fair value through Other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

iii. **Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

iv. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

v. Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following

- a. Financial assets measured at amortised cost
- b. Financial assets measured at Fair Value through Other Comprehensive Income

Expected credit losses are measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date).

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables.

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at reporting date.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For assessing expected credit loss on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Financial liabilities

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

i. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

I. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

II. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of Statement of Profit and Loss.

ii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iii. Derivative financial instruments - Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

q. Recent accounting pronouncements

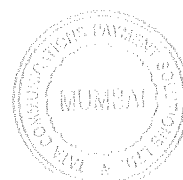
Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

3. Property, plant and equipment

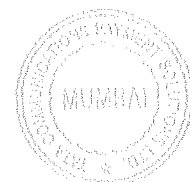
(₹ in lakhs)

| | Plant and Machinery | Office Equipment | Computers | Furniture and Fixtures | Leasehold Improvements | Total |
|---------------------------------|---------------------|------------------|-----------|------------------------|------------------------|------------|
| Cost | | | | | | |
| Balance as at 1 April 2015 | 52,463.84 | 75.63 | 796.73 | 177.39 | 20,559.92 | 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) |
| Balance as at 31 March 2016 | 59,097.48 | 75.80 | 880.23 | 181.94 | 22,247.35 | 82,482.80 |
| Additions | 5,623.95 | 3.17 | 283.88 | 3.75 | 1,592.27 | 7,507.02 |
| Disposals | (3,222.07) | - | (3.01) | - | (3,004.99) | (6,230.07) |
| Balance as at 31 March 2017 | 61,499.36 | 78.97 | 1,161.10 | 185.69 | 20,834.63 | 83,759.75 |
| Accumulated depreciation | | | | | | |
| Balance as at 1 April 2015 | 8,391.47 | 28.91 | 395.33 | 32.03 | 4,401.68 | 13,249.42 |
| Depreciation | 9,453.22 | 16.55 | 181.42 | 18.40 | 5,926.05 | 15,595.64 |
| Disp | (423.85) | - | (7.33) | - | (1,877.49) | (2,308.67) |
| Balance as at 31 March 2016 | 17,420.84 | 45.46 | 569.42 | 50.43 | 8,450.24 | 26,536.39 |
| Depreciation | 9,313.60 | 12.96 | 153.61 | 21.12 | 5,945.91 | 15,447.20 |
| Disposals | (3,105.57) | - | (2.83) | - | (3,004.99) | (6,113.39) |
| Balance as at 31 March 2017 | 23,628.87 | 58.42 | 720.20 | 71.55 | 11,391.16 | 35,870.20 |
| Carrying amount | | | | | | |
| Balance as at 1 April 2015 | 44,072.37 | 46.72 | 401.40 | 145.36 | 16,158.24 | 60,824.09 |
| Balance as at 31 March 2016 | 41,676.64 | 30.34 | 310.81 | 131.51 | 13,797.11 | 55,946.41 |
| Balance as at 31 March 2017 | 37,870.49 | 20.55 | 440.90 | 114.14 | 9,443.47 | 47,889.55 |

4. Intangible assets

(₹ in lakhs)

| | Computer Software |
|---------------------------------|-------------------|
| Cost | |
| Balance as at 1 April 2015 | 293.69 |
| Additions | 162.78 |
| Assets write off | (25.69) |
| Balance as at 31 March 2016 | 430.78 |
| Additions | 58.54 |
| Balance as at 31 March 2017 | 489.32 |
| Accumulated amortisation | |
| Balance as at 1 April 2015 | 126.52 |
| Amortisation Expense | 86.42 |
| Assets write off | (22.89) |
| Balance as at 31 March 2016 | 190.05 |
| Amortisation Expense | 94.92 |
| Balance as at 31 March 2017 | 284.97 |
| Carrying amount | |
| Balance as at 1 April 2015 | 167.17 |
| Balance as at 31 March 2016 | 240.73 |
| Balance as at 31 March 2017 | 204.35 |



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

5. Other financial assets

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured | | | |
| A. <u>Non-Current</u> | | | |
| Security deposits | | | |
| - Considered good | 2,686.28 | 2,995.28 | 2,941.36 |
| - Considered doubtful | 182.64 | 25.49 | - |
| | 2,868.92 | 3,020.77 | 2,941.36 |
| Less: Allowance for security deposits | (182.64) | (25.49) | - |
| Total (A) | 2,686.28 | 2,995.28 | 2,941.36 |
| B. <u>Current</u> | | | |
| Fair value of Foreign currency forward contracts | 0.02 | - | - |
| Advances | | | |
| - Considered good | 1,869.66 | 1,121.82 | 924.48 |
| - Considered doubtful | 42.45 | 143.15 | 68.72 |
| | 1,912.13 | 1,264.97 | 993.20 |
| Less: Allowance for doubtful advances | (42.45) | (143.15) | (68.72) |
| Total (B) | 1,869.68 | 1,121.82 | 924.48 |
| (A+B) | 4,555.96 | 4,117.10 | 3,865.84 |

6. Non current tax assets (Net)

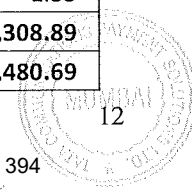
(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------|------------------------|------------------------|-----------------------|
| Tax refund receivable | 1,639.90 | 3,241.04 | 2,477.41 |
| Total | 1,639.90 | 3,241.04 | 2,477.41 |

7. Other assets

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------|------------------------|------------------------|-----------------------|
| Unsecured | | | |
| A. <u>Non-current</u> | | | |
| a. Prepaid expenses | 112.20 | 44.44 | 129.64 |
| b. Capital Advances | 150.00 | 150.00 | 42.16 |
| Total (A) | 262.20 | 194.44 | 171.80 |
| B. <u>Current</u> | | | |
| a. Service tax recoverable (net) | 557.56 | 590.22 | 1,195.36 |
| b. Advance to Vendors | 593.99 | 741.86 | 537.21 |
| c. Prepaid expenses | 172.49 | 325.92 | 574.97 |
| d. Interest Receivables | 0.01 | - | - |
| e. Advances to Employees | 4.54 | - | 1.35 |
| Total (B) | 1,328.59 | 1,658.00 | 2,308.89 |
| (A+B) | 1,590.79 | 1,852.44 | 2,480.69 |



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

8. Trade receivables

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Unsecured, considered good | 9,954.61 | 7,365.12 | 7,498.56 |
| b. Doubtful debts | 1,459.10 | 1,770.77 | 963.40 |
| | 11,413.71 | 9,135.89 | 8,461.96 |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (1,459.10) | (1,770.77) | (963.40) |
| Total | 9,954.61 | 7,365.12 | 7,498.56 |

9. Cash and cash equivalents

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Balances at Automatic Teller Machines (ATMs) | 28,787.09 | 46,414.64 | 22,649.07 |
| b. Remittance in transit | 4,909.21 | 8,837.28 | 4,673.44 |
| c. Cash in vault | 5,842.45 | 217.55 | 1,211.79 |
| d. Balances with banks | 2,992.02 | 5,205.85 | 4,975.71 |
| Cash and cash equivalent as per Statement of Cash flow | 42,530.77 | 60,675.32 | 33,510.01 |

10. Bank balances other than note 9 above

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------|------------------------|------------------------|-----------------------|
| Other bank balances: | | | |
| Restricted bank deposits (Refer Note i below) | 15.00 | - | - |
| Total | 15.00 | - | - |

i. ₹ 15 lakhs (2016: Nil, 2015: Nil) held towards legal matters.



11

TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

11. A. Equity Share capital

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Authorised: | | | |
| 800,000,000 (2016: 700,000,000, 2015: 400,000,000) Equity Shares of Rs.10 each (Note a and b) | 80,000.00 | 70,000.00 | 40,000.00 |
| | 80,000.00 | 70,000.00 | 40,000.00 |
| b. Issued, Subscribed and Paid up: | | | |
| 754,457,415 (2016: 662,714,284, 2015: 372,714,284) Equity Shares of ₹ 10 each, fully paid up | 75,445.74 | 66,271.43 | 37,271.43 |
| Total | 75,445.74 | 66,271.43 | 37,271.43 |

- During the financial year 2015-16, the Authorised equity share capital of the Company increased by 300,000,000 shares as approved by the shareholders of the Company at the Extra-ordinary General Meeting held on 11 March 2016
- During the financial year 2016-17, the Authorised equity share capital of the Company increased by 100,000,000 lakhs shares as approved by the shareholders of the Company at the Extra-Ordinary General Meeting held on 20 December 2016
- During the financial year 2015-16, 435,000,000 12% Convertible Preference Shares (CPS) have been converted into 290,000,000 equity shares of ₹ 10 each at carrying value. Consequently, on the date of conversion ₹ 17,122.40 pertaining to converted portion of CPS transferred to security premium reserve.
- During the financial year 2016-17, the terms of issue conversion of 12% Convertible Preference Shares (CPS) of ₹ 10/- each have been modified by the Equity Shareholders at their Extra-ordinary General Meeting held on 2 August 2016 and special resolution passed by the Preference Shareholders at their General Meeting held on 2 August 2016. As per new terms of conversion 495,000,000 number of 12% Convertible Preference Shares (CPS) will be converted into 324,377,500 number of shares. Conversion price is fixed at ₹ 15.26 per share for face of ₹ 10 per equity shares.
- During the financial year 2016-17, the Company has allotted 91,743,131 equity shares at a premium of ₹ 5.26 each against 140,000,000 12% Convertible Preference Shares (CPS) of ₹ 10/- each, vide resolution passed by the Board of Directors in the meeting held on 22 December 2016.
- Number of shares held by each shareholder holding more than 5% of the issued share capital:

| Tata Communications Limited (Holding Company) | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|--------------------------------------------------|---------------------|------------|---------------------|------------|--------------------|------------|
| | No of shares | Percentage | No of shares | Percentage | No of shares | Percentage |
| Equity shares | 754,457,415 | 100% | 662,714,284 | 100% | 372,714,284 | 100% |

g. Terms/Rights attached to shares:

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.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

B. Preference Share capital

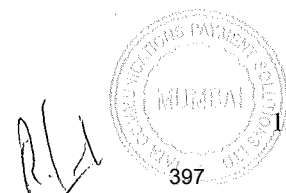
(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Authorised: | | | |
| Nil (2016: Nil, 2015: 1,100,000,000) 12% Cumulative Redeemable Preference shares of Rs.10 each | - | - | 1,10,000.00 |
| 1,100,000,000 (2016: 1,100,000,000, 2015: Nil) 12% Convertible Preference shares of Rs.10 each | 1,10,000.00 | 1,10,000.00 | - |
| | 1,10,000.00 | 1,10,000.00 | 1,10,000.00 |
| b. Issued, Subscribed and Paid up: | | | |
| Nil (2016: 850,000,00; 2015: 850,000,00) 12% Cumulative Redeemable Preference shares (CRPS) of ₹ 10 each, fully paid up | - | 57,632.27 | 85,000.00 |
| Add: Issued during the year Nil (2016: 80,000,000; 2015: Nil) 12% Cumulative Redeemable Preference shares (CRPS) of ₹ 10 each, fully paid up (Refer note ii) | - | 5,424.21 | - |
| Less: Debt component of 12% CPRS | - | - | (27,367.73) |
| Less: Converted to 12% Convertible Preference Shares (CPS) (Refer note iii & iv) | - | (63,056.48) | - |
| | - | - | 57,632.27 |
| 355,000,000 (2016: 495,000,000; 2015: Nil) 12% Cumulative Preference shares (CPS) of ₹ 10 each, fully paid up (Refer note iii & iv) | 33,562.32 | 63,056.48 | - |
| Add: Debt component of CPS (Refer note iv) | 15,937.68 | - | - |
| Add: Interest payable on debt component of CPS (upto 31 March 2016) (Refer note iv) | 2,167.60 | - | - |
| Add: Interest payable on debt component of CPS (for the year 2016-17) (Refer note iv) | 706.42 | - | - |
| Less: Interest payable on debt component of CPS transferred to securities premium on conversion to equity shares | (959.59) | - | - |
| Less: Converted to equity shares (Refer note iv) | (14,000.00) | (29,494.16) | - |
| Total | 37,414.43 | 33,562.32 | - |

Equity component of convertible preference shares

- During financial year 2014-15, 850,000,000 Cumulative Redeemable Preference shares were issued with a coupon rate of 12% per annum in lots. These preference shares were redeemable only after the expiry of 10 years except with the prior consent of preference shareholders. Redemption of the Preference shares is mandatory at the option of holder. Preference shares are in the nature of financial liability as the Company has an obligation to transfer cash or other financial asset to the holders of Preference shares.

The payment of dividend on these Preference shares is discretionary. Hence the instrument is considered as compound financial instrument and the debt component is designated as at amortised cost.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

- ii. During financial year 2015-16, the Company additionally allotted 80,000,000 Cumulative Redeemable Preference shares with a coupon rate of 12% per annum on 10 November 2015 vide resolution passed at the Board of Directors meeting held on 10 August 2015

iii. **Change in terms of 12% Cumulative Redeemable Preference Shares**

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) 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.

Further, the Company converted 4,350,000,000 12% Convertible Preference Shares (CPS) of ₹ 10/- each, vide resolution passed by the Board of Directors in their meeting held on 15 March 2016 into 290,000,000 equity shares at a premium of ₹ 5 each.

iv. **Change in terms and conversion of 12% Convertible Preference Shares**

During the financial year 2016-17, the terms of issue conversion of 12% Convertible Preference Shares (CPS) of ₹ 10/- each have been modified by the Equity Shareholders at their Extra-ordinary General Meeting held on 2 August 2016 and special resolution passed by the Preference Shareholders at their General Meeting held on 2 August 2016. As per new terms of conversion 495,000,000 number of 12% Convertible Preference Shares (CPS) will be converted into 324,377,500 number of shares. Conversion price is fixed at ₹ 15.26 per share for face of ₹ 10 per equity shares.

The terms of conversion to ordinary shares meets the fixed to fixed criteria. Further, the payment of dividend remains discretionary and the Company does not have an obligation to pay cash or another financial instrument. Hence the instrument classified as equity from 2 August 2016. Accordingly, in the financial year 2016-17 the debt component of ₹ 18,811.70 (including interest for financial year 2016-17 of ₹ 706.42 lakhs (Refer note 21)) has been derecognized and included as part of other equity component.

The Company has allotted 91,743,131 equity shares at a premium of ₹ 5.26 each against 140,000,000 12% Convertible Preference Shares (CPS) of ₹ 10/- each, vide resolution passed by the Board of Directors in the meeting held on 22 December 2016.

12. Other equity

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------|------------------------|------------------------|-----------------------|
| a. Retained earnings | (90,902.31) | (73,728.16) | (53,562.22) |
| b. Other comprehensive income (Refer note ii) | (16.66) | 4.50 | - |
| c. Securities premium (Refer note i) | 36,836.24 | 31,050.97 | 13,928.57 |
| Total | (54,082.73) | (42,672.69) | (39,633.65) |

i. **Securities premium**

It is the additional amount which shareholder paid for issued shares that was in excess of the face value of those shares. This premium can be used to write off equity related expenses and issue of bonus shares.

ii. **Other Comprehensive Income**

This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plans.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

13. Borrowings

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| A. Unsecured | | | |
| Non-current | | | |
| a. Debt component of convertible preference shares (Refer note 11 (ii)) | - | 15,937.68 | 27,367.73 |
| b. Interest payable on financial liabilities | - | 2,167.60 | 1,314.73 |
| Total (A) | - | 18,105.28 | 28,682.46 |
| B. Current | | | |
| Loans repayable on demand (from banks) | | | |
| - Bank overdraft (Rate of interest: 8.30% to 10.80%; 2016: 9.40% to 11.35%; 2015: 10.15% to 10.80%) | 26,798.79 | 36,631.38 | 7,303.67 |
| - Working capital demand loan (Rate of interest: 8.05%; 2016: Nil; 2015: Nil) | 3,900.00 | - | - |
| Total (B) | 30,698.79 | 36,631.38 | 7,303.67 |
| (A+B) | 30,698.79 | 54,736.66 | 35,986.13 |

14. Provisions

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------------------|------------------------|------------------------|-----------------------|
| A. Non-current | | | |
| a. Provision for employee benefits (Refer note i below) | | | |
| - Provision for gratuity | 217.98 | 195.60 | 157.10 |
| - Provision for compensated absences | 221.31 | 206.30 | 175.20 |
| b. Provision for Contingencies (Refer note ii below) | - | - | 506.65 |
| Total (A) | 439.29 | 401.90 | 838.95 |
| B. Current | | | |
| Provision for employee benefit (Refer note i below) | | | |
| - Provision for compensated absences | 25.07 | 26.50 | 28.35 |
| Total (B) | 25.07 | 26.50 | 28.35 |
| (A+B) | 464.36 | 428.40 | 867.30 |

- The provision for employee benefits includes gratuity, annual leave and leave entitlements accrued and compensation claimed by employees. For other disclosures, refer note 27.
- The provisions for contingencies are on account of contractual obligation relating to lease assets as on 1 April 2015 and were subsequently acquired in January 2016. Hence no further provision required.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

15. Other liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------|------------------------|------------------------|-----------------------|
| A. <u>Non-current</u> | | | |
| Accrued payroll | 113.96 | 35.26 | - |
| Total (A) | 113.96 | 35.26 | - |
| B. <u>Current</u> | | | |
| a. Accrued payroll | 595.81 | 823.19 | 597.86 |
| b. Statutory liabilities | 140.20 | 246.24 | 229.15 |
| c. Deferred revenue | - | 3.92 | 2.37 |
| d. Other payables | 19.04 | 20.29 | 18.42 |
| Total (B) | 755.05 | 1,093.64 | 847.80 |
| (A+B) | 869.01 | 1,128.90 | 847.80 |

16. Trade and other payables

(₹ in lakhs)

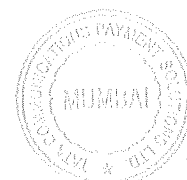
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| A Total outstanding dues of micro enterprises and small enterprises (Refer note 31) | 582.62 | 205.98 | 71.47 |
| (A) | 582.62 | 205.98 | 71.47 |
| B Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| i. Trade payables | 15,702.85 | 16,756.23 | 13,878.68 |
| ii. Payable to related parties | 313.42 | 886.48 | 652.92 |
| (B) | 16,016.27 | 17,642.71 | 14,531.60 |
| Total (A+B) | 16,598.89 | 17,848.69 | 14,603.07 |

17. Other financial liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------|------------------------|------------------------|-----------------------|
| <u>Current</u> | | | |
| a. Payables for capital goods (Refer note i below) | 1,656.22 | 2,559.57 | 4,889.16 |
| b. Customer Deposit | 5.60 | 3.60 | - |
| c. Other payables | 3.07 | 5.05 | 15.71 |
| Total | 1,664.89 | 2,568.22 | 4,904.87 |

- i. Payables on purchase of capital goods includes payable to parent company ₹ 57.82 lakhs as on 31 March 2017 and 31 March 2016.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

18. Other income

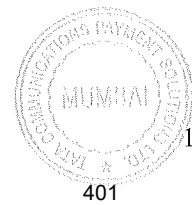
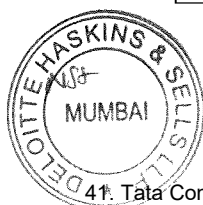
(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------------------------------------------------------------|-----------------------------|-----------------------------|
| a. Interest on income tax refund | 165.43 | - |
| b. Net gain on investments carried at fair value through profit or loss | 32.87 | 45.08 |
| c. Foreign exchange gain/(loss) (net) | (0.90) | 1.04 |
| d. Provision/Liabilities no longer required written back | 119.64 | 591.47 |
| e. Miscellaneous income | 50.57 | 21.11 |
| Total | 367.61 | 658.70 |

19. Operating and other expenses

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| a. Network cost | 1,523.34 | 1,647.36 |
| b. Cash management fees | 11,435.86 | 14,044.34 |
| c. Caretaker charges | 5,438.32 | 6,038.65 |
| d. Lease rental | | |
| i. Site rent charges | 9,679.57 | 9,254.34 |
| ii. Rent for hired building | 476.85 | 524.82 |
| e. Electricity expenses | 4,056.50 | 4,417.52 |
| f. Consumables | 626.58 | 686.56 |
| g. Cash handling loss | 258.58 | 628.48 |
| h. Repairs and maintenance | 6,937.07 | 6,115.71 |
| i. Legal and professional fees | 529.72 | 470.55 |
| j. Services rendered by agencies | 5,338.62 | 5,466.93 |
| k. Rates and taxes | 78.08 | 95.53 |
| l. Travelling expenses | 439.06 | 495.32 |
| m. Advertising and publicity | 150.78 | 124.02 |
| n. Insurance | 220.25 | 139.46 |
| o. Loss/(Gain) on write off or sale of property, plant and equipment and intangible assets (net) | 40.93 | 39.77 |
| p. Freight and transport expenses | 422.48 | 618.61 |
| q. Bad debts | 424.33 | - |
| r. Allowance for doubtful trade receivables | (311.67) | 807.37 |
| s. Allowance for doubtful advances | 56.45 | 99.92 |
| t. Telephone expenses | 82.68 | 79.51 |
| u. Printing, postage and stationery | 31.87 | 35.74 |
| v. Management fees WLA | 695.43 | 1,003.31 |
| w. Other expenses (refer note i below) | 213.85 | 302.95 |
| Total | 48,845.53 | 53,136.77 |



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

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

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------|
| Auditor's remuneration and expenses (excluding service tax) | | |
| • Audit fees | 18.00 | 18.00 |
| • Tax Audit fees | 3.50 | 3.50 |
| • Other professional services | 10.67 | 10.79 |
| • Out of Pocket expenses (OPE) | - | 0.03 |

20. Employee benefit expenses

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| a. Salaries and related costs | 3,093.20 | 3,267.18 |
| b. Contributions to provident and other funds (Refer note 27) | 125.70 | 140.90 |
| c. Gratuity expense (Refer note 27) | 38.40 | 40.00 |
| d. Staff welfare expenses | 172.69 | 212.13 |
| Total | 3,429.99 | 3,660.21 |

21. Finance costs

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-------------------------------------------------------|-----------------------------|-----------------------------|
| Interest costs: - | | |
| a. On bank overdraft | 1,698.17 | 1,278.65 |
| b. On Working capital demand loan | 68.60 | - |
| b. On debt component of convertible preference shares | 706.42 | 3,475.27 |
| c. Others | 61.41 | 54.06 |
| Total | 2,534.60 | 4,807.98 |

22. Depreciation and amortisation expense

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| a. Depreciation for the year on property, plant and equipment | 15,447.20 | 15,595.64 |
| b. Amortisation for the year on intangible assets | 94.92 | 86.42 |
| Total | 15,542.12 | 15,682.06 |



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

23. Staff optimisation cost

As part of its initiative to enhance the long-term efficiency of the business, during the previous 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 of ₹ Nil (2016: ₹ 183.75)

24. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following | | | |
| a. Business loss | 32,027.72 | 31,211.21 | 31,211.21 |
| b. Unabsorbed depreciation | 31,154.10 | 21,552.44 | 11,970.37 |
| Total | 63,181.82 | 52,763.65 | 43,181.58 |

The carried forward losses will expire as below

| Particulars | Expiration of losses |
|----------------------------|----------------------|
| a. Business losses | Between 2024 to 2025 |
| b. Unabsorbed depreciation | Unlimited |

25. Segment reporting

The Board of Directors of the Company constitute the Chief Operating Decision Makers ("CODM") which allocate resources to and assess the performance of the Company. 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 in accordance with the requirements of Indian Accounting Standard 108- 'Operating Segments' prescribed under section 133 of the Companies Act, 2013.

26. Earnings per share

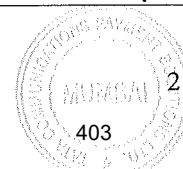
Basic earnings per share

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 |
|------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| Loss after tax | (17,174.15) | (20,165.94) |
| Net Loss after tax used in calculation of diluted earnings per share attributable to the equity shareholders (A) | (17,174.15) | (20,165.94) |
| Number of equity shares outstanding at the end of the year | 754,457,415 | 662,714,284 |
| Weighted average number of shares outstanding during the year (B) | 685,970,018 | 386,184,229 |
| Basic earnings per share (₹ per equity share of ₹ 10 each) (A/B) | (2.50) | (5.22) |



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

27. 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 ₹ 125.57 lakhs (2016: ₹ 140.90 lakhs) have been charged to the Statement of Profit and Loss under contributions to provident and other funds (Refer note 20)

ii. Defined Benefit Plan

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.

These plans typically expose the Company to actuarial risk such as interest rate risk and salary risk.

| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest rate risk | The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase |
| Salary risk | Higher than expected increases in salary will increase the defined benefit obligation |

The most recent actuarial valuation of the defined benefit obligation were carried out as at 31 March 2017 by an accredited actuary.

The principal assumptions used for the purposes of the actuarial valuations were as follows

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------|------------------------|------------------------|--------------------------------------|
| <u>Principal Actuarial assumptions</u> | | | |
| Discount rate | 7.20% | 7.90% | 7.80% |
| Salary Escalation Rate | 10% | 10% | 10% for 2015 and 9% thereafter |
| <u>Withdrawal rate</u> | | | |
| Less than 5 years | 15% | 15% | 15% |
| 5 years and more | 8% | 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.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows

| | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|
| (₹ in lakhs) | | |
| Expenses recognised in the Statement of Profit and Loss | | |
| a. Current service cost | 38.40 | 40.00 |
| b. Interest cost | 13.52 | 11.80 |
| Components of defined benefit costs recognized in the Statement of Profit and Loss | 51.92 | 51.80 |
| Remeasurement on the net defined benefit liability | | |
| a. Actuarial (gains) / losses arising from Defined benefit obligation assumption changes | 13.72 | 11.10 |
| b. Actuarial (gains) / losses arising from the changes in experience adjustments | 7.44 | (15.60) |
| Components of defined benefit costs recognized in other comprehensive income | 21.16 | (4.50) |

The details in respect of the unfunded amounts recognised in the balance sheet for these defined benefit schemes are as under

| | As at 31 March 2017 (Unfunded) | As at 31 March 2016 (Unfunded) | As at 1 April 2015 (Unfunded) |
|-----------------------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| (₹ in lakhs) | | | |
| I Amount recognized in the balance sheet | | | |
| Liability at the end of the year | 217.98 | 195.60 | 157.10 |
| Net liability in the balance sheet | 217.98 | 195.60 | 157.10 |
| Non-current provision (Refer note 14A) | 217.98 | 195.60 | 157.10 |
| II. Change in the Defined Benefit Obligation (DBO) | | | |
| Present value of DBO at the beginning of the year | 195.60 | 157.10 | |
| Current service cost | 38.40 | 40.00 | |
| Interest cost | 13.52 | 11.80 | |
| Liability transfer in/(out) from/to other Company | (1.90) | 3.60 | |
| Actuarial (gain) / loss on obligations | 21.16 | (4.50) | |
| Benefits paid | (48.80) | (12.40) | |
| Present value of DBO at the end of the year | 217.98 | 195.60 | |



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

A quantitative sensitivity analysis for significant assumptions as at 31 March 2017 and 31 March 2016 is as shown below

Significant actuarial assumptions for the determination of the defined obligation are discount rate, salary escalation rate and withdrawal rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

1. Discount rate

| | (₹ in lakhs) | | |
|----------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Effect on DBO due to 1% increase | (19.18) | (16.70) | (13.80) |
| Effect on DBO due to 1% decrease | 22.32 | 19.40 | 16.00 |

2. Salary escalation rate

| | (₹ in lakhs) | | |
|----------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Effect on DBO due to 1% increase | 14.74 | 13.10 | 12.50 |
| Effect on DBO due to 1% decrease | (14.44) | (12.70) | (12.00) |

3. Withdrawal rate

| | (₹ in lakhs) | | |
|----------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Effect on DBO due to 5% increase | (11.26) | (9.30) | (10.00) |
| Effect on DBO due to 5% decrease | 13.79 | 9.70 | 12.20 |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

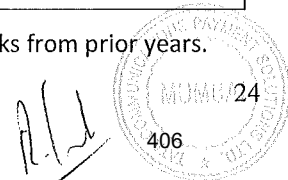
Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Maturity profile of defined benefit plan

| | (₹ in lakhs) |
|-------------------------------------|------------------------|
| | As at 31 March 2017 |
| a. March 31, 2018 | 13.20 |
| b. March 31, 2019 | 17.15 |
| c. March 31, 2020 | 22.33 |
| d. March 31, 2021 | 26.38 |
| e. March 31, 2022 | 30.57 |
| f. March 31, 2023 to March 31, 2027 | 201.27 |

There has been no change in the process used by the Company to manage its risks from prior years.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

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 ₹ 246.38 lakhs (2016: ₹ 232.80 lakhs; 2015: ₹ 203.55 lakhs) as shown under non-current provisions ₹ 221.31 lakhs (2016: ₹ 206.30 lakhs; 2015: ₹ 175.20 lakhs) and current provisions ₹ 25.07 lakhs (2016: ₹ 26.50 lakhs; 2015: ₹ 28.35 lakhs). Compensated absences expenses amounting to ₹ 48.04 lakhs (2016: ₹ 64.91 lakhs) have been charged to the Statement of Profit and Loss under salaries and related costs in note 20 "Employee Benefit Expenses".

28. Related party transactions

i. Names of related parties and nature of relationship

| Category of related parties | Names |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| A Parent Company | Tata Communications Limited |
| B Investing Parties (Promoters) of Parent Company and its affiliates* | TRIL Infopark Limited Tata Consultancy Services Limited Tata Business Support Services Limited Tata Teleservices Limited |
| C Fellow Subsidiaries* | Tata Communications Data Centers Private Limited (upto 18 October 2016) Tata Communication (Ireland) Limited Tata Communication (UK) Limited |
| E Associate of Holding Company | STT Global Data Centers India Private Limited w.e.f. 19 October 2016 (Formerly known as Tata Communications Data Centers Private Limited) |

*Where transactions have taken place / there are balances

ii. Summary of transactions with related parties

(₹ in lakhs)

| Particulars | Parent Company & its Associates | Investing Company & its affiliates | Fellow Subsidiaries | Total |
|----------------------------------------------------------------------|---------------------------------|------------------------------------|---------------------|----------------------------|
| Equity share capital contribution | 9,174.31 29,000.00 | | | 9,174.31 29,000.00 |
| Securities premium | 5,785.27 17,122.40 | | | 5,785.27 17,122.40 |
| Equity component of other financial Instruments | 3,852.11 (24,069.95) | | | 3,852.11 (24,069.95) |
| Financial Liabilities at amortised cost (including interest accrued) | (18,105.28) (10,577.18) | | | (18,105.28) (10,577.18) |

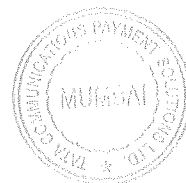


TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

| Particulars | Parent Company & its Associates | Investing Company & its affiliates | Fellow Subsidiaries | Total |
|--------------------------------------------|---------------------------------------|------------------------------------------|------------------------|---------------|
| Intangible assets purchased | - | | | - |
| | 86.73 | | | 86.73 |
| Property, plant and equipment Purchased | - | | | - |
| | 0.02 | | | 0.02 |
| Property, plant and equipment sold | - | | | - |
| | 0.13 | | | 0.13 |
| Operating and other expenses | | | | |
| Network cost | 713.02 | 41.24 | 118.34 | 872.60 |
| | 706.92 | 16.46 | 202.60 | 925.98 |
| Rent on hired building | 447.78 | 3.41 | | 451.19 |
| | 492.65 | 1.20 | | 493.85 |
| Services rendered by agencies | 201.73 | | | 201.73 |
| | 210.41 | | | 210.41 |
| Site rent charges | | 9.38 | | 9.38 |
| | | - | | - |
| Telephone expenses | | 21.78 | | 21.78 |
| | | 33.72 | | 33.72 |
| Other expenses | 45.45 | 1.16 | | 46.61 |
| | 33.44 | 2.67 | | 36.11 |
| Finance costs | 706.42 | | | 706.42 |
| | 3,475.27 | | | 3,475.27 |



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

iii. Balances with related parties as at 31 March 2017

(₹ in lakhs)

| Particulars | Parent Company & its Associates | Investing Company & its affiliates | Fellow Subsidiaries | Total |
|-----------------------------------------|---------------------------------------|------------------------------------------|------------------------|------------------|
| Financial liabilities at amortised cost | - | | | - |
| | <i>18,105.28</i> | | | <i>18,105.28</i> |
| | <i>28,682.46</i> | | | <i>28,682.46</i> |
| Trade and other payables | 248.30 | 46.09 | 19.03 | 313.42 |
| | <i>697.29</i> | <i>38.87</i> | <i>150.32</i> | <i>886.48</i> |
| | <i>431.10</i> | <i>28.28</i> | <i>193.54</i> | <i>652.92</i> |
| Other financial liabilities | 57.82 | | | 57.82 |
| | <i>57.82</i> | | | <i>57.82</i> |
| | - | | | - |
| Trade Receivables | | | 0.09 | 0.09 |
| | | | <i>0.09</i> | <i>0.09</i> |
| | | | <i>0.08</i> | <i>0.08</i> |
| Other current assets | | | | |
| Advances | | 1.80 | | 1.80 |
| | | <i>1.80</i> | | <i>1.80</i> |
| | | <i>1.80</i> | | <i>1.80</i> |
| Prepaid Expense | - | - | - | - |
| | <i>145.55</i> | - | <i>22.90</i> | <i>168.45</i> |
| | - | - | - | - |

#Amounts in italics denote previous year figures



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

29. Operating lease arrangements

As lessee

Operating lease payments represent rentals payable by the Company for ATM sites.

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| Minimum lease payments under operating leases recognized as expense in the year | 9,679.57 | 9,254.34 |

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

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------------------------|------------------------|------------------------|
| Due not later than one year | 6,812.13 | 8,556.23 |
| Due later than one year but not later than five years | 18,022.80 | 21,147.31 |
| Later than five years | 728.03 | 3,283.19 |
| Total | 25,562.96 | 32,986.73 |

30. Contingent liabilities and commitments

i. Contingent liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Cash handling loss (Refer Note i) | - | - | 146.43 |
| b. Entry Tax / Value Added Tax / Sales Tax/Income Tax (Refer Note ii) | 157.48 | 83.40 | 84.40 |
| c. Other Claims (Refer Note iii) | - | 271.00 | 3,957.90 |

- Claims of cash handling loss against the Company of 2015: ₹ 1,220.94 lakhs are disputed by the Company of which an amount of 2015: ₹ 471.51 lakhs have been provided for and 2015: ₹ 603 lakhs has been recovered by way of debit notes from CRAs.
- The Company has various claims from authorities for entry tax, 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.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

- iii. 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 across India to metro cities only due to which the project became unviable. During the year 2014-15, 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 previous year, based on discussions and understanding between the Company and the customer entire provision has been waived off by the customer.

During the previous year, there was a claim from a vendor amounting to ₹ 271.00 lakhs, the same has been settled in the current financial year.

- iv. 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 ₹ 4,455.81 lakhs (2016: ₹ 1,546.91 lakhs; 2015: ₹ 3,362.10 lakhs).

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

| | (₹ in lakhs) | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year | 553.92 | 180.21 | 66.41 |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 28.70 | 25.77 | 5.06 |
| c. The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | 6,610.10 | 4,058.52 | 4,755.58 |
| d. The amount of interest due and payable for the year | 28.70 | 25.77 | 5.06 |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year | 28.70 | 25.77 | 5.06 |
| f. The amount of further interest due and payable even in the succeeding year, until such date when the interest's dues as above are actually paid | - | - | - |
| g. Total outstanding dues of micro and small enterprises | 582.62 | 205.98 | 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.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

32. Specified Bank Notes (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

| Particulars | Specified Bank Notes (SBNs) | Other denomination notes | Total |
|-----------------------------------------------------|-----------------------------|--------------------------|-----------------------|
| Closing cash in ATM as on 8 November 2016 | 2,85,45,75,500 | 61,41,57,500 | 3,46,87,33,000 |
| Closing cash in vault and CRA as on 8 November 2016 | 22,17,41,300 | 4,82,18,555 | 26,99,59,855 |
| Closing cash in hand as on 8 November 2016 | 3,07,63,16,800 | 66,23,76,055 | 3,73,86,92,855 |
| (+) Permitted receipts | - | 3,83,02,69,610 | 3,83,02,69,610 |
| (-) Permitted payments (Dispense) | - | 3,44,94,24,120 | 3,44,94,24,120 |
| (-) Amount deposited in Banks | 3,07,63,16,800 | 26,66,99,958 | 3,34,30,16,758 |
| Closing cash in hand as on 30 December 2016 | - | 77,65,21,587 | 77,65,21,587 |
| Closing cash in ATM as on 30 December 2016 | - | 15,69,37,787 | 15,69,37,787 |
| Closing cash in vault as on 30 December 2016 | - | 61,95,83,800 | 61,95,83,800 |

The Company has agreement with Cash Replenishment Agency (CRA) who handles the end to end Cash replenishment and evacuation process. Out of the opening Cash in ATM and cash in Vault with CRA (which include SBN's and other denomination notes), during the period from 8 November 2016 to 30 December 2016 CRA has deposited ₹ 3,34,30,16,758 into the Company's Bank accounts either directly or through the bank account maintained by CRA for White Label ATM Operations, which includes ₹ 3,07,63,16,800 of SBN's. Segregation of SBN's and other denomination out of the total deposits during the period from 8 November 2016 to 30 December 2016 is based on the declaration received from the CRA's.

Cash balance as at 31 March 2017, excludes holding of ₹ 10,23,000 of SBN's, out of which ₹ 6,83,000 are kept at offices pursuant to SBN's received between 28 March 2017 to 30 of March 2017 on direction of court order and ₹ 3,40,000 are lying in Police station. These pertains to various theft cases which was recorded as cash loss in the books. Out of the recovered amount, attempt was made to deposit the same with Reserve Bank of India (RBI) on 31 March 2017, but RBI refused to accept the same.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

33. Financial Instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(p) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2017 is as follows

(₹ in lakhs)

| | Derivatives instrument | Amortised cost | Total carrying value |
|--------------------------------|---------------------------|-------------------|-------------------------|
| Financial Assets: | | | |
| Other financial assets | 0.02 | 4,555.94 | 4,555.96 |
| Trade receivables | | 9,954.61 | 9,954.61 |
| Cash and Cash equivalents | | 42,530.77 | 42,530.77 |
| Other bank balances | | 15.00 | 15.00 |
| Total | 0.02 | 57,056.32 | 57,056.34 |
| Financials Liabilities: | | | |
| Borrowings | | 30,698.79 | 30,698.79 |
| Other financial liabilities | | 1,664.89 | 1,664.89 |
| Trade payables | | 16,598.89 | 16,598.89 |
| Total | | 48,962.57 | 48,962.57 |

The carrying value of financial instruments by categories as at 31 March 2016 is as follows

(₹ in lakhs)

| | Derivatives instrument | Amortised cost | Total carrying value |
|--------------------------------|---------------------------|-------------------|-------------------------|
| Financial Assets: | | | |
| Other financial assets | | 4,117.10 | 4,117.10 |
| Trade receivables | | 7,365.12 | 7,365.12 |
| Cash and Cash equivalents | | 60,675.32 | 60,675.32 |
| Other bank balances | | | |
| Total | | 72,157.54 | 72,157.54 |
| Financials Liabilities: | | | |
| Borrowings | | 54,736.66 | 54,736.66 |
| Other financial liabilities | | 2,568.22 | 2,568.22 |
| Trade payables | | 17,848.69 | 17,848.69 |
| Total | | 75,153.57 | 75,153.57 |



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements for the year ended 31 March 2017

The carrying value of financial instruments by categories as at 1 April 2015 is as follows

| | | | (₹ in lakhs) |
|--------------------------------|---------------------------|-------------------|-------------------------|
| | Derivatives instrument | Amortised cost | Total carrying value |
| Financial Assets: | | | |
| Other financial assets | | 3,865.84 | 3,865.84 |
| Trade receivables | | 7,498.56 | 7,498.56 |
| Cash and Cash equivalents | | 33,510.01 | 33,510.01 |
| Other bank balances | | | |
| Total | | 44,874.41 | 44,874.41 |
| Financials Liabilities: | | | |
| Borrowings | | 35,986.13 | 35,986.13 |
| Other financial liabilities | | 4,904.87 | 4,904.87 |
| Trade payables | | 14,603.07 | 14,603.07 |
| Total | | 55,494.07 | 55,494.07 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2017, 31 March 2016 and 1 April 2015 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

- (i) The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required)

| | | | | (₹ in lakhs) |
|------------------------------------|------------------|---------------|--------------|-------------------------|
| Financial assets | Fair value as at | | | Fair value hierarchy |
| | 31 March 2017 | 31 March 2016 | 1 April 2015 | |
| Financial Assets | | | | |
| Foreign exchange forward contracts | 0.02 | - | - | Level 2 |



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

34. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans, trade and other receivables, current investments and cash and cash equivalents that derive directly from its operations. The Company has investments in mutual funds on which gain or loss on fair value is recognised through profit or loss and also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the company's policy that no trading in derivatives for speculative purposes may be undertaken. The Senior Management reviews and agrees policies for managing each of these risks, which are summarised below

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

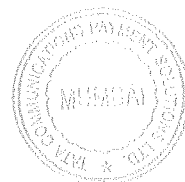
The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

b. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

In determining the allowances for doubtful trade receivables the Company has used a simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables as mentioned below:

(₹ in lakhs)

| Ageing of receivables | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------|------------------------|------------------------|-----------------------|
| Within credit period | 5,875.22 | 5,469.13 | 3,904.22 |
| 31-90 days | 1,672.71 | 1,281.16 | 2,551.45 |
| 91-180 days | 1,675.97 | 306.13 | 448.25 |
| 181-360 days | 720.99 | 306.84 | 594.64 |
| More than 360 days | 9.72 | 1.86 | - |
| Total | 9,954.61 | 7,365.12 | 7,498.56 |

Movement in the expected credit loss allowance

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Balance at beginning of the year | 1,770.77 | 963.40 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | (311.67) | 807.37 |
| Balance at the end of the year | 1,459.10 | 1,770.77 |

c. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and preference shares.

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in lakhs)

| As at 31 March 2017 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------|--------------|-------------------|-----------------|----------|-----------|
| Trade and other payables | 1,814.28 | 14,793.28 | - | - | 16,607.56 |
| Capital creditors | 1,499.50 | 156.72 | - | - | 1,656.22 |
| Current borrowings | 26,798.79 | 3,900.00 | - | - | 30,698.79 |

(₹ in lakhs)

| As at 31 March 2016 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------------------------------------|--------------|-------------------|-----------------|-----------|-----------|
| Trade and other payables | 4,066.79 | 13,745.19 | 45.36 | - | 17,857.34 |
| Capital creditors | 1,955.79 | 603.78 | - | - | 2,559.57 |
| Non-current borrowings (including accrued interest) | - | - | - | 18,105.28 | 18,105.28 |
| Current borrowings | 36,631.38 | - | - | - | 36,631.38 |

(₹ in lakhs)

| As at 1 April 2015 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------------------------------------|--------------|-------------------|-----------------|-----------|-----------|
| Trade and other payables | 3,402.12 | 11,216.66 | - | - | 14,618.78 |
| Capital creditors | 2,445.94 | 2,443.22 | - | - | 4,889.16 |
| Non-current borrowings (including accrued interest) | - | - | - | 28,682.46 | 28,682.46 |
| Current borrowings | 7,303.67 | - | - | - | 7,303.67 |

35. Events after reporting period

There are no subsequent events between the year ended 31 March 2017 and signing of financial statements as on 3 May 2017 which have material impact on the financials of the Company.

36. Approval of financial statements

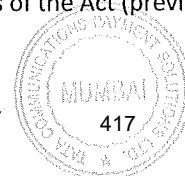
The financial statements were approved for issue by the board of directors on 3 May 2017.

37. First-time adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

A. Exemptions and exceptions availed

The transition as at 1 April 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

A.1 Ind AS optional exemptions

a. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at Fair Value through Other Comprehensive Income on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has designated its investments in Mutual Funds at Fair Value through Profit and Loss.

b. Fair value measurement of financial assets or financial liabilities at initial recognition

The Company has applied requirements of fair value measurement of financial assets and financial liabilities at initial recognition for transactions entered into on or after date of transition to Ind AS.

A.2 Ind AS mandatory exceptions

a. De-recognition of financial assets and liabilities

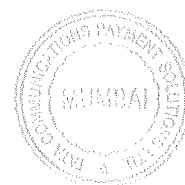
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has applied the above requirement prospectively.

c. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company has made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.



TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

37.1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(₹ in lakhs)

| Particulars | Notes | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------------------------------------------|-------|------------------------|-----------------------|
| Total equity (shareholders' funds) under previous GAAP | | 75,259.42 | 84,575.91 |
| Debt component of convertible preference shares | a | (15,937.68) | (27,367.73) |
| Interest on debt portion of convertible preference shares | a | (2,167.60) | (1,314.73) |
| Provision for expected credit loss | b | 6.92 | (623.40) |
| Total adjustments to equity | | (18,098.36) | (29,305.86) |
| Total equity under Ind AS | | 57,161.06 | 55,270.05 |

37.2 Reconciliation of total other comprehensive income for the year ended 31 March 2016

(₹ in lakhs)

| Particulars | Notes | As at 31 March 2016 |
|-----------------------------------------------------------|-------|------------------------|
| Loss as per previous GAAP | | (17,316.49) |
| Adjustments: | | |
| Interest on debt portion of convertible preference shares | a | (3,475.27) |
| Provision for expected credit loss | b | 630.32 |
| Remeasurements of retirement benefits as per Ind AS | c | (4.50) |
| Total effect of transition to Ind AS | | (2,849.45) |
| Loss for the year as per Ind AS | | (20,165.94) |
| Other comprehensive income for the year | | |
| Remeasurements of retirement benefits as per Ind AS | | 4.50 |
| Other comprehensive income for the year | | 4.50 |
| Total comprehensive income under Ind AS | | (20,161.44) |

37.3 Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statement of Cash Flows as reported under the Previous GAAP.



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TATA Communications Payment Solutions Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

37.4 Notes to reconciliation

a. Fair valuation of derivatives

Under the previous GAAP, 12% Cumulative Redeemable Preference shares were forming part of the Issued, Subscribed and Paid up share capital. Under Ind AS, the 12% Cumulative Redeemable Preference shares are considered as compound financial instrument and the debt component is designated as at FVTPL. 12% Cumulative Redeemable Preference shares has been split into Equity component of convertible preference shares of ₹ 33,562.32 lakhs (As at 1 April 2015 - ₹ 57,632.27 lakhs) and debt component of convertible preference shares of ₹ 15,937.68 lakhs (As at 1 April 2015 - ₹ 27,367.73 lakhs). Interest of ₹ 2,167.60 lakhs (As at 1 April 2015 - ₹ 1,314.73 lakhs) has been accrued on the debt component.

b. Trade Receivables

Under previous GAAP, the Company had created provision for trade receivables based on incurred loss model. In Ind AS, impairment allowance has been calculated based on expected credit loss model. As a result, for the year ended 31 March 2016, ₹ 630.32 lakhs provision for expected credit loss is recognised in Statement of Profit and Loss and impact of ₹ 6.92 lakhs and ₹ 623.40 lakhs has been recognised in equity as at 31 March 2016 and 1 April 2015 respectively.

c. Employee benefits


Under previous GAAP, actuarial gains and losses on re-measurement of the net defined benefit liability/ asset was recognised in Statement of Profit and Loss. Under Ind AS, actuarial gains and losses on re-measurement of the net defined benefit liability/ asset are recognised in Other Comprehensive Income. Accordingly, ₹ 4.50 lakhs on re-measurement of the net defined benefit liability/ asset is reclassified to other comprehensive income from employee cost resulting in increase in net profit for the year ended 31 March 2016. However, the same does not result in difference in equity or total comprehensive income.

For and on behalf of Board of Directors


Aadesh Goyal
Director


Sumeet Walia
Director


Sanjeev Patel
Chief Executive Officer


Sanjay Agarwal
Chief Financial Officer


Rishabh Aditya
Company Secretary

Place: Mumbai
Dated: 03 May 2017





| TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED | | | | | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------|--------|--------------------------------------|--------------------------------------|-------------------------------------|
| Balance Sheet as at 31 March 2017 | | | | | |
| | Particulars | Notes | As at 31 March 2017 ₹ in Lakhs | As at 31 March 2016 ₹ in Lakhs | As at 1 April 2015 ₹ in Lakhs |
| A | ASSETS | | | | |
| (1) | Non-current assets | | | | |
| (a) | Property, plant and equipment | 3 | 3,536.64 | 3,357.21 | 1,966.91 |
| (b) | Capital work-in-progress | | 443.25 | 656.86 | 270.41 |
| (c) | Intangible assets | 4 | 461.91 | 794.47 | 132.39 |
| (d) | Intangible assets under development | | 1,309.26 | 65.47 | 1.05 |
| (e) | Financial assets | | | | |
| | (i) Non-current investments | 5A | 33.74 | - | - |
| | (ii) Other financial assets | 6A | 33.17 | 37.80 | 23.12 |
| (f) | Deferred tax assets (net) | 7 | 1,947.43 | 1,343.36 | 2,616.05 |
| (g) | Non-current tax assets (net) | 8 | 4,760.35 | 4,027.35 | 2,012.69 |
| (h) | Other non-current assets | 9A | 11.35 | 0.14 | 13.72 |
| | Total non-current assets | | 12,537.10 | 10,282.66 | 7,036.34 |
| (2) | Current assets | | | | |
| (a) | Financial Assets | | | | |
| | (i) Other Investments | 5B | - | 2,702.48 | - |
| | (ii) Trade receivables | 10 | 50,579.29 | 27,750.72 | 16,691.57 |
| | (iii) Cash and cash equivalents | 11 | 780.06 | 438.75 | 263.37 |
| | (iv) Other financial assets | 6B | 147.11 | 67.55 | 35.30 |
| (b) | Other current assets | 9B | 946.90 | 542.27 | 828.20 |
| | Total current assets | | 52,453.36 | 31,501.77 | 17,818.44 |
| | Total assets | | 64,990.46 | 41,784.43 | 24,854.78 |
| B | EQUITY AND LIABILITIES | | | | |
| I | Equity | | | | |
| (a) | Equity Share capital | 12 | 50.00 | 50.00 | 50.00 |
| (b) | Other equity | 13 | 24,735.85 | 18,578.49 | 11,127.28 |
| | Total equity | | 24,785.85 | 18,628.49 | 11,177.28 |
| II | Liabilities | | | | |
| (1) | Non-current liabilities | | | | |
| (a) | Financial liabilities | | | | |
| | (i) Other financial liabilities | 18A | - | 333.76 | - |
| (b) | Provisions | 15A | 3,162.86 | 2,630.10 | 1,845.20 |
| (c) | Other non-current liabilities | 16A | 366.52 | 73.01 | - |
| | Total non-current liabilities | | 3,529.38 | 3,036.87 | 1,845.20 |
| (2) | Current liabilities | | | | |
| (a) | Financial Liabilities | | | | |
| | (i) Borrowings | 17 | 4,594.88 | - | - |
| | (ii) Trade and other payables | | | | |
| | 1. Total outstanding dues of micro enterprises and small enterprises | 14(I) | 591.50 | 70.66 | 14.80 |
| | 2. Total outstanding dues of creditors other than micro enterprises and small enterprises | 14(II) | 23,881.61 | 13,323.05 | 7,849.60 |
| | (iii) Other financial liabilities | 18B | 1,264.54 | 1,369.07 | 354.63 |
| (b) | Provisions | 15B | 314.30 | 216.90 | 165.05 |
| (c) | Liabilities for Current Tax (Net) | 19 | 106.06 | 441.58 | 441.57 |
| (d) | Other current liabilities | 16B | 5,922.34 | 4,697.81 | 3,006.65 |
| | Total current liabilities | | 36,675.23 | 20,119.07 | 11,832.30 |
| | Total equity and liabilities | | 64,990.46 | 41,784.43 | 24,854.78 |

See accompanying notes forming part of the financial statements

In terms of our report attached

For S.B.BILLIMORIA & CO.

Chartered Accountants

For and on Behalf of the Board of Directors

Gurvinder Singh
Partner

Madhusudhan M R
Managing Director

Aadesh Goyal
Director

| TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED Statement of Profit and Loss for the year ended 31 March 2017 | | | | |
|------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------|--------------------|------------------|
| | Particulars | Notes | Year ended | |
| | | | 31 March 2017 | 31 March 2016 |
| | | | ₹ in Lakhs | ₹ in Lakhs |
| I | Revenue from operations (Telecommunication network management and support services) | | 1,01,844.75 | 75,183.36 |
| II | Other Income | 20 | (31.38) | 405.73 |
| III | Total Income (I + II) | | 1,01,813.37 | 75,589.09 |
| IV | Expenses: | | | |
| | Operating and other expense | 21 | 49,454.97 | 31,638.56 |
| | Employee benefits expense | 22 | 40,596.78 | 29,782.49 |
| | Finance costs | 23 | 254.89 | 131.11 |
| | Depreciation and amortisation expense | 24 | 1,873.19 | 1,483.85 |
| | Total Expenses | | 92,179.83 | 63,036.01 |
| V | Profit before exceptional items and tax (III - IV) | | 9,633.54 | 12,553.08 |
| VI | Exceptional Items | | | |
| | Staff optimisation cost | 25 | - | 696.85 |
| VII | Profit before tax (V- VI) | | 9,633.54 | 11,856.23 |
| VIII | Tax expense | | | |
| | (a) Current tax | 26 | 3,900.07 | 2,841.03 |
| | (b) Deferred tax | 26 | (541.71) | 1,373.50 |
| IX | Profit for the year (VII - VIII) | | 6,275.18 | 7,641.70 |
| X | Other comprehensive income/(loss) | | | |
| | Items that will not be reclassified to profit or loss | | | |
| | (i) Remeasurements of the defined benefit plans | | (180.18) | (291.30) |
| | (ii) Tax on above | | 62.36 | 100.81 |
| | Other comprehensive (loss) for the year, net of tax | | (117.82) | (190.49) |
| XI | Total comprehensive income for the year, net of tax (IX + X) | | 6,157.36 | 7,451.21 |
| | Basic/Diluted Earnings per share (of ₹ 10 each) | 28 | 1,255.04 | 1,528.34 |

See accompanying notes forming part of the financial statements

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

For and on Behalf of the Board of Directors

Gurvinder Singh
Partner

Madhusudhan M R
Managing Director

Aadesh Goyal
Director

Place : Mumbai
Dated: 20 April 2017

Umasree Kotamraju
Chief Financial Officer

TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED
Cash Flow Statement for the year ended 31 March 2017

| Particulars | Year Ended 31 March 2017 ₹ in Lakhs | Year Ended 31 March 2016 ₹ in Lakhs |
|-------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Cash Flows from Operating activities | | |
| Net Profit Before Tax | 9,633.54 | 11,856.23 |
| Adjustments for : | | |
| Depreciation and amortisation expense | 1,873.19 | 1,483.85 |
| Finance costs | 254.89 | 131.11 |
| Exchange fluctuation on cash and cash equivalents | 57.50 | (1.88) |
| Interest income on financial asset carried at amortised cost | (1.42) | - |
| Net gain on investments carried at fair value through profit and loss | (91.07) | (68.81) |
| Interest on Income Tax Refund | (6.76) | - |
| Allowance for doubtful advances | 0.33 | 0.28 |
| Allowance / (write back) of doubtful trade receivables | 155.16 | (2,082.81) |
| Bad debts written off | - | 2,103.31 |
| Operating Profit before working capital changes | 11,875.36 | 13,421.28 |
| Changes in working capital | | |
| Adjustment for (increase) / decrease in operating assets: | | |
| Trade receivables | (22,983.73) | (11,079.65) |
| Other assets | (488.39) | 238.72 |
| Adjustment for increase / (decrease) in operating liabilities: | | |
| Trade payables | 11,079.40 | 5,529.31 |
| Provisions | 257.76 | 423.65 |
| Other liabilities | 1,519.25 | 1,766.92 |
| Cash generated from Operations | 1,259.65 | 10,300.23 |
| Income Tax paid (net) | (4,961.83) | (4,855.69) |
| Net Cash Flow (Used in)/Generated from Operating activities | (3,702.18) | 5,444.54 |
| Cash Flow from Investing activities | | |
| Payments for purchase of Property, plant & equipment and intangibles | (3,200.21) | (2,629.07) |
| Proceeds from disposal of Property, plant and equipment and intangibles | 0.77 | 0.99 |
| Interest received | 1.42 | - |
| Investment in subsidiary | (33.74) | - |
| Purchase of current investment (mutual fund) | (26,500.00) | (32,300.00) |
| Sale of current investment (mutual fund) | 29,293.55 | 29,666.33 |
| Net Cash Used in Investing activities | (438.21) | (5,261.75) |
| Cash Flow from Financing activities | | |
| Proceeds from current borrowings | 4,594.87 | - |
| Interest paid | (55.66) | (9.29) |
| Net Cash Flow (Used in) / Generated from Financing activities | 4,539.21 | (9.29) |
| Net increase in Cash and Cash Equivalents | 398.82 | 173.50 |
| Cash and Cash Equivalents as at beginning of the year | 438.75 | 263.37 |
| Effect of exchange difference on cash and cash equivalents | (57.50) | 1.88 |
| Cash and Cash Equivalents as at end of the year (Refer note 11) | 780.07 | 438.75 |
| Note: 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

For and on Behalf of the Board of Directors

Gurvinder Singh
Partner

Madhusudhan M R
Managing Director

Aadesh Goyal
Director

Place : **Mumbai**
Dated: **20 April 2017**

Umasree Kotamraju
Chief Financial Officer

TATA COMMUNICATIONS TRANSFORMATION SERVICES LIMITED

Statement of changes in equity

A Equity Share Capital

₹ in Lakhs

| | No. of Shares | Amount |
|-------------------------------------------------|---------------|--------|
| Balance at 1 April 2015 | 5,00,000 | 50.00 |
| Changes in equity share capital during the year | - | - |
| Balance at 31 March 2016 | 5,00,000 | 50.00 |
| Changes in equity share capital during the year | - | - |
| Balance at 31 March 2017 | 5,00,000 | 50.00 |

B Other Equity

₹ in Lakhs

| Particulars | Reserve & Surplus | | Remeasurements of the defined benefit plans | Total Other equity |
|--------------------------------------------------------------|-------------------|-------------------|---------------------------------------------|--------------------|
| | General reserve | Retained earnings | | |
| Balance at 1 April 2015 | 1,381.97 | 9,745.31 | - | 11,127.28 |
| Net profit for the year | | 7,641.70 | | 7,641.70 |
| Other Comprehensive income/(loss) for the year | | | (291.30) | (291.30) |
| Tax impact in Other Comprehensive income/(loss) for the year | | | 100.81 | 100.81 |
| Total comprehensive income/(loss) for the year | - | 7,641.70 | (190.49) | 7,451.21 |
| Balance at 31 March 2016 | 1,381.97 | 17,387.01 | (190.49) | 18,578.49 |
| Net profit for the year | | 6,275.18 | | 6,275.18 |
| Other Comprehensive income/(loss) for the year | | | (180.18) | (180.18) |
| Tax impact in Other Comprehensive income/(loss) for the year | | | 62.36 | 62.36 |
| Total comprehensive income/(loss) for the year | - | 6,275.18 | (117.82) | 6,157.36 |
| Balance at 31 March 2017 | 1,381.97 | 23,662.19 | (308.31) | 24,735.85 |

See accompanying notes forming part of the financial statements

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

For and on Behalf of the Board of Directors

Gurvinder Singh
Partner

Madhusudhan M R
Managing Director

Aadesh Goyal
Director

Place : Mumbai
Dated: 20 April 2017

Umasree Kotamraju
Chief Financial Officer

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

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** (Parent Company).

The Company is domiciled in India and its registered office is at C-21/ C 36, G Block, Bandra Kurla Complex Mumbai – 400098, Maharashtra.

2. Significant Accounting Policies

a. *Statement of compliance*

In accordance with the notification issued by the Ministry of Corporate Affairs ("MCA"), the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 - First Time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act 2013.

b. *Basis of preparation of financial statements*

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- i. Derivative financial instruments
- ii. Certain financial assets and liabilities measured at fair value (refer note 2(p))

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakh (INR 00,000), except when otherwise indicated.

c. *Significant accounting, estimates and assumptions*

The preparation of the Company's financial statements requires management to make, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful life of assets

The Company reviews the useful life of assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of past events, 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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.

Provisions and contingent liabilities are reviewed at each balance sheet date.

d. 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.

e. Property, plant and equipment

Property, plant and equipment 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 includes cost of property, plant and equipment under installation/ under development as at the balance sheet date and are carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

Depreciable amount for Property, plant and equipment is the cost of Property, plant and equipment, or other amount substituted for cost, less its estimated residual value (wherever applicable). Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful lives. The asset's residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Estimated useful lives of the assets are as follows

| Property, Plant & Equipment | | Estimated Useful life of Assets |
|-----------------------------|---------------------------------------------------------------|-----------------------------------------------|
| a. | Plant and Machinery | |
| | - Network Equipment & Components (Refer note 1 below) | 4 to 8 years |
| | - Electrical Equipment & Installations* | 10 years |
| | - Network Switches* | 13 years |
| | - General Plant & Machinery* | 15 years |
| b. | Office Equipment | |
| | - Integrated Building Management Systems (Refer note 1 below) | 8 years |
| | - Others* | 5 years |
| c. | Leasehold Improvements | Asset life or lease period, whichever is less |
| d. | Buildings (Temporary Structures)* | 3 years |
| e. | Furniture & Fixtures* | 10 years |
| f. | Computers, servers and network* | 3 to 6 years |

* On the above categories of assets, the depreciation has been provided as per useful life prescribed in Schedule II to the Companies Act, 2013.

1. In these cases, the lives of the assets are other than the prescribed lives in Schedule II to the Companies Act, 2013. The lives of the assets have been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.
2. Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of occurrence.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

f. Intangible Assets

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

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.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at the end of financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Intangible assets are amortised as follows:

| | |
|--------------------------|--------------|
| Software and Application | 3 to 6 years |
|--------------------------|--------------|

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

g. Impairment of non-financial asset

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

- i. an intangible asset that is not yet available for use; and
- ii. an intangible asset with indefinite useful lives.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset. The recoverable amount is the greater of the net selling price and the value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company as a CGU. These budgets and forecast calculations generally cover a significant period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the significant period.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership of an asset are transferred from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

Lessee

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term since the payment to the lessor are structured in a manner that the increase is not expected to be in line with expected general inflation.

i. Employee benefits

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

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.

ii. Post-employment benefits

Contributions to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling (if applicable), excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The Company recognises changes in service costs comprising of current service costs, past-service costs, gains and losses on curtailments and non-routine settlements under employee benefit expenses in the Statement of Profit and Loss.

The net interest expense or income is recognised as part of finance cost in the Statement of Profit and Loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

iii. **Other long term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

j. **Revenue recognition**

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.

k. **Other Income**

- i. Dividends from investments are recognised when the right to receive payment is established and no significant uncertainty as to measurability or collectability exists.
- ii. Interest income for all financial instruments measured at amortised cost is recorded on accrual basis. Interest income is included in other income in the Statement of Profit and Loss.

l. **Taxation**

1. **Current income tax**

- i. Current tax expense is determined in accordance with the provisions of the Income Tax Act, 1961
- ii. Provision for current income taxes and advance taxes paid in respect of the same jurisdiction are presented in the balance sheet after offsetting them on an assessment year basis.

2. **Deferred tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside the Statement of Profit and Loss (either in Other comprehensive income or in equity) is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other comprehensive income or directly in equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

m. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i. In the principal market for the asset or liability or
- ii. In the absence of a principal market, in the most advantageous market for the asset or liability.
The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

n. Foreign Currencies

The Company's financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency.

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.

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.

p. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Financial assets

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at fair value through Other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

iii. Financial assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iv. Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

TATA Communications Transformation Services Limited

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for the year ended 31 March 2017

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

v. **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- a. Financial assets measured at amortised cost
- b. Financial assets measured at Fair Value through Other Comprehensive Income

Expected credit losses are measured through a loss allowance at an amount equal to the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date)

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract revenue receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For assessing ECL on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.

Financial liabilities

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

i. **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below

I. **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

II. **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

ii. **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

iii. Derivative financial instruments - Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

q. Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

3. Property, plant and equipment

(₹ in lakhs)

| | Leasehold Improvements | Building | Plant and Machinery | Furniture and Fixtures | Office Equipment | Computers | Total |
|---------------------------------|------------------------|----------|---------------------|------------------------|------------------|-----------|----------|
| Cost | | | | | | | |
| Balance as at 1 April 2015 | 1,837.75 | - | 761.28 | 400.63 | 491.46 | 2,249.10 | 5,740.22 |
| Additions | 934.83 | - | 482.80 | 180.85 | 144.40 | 774.72 | 2,517.60 |
| Disposals | - | - | - | - | - | (3.34) | (3.34) |
| Balance as at 31 March 2016 | 2,772.58 | - | 1244.08 | 581.48 | 635.86 | 3020.48 | 8,254.48 |
| Additions | 548.61 | 15.06 | 341.31 | 121.34 | 197.14 | 452.27 | 1,675.73 |
| Disposals | - | - | - | - | - | (1.41) | (1.41) |
| Balance as at 31 March 2017 | 3,321.19 | 15.06 | 1,585.39 | 702.82 | 833.00 | 3,471.34 | 9,928.80 |
| Accumulated depreciation | | | | | | | |
| Balance as at 1 April 2015 | 1,362.64 | - | 319.21 | 215.17 | 336.00 | 1,540.29 | 3,773.31 |
| Depreciation | 407.15 | - | 121.43 | 88.87 | 82.64 | 426.22 | 1,126.31 |
| Disposals | - | - | - | - | - | (2.35) | (2.35) |
| Balance as at 31 March 2016 | 1,769.79 | - | 440.64 | 304.04 | 418.64 | 1,964.16 | 4,897.27 |
| Depreciation | 558.60 | 0.42 | 157.56 | 85.95 | 93.79 | 599.21 | 1,495.53 |
| Disposals | - | - | - | - | - | (0.64) | (0.64) |
| Balance as at 31 March 2017 | 2,328.39 | 0.42 | 598.20 | 389.99 | 512.43 | 2,562.73 | 6,392.16 |
| Carrying amount | | | | | | | |
| Balance as at 1 April 2015 | 475.11 | - | 442.07 | 185.46 | 155.46 | 708.81 | 1,966.91 |
| Balance as at 31 March 2016 | 1,002.79 | - | 803.44 | 277.44 | 217.22 | 1,056.32 | 3,357.21 |
| Balance as at 31 March 2017 | 992.80 | 14.64 | 987.19 | 312.83 | 320.57 | 908.61 | 3,536.64 |

4. Intangible assets

(₹ in lakhs)

| | Computer Software |
|---------------------------------|-------------------|
| Cost | |
| Balance as at 1 April 2015 | 535.24 |
| Additions | 1,019.62 |
| Balance as at 31 March 2016 | 1,554.86 |
| Additions | 45.10 |
| Balance as at 31 March 2017 | 1,599.96 |
| Accumulated amortization | |
| Balance as at 1 April 2015 | 402.85 |
| Amortisation Expense | 357.54 |
| Balance as at 31 March 2016 | 760.39 |
| Amortisation Expense | 377.66 |
| Balance as at 31 March 2017 | 1,138.05 |
| Carrying amount | |
| Balance as at 1 April 2015 | 132.39 |
| Balance as at 31 March 2016 | 794.47 |
| Balance as at 31 March 2017 | 461.91 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

5. Investments

(₹ in lakhs)

| | | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|----|----------------------------------------------------------|---------------------|--------------|---------------------|-----------------|--------------------|----------|
| | | Quantity | Amount | Quantity | Amount | Quantity | Amount |
| A. | <u>Non-current</u> | | | | | | |
| | Investment in subsidiary – at cost | | | | | | |
| | Tata Communications Transformation Services Pte. Limited | 50,000 | 33.74 | - | - | - | - |
| | Total (A) | | 33.74 | | - | | - |
| B. | <u>Current</u> | | | | | | |
| | Investments at fair value through profit or loss | | | | | | |
| | Mutual Funds (unquoted) | - | - | 108,866 | 2,702.48 | - | - |
| | Total (B) | | - | | 2,702.48 | | - |
| | (A+B) | | 33.74 | | 2,702.48 | | - |

During the year, the Company has incorporated a wholly owned subsidiary, Tata Communication Transformation Services Pte. Limited, domiciled in Singapore.

The market value of investments is equal to the carrying value.

6. Other financial assets

(₹ in lakhs)

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----|--------------------------------------------------|------------------------|------------------------|-----------------------|
| | Unsecured | | | |
| A. | <u>Non-current</u> | | | |
| | Security deposits | 33.17 | 37.80 | 23.12 |
| | Total (A) | 33.17 | 37.80 | 23.12 |
| B. | <u>Current</u> | | | |
| a. | Advances to related parties | 13.77 | 18.12 | 23.19 |
| b. | Advances to contractors and vendors | 28.67 | 0.43 | 5.04 |
| c. | Fair value of Foreign currency forward contracts | 104.67 | 49.00 | 7.07 |
| | Total (B) | 147.11 | 67.55 | 35.30 |
| | (A+B) | 180.28 | 105.35 | 58.42 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

7. Deferred tax assets (net)

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

(₹ in lakhs)

| | As at 1 April 2016 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at 31 March 2017 |
|-------------------------------------------------------------------|-----------------------|--------------------------------------------------|---------------------------------------------------|------------------------|
| Deferred tax assets in relation to: | | | | |
| Difference between accounting and tax depreciation / amortization | 209.15 | 148.83 | - | 357.98 |
| Provision for doubtful trade receivables | 7.10 | 46.36 | - | 53.46 |
| Provision for Employee benefit obligations | 804.64 | (72.16) | 62.36 | 794.84 |
| Expenditure disallowed u/s. 40 (a) (ia) | 323.28 | 415.54 | - | 738.82 |
| Others | (0.81) | 3.14 | - | 2.33 |
| Deferred tax assets (net) | 1,343.36 | 541.71 | 62.36 | 1,947.43 |

(₹ in lakhs)

| | As at 1 April 2015 | Recognised in Statement of Profit and Loss | Recognised in Other Comprehensive Income | As at 31 March 2016 |
|-------------------------------------------------------------------|-----------------------|--------------------------------------------------|---------------------------------------------------|------------------------|
| Deferred tax assets in relation to: | | | | |
| Difference between accounting and tax depreciation / amortisation | 236.47 | (27.32) | - | 209.15 |
| Provision for doubtful trade receivables | 727.92 | (720.82) | - | 7.10 |
| Provision for Employee benefit obligations | 709.69 | (5.86) | 100.81 | 804.64 |
| Expenditure disallowed u/s. 40 (a) (ia) | 941.12 | (617.84) | - | 323.28 |
| Others | 0.85 | (1.66) | - | (0.81) |
| Deferred tax assets (net) | 2,616.05 | (1,373.50) | 100.81 | 1,343.36 |

8. Non-current tax assets (Net)

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------|------------------------|------------------------|-----------------------|
| Advance tax | 4,760.35 | 4,027.35 | 2,012.69 |
| Total | 4,760.35 | 4,027.35 | 2,012.69 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

9. Other assets

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured | | | |
| A. Non-current | | | |
| a. Capital advances | 2.84 | 0.14 | 13.72 |
| b. Prepaid expenses | 8.51 | - | - |
| Total (A) | 11.35 | 0.14 | 13.72 |
| B. Current | | | |
| a. Advances to Employees | | | |
| Considered good | 198.15 | 151.50 | 382.80 |
| Considered doubtful | 0.61 | 0.28 | - |
| | 198.76 | 151.78 | 382.80 |
| Less: Allowance for doubtful advances | (0.61) | (0.28) | - |
| | 198.15 | 151.50 | 382.80 |
| b. Indirect tax recoverable | 425.23 | 267.48 | 360.49 |
| c. Advances to vendors | 27.19 | 34.26 | 8.47 |
| d. Prepaid Expenses | 296.33 | 89.03 | 76.44 |
| Total (B) | 946.90 | 542.27 | 828.20 |
| (A+B) | 958.25 | 542.41 | 841.92 |

10. Trade receivables

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Unsecured, considered good | 50,579.29 | 27,750.72 | 16,691.57 |
| b. Doubtful debts | 175.75 | 20.59 | 2,103.40 |
| | 50,755.04 | 27,771.31 | 18,794.97 |
| Less: Allowance for doubtful debt (expected credit loss allowance) (Refer note 36 (c)) | (175.75) | (20.59) | (2,103.40) |
| Total | 50,579.29 | 27,750.72 | 16,691.57 |

The Company's exposure to customers other than the three largest customers is diversified and no other single customer has more than 10% of outstanding accounts receivable as on 31 March 2017, 31 March 2016 and 1 April 2015.

11. Cash and cash equivalents

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Balances with banks | 651.76 | 438.75 | 263.37 |
| Remittance in transit | 128.30 | - | - |
| Cash and cash equivalent as per Statement of cash flows. | 780.06 | 438.75 | 263.37 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

12. Equity Share capital

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Authorised: | | | |
| 500,000 (2016: 500,000, 2015: 500,000) Equity shares of ₹ 10 each | 50.00 | 50.00 | 50.00 |
| | 50.00 | 50.00 | 50.00 |
| b. Issued, Subscribed and Paid up: | | | |
| 500,000 (2016: 500,000, 2015: 500,000) Equity shares of ₹ 10 each, fully paid up | 50.00 | 50.00 | 50.00 |
| Total | 50.00 | 50.00 | 50.00 |

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 2017 | | As at 31 March 2016 | | As at 31 March 2015 | |
|----------------------------------------------|---------------------|------------|---------------------|------------|---------------------|------------|
| | No of shares | Percentage | No of shares | Percentage | No of shares | Percentage |
| Tata Communications Limited (Parent Company) | 500,000 | 100% | 500,000 | 100% | 500,000 | 100% |

c. Terms / rights attached to equity shares:

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

13. Other equity

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------|------------------------|------------------------|-----------------------|
| a. General reserve (Refer Note i below) | 1,381.97 | 1,381.97 | 1,381.97 |
| b. Retained earnings | 23,662.19 | 17,387.01 | 9,745.31 |
| c. Other comprehensive income | (308.31) | (190.49) | - |
| Total | 24,735.85 | 18,578.49 | 11,127.28 |

i. General reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

ii. Other Comprehensive Income

This represents the cumulative gains and losses arising on remeasurement of defined employee benefit plans.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

14. Trade and other payables

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| a. Total outstanding dues of micro enterprises and small enterprises (Refer note 32) | 591.50 | 70.66 | 14.80 |
| (I) | 591.50 | 70.66 | 14.80 |
| b. Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| i. Trade payables | 14,409.28 | 7,681.68 | 4,569.76 |
| ii. Payable to related parties | 9,472.33 | 5,641.37 | 3,279.84 |
| (II) | 23,881.61 | 13,323.05 | 7,849.60 |
| Total (I+II) | 24,473.11 | 13,393.71 | 7,864.40 |

15. Provisions

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------------------------|------------------------|------------------------|-----------------------|
| A. <u>Non-current</u> | | | |
| Provision for employee benefits (Refer note 29) | | | |
| - Provision for gratuity | 530.69 | 522.00 | 223.30 |
| - Provision for compensated absences | 2,617.56 | 2,108.10 | 1,621.90 |
| - Others | 14.61 | - | - |
| Total (A) | 3,162.86 | 2,630.10 | 1,845.20 |
| B. <u>Current</u> | | | |
| Provision for compensated absences | 314.30 | 216.90 | 165.05 |
| Total (B) | 314.30 | 216.90 | 165.05 |
| (A+B) | 3,477.16 | 2,847.00 | 2,010.25 |

16. Other liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------|------------------------|------------------------|-----------------------|
| A. <u>Non-current</u> | | | |
| Accrued payroll | 366.52 | 73.01 | - |
| Total (A) | 366.52 | 73.01 | - |
| B. <u>Current</u> | | | |
| a. Deferred revenue | 58.35 | - | 15.58 |
| b. Accrued payroll | 5,412.33 | 4,345.50 | 2,654.91 |
| c. Statutory liabilities | 446.53 | 352.31 | 336.16 |
| d. Other payables | 5.13 | - | - |
| Total (B) | 5,922.34 | 4,697.81 | 3,006.65 |
| (A+B) | 6,288.86 | 4,770.82 | 3,006.65 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

17. Borrowings

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| Unsecured | | | |
| Loans repayable on demand (from banks) | | | |
| - Cash credit facility (Rate of interest: 1.51% to 1.67%; 2016: Nil; 2015: Nil) | 3,649.35 | - | - |
| - Bank overdraft (Rate of interest: 8.90% to 10.80%; 2016: Nil; 2015: Nil) | 945.53 | - | - |
| Total | 4,594.88 | - | - |

18. Other financial liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------------------|------------------------|------------------------|-----------------------|
| A. <u>Non-current</u> | | | |
| Payables for Capital Goods | | | |
| - Payable to related parties | - | 333.76 | - |
| Total (A) | - | 333.76 | - |
| B. <u>Current</u> | | | |
| a. Payables for Capital Goods | | | |
| - Payable to related parties | 667.53 | 333.76 | - |
| - Others | 583.41 | 1,029.89 | 351.97 |
| b. Other payables | 13.60 | 5.42 | 2.66 |
| Total (B) | 1,264.54 | 1,369.07 | 354.63 |
| (A+B) | 1,264.54 | 1,702.83 | 354.63 |

19. Liabilities for current tax (Net)

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-------------------|------------------------|------------------------|-----------------------|
| Provision for tax | 106.06 | 441.58 | 441.57 |
| Total | 106.06 | 441.58 | 441.57 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

20. Other income

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------------------------------------------------------------------|-----------------------------|-----------------------------|
| a. Interest income on financial asset carried at amortised cost | 1.42 | - |
| b. Interest on income tax refund | 6.76 | - |
| c. Net gain on investments carried at fair value through profit and loss | 91.07 | 68.81 |
| d. Foreign exchange gain/(loss) (net) | (259.69) | 172.58 |
| e. Miscellaneous income | 129.06 | 164.34 |
| Total | (31.38) | 405.73 |

21. Operating and other expenses

(₹ in lakhs)

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| a. Power and fuel | 606.28 | 558.52 |
| b. <u>Repairs and Maintenance:</u> | | |
| Building | 185.95 | 130.32 |
| Plant and Machinery | 754.87 | 316.46 |
| Others | 170.59 | 38.82 |
| c. Allowance / (write back) of doubtful trade receivables | 155.16 | (2,082.81) |
| d. Allowance for doubtful advances | 0.33 | 0.28 |
| e. Bad Debts written off | - | 2,103.31 |
| f. Rent | 721.74 | 1,486.64 |
| g. Network management sub-contracting charges | 20,713.02 | 13,123.06 |
| h. Rates and taxes | 11.91 | 30.78 |
| i. Travelling expenses | 1,977.21 | 1,579.64 |
| j. Local Conveyance | 1,325.67 | 767.40 |
| k. Telephone expenses | 1,233.87 | 708.61 |
| l. Printing, postage and stationery | 41.92 | 20.64 |
| m. Outsourced manpower cost | 18,173.86 | 10,200.96 |
| n. Legal and Professional charges | 1,465.64 | 1,289.97 |
| o. Brand equity and business promotion expenses | 213.27 | 157.94 |
| p. Advertising and publicity | 615.75 | 480.43 |
| q. Insurance | 3.71 | 10.29 |
| r. Recruitment Expenses | 373.36 | 144.01 |
| s. Security Charges | 166.24 | 107.26 |
| t. Corporate Social Responsibility (Refer Note i) | 199.41 | 263.86 |
| u. Other expenses (Refer Note ii) | 345.21 | 202.17 |
| Total | 49,454.97 | 31,638.56 |

- i. As per Section 135 of the Companies Act, 2013 and rules thereon, gross amount required to be spent by the Company during the year towards Corporate Social Responsibility (CSR) amounting to ₹ 200 lakhs (2016: ₹ 174.42 lakhs). The Company spent ₹ 199.41 lakhs (2016: ₹ 263.86 lakhs) during the year for the purpose of CSR activities mainly under promotion of education and employability including ₹ 140.59 lakhs (2016: ₹ 1.58 lakhs) on construction / acquisition of assets.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

- ii. Other expenses include Auditor's remuneration as follows: (excluding service tax):

| | (₹ in lakhs) | |
|--------------------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Auditors' remuneration and expenses | | |
| • Audit fees | 14.25 | 14.25 |
| • Tax Audit fees | 2.50 | 2.50 |
| • Other professional services | 4.64 | 3.75 |
| • For reimbursement of expenses | 0.71 | 0.72 |

22. Employee benefits expenses

| | (₹ in lakhs) | |
|---------------------------------------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| a. Salaries and related costs | 35,890.87 | 26,172.56 |
| b. Contributions to provident and other funds (Refer note 29) | 1,750.62 | 1,332.53 |
| c. Staff welfare expenses | 2,955.29 | 2,277.40 |
| Total | 40,596.78 | 29,782.49 |

23. Finance costs

| | (₹ in lakhs) | |
|--------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| Interest | | |
| a. On bank overdraft and loans | 62.66 | 9.29 |
| b. Others | 192.23 | 121.82 |
| Total | 254.89 | 131.11 |

24. Depreciation and amortisation expense

| | (₹ in lakhs) | |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|
| | Year ended 31 March 2017 | Year ended 31 March 2016 |
| a. Depreciation of property, plant and equipment (Refer note 3) | 1,495.53 | 1,126.31 |
| b. Amortisation of intangible assets (Refer note 4) | 377.66 | 357.54 |
| Total | 1,873.19 | 1,483.85 |

25. Staff Optimisation Cost

As part of its initiative to enhance the long-term efficiency of the business, during the previous 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 ₹ Nil (2016: ₹ 696.85 lakhs).

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

26. Income tax

a. Income tax recognised in Statement of Profit and Loss

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|--------------------------------|-----------------------------|-----------------------------|
| <u>Current tax</u> | | |
| In respect of current year | 3,743.16 | 3,537.25 |
| In respect of prior years | 156.91 | (696.22) |
| Total Current tax (a) | 3,900.07 | 2,841.03 |
| <u>Deferred tax</u> | | |
| In respect of the current year | (341.04) | 664.63 |
| In respect of the earlier year | (200.67) | 708.87 |
| Total deferred tax (b) | (541.71) | 1,373.50 |
| Total Income tax (a+b) | 3,358.36 | 4,214.53 |

b. The Income tax expense for the year can be reconciled to the accounting profit as follows

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Profit before tax | 9,633.54 | 11,856.23 |
| Income tax expense calculated at Tax rate | 3,333.98 | 4,103.20 |
| Tax expense as per Statement of Profit and Loss | 3,358.36 | 4,214.53 |
| Difference | (24.38) | (111.33) |
| Reasoning | | |
| Effect of expenses / adjustments that are not deductible in determining taxable profit | (24.38) | (111.33) |
| Total | (24.38) | (111.33) |
| Income tax expense recognised in Statement of Profit and Loss | 3,358.36 | 4,214.53 |

The tax rate used for year ended 31 March 2017 and for year ended 31 March 2016 reconciliations is corporate tax rate of 34.608% payable in India on taxable profits under the Indian tax laws.

c. Income tax recognised in Other comprehensive income

(₹ in lakhs)

| Particulars | Year ended 31 March 2017 | Year ended 31 March 2016 |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| <u>Deferred tax</u> | | |
| Remeasurement of the defined benefit obligations | 62.36 | 100.81 |
| Total deferred tax | 62.36 | 100.81 |
| Bifurcation of income taxes recognized in OCI into | | |
| Items that will not be reclassified to profit and loss | 62.36 | 100.81 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

27. Segment information

a. Operating Segments

The Company is engaged primarily in the business of providing telecommunication network management and support services. This in context of Indian Accounting Standard 108 on Operating Segments is considered to constitute one single reportable business segment. Hence no separate disclosure under Indian Accounting Standard 108 is considered necessary.

b. Geographical Information

Geographical revenue is allocated based on the location of the customer. Information regarding geographical revenue is as follows:

(₹ in lakhs)

| Geography | Year ended 31 March 2017 | Year ended 31 March 2016 |
|----------------|-----------------------------|-----------------------------|
| India | 61,725.84 | 43,229.35 |
| United Kingdom | 19,748.44 | 16,612.67 |
| Canada | 7,102.20 | 4,602.02 |
| USA | 3,053.33 | 2,106.80 |
| Others | 10,214.94 | 8,632.52 |
| | 101,844.75 | 75,183.36 |

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

c. Information about major customers

(₹ in lakhs)

| Customer name | As at 31 March 2017 | % of total revenue | As at 31 March 2016 | % of total revenue |
|---------------|------------------------|-----------------------|------------------------|-----------------------|
| Customer A | 30,002.40 | 29% | 19,842.85 | 26% |
| Customer B | 15,632.39 | 15% | 16,178.53 | 22% |
| Customer C | 12,162.84 | 12% | 11,936.79 | 16% |

28. Earnings per share

Basic earnings per share

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| Net Profit after tax attributable to the equity shareholders (A) | 6,275.18 | 7,641.70 |
| 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) (A/B) | 1,255.04 | 1,528.34 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

29. Employee Benefit plans

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 ₹ 1,346.24 lakhs (2016: ₹ 1,068.24 lakhs) lakhs have been charged to the Statement of Profit and Loss, under Contributions to provident, gratuity and other funds in note 22 "Employee benefits".

ii. Defined Benefit Plan - Gratuity

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 employees whose right to receive gratuity had vested at the time of resignation, retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service except in case of death.

These plans typically expose the Company to actuarial risk such as investment risk, interest rate risk and salary risk.

| | |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment risk | The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Currently, the plan has a relatively balanced mix of investments in government securities, high quality corporate bonds, equity and other debt instruments. |
| Interest rate risk | The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase |
| Salary risk | Higher than expected increases in salary will increase the defined benefit obligation |
| Demographic risk | This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee. |

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March 2017 by an accredited actuary.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The principal assumptions used for the purposes of the actuarial valuations were as follows

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------|------------------------|------------------------|-----------------------------------------|
| <u>Principal Actuarial assumptions</u> | | | |
| Discount rate | 7.20% | 7.90% | 7.80% |
| Salary Escalation Rate | 10.00% | 10.00% | 10% for 2015 and 9% thereafter |
| <u>Withdrawal rate</u> | | | |
| Less than 5 years | 15.00% | 15.00% | 15.00% |
| 5 years and more | 8.00% | 8.00% | 8.00% |

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.

Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows

| | As at 31 March 2017 | As at 31 March 2016 |
|-------------------------------------------------------------------------------------------|------------------------|------------------------|
| (₹ in lakhs) | | |
| Expenses recognised in the statement of profit and loss | | |
| a. Current service cost | 346.00 | 247.50 |
| b. Interest cost | 20.11 | (13.10) |
| Components of defined benefit costs recognized in the statement of profit and loss | 366.11 | 234.40 |
| Remeasurement on the net defined benefit liability | | |
| a. Return on plan assets (excluding amounts included in net interest expense) | (63.80) | 116.40 |
| b. Actuarial (gains) / losses arising from DBO assumption changes | 208.59 | 138.80 |
| c. Actuarial (gains) / losses arising from experience adjustments | 35.39 | 36.10 |
| Components of defined benefit costs recognized in other comprehensive income | 180.18 | 291.30 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The details in respect of the status of funding and the amounts recognised in the Company's financial statements are as under

(₹ in lakhs)

| | As at 31 March 2017 (Funded) | As at 31 March 2016 (Funded) | As at 1 April 2015 (Funded) |
|-----------------------------------------------------------|------------------------------------|------------------------------------|-----------------------------------|
| I. Amount recognized in the balance sheet | | | |
| Liability at the end of the year | 3,680.09 | 3,233.90 | 2,284.60 |
| Fair value of plan assets at the end of the period | 3,149.40 | 2,711.90 | 2,061.30 |
| Net liability in the balance sheet | 530.69 | 522.00 | 223.30 |
| Non-current provision (Refer note 15A) | 530.69 | 522.00 | 223.30 |
| II. Change in the Defined Benefit Obligation (DBO) | | | |
| Liability at the beginning of the period | 3,233.90 | 2,284.60 | |
| Current service cost | 346.00 | 247.50 | |
| Interest cost | 240.41 | 170.40 | |
| Transfer In/(Out) | (2.70) | 556.20 | |
| Actuarial (gain) / loss on financial assumption | 208.59 | 138.80 | |
| Actuarial (gain) / loss on experience assumption | 35.39 | 36.10 | |
| Benefits paid | (381.50) | (199.70) | |
| Liability at the end of the period | 3,680.09 | 3,233.90 | |
| III. Change in Fair Value of Assets | | | |
| Opening Fair Value of Plan Assets | 2,711.90 | 2,061.30 | |
| Transfer In/ (Out) | (2.70) | 556.20 | |
| Expected Return on Plan Assets | 220.30 | 183.50 | |
| Employer's contribution | 537.60 | 227.00 | |
| Actuarial Gain / (Loss) | 63.80 | (116.40) | |
| Benefits paid | (381.50) | (199.70) | |
| Closing Fair Value of Plan Assets | 3,149.40 | 2,711.90 | |

Major categories of plan assets are as follows

| | As at 31 March 2017 | As at 31 March 2016 |
|-----------------------------------------------------------------|------------------------|------------------------|
| a. Government of India securities (Central and state) | 36.13% | 43.45% |
| b. High quality corporate bonds (including Public sector bonds) | 32.24% | 27.35% |
| c. Equity shares of listed companies | 19.45% | 15.87% |
| d. Cash (including special deposits) | 12.18% | 2.92% |
| e. Non-convertible debentures | - | 4.85% |
| f. Other (including assets under schemes of insurance) | - | 5.56% |
| Total | 100% | 100% |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The fair values of the above equity and debt instruments are determined based on quoted market prices in active markets. This policy has been implemented during the current and prior years.

A quantitative sensitivity analysis for significant assumptions as at 31 March 2017 and 31 March 2016 is as shown below

Significant actuarial assumptions for the determination of the defined obligation are discount rate, salary escalation rate and withdrawal rate. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

a. Discount rate

(₹ in lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------|------------------------|------------------------|-----------------------|
| Effect on DBO due to 1% increase | (291.71) | (246.10) | (171.80) |
| Effect on DBO due to 1% decrease | 338.39 | 284.40 | 198.70 |

b. Salary escalation rate

(₹ in lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------|------------------------|------------------------|-----------------------|
| Effect on DBO due to 1% increase | 194.56 | 164.00 | 126.10 |
| Effect on DBO due to 1% decrease | (193.42) | (163.40) | (123.40) |

c. Withdrawal rate

(₹ in lakhs)

| Particulars | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------|------------------------|------------------------|-----------------------|
| Effect on DBO due to 5% increase | (56.06) | 18.10 | 38.80 |
| Effect on DBO due to 5% decrease | 65.33 | (61.10) | (74.50) |

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Maturity profile of defined benefit plan

(₹ in lakhs)

| | As at 31 March 2017 |
|-------------------------------------|------------------------|
| a. March 31, 2018 | 340.45 |
| b. March 31, 2019 | 313.75 |
| c. March 31, 2020 | 357.14 |
| d. March 31, 2021 | 402.81 |
| e. March 31, 2022 | 443.02 |
| f. March 31, 2023 to March 31, 2027 | 2,686.42 |

There has been no change in the process used by the company to manage its risks from prior years.

iii. Leave Plan and 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 ₹ 2,931.86 lakhs (2016: ₹ 2,325.00 lakhs; 2015: ₹ 1,786.95 lakhs) as shown under non-current provisions ₹ 2,617.56 lakhs (2016: ₹ 2,108.10 lakhs; 2015: ₹ 1,621.90 lakhs) and current provisions ₹ 314.30 lakhs (2016: ₹ 216.90 lakhs; 2015: ₹ 165.05 lakhs). The amount charged to the Statement of Profit and Loss under Salaries and related costs in note 22 "Employee benefits expense" is ₹ 557.23 lakhs (2016: ₹ 497.24 lakhs)

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

30. Related party transactions

i. Names of related parties and nature of relationship

| Sr. No | Category of related parties | Names |
|--------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A | Parent Company | Tata Communications Limited |
| B | Investing Parties (Promoters) of Parent Company and its affiliates* | Tata Sons Limited Tata Consultancy Services Limited Tata Teleservices Limited Tata Sky Limited Tata Sky Broadband Private Limited Tata AIG General Insurance Company Limited Tata Capital Financial Services Limited Tata Business Excellence Group (A division of Tata Sons Limited) Tata Business Support Services Limited |
| C | Subsidiary (Held directly) | Tata Communications Transformation Services Pte Limited |
| D | Subsidiary (Held Indirectly) | Tata Communications Transformation Services (Hungary) Kft Tata Communications Transformation Services (US) Inc |
| E | Fellow Subsidiaries* | Tata Communications International Pte Limited Tata Communications (Australia) Pty Limited Tata Communications (America) Inc. Tata Communications (Bermuda) Limited Tata Communications (Canada) Limited Tata Communications (Netherlands) B.V. Tata Communications (UK) Limited Tata Communications (Middle East) FZ-LLC Neotel (Pty) Ltd. (upto 10 February 2017) STT Global Data Centers India Private Limited (Formerly known as Tata Communications Data Centers Private Limited) Tata Com (Ireland) Limited Tata Communications (Poland) SPZoo Tata Communications (Spain) SL Tata Communication (NZ) Ltd. Tata Communications Deutschland GmbH. Tata Communications (France) SAS Tata Communications Hongkong Limited Tata Communications (Malaysia) SDN.BHD Tata Communications Payments Solutions Limited Tata Communication Services International Pte Ltd |
| F | Associate of Holding Company | STT Global Data Centers India Private Limited (Formerly known as Tata Communications Data Centers Private Limited) |
| G | Key Managerial Remuneration | Madhusudhan MR (w.e.f. 1 September 2016) |

**Where transactions have taken place / there are balances*

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

ii. Summary of transactions and balances with related parties

(₹ in lakhs)

| Particulars | Parent Company & its associates | Investing Company & its affiliates | Subsidiary | Fellow Subsidiaries | Key Management Personnel | Total |
|------------------------------|---------------------------------|------------------------------------|------------------------|-----------------------------|--------------------------|-------------------------------|
| Revenue from operations | 12,162.84 11,936.79 | 31,729.83 21,143.63 | | 7,960.60 5,422.09 | | 51,853.27 38,502.51 |
| Shared service income | 33.80 35.98 | | | | | 33.80 35.98 |
| Lease rent | 1,156.32 939.85 | (745.27) 417.27 | | | | 411.04 1,357.12 |
| Internet lease line expenses | 491.13 250.30 | | | 6.85 9.70 | | 497.99 260.00 |
| BEBP Expenses | | 213.27 157.94 | | | | 213.27 157.94 |
| Manpower Expenses | | | | 133.22 150.90 | | 133.22 150.90 |
| Service Fee | 286.33 278.64 | | | 3,746.86 3,424.09 | | 4,033.19 3,702.73 |
| Insurance of Fixed Assets | | 3.85 1.81 | | | | 3.85 1.81 |
| Car Lease Rentals | | 115.95 0.70 | | | | 115.95 0.70 |
| Others | | 0.85 69.60 | | | | 4.46 81.98 |
| Investment in Subsidiary | | | 33.74 - - | | | 33.74 - - |
| Intangible Assets Purchased | - 1001.29 - | | | | | - 1001.29 - |
| Assets – Transfer in / (Out) | 1.78 302.74 - | | | - (0.76) - | | 1.78 301.98 - |
| Amounts written off | | | | - 1998.77* - | | - 1998.77* - |

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for the year ended 31 March 2017

| Particulars | Parent Company & its associates | Investing Company & its affiliates | Subsidiary | Fellow Subsidiaries | Key Management Personnel | Total |
|-----------------------------|-------------------------------------------------------|-------------------------------------------------------|------------|--------------------------------------------------------|--------------------------|--------------------------------------------------------|
| Receivables and advances | 4,572.57 <i>1,373.21</i> <i>1,363.61</i> | 7,825.98 <i>2,079.72</i> <i>1,285.85</i> | | 10,369.28 <i>3,903.99</i> <i>3,422.45</i> | | 22,767.83 <i>7,356.92</i> <i>6,071.91</i> |
| Payables | 5,476.21 <i>1,936.06</i> <i>314.50</i> | 234.45 <i>917.30</i> <i>574.37</i> | | 4,429.20 <i>3,455.53</i> <i>2,390.97</i> | | 10,139.86 <i>6,308.89</i> <i>3,279.84</i> |
| Key Managerial Remuneration | | | | | 172.98 - | 172.98 - |

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

Amount in italics denote previous year figures.

31. Contingent Liabilities and Commitments

I. Contingent Liabilities

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------------------------------------------------|------------------------|------------------------|-----------------------|
| Claims against the Company not acknowledged as debt | | | |
| - Claims for taxes on income (Refer i) | 1,057.04 | 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

II. Commitments

Capital Commitments

Estimated amount of contracts remaining (net of advances) to be executed on capital account, not provided for ₹ 270.79 lakhs (2016: ₹ 1,449.87 lakhs; 2015: ₹ 290.62 lakhs).

TATA Communications Transformation Services Limited

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for the year ended 31 March 2017

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

(₹ in lakhs)

| | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2016 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|------------------------|
| a. Principal amount remaining unpaid to any supplier beyond scheduled date as at the end of the accounting year | 581.28 | 68.44 | 14.38 |
| b. Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 10.22 | 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 | 1,892.32 | 1,260.63 | 207.87 |
| d. The amount of interest due and payable for the year | 10.22 | 2.22 | 0.42 |
| e. The amount of interest accrued and remaining unpaid at the end of the accounting year | 10.22 | 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 | 591.50 | 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.

33. Specified Bank Notes (SBNs)

During the year, the Company did not have any holdings or dealings in specified bank notes, as defined in the Notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016.

34. Derivatives

Derivatives not designated as hedge instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 3 months as at 31 March 2017, 31 March 2016 and 1 April 2015.

Outstanding derivatives instruments are as follows:

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|--------------------------------------|------------------------------|---------------------|------------------------------|---------------------|------------------------------|---------------------|
| | (Amount in Foreign Currency) | (Amount in ₹ lakhs) | (Amount in Foreign Currency) | (Amount in ₹ lakhs) | (Amount in Foreign Currency) | (Amount in ₹ lakhs) |
| i. Forward exchange contracts (Sell) | | | | | | |
| CAD | 1,350,000 | 676.19 | 1,100,000 | 554.62 | 700,000 | 343.63 |
| EUR | 610,000 | 432.87 | - | - | - | - |
| GBP | 2,000,000 | 1,637.38 | 6,080,000 | 5,901.07 | - | - |
| USD | 2,000,000 | 1,372.50 | - | - | - | - |
| ZAR | 28,659,999 | 1,394.53 | - | - | - | - |
| AUD | - | - | 416,000 | 205.21 | - | - |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

35. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(p) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2017 is as follows

(₹ in lakhs)

| | Fair value through profit or loss | Derivatives instrument | Amortised cost | Total carrying value |
|--------------------------------|--------------------------------------|---------------------------|-------------------|-------------------------|
| Financial Assets: | | | | |
| Other financial assets | | 104.67 | 75.61 | 180.28 |
| Trade receivables | | | 50,579.29 | 50,579.29 |
| Cash and Cash equivalents | | | 780.06 | 780.06 |
| Total | | 104.67 | 51,434.96 | 51,539.63 |
| Financials Liabilities: | | | | |
| Borrowings | | | 4,594.88 | 4,594.88 |
| Other financial liabilities | | | 1,264.54 | 1,264.54 |
| Trade payables | | | 24,473.11 | 24,473.11 |
| Total | | | 30,332.53 | 30,332.53 |

The carrying value of financial instruments by categories as at 31 March 2016 is as follows

(₹ in lakhs)

| | Fair value through profit or loss | Derivatives instrument | Amortised cost | Total carrying value |
|----------------------------------|--------------------------------------|---------------------------|-------------------|-------------------------|
| Financial Assets: | | | | |
| Investments (other than at cost) | 2,702.48 | | | 2,702.48 |
| Other financial assets | | 49.00 | 56.35 | 105.35 |
| Trade receivables | | | 27,750.72 | 27,750.72 |
| Cash and Cash equivalents | | | 438.75 | 438.75 |
| Total | 2,702.48 | 49.00 | 28,245.82 | 30,997.30 |
| Financials Liabilities: | | | | |
| Other financial liabilities | | | 1702.83 | 1702.83 |
| Trade payables | | | 13,393.71 | 13,393.71 |
| Total | | | 15,096.54 | 15,096.54 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The carrying value of financial instruments by categories as at 1 April 2015 is as follows

| | | | | (₹ in lakhs) |
|--------------------------------|--------------------------------------|---------------------------|-------------------|-------------------------|
| | Fair value through profit or loss | Derivatives instrument | Amortised cost | Total carrying value |
| Financial Assets: | | | | |
| Other financial assets | | 7.07 | 51.35 | 58.42 |
| Trade receivables | | | 16,691.57 | 16,691.57 |
| Cash and Cash equivalents | | | 263.37 | 263.37 |
| Total | | 7.07 | 17,006.29 | 17,013.36 |
| Financials Liabilities: | | | | |
| Other financial liabilities | | | 354.63 | 354.63 |
| Trade payables | | | 7,864.40 | 7,864.40 |
| Total | | | 8,219.03 | 8,219.03 |

Carrying amounts of cash and cash equivalents, trade receivables, loans and trade payables as at 31 March 2017, 31 March 2016 and 1 April 2015 approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

The investments included in level 2 of fair value hierarchy have been valued using quotes available for similar assets and liabilities in the active market.

- (i) The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required)

| | | | | (₹ in lakhs) |
|------------------------------------|------------------|---------------|--------------|-------------------------|
| Financial assets | Fair value as at | | | Fair value hierarchy |
| | 31 March 2017 | 31 March 2016 | 1 April 2015 | |
| Financial Assets | | | | |
| Investment in mutual funds | - | 2702.48 | - | Level 1 |
| Foreign exchange forward contracts | 104.67 | 49.00 | 7.07 | Level 2 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

36. Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include loans, trade and other receivables, current investments and cash and cash equivalents and current investments that derive directly from its operations. The Company has investments in mutual funds on which gain or loss on fair value is recognised through profit or loss and also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the company's policy that no trading in derivatives for speculative purposes may be undertaken. The Senior Management reviews and agrees policies for managing each of these risks, which are summarised below:

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, Fair Value Through Profit or Loss investments and derivative financial instruments.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of hedge designations in place at 31 March 2017.

The following assumptions have been made in calculating the sensitivity analysis

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12- month period for hedges of forecasted sales and purchases.

Foreign currency sensitivity

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 5% against the functional currency of the Company.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which would affect the statement of Profit and Loss and equity.

The following tables sets forth information relating to foreign currency exposure (net) as at 31 March 2017, 31 March 2016 and 1 April 2015.

(₹ in lakhs)

| Currency | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|----------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| | Financial liabilities | Financial Assets | Financial liabilities | Financial Assets | Financial liabilities | Financial Assets |
| OMR | - | 2,189.46 | - | 15,276.14 | - | 260.88 |
| CAD | - | 1,357.44 | - | 729.86 | - | 416.70 |
| GBP | - | 1,203.35 | - | 897.90 | - | 7,493.05 |
| Others | 121.90 | 1,461.66 | 21.45 | 495.80 | - | 2,693.53 |

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately ₹ 304.42 lakhs, ₹ 868.93 lakhs and ₹ 543.19 lakhs for the year ended 31 March 2017, 31 March 2016 and 1 April 2015 respectively.

c. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Company has applied simplified approach for computing the expected credit loss allowance for trade receivables based on provision matrix. The provision matrix takes in to consideration the historical credit loss experience and the adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due.

(₹ in lakhs)

| Ageing of receivables | As at | As at | As at |
|-----------------------|------------------|------------------|------------------|
| | 31 March 2017 | 31 March 2016 | 1 April 2015 |
| Within credit period | 15,744.13 | 9,840.15 | 6,674.41 |
| 01-90 days | 24,788.20 | 14,474.51 | 8,499.12 |
| 91-180 days | 4,679.16 | 825.49 | 347.39 |
| 181-360 days | 4,111.25 | 1,602.41 | 1,170.65 |
| More than 360 days | 1,256.55 | 1,008.16 | - |
| Total | 50,579.29 | 27,750.72 | 16,691.57 |

Movement in the expected credit loss allowance

(₹ in lakhs)

| | Year ended | Year ended |
|---------------------------------------------------------------------------------------------------------------|---------------|---------------|
| | 31 March 2017 | 31 March 2016 |
| Balance at beginning of the year | 20.59 | 2,103.40 |
| Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses | 155.16 | (2,082.81) |
| Balance at the end of the year | 175.75 | 20.59 |

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

d. Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

(₹ in lakhs)

| As at 31 March 2017 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------|--------------|-------------------|-----------------|----------|-----------|
| Trade and other payables | 14,334.22 | 10,152.49 | - | - | 24,486.71 |
| Capital creditors | 430.80 | 820.14 | - | - | 1,250.94 |
| Current borrowings | 945.53 | 3,649.35 | - | - | 4,594.88 |

(₹ in lakhs)

| As at 31 March 2016 | On demand | 0 to 12 months | 1 to 5 years | >5 years | Total |
|--------------------------|--------------|-------------------|-----------------|----------|-----------|
| Trade and other payables | 8,980.14 | 4,418.99 | - | - | 13,399.13 |
| Capital creditors | 560.92 | 802.73 | 333.76 | - | 1,697.41 |

(₹ in lakhs)

| As at 1 April 2015 | On demand | 0 to 12 months | 1 to 5 years | >5 Years | Total |
|--------------------------|--------------|-------------------|-----------------|----------|----------|
| Trade and other payables | 5,095.81 | 2,771.25 | - | - | 7,867.06 |
| Capital creditors | 178.28 | 173.70 | - | - | 351.97 |

37. Events after the reporting period

There are no subsequent events between the year ended 31 March 2017 and signing of financial statements as on 20 April 2017 which have material impact on the financials of the Company.

38. Approval of financial statements

The financial statements were approved for issue by the board of directors on 20 April 2017.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

39. First-time adoption of Ind AS

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

A. Exemptions and exceptions availed

The transition as at 1 April 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards, the reconciliation of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below.

A.1 Ind AS optional exemptions

a. Designation of previously recognised financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at Fair Value through Other Comprehensive Income on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has designated its investments in Mutual Funds at Fair Value through Profit and Loss.

b. Fair value measurement of financial assets or financial liabilities at initial recognition

The Company has applied requirements of fair value measurement of financial assets and financial liabilities at initial recognition for transactions entered into on or after date of transition to Ind AS.

A.2 Ind AS mandatory exceptions

a. De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

b. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has applied the above requirement prospectively.

c. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with Previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 01 April 2015 are consistent with the estimates as at the same date made in conformity with Previous GAAP. The Company has made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

39.1 Reconciliation of total equity as at 31 March 2016 and 1 April 2015

(₹ in lakhs)

| Particulars | Notes | As at 31 March 2016 | As at 1 April 2015 |
|------------------------------------------------------------------------------|---------|------------------------|-----------------------|
| Total equity (shareholders' funds) under previous GAAP | | 18,626.96 | 11,177.37 |
| Impact of measuring investments at fair value through profit or loss (FVTPL) | b | 2.47 | - |
| Mark to market impact on derivative instruments | d | (0.13) | (0.14) |
| Tax impact on adjustment under Ind AS | b, c, d | (0.81) | 0.05 |
| Total adjustments to equity | | 1.53 | (0.09) |
| Total equity under Ind AS | | 18,628.49 | 11,177.28 |

39.2 Reconciliation of total other comprehensive income for the year ended 31 March 2016

(₹ in lakhs)

| Particulars | Notes | As at 31 March 2016 |
|------------------------------------------------------------------------------|---------|------------------------|
| Profit as per previous GAAP | | 7,449.59 |
| Adjustments: | | |
| Remeasurements of the defined benefit plans | b | 291.30 |
| Impact of measuring investments at fair value through profit or loss (FVTPL) | c | 2.47 |
| Mark to market impact on derivative instruments | d | 0.01 |
| Tax impact on adjustment under Ind AS | b, c, d | (101.67) |
| Total effect of transition to Ind AS | | 192.11 |
| Profit for the year as per Ind AS | | 7,641.70 |
| Other comprehensive income for the year | | |
| Other comprehensive income/(loss) for the year (net of tax) | | (190.49) |
| Other comprehensive income for the year | | (190.49) |
| Total comprehensive income under Ind AS | | 7,451.21 |

39.3 Reconciliation of Statement of Cash Flow

There are no material adjustments to the Statement of Cash Flows as reported under the Previous GAAP.

TATA Communications Transformation Services Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

39.4 Notes to reconciliation

a. Employee Benefits

Under previous GAAP, actuarial gains and losses on re-measurement of the net defined benefit liability/ asset was recognised in Statement of profit and loss. Under Ind AS, actuarial gains and losses on re-measurement of the net defined benefit liability/ asset are recognised in Other Comprehensive Income. Accordingly, ₹ 291.30 lakhs on re-measurement of the net defined benefit liability/ asset is reclassified to other comprehensive income from employee cost resulting in increase in net profit for the year ended 31 March 2016. However, the same does not result in difference in equity or total comprehensive income.

b. Fair valuation of investments and derivatives

i. Investments

Under previous GAAP, mutual funds were measured at lower of cost or fair value. Under Ind AS, these investments are classified as fair value through Profit or Loss and accordingly all gain and losses on these investments needs to record through Profit and Loss.

As at 31 March 2016, fair value gain on these instruments of ₹ 2.47 lakhs are recognised in Statement of Profit and Loss. Corresponding impact of fair value gain is recognised in current investments. No adjustments required on the date of transition 1 April 2015 as there were no investments in the financials for standalone.

ii. Derivatives

Under previous GAAP, any premium or discount arising at the inception of forward contract not intended for trading or speculation purpose, is amortised as expense or income over the life of contract and contract were restated at the closing spot exchange rate. Under Ind AS, derivative financial instrument is recognised at fair value. Due to reversal of premium amortisation and revaluation of forward contract at fair value, the impact of ₹ 0.01 lakhs has been recognised in other income in Statement of Profit and Loss for the year ended 31 March 2016. As at 1 April 2015, the fair value loss of ₹ 0.14 lakhs are recognized in total equity. Corresponding impact of fair value loss of ₹ 0.15 lakhs is recognised in other current financial assets.

c. Tax adjustments

Tax adjustments include tax impact on account of differences between Previous GAAP and Ind AS. These adjustments have resulted in a decrease in equity under Ind AS by ₹ 0.81 lakhs and increase in equity by ₹ 0.05 lakhs as at 31 March 2016 and 1 April 2015 respectively. Also, a decrease in net profit by ₹ 101.67 lakhs and increase in other comprehensive income by ₹ 100.81 lakhs for the year ended 31 March 2016.

For and on behalf of Board of Directors

Madhusudhan MR
Managing Director

Aadesh Goyal
Director

Umasree Kotamraju
Chief Financial Officer

Place: **Mumbai**
Date: **20 April 2017**

Tata Communications Collaboration Services Private Limited
Balance Sheet as at 31 March 2017

Amount in ₹

| | | Note No. | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|-----------|-----------------------------------------------------------------|----------|------------------------|------------------------|-----------------------|
| I | ASSETS | | | | |
| | 1 Non-current assets | | | | |
| | (a) Property, plant and equipment | 3 | 2,72,68,383.50 | 1,04,92,173.46 | - |
| | (b) Non current tax assets (net) | | 11,415.74 | 11,415.74 | 6,958.00 |
| | 2 Current assets | | | | |
| | (a) Financial assets | | | | |
| | (i) Trade receivables | 4 | 12,24,51,438.55 | - | - |
| | (ii) Cash and cash equivalents | 5 | 37,06,085.60 | 12,54,145.13 | 12,81,173.33 |
| | (iii) Other financial assets | 6 | 2,67,175.98 | 1,65,363.62 | 62,622.00 |
| | (b) Other current assets | 7 | 3,49,322.16 | 2,07,930.48 | 11,224.53 |
| | | | 12,67,74,022.29 | 16,27,439.23 | 13,55,019.86 |
| | Total | | 15,40,53,821.53 | 1,21,31,028.43 | 13,61,977.86 |
| II | EQUITY AND LIABILITIES | | | | |
| | 1 Equity | | | | |
| | (a) Equity share capital | 8 | 2,00,000.00 | 2,00,000.00 | 2,00,000.00 |
| | (b) Other equity | 9 | 2,60,37,665.76 | -11,31,310.02 | -1,56,995.14 |
| | | | 2,62,37,665.76 | -9,31,310.02 | 43,004.86 |
| | 2 Non-current liabilities | | | | |
| | (a) Deferred tax liabilities (net) | 10 | 4,64,832.93 | - | - |
| | 3 Current liabilities | | | | |
| | (a) Financial liabilities | | | | |
| | (i) Borrowings | 11 | 12,13,000.00 | 12,13,000.00 | 12,13,000.00 |
| | (ii) Trade payables | 12 | 11,39,09,479.87 | 1,16,18,885.07 | 99,861.00 |
| | (iii) Other financial liabilities | 13 | 3,79,948.38 | 2,30,453.38 | - |
| | (b) Current tax liability (net) | | 1,18,48,894.59 | - | 6,112.00 |
| | | | 12,73,51,322.84 | 1,30,62,338.45 | 13,18,973.00 |
| | Total | | 15,40,53,821.53 | 1,21,31,028.43 | 13,61,977.86 |
| | See accompanying notes forming part of the financial statements | | | | |

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

For and on behalf of the Board of Directors

Surjeet Jain
Partner

Director

Director

MUMBAI
Date: 3 May 2017

MUMBAI
Date: 3 May 2017

Tata Communications Collaboration Services Private Limited
Statement of Profit and Loss for the year ended 31 March 2017

Amount in ₹

| | | Note No. | Year ended 31 March 2017 | For the period 25 February 16 to 31 March 16 |
|-----|------------------------------------------------------------------------|----------|-----------------------------|----------------------------------------------------|
| I | Revenue from operations | | 12,40,06,824.60 | - |
| II | Other Income | 14 | 1,14,157.36 | 2,195.46 |
| III | Total Revenue (I + II) | | 12,41,20,981.96 | 2,195.46 |
| IV | Expenses: | | | |
| | Operating and other expenses | 15 | 7,97,96,724.34 | 4,476.13 |
| | Finance costs | 16 | 1,39,495.00 | 13,758.41 |
| | Depreciation and amortisation expense | 17 | 22,89,714.32 | 1,55,281.46 |
| | Total Expenses | | 8,22,25,933.66 | 1,73,516.00 |
| V | Profit/ (loss) before tax (III-IV) | | 4,18,95,048.30 | -1,71,320.54 |
| VI | Tax expense | | | |
| (a) | Current tax | 18 | 1,42,61,239.59 | - |
| (b) | Deferred tax | 18 | 4,64,832.93 | - |
| VII | Profit/ (loss) for the year (V - VI) | | 2,71,68,975.78 | -1,71,320.54 |
| | Earnings per share | | | |
| | Basic / Diluted earnings per share (₹) | 20 | 1,358.45 | -8.57 |
| | (Face value 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

For and on behalf of the Board of Directors

Surjeet Jain
Partner

Director

Director

MUMBAI
Date: 3 May 2017

MUMBAI
Date: 3 May 2017

Tata Communications Collaboration Services Private Limited
Statement of Changes in Equity for the year ended 31 March 2017

A Equity Share Capital

| | Amount in ₹ | |
|-------------------------------------------------|---------------|-------------|
| | No. of Shares | Amount |
| Balance at 1 April 2015 | 20,000 | 2,00,000.00 |
| Changes in equity share capital during the year | - | - |
| Balance at 31 March 2016 | 20,000 | 2,00,000.00 |
| Changes in equity share capital during the year | - | - |
| Balance at 31 March 2017 | 20,000 | 2,00,000.00 |

B Other Equity

| | Amount in ₹ |
|---------------------------------------------------------|-------------------|
| Particulars | Retained earnings |
| Balance at 1 April 2015 | (1,56,995.14) |
| Loss up to the date of acquisition (refer i below) | (8,02,994.33) |
| Loss for the period - 25 February 2016 to 31 March 2016 | (1,71,320.55) |
| Balance at 31 March 2016 | (11,31,310.02) |
| Profit for the year | 2,71,68,975.78 |
| Balance at 31 March 2017 | 2,60,37,665.76 |

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

In terms of our report attached

For SANJAY RAJA JAIN & CO.

Chartered Accountants

FRN - 120132W

For and on behalf of the Board of Directors

Surjeet Jain

Partner

Director

Director

MUMBAI

DATED: 3 May 2017

MUMBAI

DATED: 3 May 2017

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

1. Corporate Information

Tata Communications Collaboration 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 Collaboration Services Private Limited with effect from 25 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. Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs ("MCA"), the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1 April 2016. Previous periods have been restated to Ind AS. In accordance with Ind AS 101 - First time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of shareholders equity as at 31 March 2016 and 1 April 2015 and of the comprehensive net income for the year ended 31 March 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act 2013.

b. Basis of preparation of financial statements

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

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

The financial statements are presented in Indian Rupees ("INR").

c. Significant accounting estimates and assumptions

The preparation of these financial statements in conformity with recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liability as at the date of the financial statement and the reported amounts of income and expense for the period presented.

Estimate and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate are revised and future periods are affected.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

Useful lives of assets

The Company reviews the useful life of assets at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Contingent liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions and contingent liabilities are reviewed at each balance sheet date.

d. Cash and cash equivalents

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

e. Property, plant and equipment

- i. Property, plant and equipment 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 ready for their intended use.
- ii. Capital work-in-progress includes cost of property, plant and equipment under installation/ under development as at the balance sheet date are carried at cost, comprising of direct cost, directly attributable cost and attributable interest.

The depreciable amount for property, plant and equipment is the cost of property, plant and equipment or other amount substituted for cost, less its estimated residual value (wherever applicable). Depreciation on property, plant and equipment has been provided on the straight-line method as per the estimated useful lives. The asset's residual values, estimated useful lives and methods of depreciation are reviewed at each financial year end and any change in estimate is accounted for on a prospective basis.

Estimated useful lives of the asset is as follows:

| Property, plant and equipments | Useful lives of Assets |
|-------------------------------------|------------------------|
| Plant and Machinery (Refer 1 below) | |
| – Network Equipment | 3 to 8 years |

1. In the above case, the lives of the assets are other than the prescribed lives in Schedule II to the Companies Act, 2013. The lives of the assets have been assessed based on technical advice, taking into account the

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

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. Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in the Statement of Profit and Loss in the year of occurrence.

f. Impairment of non-financial asset

The carrying values of assets/ cash generating units ("CGU") at each balance sheet date are reviewed for impairment, if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at a revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for the Company as a CGU. These budgets and forecast calculations generally cover a significant period. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the significant period.

g. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated credit notes and other similar allowances.

- i. Revenues from Voice Solutions (VS) are recognised at the end of each month based upon minutes of traffic carried during the month.
- ii. Revenues from Data Managed Services (DMS) are recognised over the period of the respective arrangements based on contracted fee schedules.

h. Other Income

Interest income for all financial instruments measured at amortised cost is recorded on accrual basis. Interest income is included in Other income in the Statement of Profit and Loss.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

i. Taxation

Current income tax

- i. Current tax expense is determined in accordance with the provisions of the Income Tax Act, 1961.
- ii. Provision for current income taxes and advance taxes paid in respect of the same jurisdiction are presented in the balance sheet after offsetting them on an assessment year basis.

Deferred tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the Statement of Profit and Loss is recognised outside the Statement of Profit and Loss. Deferred tax items are recognised in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j. Fair value measurement

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of a financial asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

- Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

k. Borrowing costs

Borrowing costs include interest, amortisation of any fee paid to the lender at the time of availing the borrowing. 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 utilised 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.

l. 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.

m. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

A. Financial assets

i. Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)

Financial assets are measured at FVTOCI if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

iii. **Financial assets at Fair Value Through Profit or Loss (FVTPL)**

Financial assets are measured at FVTPL unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iv. **De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at lower of the original carrying amount of the asset and maximum amount of consideration that the Company could be required to repay.

v. **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at Fair Value through Other Comprehensive Income;

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at reporting date.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

For assessing ECL on a collective basis, financial assets have been grouped on the basis of shared risk characteristics and basis of estimation may change during the course of time due to change in risk characteristics.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

B. Financial liabilities

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

i. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

I. Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost on accrual basis.

II. De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

ii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iii. Derivative financial instruments - Initial and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

n. Recent accounting pronouncements

Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

3. Property, plant and equipment

| Amount in ₹ | | | |
|---------------------------------|----------------------|------------------|----------------------|
| Particulars | Plant and Machinery | Computers | Total |
| Cost | | | |
| Balance at 1 April 2015 | - | - | - |
| Additions | 10,590,839.16 | 56,615.76 | 10,647,454.92 |
| Disposals/write off | - | - | - |
| Balance at 31 March 16 | 10,590,839.16 | 56,615.76 | 10,647,454.92 |
| Additions | 19,065,924.36 | - | 19,065,924.36 |
| Disposals/write off | - | - | - |
| Balance at 31 March 2017 | 29,656,763.52 | 56,615.76 | 29,713,379.28 |
| Accumulated Depreciation | | | |
| Balance at 1 April 2015 | - | - | - |
| Depreciation | 153,708.80 | 1,572.66 | 155,281.46 |
| Disposals/write off | - | - | - |
| Balance at 31 March 16 | 153,708.80 | 1,572.66 | 155,281.46 |
| Depreciation | 2,270,842.40 | 18,871.92 | 2,289,714.32 |
| Disposals/write off | - | - | - |
| Balance at 31 March 2017 | 24,24,551.20 | 20,444.58 | 2,444,995.78 |
| Carrying amount | | | |
| Balance at 1 April 2015 | - | - | - |
| Balance at 31 March 2016 | 10,437,130.36 | 55,043.10 | 10,492,173.46 |
| Balance at 31 March 2017 | 27,232,212.32 | 36,171.18 | 27,268,383.50 |

4. Trade Receivables – Unsecured

| Amount in ₹ | | | |
|-------------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Considered good | 122,451,438.55 | - | - |
| Less: allowances for doubtful debts | - | - | - |
| Total | 122,451,438.55 | - | - |

The Company's exposure to customers is diversified and no other single customer has more than 2% of outstanding accounts receivable as on 31 March 2017.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

5. Cash and cash equivalents

| | | Amount in ₹ | | |
|--------------|-------------------------------------------------------------|------------------------|------------------------|-----------------------|
| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| a. | Cash on hand | - | - | 2,600.00 |
| b. | Current accounts with scheduled banks | 2,506,085.60 | 54,145.13 | 78,573.33 |
| c. | Deposits accounts with scheduled banks (refer note i below) | 1,200,000.00 | 1,200,000.00 | 1,200,000.00 |
| Total | | 3,706,085.60 | 1,254,145.13 | 1,281,173.33 |

Note:

- i. The Company has pledged a part of its short-term deposits to fulfil collateral requirements. The Company has placed fixed deposits of ₹ 1,200,000 for issuance of bank guarantee.

6. Other financial assets

| | | Amount in ₹ | | |
|----------------|-----------------------------------------------------------|------------------------|------------------------|-----------------------|
| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Current | | | | |
| a. | Interest accrued but not due – Unsecured, considered good | 267,175.98 | 165,363.62 | 62,622.00 |
| Total | | 267,175.98 | 165,363.62 | 62,622.00 |

7. Other assets

| | | Amount in ₹ | | |
|------------------------------------|------------------------|------------------------|------------------------|-----------------------|
| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Current | | | | |
| Unsecured – Considered good | | | | |
| a. | Service tax receivable | 349,322.16 | 207,930.48 | - |
| b. | Others | - | - | 11,224.53 |
| Total | | 349,322.16 | 207,930.48 | 11,224.53 |

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

8. Equity Share Capital

| | Amount in ₹ | | |
|---------------------------------------------------------------------------------|------------------------|------------------------|-----------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| a. Authorised: | | | |
| 150,000 (2016: 150,000; 2015: 150,000) Equity shares of ₹ 10 each | 1,500,000.00 | 1,500,000.00 | 1,500,000.00 |
| b. Issued, Subscribed and Paid up: | | | |
| 20,000 (2016: 20,000; 2015: 20,000) Equity shares of ₹ 10 each fully paid up | 200,000.00 | 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.

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 (INR). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

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

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|--------------------------------------------------------|---------------------|------------|---------------------|------------|--------------------|------------|
| | No of shares | Percentage | No of shares | Percentage | No of shares | Percentage |
| Tata Communications Limited (Holding Company) | 20,000 | 100% | 20,000 | 100% | 20,000 | 100% |

9. Other equity

| | Amount in ₹ | | |
|---------------------|----------------------|-----------------------|---------------------|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| a. Retained earning | 26,037,665.76 | (1,131,310.02) | (156,995.14) |
| Total | 26,037,665.76 | (1,131,310.02) | (156,995.14) |

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

10. Deferred tax liability (net)

Amount in ₹

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

| | As at 1 April 2016 | Recognised in profit or loss | Recognised in other comprehensive income | As at 31 March 2017 |
|-------------------------------------------------------------------------|-------------------------------|---------------------------------------------|-------------------------------------------------------------|--------------------------------|
| Deferred tax liability arising out of timing differences on: | | | | |
| Difference between accounting and tax depreciation / amortisation | - | 464,832.93 | - | 464,832.93 |
| Total Deferred tax liabilities | - | 464,832.93 | - | 464,832.93 |

11. Borrowings

Amount in ₹

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Current Unsecured | | | |
| Loan from Holding Company (Rate of interest – 11.50% (2016: 11.50%; 2015 - 11.50 %)) | 1,213,000.00 | 1,213,000.00 | 1,213,000.00 |
| Total | 1,213,000.00 | 1,213,000.00 | 1,213,000.00 |

12. Trade payables

Amount in ₹

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|----------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Total outstanding dues of creditors other than micro enterprises and small enterprises | | | |
| - Payable to related parties | 113,755,503.75 | 10,855,385.40 | - |
| - Other creditors | 153,976.12 | 763,499.67 | 99,861.00 |
| Total | 113,909,479.87 | 11,618,885.07 | 99,861.00 |

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

13. Other financial liabilities

Amount in ₹

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|--------------------------------------------|--------------------------------|--------------------------------|-------------------------------|
| Current | | | |
| a. Interest payable to Holding Company | 369,948.38 | 230,453.38 | - |
| b. Deposits from customers and contractors | 10,000.00 | - | - |
| Total | 379,948.38 | 230,453.38 | - |

14. Other income

Amount in ₹

| | Year ended 31 March 2017 | For the period 25 February 2016 to 31 March 2016 |
|---------------------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|
| Interest income on financial assets carried at amortised cost | | |
| - Bank deposits | 114,157.36 | 2,195.46 |
| Total | 114,157.36 | 2,195.46 |

15. Operating and other expenses

Amount in ₹

| | Year ended 31 March 2017 | For the period 25 February 2016 to 31 March 2016 |
|--------------------------------------|-------------------------------------|-----------------------------------------------------------------|
| a. Network and transmission expenses | 68,620,888.61 | - |
| b. Services rendered by agencies | 10,853,464.54 | - |
| c. Other expenses (Refer note 19) | 322,371.19 | 4,476.13 |
| Total | 79,796,724.34 | 4,476.13 |

16. Finance costs

Amount in ₹

| | Year ended 31 March 2017 | For the period 25 February 2016 to 31 March 2016 |
|---------------------------------------------------|-------------------------------------|-----------------------------------------------------------------|
| Interest on loan from Tata Communications Limited | 139,495.00 | 13,758.41 |
| Total | 139,495.00 | 13,758.41 |

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

17. Depreciation and amortisation expenses:

| Particulars | Year ended 31 March 2017 | Amount in ₹ |
|------------------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------|
| | | For the period 25 February 2016 to 31 March 2016 |
| Depreciation and amortisation on property, plant and equipment as per note 3 above | 2,289,714.32 | 155,281.46 |
| | 2,289,714.32 | 155,281.46 |

18. Income tax

i. Income tax recognised in Statement of Profit and Loss

| Particulars | Year ended 31 March 2017 | Amount in ₹ |
|---------------------------------|--------------------------------|--------------------------------------------------------|
| | | For the period 25 February 2016 to 31 March 2016 |
| <u>Current tax</u> | | |
| In respect of current year | 14,261,239.59 | - |
| Total Current tax (a) | 14,261,239.59 | - |
| <u>Deferred tax</u> | | |
| In respect of the current year | 237,798.73 | - |
| In respect of the earlier year | 227,034.20 | - |
| Total deferred tax (b) | 464,832.93 | - |
| Total Income tax (a + b) | 14,726,072.52 | - |

ii. The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | Amount in ₹ |
|------------------------------------------------------------------------------------------|-----------------------------|
| | Year ended 31 March 2017 |
| Profit before tax from continuing operations | 41,895,048.30 |
| Income tax expense calculated at 34.608% Tax rate (2016: 34.608% Tax rate) | 14,499,038.32 |
| Reasoning | |
| Fixed assets – No deferred tax created in prior year pertaining to opening difference | 227,034.20 |
| Income tax expense recognised in profit or loss | 14,726,072.52 |

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

19. Auditor's remuneration:

(Included in Other expenses under operating and other expenses – Refer note 15)

| | Year ended 31 March 2017 | Amount in ₹ For the period 25 February 2016 to 31 March 2016 |
|-----------------------------------------------------------------------|-----------------------------|-----------------------------------------------------------------------|
| Auditors' remuneration and expenses (excluding service tax) | | |
| i. Audit fees | 25,000.00 | 4,333.00 |

20. Earnings per share

| | As at 31 March 2017 | Amount in ₹ As at 31 March 2016 |
|------------------------------------------------------------------------------|------------------------|---------------------------------------|
| Net profit after tax attributable to the equity shareholders (A) | 27,168,975.78 | (171,320.55) |
| Number of equity shares outstanding at the end of the year | 20,000 | 20,000 |
| Weighted average number of shares outstanding during the year (B) | 20,000 | 20,000 |
| Basic and diluted earnings per share (₹ per equity share of ₹ 10 each) (A/B) | 1,358.45 | (8.57) |

21. Segment reporting

The Company is engaged in 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.

The Company geographical segment is as per the table below:

| | Year ended 31 March 2017 | Amount in ₹ For the period 25 February 2016 to 31 March 2016 |
|--------------------------|-----------------------------|-----------------------------------------------------------------------|
| Country | | |
| United States of America | 89,254,006.11 | - |
| India | 34,742,782.44 | - |
| United Kingdom | 10,036.05 | - |
| Total | 124,006,824.60 | - |

Information about major customers:

| | Year ended 31 March 2017 | Year ended 31 March 2016 |
|------------|-----------------------------|-----------------------------|
| Name | | |
| Customer A | 89,254,006.11 | - |
| Customer B | 15,169,387.52 | - |

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

22. 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 and its affiliates* | Tata Sons Limited Tata Teleservices Limited |
| C | Fellow subsidiaries* | Tata Communications (America) Limited Tata Communications (UK) Limited Tata Communications (Canada) Limited |

* Where transactions have taken place or there are balances

ii. Summary of transactions and balances with related parties

| Particulars | Holding Company | Investing Company and its affiliates | Fellow subsidiaries | Total |
|----------------------------------------------|-----------------|--------------------------------------|---------------------|----------------|
| <u>Transactions during the period</u> | | | | |
| Revenue from operations | - | - | 89,264,042.16 | 89,264,042.16 |
| | - | - | - | - |
| Operating and other expenses | 6,463,572.56 | 18,061,143.81 | 4,389,891.98 | 28,914,608.35 |
| | - | - | - | - |
| Finance costs | 139,495.00 | - | - | 139,495.00 |
| | 13,758.41 | - | - | 13,758.41 |
| Fixed assets purchased | 19,173,545.10 | - | - | 19,173,545.10 |
| | 10,492,173.46 | - | - | 10,492,173.46 |
| <u>Closing balances</u> | | | | |
| Receivables | 475,461.68 | - | 89,264,042.16 | 89,739,503.84 |
| | - | - | - | - |
| | - | - | - | - |
| Loan taken | 1,213,000.00 | - | - | 1,213,000.00 |
| | 1,213,000.00 | - | - | 1,213,000.00 |
| | - | - | - | - |
| Payables | 87,751,971.16 | 18,061,143.81 | 7,942,388.78 | 113,755,503.75 |
| | 10,855,385.40 | - | - | 10,855,385.40 |
| | - | - | - | - |
| Interest payable | 369,948.38 | - | - | 369,948.38 |
| | 230,453.38 | - | - | 230,453.38 |
| | - | - | - | - |

Previous year figures are in italics

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

23. Specified Bank Notes (SBNs)

During the year, the Company did not have any holdings or dealings in specified bank notes, as defined in the Notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016.

24. Financial instruments

The significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expense are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2(m) to the financial statements.

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March 2017, 31 March 2016 and 1 April 2015 are as follows:

| | Amount in ₹ | | |
|--------------------------------|-----------------------|---------------------------------------|---------------------|
| | As at 31 March 2017 | Amortised cost As at 31 March 2016 | As at 1 April 2015 |
| Financial Assets: | | | |
| Trade receivables | 122,451,438.55 | - | - |
| Other financial assets | 267,175.98 | 165,363.62 | 62,622.00 |
| Cash and cash equivalents | 3,706,085.60 | 1,254,145.13 | 1,281,173.33 |
| Total | 126,424,700.13 | 1,419,508.75 | 1,343,795.33 |
| Financials Liabilities: | | | |
| Borrowings | 1,213,000.00 | 1,213,000.00 | 1,213,000.00 |
| Trade payables | 113,909,479.87 | 11,618,885.07 | 99,861.00 |
| Other financial liabilities | 379,948.38 | 230,453.38 | - |
| Total | 115,502,428.25 | 13,062,338.45 | 1,312,861.00 |

Carrying amounts of cash and cash equivalents, trade receivables and trade payables as at 31 March 2017, 31 March 2016 and 1 April 2015 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of other financial assets, other financial liabilities and borrowings subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy:

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

25. Financial risk management objectives and policies

The Company's principal financial liabilities comprise of borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

assets include trade and other receivables and cash and cash equivalents that derive directly from its operations. The Company also enters into derivative transactions.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks.

The Company's senior management ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

a. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

The analysis exclude the impact of movements in market variables on: provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.

b. Foreign currency sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

The Company's objective is to try and protect the underlying values of the Company's balance sheet forex exposures. Exposures are broadly categorized into receivables and payable exposures.

The Company manages its foreign currency risk by entering into derivatives on Net Exposures, i.e. netting off the Receivable and Payable exposures in order to take full benefit of Natural Hedge.

Non-crystallised (not in books) exposures for which cash flows are highly probable are considered for hedging after due consideration of cost of cover, impact of such derivatives on Statement of Profit and Loss due to MTMs (mark to market loss or gains), market / industry practices, regulatory restrictions etc.

As regards net investments in foreign operations, hedging decisions are guided by regulatory requirement, accounting practices and in consultation and approval of Senior Management on such hedging action.

The foreign exchange rate sensitivity is calculated by aggregation of the net foreign exchange rate exposure and a simultaneous parallel foreign exchange rate shift of all the currencies by 5% against the functional currency of the Company.

The following analysis has been worked out based on the net exposures of the Company as of the date of balance sheet which would affect the statement of Profit and Loss and equity.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The following table sets forth information relating to foreign currency exposure (net) as at 31 March 2017, 31 March 2016 and 1 April 2015.

| Currency | USD |
|----------------------------|----------------|
| As at 31 March 2017 | |
| Financial liabilities | - |
| Financial assets | 8,13,21,653.38 |

5% appreciation/ depreciation of the respective foreign currencies with respect to functional currency of the Company would result in decrease/ increase in the Company's profit before tax by approximately ₹ 4,000,000 for the year ended 31 March 2017.

c. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

In determining the allowances for doubtful trade receivables the Company will use simplified approach by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables as mentioned below:

| | Amount in ₹ | | |
|-----------------------|------------------------|------------------------|-----------------------|
| Ageing of receivables | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| Within credit period | 97,707,780.72 | - | - |
| 31-90 days | 22,339,804.07 | - | - |
| 91-180 days | 1,820,500.66 | - | - |
| 181-360 days | 583,353.10 | - | - |
| More than 360 days | - | - | - |
| Total | 122,451,438.55 | - | - |

d. Liquidity risk

The Company monitors its risk of shortage of funds using a liquidity planning tool.

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

Tata Communications Collaboration Services Private Limited

Notes forming part of the financial statements

for the year ended 31 March 2017

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| | Amount in ₹ | | | |
|-----------------------------|---------------|----------------|--------------|-----------------------|
| | On demand | 0 to 12 months | 1 to 5 years | Total |
| As at 31 March 2017 | | | | |
| Borrowings – Current | - | 1,213,000.00 | - | 1,213,000.00 |
| Other financial liabilities | 10,000.00 | 369,948.38 | - | 379,948.38 |
| Trade Payables | 34,194,293.60 | 79,715,186.27 | - | 113,909,479.87 |

| | Amount in ₹ | | | |
|-----------------------------|---------------|----------------|--------------|----------------------|
| | On demand | 0 to 12 months | 1 to 5 years | Total |
| As at 31 March 2016 | | | | |
| Borrowings – Current | - | - | 1,213,000.00 | 1,213,000.00 |
| Other financial liabilities | - | - | 230,453.38 | 230,453.38 |
| Trade Payables | 10,855,385.40 | 763,499.67 | - | 11,618,885.07 |

| | Amount in ₹ | | | |
|---------------------------|-------------|----------------|--------------|---------------------|
| | On demand | 0 to 12 months | 1 to 5 years | Total |
| As at 1 April 2015 | | | | |
| Borrowings – Current | - | - | 1,213,000.00 | 1,213,000.00 |
| Trade Payables | - | 99,861.00 | - | 99,861.00 |

26. Events after the reporting period

There are no subsequent events between the year ended 31 March 2017 and signing of financial statements as on 3 May 2017 which have material impact on the financials of the Company.

27. Approval of financial statements

The financial statements were approved for issue by the board of directors on 3 May 2017.

28. First-time Ind AS adoption

These are the Company's first standalone financial statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

There has been no Ind AS adjustments except the classification of assets and liabilities as per Ind AS.

Tata Communications Collaboration Services Private Limited
Notes forming part of the financial statements
for the year ended 31 March 2017

For and on behalf of the Board of Directors

Director

Director

Mumbai

Dated: 3 May 2017

ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trial balance 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 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar

(Vinodkumar Varma)

PARTNER

Membership No. 105545

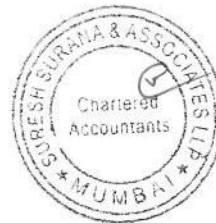


Place: Mumbai

Date: 03 May 2017

| | Particulars | Note No. | As at 31 March 2017 | | As at 31 March 2016 | |
|-----|----------------------------------------|----------|---------------------|-----------------|---------------------|------------------|
| | | | USD | INR* | USD | INR* |
| (A) | ASSETS | | | | | |
| (1) | Non-current assets | | | | | |
| | Investments in subsidiary & associates | 1 | 20,551,509 | 1,334,203,936 | - | - |
| | Other non-current assets | 2 | - | - | 1,016,456 | 67,340,216 |
| | | | 20,551,509 | 1,334,203,936 | 1,016,456 | 67,340,216 |
| (2) | Current assets | | | | | |
| | Financial assets | | | | | |
| | (i) Cash and cash equivalent | 3 | 149,774 | 9,723,327 | 72,637,892 | 4,812,260,340 |
| | | | 149,774 | 9,723,327 | 72,637,892 | 4,812,260,340 |
| | | | | | | |
| | TOTAL ASSETS | | 20,701,283 | 1,343,927,262 | 73,654,348 | 4,879,600,556 |
| (B) | EQUITY AND LIABILITIES | | | | | |
| (1) | Equity | | | | | |
| | Equity share capital | 4 | 769,333 | 49,945,098 | 769,416 | 50,973,832 |
| | Other equity | 5 | (45,335,328) | (2,943,169,519) | (628,436,988) | (41,633,950,441) |
| | Total Equity | | (44,565,995) | (2,893,224,420) | (627,667,571) | (41,582,976,609) |
| (2) | Non-current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (i) Borrowings | 6 | 5,014,696 | 325,554,073 | 631,885,780 | 41,862,432,918 |
| | (ii) Other financial liabilities | 7 | 24,680,000 | 1,602,225,600 | 24,680,000 | 1,635,050,000 |
| | | | 29,694,696 | 1,927,779,673 | 656,565,780 | 43,497,482,918 |
| (3) | Current liabilities | | | | | |
| | Financial liabilities | | | | | |
| | (ii) Trade payables | 8 | 15,686,587 | 1,018,373,214 | 8,777,581 | 581,514,758 |
| | (ii) Other financial liabilities | 9 | 19,885,995 | 1,290,998,795 | 35,978,558 | 2,383,579,488 |
| | | | 35,572,582 | 2,309,372,010 | 44,756,140 | 2,965,094,246 |
| | | | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 20,701,283 | 1,343,927,262 | 73,654,348 | 4,879,600,556 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | | Previous year 2015-16 | |
|-------|--------------------------------------------|----------|----------------------|-----------------------|-----------------------|------------------------|
| | | | USD | INR* | USD | INR* |
| i | Revenue from telecommunications services | | - | - | - | - |
| ii | Other Income | 10 | 574,162,714 | 37,274,643,361 | 5,877,875 | 389,409,200 |
| iii | Total income (i + ii) | | 574,162,714 | 37,274,643,361 | 5,877,875 | 389,409,200 |
| iv | Expenses: | | | | | |
| (i) | Operating and other expenses | 11 | 6,518,226 | 423,163,202 | 8,104,671 | 536,934,488 |
| (ii) | Finance costs | 12 | 19,844,829 | 1,288,326,318 | 23,706,059 | 1,570,526,380 |
| (vii) | Impairment of investment | | (35,302,000) | (2,291,805,871) | 124,319,700 | 8,236,180,125 |
| | Total expenses | | (8,938,946) | (580,316,352) | 156,130,430 | 10,343,640,994 |
| v | Profit before taxes (iii-iv) | | 583,101,659 | 37,854,959,713 | (150,252,555) | (9,954,231,794) |
| vi | Tax expenses | | | | | |
| (i) | Current tax expense/(benefit) | | - | - | - | - |
| (ii) | Deferred tax expense/(benefit) | | - | - | - | - |
| | Net tax expenses | | - | - | - | - |
| vii | Profit / (loss) for the year (v-vi) | | 583,101,659 | 37,854,959,713 | (150,252,555) | (9,954,231,794) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Investments in subsidiaries

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Investments in subsidiaries | 449,586,462 | 29,187,153,081 | 422,655,151 | 28,000,903,772 |
| Impairment of investment in subsidiaries | (429,034,953) | (27,852,949,145) | (422,655,151) | (28,000,903,772) |
| Total | 20,551,509 | 1,334,203,936 | - | - |

2 Non-current assets - others

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|-----------------------------------------|---------------------|-----------------|---------------------|-----------------|
| | USD | INR | USD | INR |
| Advance Income tax Paid | - | - | 2,018 | 133,700 |
| Others | 27,359,693 | 1,776,191,268 | 27,153,390 | 1,798,912,086 |
| Provision for doubtful loan and advance | (27,359,693) | (1,776,191,268) | (26,138,952) | (1,731,705,570) |
| Total | - | - | 1,016,456 | 67,340,216 |

3 Cash and cash equivalents

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|-----------|---------------------|-----------------|
| | USD | INR | USD | INR |
| Cash in hand | 149,774 | 9,723,327 | 62,248 | 4,123,930 |
| Balance with bank | - | - | 107,221,790 | 7,103,443,583 |
| Provision for impairment | - | - | (34,646,146) | (2,295,307,173) |
| Total | 149,774 | 9,723,327 | 72,637,892 | 4,812,260,340 |

4 Equity share capital

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|----------------------|---------------------|------------|---------------------|------------|
| | USD | INR | USD | INR |
| Equity share capital | 769,333 | 49,945,098 | 769,416 | 50,973,832 |
| Total | 769,333 | 49,945,098 | 769,416 | 50,973,832 |

5 Other Equity

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------|---------------------|------------------|---------------------|------------------|
| | USD | INR | USD | INR |
| Surplus / (Deficit) | | | | |
| Opening balance | (628,436,988) | (40,798,129,232) | (445,594,313) | (29,520,623,244) |
| Profit / (loss) for the year | 583,101,659 | 37,854,959,713 | (150,252,555) | (9,954,231,794) |
| Closing balance | (45,335,328) | (2,943,169,519) | (595,846,868) | (39,474,855,038) |
| Foreign Exchange Translation Reserve | - | - | (32,590,119) | (2,159,095,402) |
| Total | (45,335,328) | (2,943,169,519) | (628,436,988) | (41,633,950,441) |

6 Non-current liabilities - borrowings

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------------------------------|---------------------|-------------|---------------------|----------------|
| | USD | INR | USD | INR |
| Unsecured borrowings - Inter company loans taken | 5,014,696 | 325,554,073 | 631,885,780 | 41,862,432,918 |
| Total | 5,014,696 | 325,554,073 | 631,885,780 | 41,862,432,918 |



7 Non-current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Preference share capital | 24,680,000 | 1,602,225,600 | 24,680,000 | 1,635,050,000 |
| Total | 24,680,000 | 1,602,225,600 | 24,680,000 | 1,635,050,000 |

8 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|--------------------------|---------------------|----------------------|---------------------|--------------------|
| | USD | INR | USD | INR |
| Trade payable | 7,500,623 | 486,940,464 | 336,370 | 22,284,482 |
| Inter Company - Payables | 8,185,964 | 531,432,750 | 8,441,212 | 559,230,276 |
| Total | 15,686,587 | 1,018,373,214 | 8,777,581 | 581,514,758 |

9 Current liabilities - other financial liabilities

| Particulars | As at 31 March 2017 | | As at 31 March 2016 | |
|------------------------------|---------------------|----------------------|---------------------|----------------------|
| | USD | INR | USD | INR |
| Interest accrued but not due | - | - | 13,694,716 | 907,274,909 |
| Derivative Liabilities | - | - | 4,865,848 | 322,362,410 |
| Dividend payable | 19,885,995 | 1,290,998,795 | 17,417,995 | 1,153,942,169 |
| Total | 19,885,995 | 1,290,998,795 | 35,978,558 | 2,383,579,488 |

10 Other income

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|------------------------------------|----------------------|-----------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Interest income - security deposit | 5,962,528 | 387,087,307 | 5,877,875 | 389,409,200 |
| Inter-company loan written back | 563,694,572 | 36,595,051,587 | - | - |
| Miscellaneous income | 4,505,614 | 292,504,467 | - | - |
| Total | 574,162,714 | 37,274,643,361 | 5,877,875 | 389,409,200 |

11 Other expenses

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------------------------|----------------------|--------------------|-----------------------|--------------------|
| | USD | INR | USD | INR |
| Auditors remuneration | 7,382 | 479,256 | 7,126 | 472,092 |
| Communication expenses | 494 | 32,079 | - | - |
| Exchange (Gain)/Loss -Net | 3,740,095 | 242,806,999 | 5,814,554 | 385,214,220 |
| Legal and professional fees | 2,640,740 | 171,436,847 | 2,184,165 | 144,700,941 |
| Miscellaneous expenses | 3,471 | 225,317 | 2,082 | 137,950 |
| Seminars, trainings and conferences | - | - | 149 | 9,880 |
| Travelling and conveyance expenses | 126,043 | 8,182,703 | 96,595 | 6,399,407 |
| Total | 6,518,226 | 423,163,202 | 8,104,671 | 536,934,488 |

12 Finance costs

| Particulars | Current year 2016-17 | | Previous year 2015-16 | |
|-------------------|----------------------|----------------------|-----------------------|----------------------|
| | USD | INR | USD | INR |
| Interest expenses | 14,599,218 | 947,781,236 | 27,008,143 | 1,789,289,451 |
| Proposed dividend | 2,468,000 | 160,222,560 | 2,468,000 | 163,505,000 |
| Guarantee fees | 2,777,611 | 180,322,522 | (5,770,084) | (382,268,071) |
| Total | 19,844,829 | 1,288,326,318 | 23,706,059 | 1,570,526,380 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications (South Korea) Limited** ("the subsidiary") registered in South Korea as at 31 March 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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: 03 May 2017

Tata Communications (South Korea) Ltd.

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | |
|-------------------------------------|-------------|----------|---------------------|-------------------|
| | | | USD | INR* |
| (A) ASSETS | | | | |
| (1) Current assets | | | | |
| Financial assets | | | | |
| (i) Cash and cash equivalent | | 1 | 228,149 | 14,811,433 |
| | | | 228,149 | 14,811,433 |
| | | | | |
| TOTAL ASSETS | | | 228,149 | 14,811,433 |
| (B) EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| Equity share capital | | 2 | 260,825 | 16,932,759 |
| Other equity | | 3 | (40,451) | (2,626,079) |
| Total Equity | | | 220,374 | 14,306,680 |
| (2) Current liabilities | | | | |
| Financial liabilities | | | | |
| (i) Trade payables | | 4 | 3,791 | 246,112 |
| Other current liabilities | | 5 | 2,558 | 166,065 |
| Provisions | | 6 | 1,426 | 92,576 |
| | | | 7,775 | 504,753 |
| | | | | |
| TOTAL EQUITY AND LIABILITIES | | | 228,149 | 14,811,433 |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | |
|-----|--------------------------------------------|----------|----------------------|-------------|
| | | | USD | INR* |
| i | Revenue from telecommunications services | | - | - |
| ii | Other Income | | - | - |
| iii | Total income (i + ii) | | - | - |
| iv | Expenses: | | | |
| | (i) Employee benefits expenses | 7 | 26,032 | 1,689,997 |
| | (ii) Operating and other expenses | 8 | 14,419 | 936,082 |
| | Total expenses | | 40,451 | 2,626,079 |
| v | Profit before taxes (iii - iv) | | (40,451) | (2,626,079) |
| vi | Tax expenses | | | |
| | (i) Current tax expense/(benefit) | | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - |
| | Net tax expenses | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (40,451) | (2,626,079) |

*Exchange rate as at 31 March 2017 1 USD = INR 64.92 (as at 31 March 2016 1 USD = INR 66.25)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Cash and cash equivalents

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|-------------------|
| | USD | INR |
| Balance with bank | 228,149 | 14,811,433 |
| Total | 228,149 | 14,811,433 |

2 Equity share capital

| Particulars | As at 31 March 2017 | |
|----------------------|---------------------|-------------------|
| | USD | INR |
| Equity share capital | 260,825 | 16,932,759 |
| Total | 260,825 | 16,932,759 |

3 Other Equity

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|--------------------|
| | USD | INR |
| Surplus / (Deficit) | | |
| Opening balance | - | - |
| Profit / (loss) for the year | (40,451) | (2,626,079) |
| Closing balance | (40,451) | (2,626,079) |

4 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | |
|---------------|---------------------|----------------|
| | USD | INR |
| Trade payable | 3,791 | 246,112 |
| Total | 3,791 | 246,112 |

5 Current liabilities - other current liabilities

| Particulars | As at 31 March 2017 | |
|---------------------|---------------------|----------------|
| | USD | INR |
| Other Employee dues | 2,511 | 163,014 |
| Others | 47 | 3,051 |
| Total | 2,558 | 166,065 |



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6 Current liabilities - provisions

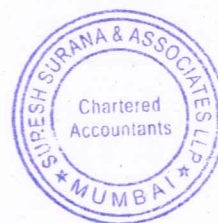
| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|---------------|
| | USD | INR |
| Leave entitlement | 1,426 | 92,576 |
| Total | 1,426 | 92,576 |

7 Employee benefit expenses

| Particulars | Current year 2016-17 | |
|-------------------------------------------|----------------------|------------------|
| | USD | INR |
| Salaries, bonus and allowances | 25,861 | 1,678,896 |
| Contribution to provident and other funds | 171 | 11,101 |
| Total | 26,032 | 1,689,997 |

8 Operating and other expenses

| Particulars | Current year 2016-17 | |
|------------------------------------|----------------------|----------------|
| | USD | INR |
| Communication expenses | 241 | 15,646 |
| Entertainment expenses | 485 | 31,486 |
| Exchange loss -Net | 9,543 | 619,532 |
| Legal and professional fees | 2,113 | 137,176 |
| Miscellaneous expenses | 362 | 23,501 |
| Printing and stationery | 18 | 1,169 |
| Travelling and conveyance expenses | 1,657 | 107,572 |
| Total | 14,419 | 936,082 |



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 **Nexus Connexion (SA) Pty Ltd.** ("the subsidiary") registered in South Africa as at 31 March 2017 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | |
|-----|-------------------------------------|----------|---------------------|-----------|
| | | | ZAR | INR* |
| (A) | ASSETS | | | |
| (1) | Current assets | | | |
| | Financial assets | | | |
| | (i) Cash and cash equivalent | 1 | 6,863 | 33,285 |
| | | | 6,863 | 33,285 |
| | | | | |
| | TOTAL ASSETS | | 6,863 | 33,285 |
| (B) | EQUITY AND LIABILITIES | | | |
| (1) | Equity | | | |
| | Equity share capital | 2 | 10,001 | 48,505 |
| | Other equity | 3 | (126,901) | (615,470) |
| | Total Equity | | (116,900) | (566,965) |
| (2) | Current liabilities | | | |
| | Financial liabilities | | | |
| | (ii) Trade payables | 4 | 123,763 | 600,250 |
| | | | 123,763 | 600,250 |
| | | | | |
| | TOTAL EQUITY AND LIABILITIES | | 6,863 | 33,285 |

*Exchange rate as at 31 March 2017 1 ZAR = INR 4.85



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | |
|-----|--------------------------------------------|----------|----------------------|-----------|
| | | | ZAR | INR* |
| i | Revenue from telecommunications services | | - | - |
| ii | Other Income | | - | - |
| iii | Total income (i + ii) | | - | - |
| iv | Expenses: | | | |
| | (i) Operating and other expenses | 5 | 116,900 | 566,965 |
| | Total expenses | | 116,900 | 566,965 |
| v | Profit before taxes (iii - iv) | | (116,900) | (566,965) |
| vi | Tax expenses | | | |
| | (i) Current tax expense/(benefit) | | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - |
| | Net tax expenses | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (116,900) | (566,965) |

*Exchange rate as at 31 March 2017 1 ZAR = INR 4.85



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Cash and cash equivalents

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|---------------|
| | ZAR | INR |
| Balance with bank | 6,863 | 33,285 |
| Total | 6,863 | 33,285 |

2 Equity share capital

| Particulars | As at 31 March 2017 | |
|----------------------|---------------------|---------------|
| | ZAR | INR |
| Equity share capital | 10,000 | 48,500 |
| Total | 10,000 | 48,500 |

3 Other Equity

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|------------------|
| | ZAR | INR |
| Preference Share Capital | 1 | 5 |
| Surplus / (Deficit) | | |
| Opening balance | (140,001) | (679,005) |
| Profit / (loss) for the year | (116,900) | (566,965) |
| Closing balance | (256,901) | (1,245,970) |
| Share premium | 130,000 | 630,500 |
| Total | (126,900) | (615,465) |

4 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | |
|---------------|---------------------|----------------|
| | ZAR | INR |
| Trade payable | 123,763 | 600,250 |
| Total | 123,763 | 600,250 |

5 Other expenses

| Particulars | Current year 2016-17 | |
|-----------------------------|----------------------|----------------|
| | ZAR | INR |
| Auditors remuneration | 96,900 | 469,965 |
| Legal and professional fees | 20,000 | 97,000 |
| Total | 116,900 | 566,965 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Transformation Services (Hungary) Kft** ("the subsidiary") registered in Hungary as at 31 March 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

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

Vinodkumar Varma

(Vinodkumar Varma)
PARTNER
Membership No. 105545



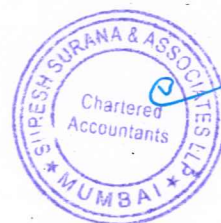
Place Mumbai
Date: 03 May 2017

Tata Communications Transformation Services (Hungary) Kft

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | |
|-------------------------------------|-------------|----------|---------------------|-----------|
| | | | HUF | INR* |
| (A) ASSETS | | | | |
| (1) Current assets | | | | |
| Financial assets | | | | |
| (i) Cash and cash equivalent | | 1 | 3,000,000 | 674,687 |
| | | | 3,000,000 | 674,687 |
| | | | | |
| TOTAL ASSETS | | | 3,000,000 | 674,687 |
| (B) EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| Equity share capital | | 2 | 3,000,000 | 674,687 |
| Other equity | | 3 | (3,082,168) | (693,166) |
| Total Equity | | | (82,168) | (18,479) |
| (2) Current liabilities | | | | |
| Financial liabilities | | | | |
| (i) Trade payables | | 4 | 3,082,168 | 693,166 |
| | | | 3,082,168 | 693,166 |
| | | | | |
| TOTAL EQUITY AND LIABILITIES | | | 3,000,000 | 674,687 |

*Exchange rate as at 31 March 2017 1 HUF = INR 0.22



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | |
|-----|--------------------------------------------|----------|----------------------|-----------|
| | | | HUF | INR* |
| i | Revenue from telecommunications services | | - | - |
| ii | Other Income | | - | - |
| iii | Total income (i + ii) | | - | - |
| iv | Expenses: | | | |
| | (i) Operating and other expenses | 5 | 3,082,168 | 693,166 |
| | Total expenses | | 3,082,168 | 693,166 |
| v | Profit before taxes (iii - iv) | | (3,082,168) | (693,166) |
| vi | Tax expenses | | | |
| | (i) Current tax expense/(benefit) | | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - |
| | Net tax expenses | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (3,082,168) | (693,166) |

*Exchange rate as at 31 March 2017 1 HUF = INR 0.22



Tata Communications Transformation Services (Hungary) Kft

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1 Cash and cash equivalents

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|----------------|
| | HUF | INR |
| Balance with bank | 3,000,000 | 674,687 |
| Total | 3,000,000 | 674,687 |

2 Equity share capital

| Particulars | As at 31 March 2017 | |
|----------------------|---------------------|----------------|
| | HUF | INR |
| Equity share capital | 3,000,000 | 674,687 |
| Total | 3,000,000 | 674,687 |

3 Other Equity

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|------------------|
| | HUF | INR |
| Surplus / (Deficit) | | |
| Opening balance | - | - |
| Profit / (loss) for the year | (3,082,168) | (693,166) |
| Closing balance | (3,082,168) | (693,166) |

4 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | |
|---------------|---------------------|----------------|
| | HUF | INR |
| Trade payable | 3,082,168 | 693,166 |
| Total | 3,082,168 | 693,166 |

5 Other expenses

| Particulars | Current year 2016-17 | |
|-----------------------------|----------------------|----------------|
| | HUF | INR |
| Legal and professional fees | 3,082,168 | 693,166 |
| Total | 3,082,168 | 693,166 |



ACCOUNTANT'S REPORT ON COMPILATION OF UNAUDITED FINANCIAL STATEMENTS

To
The Board of Directors
Tata Communications Limited

On the basis of the trail balance and other information and explanations provided to us by the management, we have compiled the balance sheet of **Tata Communications Transformation Services Pte. Ltd.** ("the subsidiary") registered in Singapore as at 31 March 2017 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;
- 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, based on trial balance and other information provided by the management.



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.

FOR SURESH SURANA & ASSOCIATES LLP

Chartered Accountants

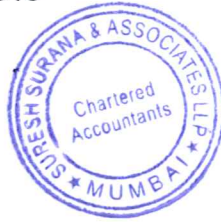
Firm Reg. No. 121750W / W-100010

Vinodkumar Varma

(Vinodkumar Varma)

PARTNER

Membership No. 105545



Place Mumbai

Date: 03 May 2017

Tata Communications Transformation Services Pte Limited

BALANCE SHEET AS AT 31 MARCH 2017

| | Particulars | Note No. | As at 31 March 2017 | |
|-------------------------------------|-------------|----------|---------------------|------------------|
| | | | SGD | INR* |
| (A) ASSETS | | | | |
| (1) Non-current assets | | | | |
| (a) Financial assets | | | | |
| (i) Investments -others | | | 14,741 | 684,731 |
| | | | 14,741 | 684,731 |
| (2) Current assets | | | | |
| (a) Financial assets | | | | |
| (i) Cash and cash equivalent | | 1 | 46,390 | 2,154,853 |
| Other current assets | | 2 | 181 | 8,408 |
| | | | 46,571 | 2,163,261 |
| | | | | |
| TOTAL ASSETS | | | 61,312 | 2,847,992 |
| (B) EQUITY AND LIABILITIES | | | | |
| (1) Equity | | | | |
| Equity share capital | | 3 | 70,015 | 3,252,253 |
| Other equity | | 4 | (26,438) | (1,228,066) |
| Total Equity | | | 43,577 | 2,024,187 |
| (2) Current liabilities | | | | |
| Financial liabilities | | | | |
| (i) Trade payables | | 5 | 17,735 | 823,805 |
| | | | 17,735 | 823,805 |
| | | | | |
| TOTAL EQUITY AND LIABILITIES | | | 61,312 | 2,847,992 |

*Exchange rate as at 31 March 2017 1 SGD = INR 46.45



STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2017

| | Particulars | Note No. | Current year 2016-17 | |
|-----|--------------------------------------------|----------|----------------------|-------------|
| | | | SGD | INR* |
| i | Revenue from telecommunications services | 6 | - | - |
| ii | Other Income | | - | - |
| iii | Total income (i + ii) | | - | - |
| iv | Expenses: | | | |
| | (i) Operating and other expenses | | 26,438 | 1,228,066 |
| | Total expenses | | 26,438 | 1,228,066 |
| v | Profit before taxes (iii - iv) | | (26,438) | (1,228,066) |
| vi | Tax expenses | | | |
| | (i) Current tax expense/(benefit) | | - | - |
| | (ii) Deferred tax expense/(benefit) | | - | - |
| | Net tax expenses | | - | - |
| vii | Profit / (loss) for the year (v-vi) | | (26,438) | (1,228,066) |

*Exchange rate as at 31 March 2017 1 SGD = INR 46.45



Tata Communications Transformation Services Pte Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1 Cash and cash equivalents

| Particulars | As at 31 March 2017 | |
|-------------------|---------------------|------------------|
| | SGD | INR |
| Balance with bank | 46,390 | 2,154,853 |
| Total | 46,390 | 2,154,853 |

2 Current assets - other assets

| Particulars | As at 31 March 2017 | |
|-------------------------|---------------------|--------------|
| | SGD | INR |
| Indirect tax receivable | 181 | 8,408 |
| Total | 181 | 8,408 |

3 Equity share capital

| Particulars | As at 31 March 2017 | |
|----------------------|---------------------|------------------|
| | SGD | INR |
| Equity share capital | 70,015 | 3,252,253 |
| Total | 70,015 | 3,252,253 |

4 Other Equity

| Particulars | As at 31 March 2017 | |
|------------------------------|---------------------|--------------------|
| | SGD | INR |
| Surplus / (Deficit) | | |
| Opening balance | - | - |
| Profit / (loss) for the year | (26,438) | (1,228,066) |
| Closing balance | (26,438) | (1,228,066) |



Tata Communications Transformation Services Pte Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5 Current liabilities - Trade payables

| Particulars | As at 31 March 2017 | |
|---------------|---------------------|----------------|
| | SGD | INR |
| Trade payable | 17,735 | 823,805 |
| Total | 17,735 | 823,805 |

6 Other expenses

| Particulars | Current year 2016-17 | |
|-----------------------------|----------------------|------------------|
| | SGD | INR |
| Exchange (gain)/loss -Net | 82 | 3,809 |
| Legal and professional fees | 25,927 | 1,204,330 |
| Miscellaneous expenses | 429 | 19,927 |
| Total | 26,438 | 1,228,066 |

